

INCOME STATEMENT

	В	ank	Group			
For the year ended 31 December	2013	2012	Change	2013	2012	Change
	B\$'000	B\$'000	%	B\$'000	B\$'000	%
		(Restated)			(Restated)	
Income						
Income derived from investment of						
depositors' funds and others	189,734	187,828	1.0	226,917	219,833	3.2
Income derived from investment of						
shareholders' funds	37,412	36,814	1.6	55,099	56,076	(1.7)
Less:						
Allowance for losses on						
financing and advances	(11,601)	(4,541)	155.5	(13,852)	(5,801)	138.8
(Allowance for) / Writeback of						
losses on investments	(5,565)	132	(> 100)	(5,565)	132	(> 100)
Total distributable profit	209,980	220,233	(4.7)	262,599	270,240	(2.8)
Less:						
Income attributable to depositors	(16,154)	(13,861)	16.5	(20,433)	(19,000)	7.5
Total net income	193,826	206,372	(6.1)	242,166	251,240	(3.6)
Less:						
Personnel expenses	(44,096)	(43,275)	1.9	(53,433)	(51,395)	4.0
Provision for staff retirement benefits	(760)	(571)	33.1	(840)	(618)	35.9
Other overhead expenses	(37,605)	(38,319)	(1.9)	(45,977)	(48,080)	(4.4)
Total operating expenses	(82,461)	(82,165)	0.4	(100,250)	(100,093)	0.2
Less: Finance cost	(2)	(3)	(33.3)	(2)	(3)	(33.3)
Profit before zakat and taxation	111,363	124,204	(10.3)	141,914	151,144	(6.1)
Less:						
Zakat	(2,859)	(2,653)	7.8	(435)	(2,653)	(83.6)
Income tax expense	(23,626)	(23,641)	(0.1)	(27,470)	(29,799)	(7.8)
Total zakat and income tax expense	(26,485)	(26,294)	0.7	(27,905)	(32,452)	(14.0)
Profit for the financial year	84,878	97,910	(13.3)	114,009	118,692	(3.9)
Profit for the year attributable to:						
Equity holders of the Bank	84,878	97,910	(13.3)	112,531	117,883	(4.5)
Minority interests	-	-	N/A	1,478	809	82.7
Profit for the financial year	84,878	97,910	(13.3)	114,009	118,692	(3.9)
Dividend nev ordiner, share (DC)	0.033	0.047	(29.8)	0.033	0.047	(29.8)
Dividend per ordinary share (B\$)	0.033	0.047		0.033	0.047	
Basic and diluted earnings per share (B\$)	0.12	0.14	(14.3)	0.16	0.16	(2.1)
Return on Assets, (ROA)-Before Tax, %	1.85	2.21	(16.1)	2.23	2.48	(10.2)
Return on Assets, (ROA)-After Tax, %	1.41	1.74	(18.9)	1.79	1.95	(8.1)
Return on Equity, (ROE)-After Tax, %	8.34	10.18	(18.0)	10.13	11.44	(11.4)

BALANCE SHEET

	Bank			Group			
As at 31 December	2013	2012	Change	2013	2012	Change	
	B\$'000	B\$'000	%	B\$'000	B\$'000	9	
		(Restated)			(Restated)		
Assets							
Cash and short term funds	2,627,676	2,788,078	(5.8)	2,455,157	2,773,564	(11.5	
Balances with Autoriti			. ,				
Monetari Brunei Darussalam	283,175	250,374	13.1	307,289	273,536	12.	
Government Sukuk	27,986	22,995	21.7	27,986	22,995	21.	
Investments	696,253	545,591	27.6	691,176	556,458	24.	
Financing and advances	2,262,151	1,903,641	18.8	2,763,688	2,338,611	18.	
Investments in subsidiaries	26,483	26,483	-	-	-	N/	
Investment in associate	7,080	7,080	-	7,903	7,903		
Group balances receivable	152	190	(20.0)	-	-	N/	
Fixed assets	32,097	30,832	4.1	66,061	66,157	(0.1	
Other assets	40,325	41,540	(2.9)	58,010	61,133	(5.1	
Deferred tax assets	521	-	N/A	-	-	N/A	
Total assets	6,003,899	5,616,804	6.9	6,377,270	6,100,357	4.	
Deposits from customers Deposits from banks and other	4,369,163	4,217,335	3.6	4,583,022	4,469,766	2.	
financial institutions	395,863	309,770	27.8	419,694	425,762	(1.4	
Financing	104,401	10,000	> 100	104,401	10,000	> 10	
Group balances payable	428	990	(56.7)	-	-	N/	
Other liabilities	85,194	82,494	3.3	94,768	95,522	8.0)	
Deferred tax liabilities	-	182	(100.0)	1,842	2,182	(15.6	
Zakat	2,859	2,657	7.6	2,859	5,081	(43.7	
Provision for taxation	28,737	31,707	(9.4)	35,199	39,451	(10.8	
Total liabilities	4,986,645	4,655,135	7.1	5,241,785	5,047,764	3.	
Shareholders' equity							
Share capital	724,750	724,750	-	724,750	724,750		
Treasury shares	-	-	N/A	(2,872)	-	N/	
Statutory reserves fund	262,822	211,895	24.0	294,147	241,898	21.	
Other reserves	29,682	25,024	18.6	95,256	64,193	48.	
Total shareholders' funds	1,017,254	961,669	5.8	1,111,281	1,030,841	7.	
Minority interests	-	-	N/A	24,204	21,752	11.	
Total equity	1,017,254	961,669	5.8	1,135,485	1,052,593	7.5	
Total liabilities and equity	6,003,899	5,616,804	6.9	6,377,270	6,100,357	4.	
Contingencies and commitments	4,446,946	3,445,449	29.1	4,447,974	3,449,529	28.9	

⁽¹⁾ Comparatives have been restated to conform to current year's presentation.

STATEMENTS OF CHANGES IN EQUITY

BANK

BANK					
			Net		
			unrealised		
			gain/(loss)		
		Statutory	on available-		
	Share	reserves	for-sale	Retained	Total
For the year ended 31 December	capital	fund	investments	profits	equity
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Balance as at 1 January 2012 as reported previously	724,750	133,914	(3,096)	34,156	889,724
Effect of change in accounting policy	-	4,548	-	1,516	6,064
Balance as at 1 January 2012 as restated	724,750	138,462	(3,096)	35,672	895,788
Net change in fair value of available- for-sale investments	-		2,034	_	2,034
Net profit for the financial year (restated)	-	-	-	97,910	97,910
Dividends paid during the year	-	-	-	(34,063)	(34,063)
Transfers during the year (restated)	-	73,433	-	(73,433)	-
Balance as at 31 December 2012/ 1 January 2013 as restated	724,750	211,895	(1,062)	26,086	961,669
Net change in fair value of available- for-sale investments	-		(5,376)	-	(5,376)
Net profit for the financial year	-	-	-	84,878	84,878
Dividends paid during the year	-	-	-	(23,917)	(23,917)
Transfers during the year	-	50,927	-	(50,927)	-
Balance as at 31 December 2013	724,750	262,822	(6,438)	36,120	1,017,254

GROUP

				Net				
				unrealised				
				gain/(loss)				
			Statutory	on available-		Total		
For the year ended 31	Share	Treasury	reserves	for-sale	Retained	shareholders'	Minority	Total
December	capital	shares	fund	investments	profits	funds	interests	equity
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Balance as at 1 January								
2012 as reported previously	724,750		153,919	(1,488)	62,384	939,565	16,971	956,536
Effect of change in	724,730		133,313	(1,400)	02,304	333,303	10,371	330,330
accounting policy	-	-	4,548	-	1,516	6,064		6,064
Balance as at 1 January								
2012 as restated	724,750	-	158,467	(1,488)	63,900	945,629	16,971	962,600
Net change in fair value of available-for-sale								
investments	-	-	-	1,392	-	1,392	-	1,392
Net profit for the financial year (restated)	-	-	-	-	117,883	117,883	809	118,692
Dividends paid during the year	-	_	-	-	(34,063)	(34,063)	_	(34,063)
Transfers during the year					, . ,	, , ,		,
(restated)	-	-	83,431	-	(83,431)	-	-	-
Contributions from minority interest	-	_	-	-	-	-	3,972	3,972
Balance as at 31								
December 2012/				(0.0)				
1 January 2013 as restated	724,750		241,898	(96)	64,289	1,030,841	21,752	1,052,593
Bank's shares held by subsidiaries	-	(2,872)	-	-	-	(2,872)	-	(2,872)
Net change in fair value of available-for-sale								
investments	-	-	-	(5,302)	-	(5,302)	-	(5,302)
Net profit for the financial year	-	-	-		112,531	112,531	1,478	114,009
Dividends paid during								
the year	-	-	-	-	(23,917)	(23,917)	(1,521)	(25,438)
Transfers during the year	-	-	52,249	-	(52,249)	-	-	-
Contributions from minority interest	-	-	-	-	-	-	2,495	2,495
Balance as at 31 December 2013	724,750	(2,872)	294,147	(5,398)	100,654	1,111,281	24,204	1,135,485

CASH FLOW STATEMENT

	Bank			Group	
For the year ended 31 December	2013 B\$'000	2012 B\$'000	2013 B\$'000	2012 B\$'000	
Cash flow from operating activities					
Income from financing	136,826	120,899	179,209	158,569	
Income/ profit paid to depositors	(16,154)	(11,643)	(20,433)	(16,537)	
Receipts on other operating activities	83,029	76,418	96,442	101,636	
Cash payments to employees and suppliers	(44,136)	(40,632)	(49,783)	(48,419)	
Payments on other operating activities	(28,114)	(23,058)	37,384)	(33,729)	
Cash flows from operating profit before					
changes in operating assets and liabilities	131,451	121,984	168,051	161,520	
(Increase)/ decrease in operating assets					
Balances with Autoriti Monetari Brunei					
Darussalam	(32,801)	18,970	(33,753)	16,103	
Deposits and placements with banks					
and other financial institutions	(530,421)	(489,576)	(472,481)	(484,515)	
Financing and advances	(360,224)	(237,883)	(429,043)	(194,180)	
Other assets	2,073	4,083	3,894	5,894	
	(921,373)	(704,406)	(931,383)	(656,698)	
(Decrease)/ increase in operating liabilities					
Deposits from customers	138,278	(181,820)	99,706	(203,075)	
Deposits from banks and other financial					
institutions	86,093	43,553	(6,068)	117,666	
Other liabilities	(16,451)	(8,649)	(16,927)	(15,468)	
	207,920	(146,916)	76,711	(100,877)	
Cash used in operations	(582,002)	(729,338)	(686,621)	(596,055)	
Zakat paid	(2,657)	(2,485)	(2,657)	(2,485)	
Income tax paid	(27,298)	(15,455)	(32,061)	(19,614)	
Net cash used in operating activities	(611,957)	(747,278)	(721,339)	(618,154)	
Cash flow from investing activities					
Purchase of fixed assets	(10,239)	(6,854)	(11,671)	(10,181)	
Disposal of fixed assets	5	40	5	40	
Purchase of Government Sukuk	(126,931)	(304,858)	(126,931)	(304,858)	
Proceeds from Government Sukuk upon	121,940	323,843	121,940	323,843	
maturity Purchase of investments					
Disposal of investments	(158,514)	(29,935)	(146,396)	(135,328)	
Dividend received	13,168 1.172	1,607	13,168 1.324	2,593	
Net cash used in investing activities	(159,399)	(16,157)	(148,561)	(123,891)	
-	(200,000)	(,,	(=10,000)	(===)===/	
Cash flow from financing activities	(00.000)	(0.000)	()	(0.000)	
Dividends paid	(23,917)	(34,063)	(25,438)	(34,063)	
Issuance of short term financing Net cash used in financing activities	94,401 70,484	10,000 (24,063)	94,401	(24,063)	
Net cash used in financing activities	70,464	(24,003)	00,903	(24,003)	
Net decrease in cash and cash equivalent	(700,872)	(787,498)	(800,937)	(766,108)	
Cash and cash equivalent	2 020 500	2.040.000	2 024 425	2 700 244	
at 1 January Cash and cash equivalent	2,030,590	2,818,088	2,024,136	2,790,244	
at 31 December	1,329,718	2,030,590	1,223,199	2,024,136	
Cash and short-term funds					
at 31 December	2,627,676	2,788,078	2,455,157	2,773,564	
Less: Money-at-call and short notice and					
interbank placements with					
maturity more than 3 months	(1,297,958)	(757,488)	(1,231,958)	(749,428)	
Cash and cash equivalent					
at 31 December	1,329,718	2,030,590	1,223,199	2,024,136	

OTHER FINANCIAL INFORMATION

1. FINANCING AND ADVANCES

1.1 By contract

	Bank		Group
2013	2012	2013	2012
B\$'000	B\$'000	B\$'000	B\$'000
	(Restated)		(Restated)
5,935	5,059	5,935	5,059
40,913	38,900	40,913	38,900
1,595,242	1,529,482	1,595,242	1,529,482
149,269	98,325	149,269	98,325
985	3,506	512,220	452,158
307,457	347,720	305,136	340,148
23,687	15,389	23,687	15,389
1,837	1,851	1,837	1,851
246,807	-	246,807	-
17,681	21,895	17,681	21,897
2,389,813	2,062,127	2,898,727	2,503,209
	8\$'000 5,935 40,913 1,595,242 149,269 985 307,457 23,687 1,837 246,807 17,681	2013 2012 B\$'000 B\$'000 (Restated) 5,935 5,059 40,913 38,900 1,595,242 1,529,482 149,269 98,325 985 3,506 307,457 347,720 23,687 1,837 1,851 246,807 - 17,681 21,895	2013 2012 2013 B\$'000 B\$'000 B\$'000 (Restated) 5,935 5,059 5,935 40,913 38,900 40,913 1,595,242 1,529,482 1,595,242 149,269 98,325 149,269 985 3,506 512,220 307,457 347,720 305,136 23,687 15,389 23,687 1,837 1,851 1,837 246,807 - 246,807 17,681 21,895 17,681

		Bank		Group	
	2013	2012	2013	2012	
	B\$'000	B\$'000	B\$'000	B\$'000	
		(Restated)		(Restated)	
Agricultural	18,042	8,853	18,042	8,853	
Financial	82,321	131,142	82,321	131,142	
Manufacturing	246,059	174,027	246,059	174,027	
Transportation	265,251	173,412	262,501	164,851	
Infrastructure	82,276	84,117	82,276	84,117	
Traders	75,777	50,991	75,777	50,991	
Services	75,563	51,845	75,563	51,845	
Residential Property (Personal)	442,410	343,316	442,410	343,316	
Commercial (Property Development)	128,039	133,658	128,039	133,658	
Tourism	36,712	55,644	36,712	55,644	
Telecommunication and					
Information Technology	15,726	11,972	15,726	11,972	
Personal and Consumption Financing	921,637	843,150	1,433,301	1,292,793	
Total	2,389,813	2,062,127	2,898,727	2,503,209	

Net amount	71,528	78,024	71,782	79,575
- Specific	(85,600)	(103,279)	(87,797)	(103,538)
financing and advances				
Less: Allowances for losses on				
	157,128	181,303	159,579	183,113
Less: Unearned income	(43,661)	(62,050)	(44,596)	(62,698)
Gross amount	200,789	243,353	204,175	245,811
Naqd (Overdrafts)	8,939	8,861	8,939	8,861
Financing and advances	191,850	234,492	195,236	236,950
	B\$'000	B\$'000	B\$'000	B\$'000

	Ba	ank	Group		
	2013	2012	2013	2012	
	%	%	%	%	
Gross non-performing ratio	6.6	8.8	5.5	7.3	
Net non-performing ratio	3.2	Δ1	2.6	3.4	

2. DEPOSITS FROM CUSTOMERS

By type of deposit

		Dank		Group	
	2013	2012	2013	2012	
	B\$'000	B\$'000	B\$'000	B\$'000	
Non-Mudharabah					
Demand deposits					
- Bai' Bithaman Ajil (sale with deferred payment)	-	-	162,330	192,716	
- Al-Wakalah (agency)	205,357	24,500	205,357	24,500	
- Al-Wadiah (safe keeping)	526,634	606,607	511,799	605,326	
Savings deposits					
- Al-Wakalah (agency)	32,082	10,490	32,082	10,490	
- Al-Wadiah (safe keeping)	578,044	566,316	644,408	566,316	
General investment deposits					
- Bai' Bithaman Ajil (sale with deferred payment)	202,850	388,680	202,850	388,680	
- Al-Wakalah (agency)	367,736	176,442	367,736	176,442	
- Al-Wadiah (safe keeping)	2,198,985	2,133,623	2,198,985	2,194,619	
Sub total	4,111,688	3,906,658	4,325,547	4,159,089	
Mudharabah (profit sharing)					
Demand deposits	137,421	169,043	137,421	169,043	
Savings deposits	120,054	141,634	120,054	141,634	
Sub total	257,475	310,677	257,475	310,677	
Total	4,369,163	4,217,335	4,583,022	4,469,766	

3. DIVIDENDS

	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
On ordinary shares				
Net dividend paid to ordinary shareholders	23,917	34,063	23,917	34,063
Total Dividend	23,917	34,063	23,917	34,063
	_			
	2	013	2012	
	Gross per	Dividend	Gross per	Dividend
	share	net of tax	share	net of tax
	В\$	B\$'000	В\$	B\$'000
Authorised:				
Final dividends paid	0.033	23,917	0.047	34,063

4. RELATED PARTY TRANSACTIONS

Related party includes;

- a. Director, close relatives of a director and other related entities
- Close relative of a director shall include wife, husband, father, mother, son and daughter of a director - Other related entities shall includes that entities which are controlled and/or significantly influenced by the directors or their close relatives
- b. The key management personnel and other individuals and entities (Other individuals and entities shall include individuals and entities referred in sections (b) to (f) section 29 (1) of the Islamic Banking Order 2008).
- c. The group related party, shall include subsidiaries, associates and other related companies.
- d. Significant investors either entities or individual that have control or significant influence over the affairs of the bank.

a. Balance Sheet

					-	
	Directors		Close re	Close relatives		entities
	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Assets						
Financing (exc. credit cards)	80	495	-	-	759	219
Credit cards	38	18	-	-	-	-
Total	118	513	-	-	759	219
Liabilities						
Deposits	826	910	194	147	579,333	283,179
Total	826	910	194	147	579,333	283,179
No of shares held	9	9	-	-	-	-
Dividends paid	_ *	. *	-	-	-	-

^{*} Less than B\$1,000

At reporting date, the financing facilities extended to directors do not contravene Section 35(3)(b)(i) of the Islamic Banking Order, 2008.

As at 31 December 2013, all outstanding financings and deposits to / from the directors of the Bank are based on market rates available to the general public.

b. Income Statement

	Directors		Close re	Close relatives		related entities	
_	2013	2012	2013	2012	2013	2012	
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	
Income							
Income on financing	22	34	-	-	1	-	
Total	22	34	-	-	1	-	
Expenses							
ncome attributable to depositors	1	1	-	1	609	896	
Fees	225	258	-	-	-	-	
Other expenses	628	373	-	-	-	-	
Total	854	632	-	1	609	896	
Off-Balance Sheet items							
Guarantees	-	-	-	-	2,429	1,901	
Undrawn facilities	63	107	-	50	-	-	
Total	63	107	-	50	2,429	1,901	



(ii) The key management personnel (KMP) and other individuals and entities (Other individuals and entities referred in sections (b) to (f) of section 29 (1) of the Islamic Banking Order 2008)

a. Balance Sheet

		ЛР nk		MP oup	and E	dividuals ntities ink	and E	dividuals ntities oup
	2013	2012	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Assets								
Financing	700	1,129	796	1,164	46,441	46,958	56,296	55,072
Credit card (secured)	20	18	-	-	1,172	1,225	1,232	58
Total	720	1,147	796	1,164	47,613	48,183	57,528	55,130
Liabilities								
Deposits	1,260	784	1,673	1,020	7,288	5,023	10,757	8,222
Total	1,260	784	1,673	1,020	7,288	5,023	10,757	8,222
No of shares held	43	43	43	43	405	405	405	405
Dividends paid	1	2	1	2	13	19	13	19

b. Income Statement								
		ИP		40		dividuals		dividuals
				ИP				ntities
	Ba	nk	Gro	up	Ba	ınk	Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Income								
Income on financing	27	32	30	38	1,557	1,751	2,138	2,694
Income on credit card	-	-	-	-	13	15	14	15
Total	27	32	30	38	1,570	1,766	2,152	2,709
Expenses								
Income attributable to								
depositors	5	4	32	15	23	19	154	92
Total	5	4	32	15	23	19	154	92
Off-balance sheet items								
Undrawn facilities	123	153	-	-	1,334	2,139	1,369	2,199
Total	123	153	-	-	1,334	2,139	1,369	2,199

(iii) The group related party, shall include Subsidiaries and other related companies.

			Other	related
	Subsi	Subsidiaries		oanies
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Assets				
Financing	2,321	7,572	-	-
Investments	25,014	8,334	-	-
Placements	171,000	50,960	-	-
Others	24	21	-	-
Total	198,359	66,887	-	-
Liabilities				
Deposits	210,127	98,782	22,322	6,924
Others	758	1,293	30	2
Total	210,885	100,075	22,352	6,926
No. of shares held	-	-	8,837	8,837
Dividend paid	-	-	292	415

b. Income Statement

	Sub	osidiaries		her related ompanies
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Income				
Income on financing	529	907	-	-
Other income	1,009	1,438	-	-
Total	1,538	2,345	-	-
Expenses				
Income attributable to :				
Depositors	445	484	30	1
Total	445	484	30	1

(iv) Significant investors either entities or individuals that have control or significant influence over the affairs of the bank

a. Balance Sheet

		Entities
	2013	2012
	B\$'000	B\$'000
Assets		
Other assets	21	389
Total	21	389
Liabilities		
Deposits	557,955	1,264,839
Other liabilities	2,804	-
Total	560,759	1,264,839
No of shares held	643,862	643,862
Dividends paid	21,247	30,262
b. Income Statement		
Expenses		
Income attributable to depositors	3,590	3,495
Other expenses	26,061	23,008
Total	29,651	26,503
Off-balance sheet items		
Guarantees	1,229	1,269
Total	1,229	1,269

5. CAPITAL ADEQUACY

Total capital ratio %

	Bank		Group	
_	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
		(Restated)		(Restated)
Regulatory capital				
Core capital (Tier 1 capital) before				
dividend	1,017,254	961,669	1,111,281	1,030,841
Less: Dividends to be proposed for the				
financial year	(28,990)	(23,917)	(28,990)	(23,917)
Core capital (Tier 1 capital) after				
dividend	988,264	937,752	1,082,291	1,006,924
Supplementary capital				
(Tier II capital)	35,809	30,137	40,865	34,529
Less: Investment in Associates				
and Subsidiaries	(33,563)	(33,563)	(7,903)	(7,903)
Total capital base	990,510	934,326	1,115,253	1,033,550
Total risk-weighted amount				
Risk-weighted amount for				
credit risk	3,771,158	3,186,865	4,282,069	3,715,774
Risk-weighted amount for				
operational risk	254,345	232,049	314,719	276,098
Total risk-weighted amount	4,025,503	3,418,914	4,596,788	3,991,872
Capital ratios				
Core capital (Tier 1) ratio %	24.6%	27.4%	23.5%	25.2%

24.6%

27.3%

24.3%

25.9%

i. In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transmistances.

		Bank		Group		
	2013	2012	2013	2012		
	B\$'000	B\$'000	B\$'000	B\$'000		
Contingencies						
Letters of credit	33,688	48,508	33,688	48,508		
Guarantees, bonds	112,810	113,365	112,810	113,365		
Shipping guarantees	10,358	23,750	10,358	23,750		
Acceptances	4,773	4,584	4,773	4,584		
Trade risk participation	97,419	-	97,419	-		
Import bills	430	1,263	430	1,263		
Foreign exchange contracts	3,178,459	2,965,738	3,178,459	2,965,738		
Sub Total	3,437,937	3,157,208	3,437,937	3,157,208		
Commitments						
Undrawn credit lines	329,588	264,316	329,588	264,316		
Forward placements	268,679	-	268,679	-		
Forward deposits	410,044	20,035	410,044	20,035		
Sub Total	4,446,248	3,441,559	4,446,248	3,441,559		

ii. Capital expenditure approved by the Board of Directors, for which provision has not been made in these accounts, amounted to approximately the following:

	Bank		0	Group
	2013	2012	2013	2012
	B\$'000	B\$'000	B\$'000	B\$'000
Capital expenditure				
Approved but not contracted for	-	3,484	154	6,812
Approved and contracted for	698	406	1,572	1,158
Sub Total	698	3,890	1,726	7,970
Total contingencies and commitments	4,446,946	3,445,449	4,447,974	3,449,529

7. SIGNIFICANT RISKS ASSOCIATED WITH THE GROUP'S OPERATIONS

7.1 Risks to which the Group is exposed:-

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's financing activities which represents the Group's major risk type.

To manage this risk, the Group has set up a credit committee to assess the amount of risk accepted in relation to one or groups of customers, industry segments, level of non-performing financing and adequacy of impairment loss.

Credit risk is also managed based on the risk profile of the customer, repayment source and the nature of underlying collateral such as property.

b. Foreign Exchange Risk

Foreign exchange risk is defined as the risk of loss arising from movements in the exchange rates applicable to foreign currency assets and liabilities.

The Group is exposed to foreign currency risk on placements, financing and advances, investments a deposits from customers that are denominated in a currency other than the functional currency of Group entities (primarily Burnei Dollar or Singapore Dollar). The currency in which these transactions a denominated are primarily United States Dollar, Euro, British Pound and Saudi Riyal.

The Group's policy in managing foreign currency risk is to manage the foreign currency exposures within prescribed limits. The Group enters into hedging instruments such as cross currency swaps and foreign exchange forwards to manage its foreign currency exposures. The derivatives held for risk management purposes are designated as accounting hedges. The Group makes an assessment, both at inception of the hedge and on an ongoing basis, whether the hedging instruments are expected to be effective.

Profit rate or financing and deposit rates risk is the risk that the value of the Group's financial assets and/or financial liabilities change because of changes in financing rate and deposit rates. Financing and deposit rates risk arise primarily from the fact that financial assets and financial liabilities are regularly re-priced at different points in time.

The Group's exposure to financing and deposit rates risk is represented by financing to cust customers' deposits, cash and cash equivalents and amount due to bank.

nces between financing and deposit rates are monitored and managed in a variety of ways that seek gate risks by reducing the effect of movements in the level and volatility of financing and deposit Hedging instruments used to mitigate these risks include forwards and swaps.

d. Liquidity Risk

The Group's exposure to liquidity risk arises when the Group is faced with a loss arising from the possibility of the Group not having sufficient funds to meet its obligations from its financial liabilities.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In addition, the Bank and one of its subsidiaries have to comply with Section 45(1) of the Islamic Banking Order, 2008 and section 13A of the Finance Companies Act, Cap 89 respectively to maintain minimum cash balances with the Autoriti Monetari Brunei Darussalam.

The Bank manages its liquidity through its Asset Liability Management Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times.

e. Market Risk

The Group's exposure to market risk is restricted to quoted and unquoted investment, equity shares and unit trust. There is a review committee set up to monitor and assess the portfolio of investments in order to optimize income and balance sheet management through the deployment of funds in Sukuk, equities and funds or in the interbank market.

f. Counterparty Risk

Exposure to counterparties potentially arising from treasury-related activities is actively managed and monitored through a well-defined process which includes the assessment of financial strength and the establishment of appropriate counterparty limits. External ratings are also used to control the level of credit risk accepted by the Group.

g. Operational Risk

Operational risk is the potential for loss resulting from events involving people, internal processes, systems or external events. A set of minimum control standards for operational risk management has been developed with the objective of ensuring that operational risks within the Group are identified and managed in a structured and consistent manner.

h. Capital Adequacy

The Bank is well capitalised based on the domestic and international capital adequacy requirements. In 2009, goodwill of B\$129.6 million was written off against general and statutory reserves, achieving the prudence required by Autoriti Moretari Brunei Darussalamt. The Bank continues to be well capitalised, and as at 31st December 2013 the core capital adequacy ratio was 24.6% (31st December 2012: 27.4%) compared to the regulatory minimum of 10% as required under Islamic Banking Order, 2008.

The names of directors of the Bank at the date of this report are:

Yang Mulia Dato Paduka Awang Haji Bahrin bin Abdullah

Yang Mulia Iqbal Ahmad Khan

Yang Mulia Junaidi bin Hj Masri Yang Mulia Jan Hendrik van Greuning

Yang Mulia Abdulaziz Mohammed L. Alsubeae

Yang Mulia Dr Abdul Manaf bin Haji Metussin

Yang Mulia Awang Mozart bin Haji Brahim (Alternate Director to Yang Mulia Junaidi bin Hj Masri)

- a. Provide oversight of management on behalf of shareholders
- b. Oversee processes for evaluating the adequacy of internal controls, risk management, financial report and compliance with law and the Group's code of conduct.
- c. Review the Group's compensation and benefits programs as well as its succession planning and diversity
- d. Review major strategic, financial and other objectives initiatives of the Group
- e. Nominate directors and evaluate the structure and practices of the Board to provide for sound corporate governance.
- f. Review the Group's community oriented activities.

7.3 Other disclosures

7.3.1 Subsidiaries

- BIBD At-Tamwil Bhd BIBD Securities Sdn Bhd IDBB Sukuk Inc IDBB Management & Services Bhd
- IDBB Management & Services Bhd
 IBB Capital Asset Management Sdn Bhd
 Belait Barakah Sdn Bhd
 BIBD Al-Kauthar Funds DCC Incorporated
 IBB Transport Sdn Bhd
 Saujana Sdn Bhd

- BIBD Global Equity Funds BIBD Asia Equity Funds

7.3.2 Shariah Committee's role and authority

- Advice on Shariah matters.

 Support the Bank and its subsidiaries with the relevant Shariah jurisprudential literature when seeking advice / decision on Shariah matters.

 Oversee proper implementation of Shariah Advisory Body's decisions.

 Review and endorse Shariah compliance manual and relevant transactional product and legal documents.

7.3.3 Zakat obligations The Bank uses the net invested funds method for its' calculation of Zakat as approved by the Shariah Advisory Roard.

I, the undersigned, being the Chief Executive Officer of Bank Islam Brunei Darussalam Berhad certify that:-

- (a) the above accounts and statements have been prepared in accordance with the format and definitions prescribed by the Authority in terms of sections 27 (4) and (5) of the Islamic Banking Order 2008.
 (b) the information contained in these statements have been extracted from the audited financial accounts and





KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

+65 6213 3388 +65 6225 0984 www.kpmg.com.sg

endent auditor's report Members of the Bank Bank Islam Brunei Darussalam Berhad

Report on the financial statements

We have audited the accompanying financial statements of Bank Islam Brunei Darussalam Berhad (the Bank) and its subsidiaries (the Group), which comprise the balance sheets of the Bank and the Group as at 31 December 2013, the income statements, statements of changes in equity and cash flow statements of the Bank and the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 61.

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the Act), the Islamic Banking Order, 2008 and generally accepted accounting principles in Brunei Darussalam with such modification os as to comply with the Guidelines/Notices issued by the Autoriti Monetari Brunei Darussalam or issued pursuant to the Islamic Banking Order, 2008 and Principles of Shariah as approved by the Shariah Advisory Body. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the discurstors. in the circumstances

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

(a) the consolidated financial statements of the Group and the financial statements of the Bank have been properly drawn up in accordance with the provisions of the Act, the Islamic Banking Order, 2008 and generally accepted accounting principles in Brunei Darussalam with such modification so as to comply with Educidelines/Notices Issued by the Autorith Monetari Brunei Darussalam or issued pursuant to the Islamic Banking Order, 2008 and the Principles of Shariah as approved by the Shariah Advisory Body, to give a true and fair view of the financial position of the Bank and the Group as at 31 December 2013 and the results, changes in equity and cash flows of the Bank and the Group for the year ended on that date according to the best of our information and the explanations given to us and as shown by the books of the Bank; and

Kruh LLP KPMG LLP Singapore Public Accountants and Singapore Chartered Accountants

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