



Monetary Authority of Singapore

ANNUAL REPORT 2008/2009



Monetary Authority
of Singapore

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CHAIRMAN'S MESSAGE

The past year was extremely challenging for central banks around the world. From an environment of strong inflationary pressures in the first half of 2008, the global economy plunged into its worst recession in the post-war period late last year, as key segments of the financial system seized up and trade collapsed.

Singapore, being open and highly dependent on trade, was badly affected by these external developments. After several years of rapid growth, the economy experienced its deepest recession in late 2008 and early 2009. By the first quarter of this year, output had fallen by around 10% from its peak. Notwithstanding this, the domestic financial system remained resilient. Confidence in the Singapore dollar stayed strong.

Recently, global macroeconomic conditions have begun to improve. The unprecedented fiscal and monetary measures adopted around the world have helped to ease the credit crunch and stem the freefall in economic activity. Domestic economic conditions have also started to improve. Nonetheless, the sustainability of the recovery is still uncertain. Much will depend on the strength of the rebound in final demand in the developed economies.

Taking into account the weak growth prospects and moderating inflationary pressures, MAS eased its monetary policy in October 2008 and April 2009. These policy responses were appropriate for maintaining price stability over the medium-term.

Amidst this global financial and economic crisis, Singapore's financial system has remained healthy. Our banks have very low non-performing loans (NPLs), minimal exposure to toxic assets, and are well-capitalised and sound. We escaped the worst partly because our financial institutions and our supervision of them have been relatively more conservative. They did not venture too far into complex instruments.

Thus, Singapore did not have to take extraordinary measures to maintain stability in the financial system. Nevertheless, following announcements by other jurisdictions of blanket government guarantee on deposits, Singapore followed suit to ensure a level playing field for banks in Singapore. The Singapore Government announced on 16 October 2008 its guarantee on deposits of individuals and non-bank customers of banks licensed in Singapore, which will remain in place until 31 December 2010.

On 30 October 2008, MAS established a swap facility with the Federal Reserve Bank as a precautionary measure to reassure financial institutions in Singapore that they would have access to US dollar liquidity in the midst of global US dollar funding shortage at that time. Market confidence was boosted by the assurance of access to US dollar liquidity in the Singapore dollar money market. In addition, MAS kept a higher level of liquidity in the banking system through its market operations and enhanced its monitoring of market functionality through closer contact with financial institutions.

The ongoing crisis has brought into sharper focus the need for MAS to leverage on our structure as an integrated financial supervisor to ensure the safety and soundness of financial institutions. MAS maintained heightened vigilance on international financial developments and the channels through which these developments could affect us. We further strengthened prudential oversight of financial institutions' risk exposures and risk management while still keeping the onus of risk management responsibility primarily within the financial institutions. Besides regular discussions with the management, board and auditors of financial institutions, we also continued to emphasise the importance of stress testing as a tool to assess potential risks to financial institutions' soundness.

The global financial crisis led to the default or early redemption of several credit-linked structured products in Singapore. Many investors were adversely affected. MAS promptly took measures to require the affected financial institutions to review complaints in a serious and impartial manner. At the same time, we investigated into allegations of breaches of the law, inadequate internal controls by distributors of the products and poor sales practices by their representatives. MAS has undertaken a review of the regulatory regime for the sale of investment products to further safeguard consumers' interests, and issued fair dealing guidelines to financial institutions.

Talent development remains a key focus of MAS in the current downturn. We encourage such efforts through the enhancement of the Financial Sector Development Fund's existing training schemes. MAS also launched a new scheme to catalyse the creation of job and attachment opportunities for fresh graduates. Singapore has also made good progress in the area of Islamic finance, with MAS successfully hosting

the landmark 6th Islamic Financial Services Board (IFSB) Summit in May 2009 - the first time the event was held in East Asia.

The global financial landscape will likely be very different when we emerge from the crisis. We can expect significant and far-reaching changes in the global financial system. Financial institutions and regulators need to be alert to these changes. MAS will continue to remain vigilant and adhere to high standards of regulation and supervision. We will also continue to foster a vibrant and reputable financial centre in Singapore, one that serves the growing needs of Asia and is trusted for its integrity and efficiency.



Goh Chok Tong
Chairman
Senior Minister

BOARD OF DIRECTORS



GOH CHOK TONG
Chairman
Senior Minister



LIM HNG KIANG
Deputy Chairman
Minister for
Trade & Industry



**THARMAN
SHANMUGARATNAM**
Minister for Finance



HENG SWEE KEAT
Managing Director
Monetary Authority of
Singapore



**PROFESSOR
WALTER
WOON CHEONG MING**
Attorney-General



LIM CHEE ONN
Senior Adviser*
Keppel Corporation
Limited



TEO MING KIAN
Permanent Secretary
Ministry of Finance



KOH YONG GUAN
Chairman
Central Provident
Fund Board



**LUCIEN
WONG YUEN KUI**
Managing Partner
Allen & Gledhill

* Mr Lim Chee Onn was Chairman of Keppel Corporation Limited until 30 June 2009.

BOARD COMMITTEES

The MAS Act provides that the Board of Directors shall be responsible for the policy and general administration of the affairs and business of MAS. The Board is assisted by the following committees:

CHAIRMAN'S MEETING

The Chairman's Meeting approves major changes to MAS' supervisory policies and regulatory framework. It also approves major changes to policies and strategies relating to financial centre development and international and regional relations.

The Chairman's Meeting comprises Goh Chok Tong (Chairman), Lim Hng Kiang, Tharman Shanmugaratnam, Teo Ming Kian and Heng Swee Keat.

MONETARY AND INVESTMENT POLICY MEETING

The Monetary and Investment Policy Meeting deliberates and decides on issues relating to the formulation and implementation of monetary policy with the objective of maintaining price stability for sustainable economic growth. The Meeting also oversees the investment of MAS' reserves.

The Monetary and Investment Policy Meeting comprises Goh Chok Tong (Chairman), Lim Hng Kiang, Tharman Shanmugaratnam, Teo Ming Kian and Heng Swee Keat.

AUDIT COMMITTEE

The Audit Committee provides an independent assessment of MAS' internal controls and financial reporting process. The Committee also reviews the efforts of MAS' internal and external auditors.

The Audit Committee comprises Teo Ming Kian (Chairman), Koh Yong Guan and Lucien Wong.

RISK COMMITTEE

The Risk Committee provides oversight and guidance on the management of risks faced by MAS. The Committee oversees the MAS-wide risk management framework, and reviews MAS' risk management policies and the processes for reporting of risks.

The Risk Committee comprises Lim Chee Onn (Chairman), Walter Woon and Heng Swee Keat.

MANAGEMENT TEAM

Heng Swee Keat
Managing Director

Ong Chong Tee
Deputy Managing Director
(Monetary Policy, Investment & Research/
Development & External Relations)

Teo Swee Lian
Deputy Managing Director
(Prudential Supervision)

Shane Tregillis
Deputy Managing Director
(Market Conduct)

Foo-Yap Siew Hong
Assistant Managing Director
(Currency & Corporate Resource)

Dr Khor Hoe Ee*
Assistant Managing Director
(Economics)

**MONETARY POLICY, INVESTMENT
& RESEARCH**
Ong Chong Tee
Deputy Managing Director

ECONOMIC POLICY
Edward Robinson
Executive Director

MACROECONOMIC SURVEILLANCE
Chia Der Jiun
Executive Director

RESERVE & MONETARY MANAGEMENT
Lee Chuan Teck
Executive Director

DEVELOPMENT & EXTERNAL RELATIONS
Ong Chong Tee
Deputy Managing Director

EXTERNAL
Leong Sing Chiong
Executive Director

FINANCIAL CENTRE DEVELOPMENT
Ng Nam Sin
Executive Director

FINANCIAL MARKETS STRATEGY
Kola Luu
Executive Director

PRUDENTIAL SUPERVISION
Teo Swee Lian
Deputy Managing Director

BANKING SUPERVISION
Leo Mun Wai
Executive Director

**COMPLEX INSTITUTIONS
SUPERVISION**
Lee Boon Ngap
Executive Director

INSURANCE SUPERVISION
Low Kwok Mun
Executive Director

PRUDENTIAL POLICY
Chia Der Jiun
Executive Director

SPECIALIST RISK SUPERVISION
Chua Kim Leng
Executive Director

MARKET CONDUCT
Shane Tregillis
Deputy Managing Director

CAPITAL MARKETS
Andrew Khoo
Executive Director

**CAPITAL MARKETS
INTERMEDIARIES**
Lam San Ling
Executive Director

**CURRENCY & CORPORATE
RESOURCE**
Foo-Yap Siew Hong
Assistant Managing Director

CORPORATE SERVICES
Bernard Yeo
Director

CURRENCY
Ho Kwen Chan
Executive Director

HUMAN RESOURCE
Winnifred Chen
Executive Director

INFORMATION TECHNOLOGY
Huay Khee Chuang
Executive Director

MANAGING DIRECTOR'S OFFICE
FINANCE
Jacqueline Loh
Executive Director

GENERAL COUNSEL'S OFFICE
Ng Heng Fatt
General Counsel

MAS ACADEMY
Andrew Khoo
Executive Director

RISK & TECHNOLOGY OFFICE
Wong Fot Chyi
Executive Director

SPECIAL PROJECTS
Tai Boon Leong
Executive Director

INTERNAL AUDIT
Timothy Ng
Executive Director

* Dr. Khor Hoe Ee was with MAS until 1 April 2009

OUR WORK

Managing Risks, Emerging Stronger



OUR WORK

Managing Risks, Emerging Stronger

TUMULTUOUS YEAR FOR THE GLOBAL ECONOMY

2008 was a tumultuous year for the global economy. While the surge in commodity prices led to strong inflationary pressures in the first half of the year, the onset of the global financial crisis caused world growth to fall sharply in the later part of 2008 and into early 2009. The emergence of the Influenza A(H1N1) virus in recent months has added a new dimension of risk to the fragile global economy.

Contraction of Developed Economies

The OECD economies grew at a significantly slower pace of 0.8% in 2008 compared to 2.7% a year earlier. The slowdown was particularly sharp in the final quarter following the collapse of Lehman Brothers in September. Despite measures to ease the ensuing credit crunch and support demand, the major economies slipped into deep recession by the end of 2008.

In the US, gross domestic product (GDP) fell by an average of around 6% q-o-q SAAR (quarter-on-quarter seasonally-adjusted annualised rate) in Q4 2008 and Q1 2009, one of the steepest declines in the post-war period. Although personal consumption regained some ground after two consecutive quarters of decline, private investment fell by an unprecedented amount in Q1 2009 while exports remained a severe drag on the economy.

The Eurozone economies contracted by an average of 8% q-o-q SAAR in Q4 2008 and Q1 2009, significantly worse than the average decline of 1% in the preceding six months. Exports plummeted in line with depressed global demand, while domestic spending also declined sharply amidst falling asset prices and rising unemployment.

In Japan, GDP contracted continuously for four quarters, with the deepest fall in Q1 2009. Exports led the decline in the first three months of 2009, as the global financial crisis and strong yen combined to dampen demand for Japanese goods. Business investment also contracted in response to the poor outlook for final demand and depressed corporate profits.

Slowdown in Asia ex-Japan

In Asia ex-Japan¹, growth held up well in the first half of 2008 supported by firm domestic demand, due to the relatively strong balance sheet of households and businesses as well as increased incomes accruing to the region's commodity producers.

Nonetheless, the global downturn exacted a heavy toll on Asia's trade-reliant economies in Q4 2008 and Q1 2009. For the region as a whole, exports fell by 47% from the peak in July 2008 to the trough in February 2009.

¹ Asia ex-Japan comprises China, Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

The increasing significance of cross-border production networks within the region is likely to have exacerbated the depth of export decline during this period. (See Box Story 1)

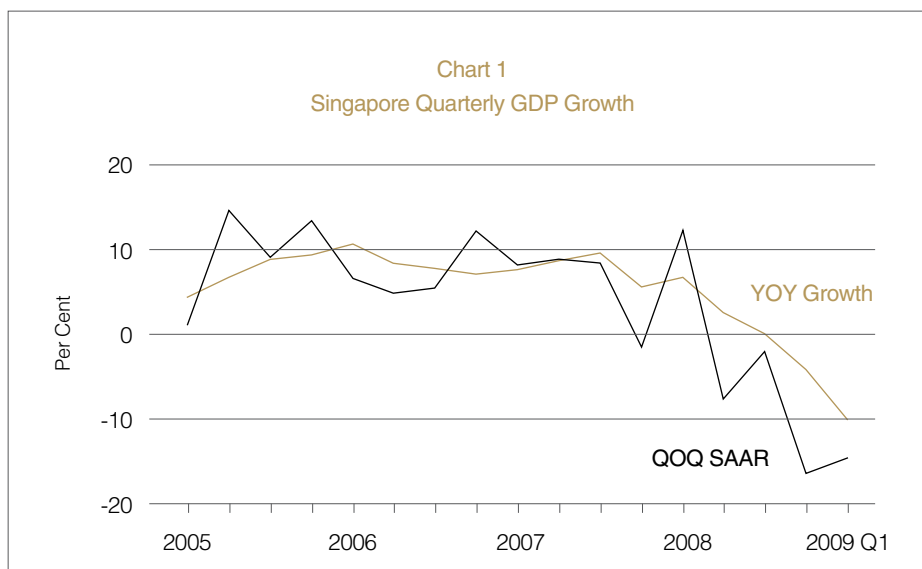
Easing of Inflationary Pressures

In tandem with falling commodity prices and weak demand, global inflation decelerated significantly since mid-2008. Headline consumer price index (CPI) inflation in the G3 economies peaked in July 2008, before tumbling to -0.1% in April 2009. In May, CPI inflation fell to -1.3% in the US, the lowest since 1950.

In Asia ex-Japan, CPI inflation fell from a peak of 7.1% in June 2008 to 0.4% in April 2009. This was mainly due to lower energy prices which, on average, accounted for two-thirds of the decline in inflation between Q3 and Q4 in 2008. Slower food price increases also contributed significantly to the reduction in inflation over this period.

Singapore's GDP Growth Weakened Sharply

In view of the weak external environment, the Singapore economy registered growth of 1.1% in 2008, a significant fall from the 7.8% recorded the year before (Chart 1). While the latter half of 2008 marked the tipping point, when economic activity fell off most sharply, the underlying growth momentum had already begun to moderate in the earlier part of the year. Despite posting double-digit sequential expansion in Q1 2008, mainly due to an upswing in biomedical production, growth rates across many key sectors had slowed or even turned negative. For the rest of the year, the domestic economy was buffeted by a succession of adverse shocks, including a downswing in the volatile biomedical industry in Q2, financial turbulence arising from the global crisis, and a collapse in trade as the fallout from the financial crisis spread to the real economy worldwide.



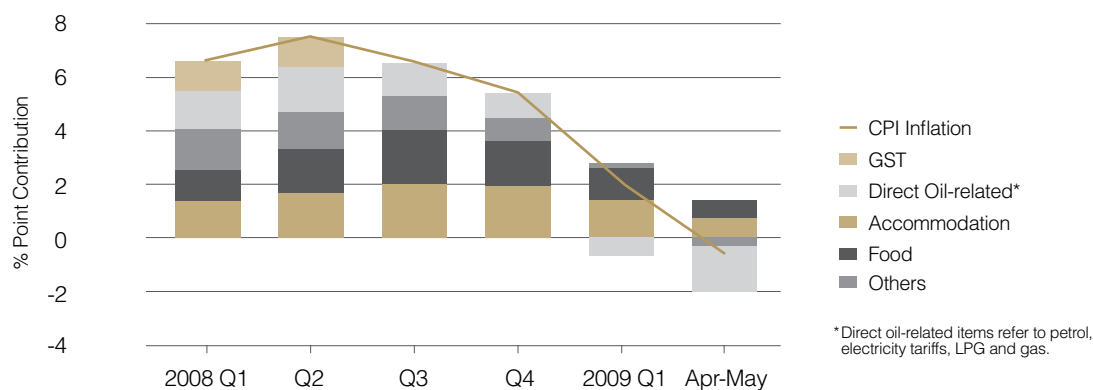
In Q4 2008 and Q1 2009, economic activity in Singapore experienced a steeper-than-expected decline amid deterioration in the trade-related industries, such as manufacturing, transport and wholesale trade. The pullback in G3 demand had hit production networks around Asia which, in turn, caused intra-regional trade to collapse. This weighed on Singapore's GDP, which declined by 10.1% year-on-year in Q1 2009, after falling by 4.2% in Q4 2008.

Taking into account the synchronised nature of the global downturn and the adverse contagion from the impaired global financial system, it is not surprising that, in Q1 2009, the Singapore economy recorded its deepest output decline in a downturn. Unlike past recessions where some industries bore the brunt of the contraction while others remained pillars of support, the current decline has been broad-based across the manufacturing and services sectors. The severity of the impact on Singapore stems from its strong external orientation. The share of external demand in total demand has increased markedly over the last decade, reaching 76% in 2008 and causing the economy to be more vulnerable to global headwinds.

In more recent months, concerted fiscal and other stimulus measures introduced by governments across the world have borne fruit, as the rates of contraction in domestic and external indicators have eased. However, with the global economy and financial system remaining fragile, the sustainability of any incipient rebound is uncertain. Moreover, any intensification in the severity of the Influenza A(H1N1) or new shocks to the global financial system would further set back the recovery.

In tandem with the slowing economy, price pressures have eased. After averaging 6.5% in 2008, inflation fell to 2.1% in Q1 2009 and turned slightly negative in April and May (Chart 2). CPI inflation in Singapore has been on a downward trend since Q2 2008 due initially to the dissipation of the impact of the GST hike and, subsequently, to the collapse in global oil prices. Other drivers of inflation last year, such as escalating global food prices and elevated domestic business costs, have also moderated. More recently, administrative measures from the Resilience Package, as part of the Singapore Budget, have contributed to the fall in headline inflation rates.

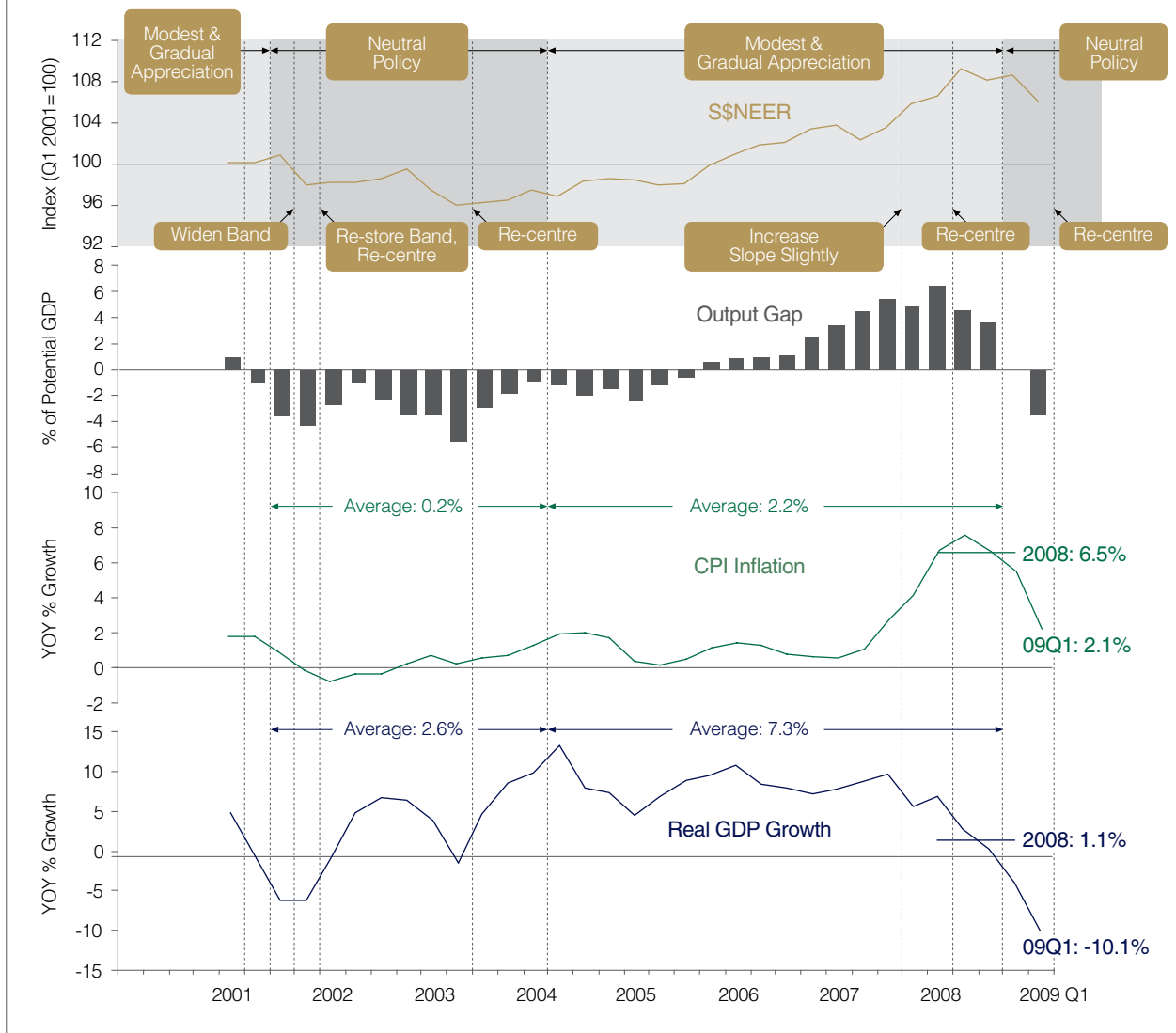
Chart 2
Contributions to Headline CPI Inflation, YOY



Inflation may remain slightly negative for the rest of the year, partly due to the high base. Globally, imported price pressures from oil and food - the key sources of domestic inflation in 2008 - should ease sharply this year. On the domestic front, the prices of some retail goods and the costs

of accommodation will continue to decline in the coming months. Consumers are also likely to benefit from cost savings passed on by businesses, as wages and rentals moderate further.

Chart 3
Key Macroeconomic Variables and Shifts in Monetary Policy Since 2001



MONETARY POLICY

Since 2007, macroeconomic conditions have evolved rapidly around the world, presenting challenges for monetary policy formulation. The global economy has shifted quickly from a position of buoyant growth and muted inflationary pressures in early 2007, to a state of faltering growth and surging commodity prices in mid-2008, followed by a sharp downturn at the end of 2008. MAS' policy responses to these global developments have been deliberately graduated and are underpinned by the importance of maintaining a medium-term orientation and ensuring that the S\$ remains an anchor of stability, especially in times of heightened uncertainty (Chart 3).

In October 2007, MAS tightened the monetary policy stance by allowing a slightly steeper appreciation of the S\$ nominal effective exchange rate (S\$NEER) policy band. This was followed by an upward re-centering of the band to the prevailing level of the S\$NEER in April 2008. Both external and domestic price pressures had strengthened as a result of rapid increases in global commodity prices and a build-up in domestic cost pressures.

In October 2008, MAS shifted to a zero per cent appreciation of the S\$NEER policy band, eliminating the crawl which had been in place since April 2004. The decision reflected the moderation of inflation from its peak in mid-2008, and also the higher risk of a further deterioration in the external outlook after September 2008, following the escalation of turbulence in global financial markets. This was a calibrated response to heightened uncertainty, allowing MAS scope to refine its policy in subsequent time periods as conditions changed.

Since the latter half of 2008, the S\$NEER has eased to the lower half of the policy band, in line with weakening growth in the Singapore economy and diminishing inflationary pressures. Accordingly, MAS announced on 14 April 2009 that it would re-centre the exchange rate policy band to the prevailing level of the S\$NEER, while maintaining its width and zero per cent appreciation path.

A counterfactual analysis conducted for the April 2009 monetary policy statement further confirmed that MAS' graduated approach was appropriate in a climate where elevated inflationary pressures were giving way to weakening growth amidst heightened global uncertainty. The simulations showed that, had MAS steepened the slope of the policy band by a greater amount in October 2007, this tighter policy would not have had an immediate impact on the high headline inflation rate, but consumer prices would have fallen by a larger amount in the ensuing period. Moreover, this sudden tightening in monetary policy and the lags involved would have exacerbated the economic downturn in late 2008.

Singapore's monetary policy has been complemented by its fiscal policy. In the latest Budget, a \$20.5 billion Resilience Package was unveiled. This expansionary Budget, which featured the Jobs Credit Scheme, aimed to save jobs, enhance the cash flow and competitiveness of firms, support families, and strengthen the economy's long-term capabilities. The coherent and complementary nature of these macroeconomic policies will not only provide a buffer against the present downturn, but will also help to prepare the Singapore economy to capitalise on growth opportunities when the global economy finally recovers.

Box Story 1

Regional Trade and Production Networks

Asia ex-Japan exports have fallen sharply since July 2008, alongside the deepening global downturn. The decline has been more rapid than during the Asian Financial Crisis and the 2001 IT downturn. Intra-regional shipments, especially those to China, have been the main drag on the region's exports, in contrast to the downturn in 2001, when the G3 markets accounted for a larger share of the decline. A disaggregation of exports (by product groups) of the larger East Asia grouping, which includes Japan, reveals that machinery & transport equipment (M&T), particularly electronics, has contributed most to the overall decline.

These developments could be linked to the region's cross-border production networks (CPNs). The sheer speed of the collapse in IT end demand took many companies by surprise, causing them to slash output and reduce inventories. Given the density of electronics supply chains in Asia, this had an adverse domino effect on the region's cross border production network flows. Moreover, as intermediate components cross multiple borders during the production process before they are embodied in the final product, a given fall in demand in the end markets will manifest itself as an amplified decline in gross trade flows.

Indeed, the segments that accounted most for the recent fall in East Asia's trade, coincided with segments that are closely linked to CPNs, i.e. trade in electronics and intra-regional exports, especially to China. Intra-regional trade in parts and components (P&C) underline the importance of CPNs in the region. In the M&T category, P&C accounted for about 40% of intra-East Asian exports, significantly higher than the 30% share in NAFTA and Europe. For East-Asia, this trade has been dominated by electronics, which has a 70% share compared to only slightly over 30% in NAFTA and Europe. Furthermore, shipments to China have accounted for an increasing proportion of intra-East Asian P&C trade in M&T. By 2007, China's share had risen to about one-fifth, more than twice that of 2000.

The importance of CPNs in East Asian trade has a number of implications. First, the sharp decline in CPN-related trade implies that auxiliary services, such as logistics and transportation, will also be affected, with wider knock-on effects on the region's growth. Second, this downturn marks the first severe test of East Asia's production and trade model - one of deepening regional integration in production and trade, but nonetheless ultimately dependent on demand in the developed markets for its continued viability. A prolonged slump in the developed markets could encourage producers in the region to re-orient their operations to meet rising Asian demand over the longer term.

AN UNPRECEDENTED CRISIS

Global Financial System in Downward Spiral

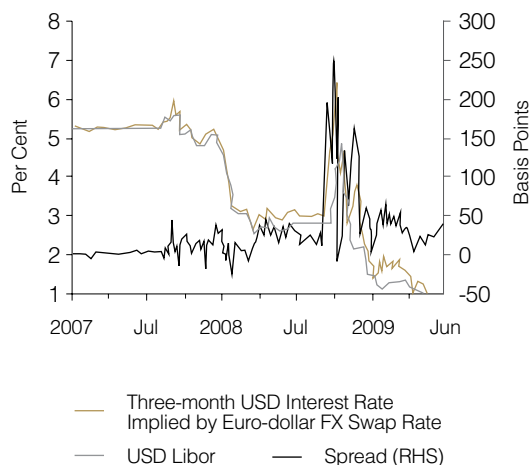
The collapse of Lehman Brothers and near-collapse of American Insurance Group (AIG) in September 2008 led to a sharp rise in counterparty credit concerns among financial institutions. Illiquidity in bank funding markets (Chart 4) prompted extreme volatility and further sharp falls in the prices of risk assets in both the US and Europe. Credit spreads on both investment-grade and high-yield corporate debt widened to record levels (Chart 5).

These developments, coupled with mounting losses, led to a series of failures or near-failures of major financial institutions that threatened to bring about a global systemic crisis.

Major parts of the global financial system entered into a downward spiral of plummeting asset prices, persistent solvency concerns surrounding systemically-important financial institutions, as well as collapsing confidence.

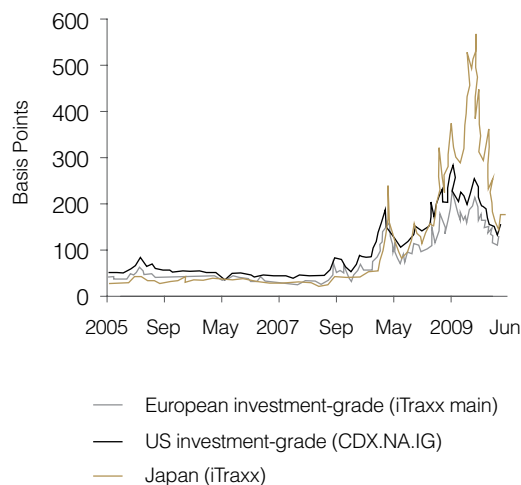
The gridlock in interbank credit markets and falls in asset prices prompted the need for substantial deleveraging within the financial system. This process reduced credit availability, accelerating the contraction in economic activity which had already shown signs of slowing. Substantial reduction in the supply of credit and rise in effective borrowing costs began to constrain consumption and investment in the advanced economies. Wealth destruction from asset price falls put further pressure on households' and firms' balance sheets.

Chart 4
Three-month US Dollar Interbank Rates



Source: Bloomberg, BBA and MAS estimates

Chart 5
CDS Index Spreads



Source: Bloomberg

Governments and Central Banks Respond

The adverse developments in both the financial system and the real economy prompted governments and authorities in advanced economies and emerging-market economies to take a series of extraordinary policy actions. This process started towards the end of 2008 and continued well into the first half of 2009.

To avert a complete collapse in financial intermediation, governments and central banks responded with a large and comprehensive set of measures to meet exceptional demand for liquidity and bolster confidence in the financial system. Governments announced large-scale programmes to support the financial sector. Many initiatives involved recapitalisation of banks with public funds, government purchase of or lending against troubled assets, as well as guarantees of bank deposits, debt and interbank loans. Further, to support the real economy, governments put in place substantial fiscal stimulus packages.

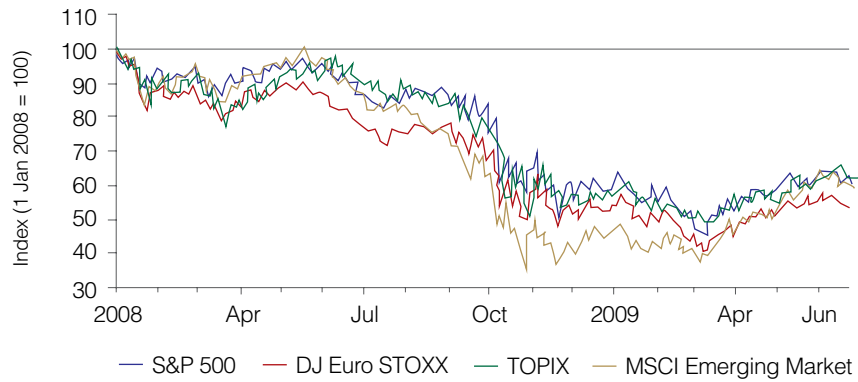
In particular, Asian authorities placed emphasis on ensuring that financing for different types of economic activities and business entities continued to be available where appropriate. Where bank-deposit guarantees were put in place in Asia, these were not because of specific risks in the

banking system. Rather, they were precautionary in nature and often in response to competitiveness issues arising from the introduction of such guarantees by other jurisdictions.

By the second quarter of 2009, signs that these policy actions were gaining some traction began to emerge. In the US and Europe, solvency concerns over major financial institutions began to recede somewhat following recapitalisations and guarantees provided by national authorities. Liquidity concerns also eased, as central banks stepped up the provision of short-term funding to financial institutions. These preempted further impairment of credit intermediation.

In Asia, capital outflows remained contained. Financial asset prices, notably equity prices, rose in line with global developments (Chart 6). Credit conditions showed signs of easing (Chart 7), partly due to signs of stabilisation globally and partly due to policy measures taken by Asian authorities to address key risks in both the economy and financial system. Risk aversion eased across a range of financial markets as interbank rates moderated, CDS spreads narrowed, and capital inflows increased, broadly in line with trends in a number of other emerging markets.

Chart 6
Equity Indices



Source: Bloomberg

Chart 7
Asia Corporate Credit Spreads



Source: JP Morgan Chase

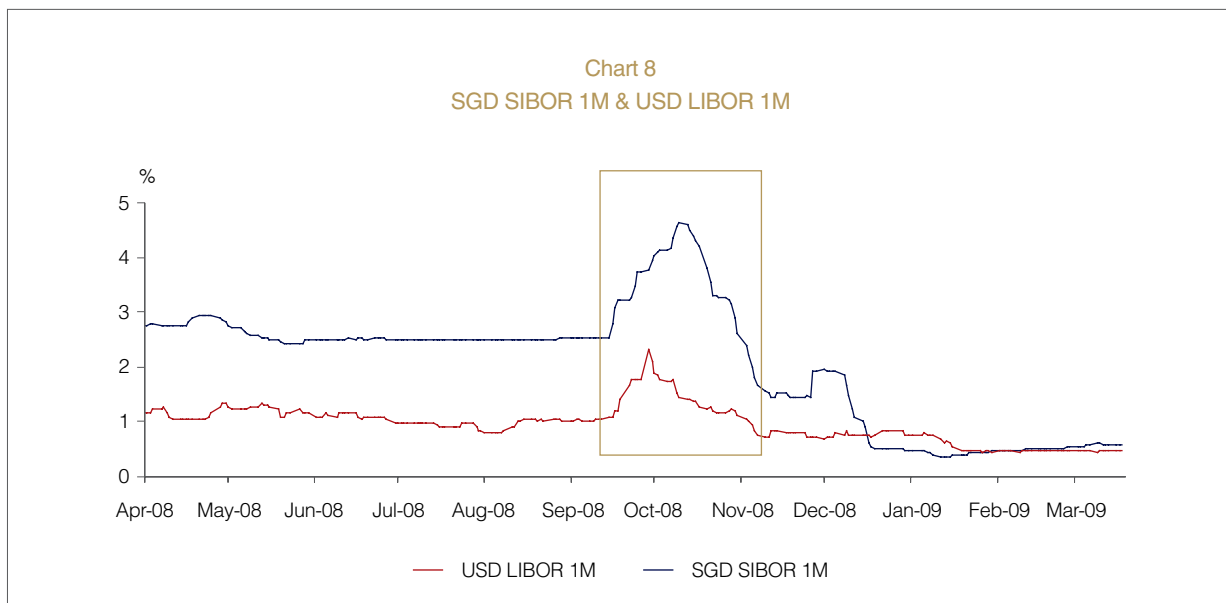
Singapore Money Markets: Increased Vigilance

Asian banking systems have remained resilient due to their continued positions of excess liquidity and relatively lower exposure to the US housing market. However, international financial centres such as Singapore have not been, and cannot be, immune to the effects of global deleveraging. Tighter credit conditions in the Asian Dollar Market inevitably spilled over into local currency money markets in Asia.

To ease pressures in the Singapore dollar money market, especially going into the quarter-end and year-end periods, MAS kept a higher level of liquidity in the banking system

through its market operations and enhanced its monitoring of market functionality through closer contact with financial institutions. MAS also reassured financial institutions that we would continue to anticipate the market's funding needs and would consider any unique liquidity needs of individual banks, on a case-by-case basis.

Chart 8 illustrates the impact of higher USD borrowing rates on the Singapore dollar market in September 2008, following the collapse of Lehman Brothers towards the quarter-end period.



Liquidity Management

Expanded Access to the Standing Facility

MAS introduced the Standing Facility in June 2006 to allow banks to improve day-to-day liquidity management by providing a channel to place excess funds with, or to borrow from, MAS directly. The Standing Facility helps to moderate intra-day volatility in overnight interbank rates as banks are better able to avoid any undue scrambling to square large and potentially destabilising positions in the market. The Standing Facility also helps to boost market confidence by giving banks the assurance that liquidity needs in the banking system would be met in times of unusual volatility.

The Standing Facility was initially open to the 11 Primary Dealers of Singapore Government Securities (SGS), who could borrow from it against SGS collateral. In July 2008, MAS announced that we would expand the Standing Facility to all participants of the new MAS Electronic Payment System (MEPS+) that had entered into the Public Securities Association / International Securities Market Association (PSA/ISMA) Global Master Repurchase Agreement with the Authority.

Looking ahead, MAS is also working on expanding the eligibility criteria of financial institutions and collateral if the need arises. These are in line with international best practice recommendations by the Financial Stability Forum² (FSF).

US Dollar Swap Facility

On 30 October 2008, MAS joined the group of central banks, including the European Central Bank, Bank of England and

Bank of Japan, which have established temporary reciprocal currency arrangements (swap lines) with the US Federal Reserve (Fed). The Fed has established a total of 14 swap lines with major central banks worldwide. The arrangements, due to end on 1 February 2010, were established to help improve liquidity conditions in global financial markets and to mitigate the spread of difficulties in obtaining US dollar funding in fundamentally sound and well-managed economies.

MAS established the swap facility with the Fed as a precautionary measure to reassure financial institutions in Singapore, many of which have international operations, that they would have access to US dollar liquidity in the midst of a global US dollar funding shortage. Market confidence was boosted by the assurance of access to US dollar liquidity in the Singapore dollar money market. However, local money markets remained relatively resilient. MAS has not needed to draw on the swap facility and will continually assess if there is a need to as global conditions develop.

Implications for Asia

Going forward, it will be important for Asian jurisdictions to remain vigilant and to continue addressing financial system risks. These could arise from either further turbulence in the advanced economies or heightened global risk aversion to emerging markets economies in general.

² In April 2009, the Financial Stability Forum (FSF) was re-established as the Financial Stability Board (FSB) following an expansion of its membership and a broadened mandate to promote financial stability.

International Cooperation to Address Financial Crisis

In November 2008, members of the G20 set an action plan that laid the foundation for reforming the international financial system. The key challenges that have been identified by national and international authorities include restoring global growth, combating trade and financial protectionism, strengthening and improving financial regulation and markets, and strengthening the governance of international financial institutions. International bodies such as the International Monetary Fund (IMF), the Financial Stability Board³ (FSB), and the Bank for International Settlements (BIS) have been tasked with monitoring global progress in reforming and strengthening the international financial system.

MAS continues to support these international efforts under the umbrella of the IMF, FSB and BIS. We work closely with other central banks and prudential regulators by contributing to international discussions on near-term policy responses and medium-term reform agendas. We also exchange views and information on the latest developments in the international financial markets and systems, and are involved in setting and implementing recommendations on market reform.

As an active member of the FSB, and underscoring our commitment and contribution, MAS participated in the

FSB Working Group on Compensation which drafted principles for sound compensation practices endorsed at the G20 London Summit. The principles are intended to reduce incentives towards excessive risk-taking that may arise from the structure of compensation schemes within large financial institutions.

INTEGRATED APPROACH TO FOSTER SAFETY AND SOUNDNESS OF FINANCIAL INSTITUTIONS AND FINANCIAL SYSTEM

Financial System Surveillance

The ongoing crisis has brought into sharper focus the need for MAS to leverage on our structure as an integrated financial supervisor and central bank in monitoring economic and financial developments for any potential risks to Singapore's financial stability. To this end, MAS continued to step up efforts to combine information, analysis and perspectives from our macroeconomic surveillance, supervisory and market functions. MAS has taken several actions to mitigate risks identified and to enhance the resilience of the financial system. In the past year, we have strengthened considerably our ability to respond to risk events in a timely manner.

³ The Financial Stability Forum (FSF) was re-established as the Financial Stability Board (FSB) in April 2009.

Intensified Prudential Supervision of Financial Institutions

MAS had intensified supervision of financial institutions in Singapore as signs of the subprime crisis emerged in early 2007. We further stepped up our supervision as the crisis widened into a global one, with repercussions on solvency of international financial institutions, and spillover effects on the real economy.

Given Singapore's openness and its role as a financial centre, MAS maintained heightened vigilance on international financial developments and the channels through which these developments could affect us, at both the macro and micro level. We strengthened prudential oversight of financial institutions' risk exposures and management, including their capital and liquidity positions, as well as their asset quality. Where necessary, we increased the prudential buffer of foreign bank branches in Singapore.

Besides regular discussions with the management, board and auditors of financial institutions, MAS kept up dialogue with home and host regulators and head-office auditors of

foreign bank branches. As host regulator to some of the world's largest financial institutions operating in Singapore, MAS continued to participate in supervisory colleges established by home regulators. These include colleges established for major US and European banks.

MAS also emphasises the importance of stress testing as a tool to assess potential risks to financial institutions' soundness, and the need for measures to enhance their financial resilience. In addition to stress testing by individual financial institutions and the Singapore Exchange (SGX), MAS regularly conducts a coordinated industry stress testing exercise with banks and life insurers. Over the course of the year under review, MAS increased the magnitudes of stress parameters used in the industry stress test exercises as economic conditions deteriorated rapidly. We extended the exercises to include finance companies and are currently developing a stress testing framework for direct general insurers.

Financial Impact of Crisis and Lessons Learnt

Based on the supervisors' surveys, exposures of financial institutions in Singapore to failed or distressed institutions were not significant relative to their assets and did not pose any systemic risk. Confidence in our financial system remained high. Our local financial institutions, with their strong capital positions, have remained resilient in the midst of increased volatility and downtrend in the financial markets. Financial institutions in Singapore have generally continued to function in an orderly manner.

Notwithstanding this, there are important lessons that financial institutions should draw from the current crisis, to improve their own risk management policies and controls on a holistic firm-wide basis. Board and senior management must take the lead and be actively involved in ensuring that the risk management framework of their institutions is robust. They should be prepared to provide effective challenge and ask fundamental questions about risks taken. MAS will continue to engage financial institutions on their risk management practices. We will also assess whether their estimates of potential losses, as well as capital, liquid and asset buffers are based on sufficiently robust stress-testing frameworks that are in line with best practices.

Financial supervisors also have to review their rules to address identified weaknesses. MAS remains engaged in

the work of the FSB and international standard-setting bodies to address issues raised by the crisis. We will continue to assess supervisory standards and guidance with a view to having them adopted by the industry where necessary.

Following the issuance by the Basel Committee on Banking Supervision of Enhanced Principles for Sound Liquidity Risk Management and Supervision on 25 September 2008, MAS has asked all banks to embed the principles into their liquidity risk management framework. We will continue to assess the adequacy of banks' liquidity risk management practices and internal control systems as part of our supervision process. MAS is also closely monitoring international developments in capital regulation, with the aim of adopting and adapting these recommendations where relevant and appropriate to Singapore's context.

In the area of transparency, the "Report of the Financial Stability Forum⁴ on Enhancing Market and Institutional Resilience", issued in April 2008, had recommended disclosure practices for financial institutions. Our locally-incorporated banks have taken steps to provide additional risk disclosures for material exposures that are relevant to the prevailing market conditions, in accordance with the recommendations.

4 The Financial Stability Forum (FSF) was re-established as the Financial Stability Board (FSB) in April 2009.

Box Story 2

Singapore Government Guarantee on Deposits

Amidst the slowing global economy and international financial turmoil, the financial system in Singapore has remained stable and robust. Financial institutions in Singapore are sound and continue to operate normally. Singapore has not had to take extraordinary measures to maintain stability in the financial system.

Nevertheless, in response to announcements by jurisdictions in the region of blanket government guarantee on deposits, Singapore announced on 16 October 2008 a guarantee by the Singapore Government on deposits of individuals and non-bank customers of

banks licensed in Singapore. This was aimed at ensuring a level international playing field for banks in Singapore.

The guarantee, which will be in place until 31 December 2010, is backed by S\$150 billion of the reserves of the Singapore Government. This amount does not reflect an estimate of the likely draw on the guarantee. Singapore is in a strong financial position to provide the guarantee.

Singapore's guarantee of deposits demonstrates its confidence in the soundness of the financial system, and contributes towards restoring confidence in the international financial system.

Cooperative Oversight Arrangement for Continuous Linked Settlement System

The Continuous Linked Settlement (CLS) system provides a mechanism for the safe and efficient settlement of foreign exchange trades involving 17 major currencies, including the Singapore dollar. Given the importance of CLS and to ensure that CLS functions safely and efficiently, the G10 and other central banks have established a cooperative oversight arrangement to jointly oversee the operations of CLS and to provide mutual assistance where necessary and appropriate.

Quarterly and Semi-Annual Statements of Retail Payment Statistics

In January 2009, MAS launched a comprehensive collection of retail payment statistics to strengthen our monitoring of Singapore's payments landscape and enhance our oversight of payment and settlement systems. Statistics such as transaction volume, transaction value, payment instruments in circulation and the number of terminals and merchants are collected from a broad spectrum of payment industry players on a quarterly and semi-annual basis. Such information will allow MAS to better monitor payment trends and implement appropriate and timely policies.

Tax Concessions for Loan Impairment Provisions Extended

Banks are currently allowed to claim tax deductions for loan impairment provisions made under MAS Notice 612 on Credit Files, Grading and Provisioning, subject to caps as stipulated under Section 14I of the Income Tax Act. This concession was introduced in 2005 and is valid for five Years of Assessment. Similar tax concessions were granted for collective loan impairment provisions made by finance companies and merchant banks.

In order to encourage banks to continue making adequate loan impairment provisions and bolster their financial strength to underpin continued lending in the downturn, MAS worked with the Ministry of Finance to extend this tax concession, with the same terms and conditions, for a further three years. The extension of the tax concession will likewise apply to finance companies and merchant banks.

Legislative Amendments to Securities and Futures Act (SFA) and Financial Advisers Act (FAA)

The Securities and Futures (Amendment) Bill 2009 and the Financial Advisers (Amendment) Bill 2009 were passed by Parliament in January 2009. Some of the key amendments are set out below.

For capital markets licensing and business conduct, the amendments in the SFA introduced the Representative Notification Framework and continuing licensing regime for corporate licence holders, and the extension of the prohibition order regime. Under the market misconduct enforcement framework, there are new provisions to impose corporate derivative liability, empower the courts to order disgorgement of gains made from illegal trades, and allow for the transfer of evidence between the Commercial Affairs Department of the Singapore Police Force and MAS.

Notification requirements in relation to directors' and substantial shareholders' interests in listed corporations, previously found in both the Companies Act and the SFA, are now streamlined and consolidated in the SFA. The notification requirements are extended to any Chief Executive Officer who is not a director. The Real Estate Investment Trusts (REIT) regime in relation to takeovers and privatisations of REITs is enhanced, and the Takeover Code will apply to REITs.

MAS extended its existing emergency powers to deal with events that would impact approved exchanges and designated clearing houses, which are systemically important parts of the financial system. The amendments give MAS the power to appoint statutory advisers to provide advice to an approved exchange or designated clearing house, and to obtain information from any person to maintain the safe and efficient operation of a designated clearing house. Other amendments give MAS the power to prescribe products as 'securities' in order to bring new products within its regulatory ambit under the SFA in a timely manner. This provides enhanced regulatory flexibility to enable MAS to act more efficiently on market developments.

The amendments to the Financial Advisers Act are similar to those for the SFA in relation to capital markets licensing and business conduct, including the Representative Notification Framework and the new continuing licensing regime.

MAS will be consulting the industry and public on the Subsidiary Legislation, Notices and Guidelines to the SFA and FAA before the commencement of the operation of the Acts.

Dealing with Investor Concerns on Structured Products

The current global financial crisis led to the default or early redemption of several structured products in Singapore, such as Minibond notes, DBS High Notes 5, Jubilee Series 3 LinkEarner Notes and Pinnacle Series 9 and 10 notes. These events directly and adversely affected Singapore investors who bought these products. Since September 2008, MAS has been responding to investor concerns.

As an important first step, MAS required the relevant financial institutions who were retail distributors of these products to put in place clear service standards and appoint independent persons to oversee the complaints handling process. This is to ensure that the financial institutions deal with complaints on the affected structured products in a serious and impartial manner. In addition, MAS deployed additional resources to respond to consumers' queries on the complaints handling process of financial institutions, and to monitor the financial institutions' responses to complaints. MAS reviewed feedback from consumers, and where appropriate, advised financial institutions to fine-tune and improve their processes.

The financial institutions have since completed the review of most complaints and communicated the outcome of their reviews to affected investors. MAS also worked with the Financial Industry Dispute Resolution Centre (FIDReC) to enhance its ability to handle the surge in investor complaints.

To keep consumers apprised of relevant developments and the steps they can take to resolve disputes with financial institutions, MAS issued press statements, consumer guides and frequently-asked-questions in both English and Mandarin. At the same time, MAS completed investigations into the 10 financial institutions that distributed these structured notes. As part of the investigations into two of the distributors, MAS also investigated 10 licensed financial advisers that were appointed by these two distributors to refer clients to them. The investigations covered, among other matters, the financial institutions' due diligence on the structured notes, the procedures used at the point of sale of notes, and the training and supervision of relationship managers. MAS identified non-compliance by the financial institutions with the MAS Notices and Guidelines on the sale and marketing of structured products, and issued directions to the financial institutions to ensure that these were rectified.

MAS undertook a review of the current regulatory regime for the sale of investment products, and published the Consultation Paper on the Review of the Regulatory Regime

Governing the Sale and Marketing of Unlisted Investment Products on 12 March 2009. The consultation paper set out proposals to further safeguard consumers' interests and promote higher industry standards for the sale and marketing of unlisted investment products. The proposals aim to promote more effective disclosure by improving the quality of information available to investors, strengthen fair dealing in the sale and advisory process, and enhance MAS' powers under the FAA. The consultation closed on 23 April 2009. MAS will publish our responses to feedback received and release the finalised proposals in the second half of 2009.

On 3 April 2009, MAS issued the Guidelines on Fair Dealing - Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers. The Guidelines are issued under the FAA, and apply to the selection, marketing and distribution of investment products and the provision of advice for these products. They also address issues relating to responsibilities for after-sales services and complaints handling.

MAS is also working closely with the trustee for the Minibond notes, HSBC Institutional Trust Services (Singapore) Ltd, to safeguard investors' interests, given the Chapter 11 filing of Lehman Brothers Special Financing, Inc, the swap counterparty for the Minibond notes, in the US.

The trustee had explored possible restructuring options for the notes and took steps to prevent further potential loss of value in the notes. The Trustee and Receivers are seeking to realise any residual value for investors from these notes. There is a range of complex legal issues involved given the scale of the global liquidation of Lehman Brothers-related entities.

Letters to CEOs of Financial Institutions

Over the past year, MAS has reiterated to senior management the importance of ensuring proper controls and risk management of their businesses. Letters addressed to the Chief Executive Officers were sent to:

- Capital Markets Services licensees to ensure effective segregation and handling of customers' moneys and assets.
- Financial institutions involved in the sales and distribution of investment products to ensure control procedures are in place to comply with the FAA.
- Capital Markets Services licensees dealing in contracts for differences and leveraged foreign exchange products to ensure proper controls over marketing, disclosure and risk management of such products.

Financial institutions were required to report to MAS the results of their review and the measures they would take to address any identified shortcomings.

MAS also shared key findings and recommendations from inspections with the relevant financial institutions. These related to recommendations on good practices arising from the thematic inspection of hedge fund managers in July 2008, and the thematic inspection of licensed trust companies on anti-money laundering and countering the financing of terrorism in December 2008. MAS expects the board and senior management of financial institutions to take into account the recommendations and industry best practices in their ongoing review and implementation of policies, processes and controls for their businesses.

Enhancing Market Discipline

Between April 2008 and March 2009, MAS published a total of 31 formal regulatory and enforcement actions against companies and individuals for market conduct breaches. These actions included reprimands, composition of fines, imposition of civil penalties, suspension and revocation of representative's licences, the issuance of prohibition orders and withdrawal of licensing exemptions. Over this period, MAS also took other regulatory and administrative actions in another 140 cases.

Enhancing Corporate Governance of Listed Companies

Following the transfer of oversight of corporate governance of listed companies to MAS and the Singapore Exchange (SGX), the focus has been on strengthening implementation of good corporate governance practices among listed companies. As part of this effort, MAS, the Accounting and Corporate Regulatory Authority (ACRA) and SGX established the Audit Committee Guidance Committee (ACGC) on 15 January 2008 to develop non-prescriptive practical guidance for audit committee members of SGX-listed companies to enhance their effectiveness. The ACGC completed its work on 30 October 2008 with the submission of its 'Guidebook for Audit Committees in Singapore'.

Chaired by Mr Bobby Chin Yoke Choong, the ACGC developed the Guidebook, incorporating feedback received from industry and stakeholder groups. These included professional associations such as the Institute of Certified Public Accountants of Singapore (ICPAS), Association of

Small and Medium Enterprises (ASME) and Singapore Institute of Directors (SID). The Guidebook touches on the areas of risk management, fraud, internal controls and the composition of the audit committee. It also uses a number of practical tools, such as frequently-asked-questions, case studies, checklists, red flags and sample forms to assist audit committee members to implement the best practices.

The growing complexities of the current business environment pose great demands on audit committees. Given the important roles that audit committees play in the governance and oversight of companies, in areas such as internal controls, risk management, financial reporting and review of interested-person transactions, the Guidebook provides timely assistance to audit committee members. It is available on the MAS, ACRA and SGX websites and hardcopies have been distributed to all audit committee members of listed companies.

BUILDING ON OUR FUNDAMENTALS, PREPARING FOR THE UPTURN

Singapore's Strong Fundamentals

The resilience of Singapore's financial sector can be traced to our strong fundamentals: a strong and progressive supervisory regime, coupled with a highly reputable legal and corporate governance framework. We were ranked first in corporate governance standards in Asia by the World Economic Forum's Global Competitiveness Report 2009. In addition, Singapore has strong balance-of-payment and fiscal positions and low levels of domestic and external debt. Fitch reaffirmed Singapore's 'AAA' sovereign rating in April 2009.

Today, Singapore is recognised as a leading centre for banking, foreign exchange and insurance. The City of London's Global Financial Centre Index ranked Singapore the most competitive financial centre in Asia, and third globally, after London and New York. Over the years, the Singapore international financial centre has grown in size

and diversity. It is recognised as a major centre for asset management in the region. Singapore is the second largest foreign exchange trading centre and the leading commodities derivatives trading hub in Asia. The Singapore dollar bond markets continue to see active issuance by foreign issuers and the Singapore Exchange remains an attractive listing location for foreign companies in Asia. In Islamic Finance, more Shariah-compliant products and services are being offered by financial institutions based here. To encourage the further growth of Islamic finance, MAS has developed a Sukuk facility. (See Box Story 3.)

Although economic growth in Asia is expected to slow in the immediate term, the region is still expected to outperform the global economy. The macroeconomic and financial fundamentals of Asian economies remain sound. Asia will continue to provide strong growth opportunities. Together with our long-term strategy of building a pro-business and competitive financial centre, Singapore is well positioned to emerge stronger from this crisis.

Box Story 3

Singapore Dollar Sukuk Facility

MAS announced in May 2008 our intention to develop a facility to issue Sukuk on a reverse-enquiry basis. This facility was successfully launched on 19 January 2009 and was jointly arranged by the Islamic Bank of Asia and Standard Chartered Bank, whose Shariah boards certified the facility's compliance with Shariah principles. MAS will issue the Sukuk according to the capital and liquidity requirements of financial institutions in Singapore which offer or plan to offer Shariah-compliant financial services. The Sukuk will

be priced against the liquid Singapore Government Securities (SGS) market, which provides a transparent price discovery mechanism for the new security.

The Sukuk facility underscores Singapore's commitment to put in place the necessary frameworks and infrastructure to support the development of Islamic finance in Singapore. The expansion of Shariah-compliant activities in Singapore is likely to attract both Muslim and non-Muslim investors who are interested in ethical investing, and therefore diversify financial institutions' sources of funding and deepen the investor base.

Financial Talent Development

Talent development remains a key focus of MAS, despite the current economic downturn. In developing a quality workforce that stays ahead of the curve, MAS and the industry continue with our efforts to raise the level of competency, professionalism and ethical standards. This is complemented by the various training schemes available to systematically upgrade the capabilities and skills of financial sector professionals. We encouraged such efforts through the enhancement of the Financial Sector Development Fund (FSDF)'s existing training schemes, and launched a new scheme to catalyse the creation of job and attachment opportunities for fresh graduates. (See Box Story 4.)

Financial Knowledge, Innovation and Learning

To meet the increasing demands and sophistication of Singapore's financial centre, MAS aims to develop a vibrant ecosystem of training and research centres which will foster cutting-edge skills and thought leadership in areas such as risk management and corporate governance.

In 2008, establishments and programmes that focus on research and training, such as the AXA University Asia Pacific Campus, SMU-Sim Kee Boon Institute for Financial Economics and INSEAD's PhD programme in Singapore were established. MAS will continue to work with local and foreign universities to offer top quality programmes and generate financial research in Singapore.

Box Story 4

Investment in Talent Infrastructure

MAS recognises that a deep pool of skilled talent is critical to the continued success of the financial sector. To address this challenge, MAS works closely with organisations such as the Institute of Banking and Finance (IBF), the Workforce Development Agency (WDA), institutions of higher learning as well as financial industry players to increase supply, enhance competencies and build intellectual capacity.

An industry-led initiative, the Financial Industry Competency Standards (FICS) was first launched in 2005 to benchmark and certify skills among financial sector professionals. MAS has been working closely with the IBF to implement the FICS framework. To date, close to 100 financial institutions have participated in FICS-accredited training and assessment. In addition, major financial institutions have implemented FICS within their internal training and assessment infrastructure. A growing number of top financial industry professionals have been conferred the distinguished Financial Industry Certified

Professional (FICP) title, a certification which embodies professional competence and commitment to excellence for the financial services industry.

Besides developing a broad base of skilled manpower, MAS also aims to build a critical mass of specialists in areas such as specialised finance, risk management, actuarial science, economics and Islamic Finance. Over 30 scholarships under the Finance Scholarship Programme (FSP) were awarded in 2008. To encourage the industry to continue to invest in talent development and position itself for the upturn, MAS enhanced its training support for the industry. These include increases in co-funding amounts by the Financial Sector Development Fund (FSDF) from 50% to 70% under the Financial Training Scheme (FTS), and from 70% to 90% for programmes accredited under the Financial Industry Competency Standards (FICS) framework. MAS has also set aside funds to support the new Finance Graduate Immersion Programme (FGIP) aimed at providing fresh graduates with industry attachment opportunities over the next one to two years.

ENHANCING OPERATIONAL CAPABILITIES AND RESILIENCE

Business Continuity Management

In July 2008, MAS completed the second phase of the two-phase internal flu pandemic exercise, Exercise Kingfisher II. This exercise helped enhance our flu pandemic preparedness, in areas such as staff welfare, resource management, currency issuance and management, essential financial services, as well as regulatory responses and expectations. We also conducted a notification exercise to familiarise all staff on MAS' crisis management notification process, as well as executed a crisis management operations centre exercise to ensure that relevant staff were familiar with the standard operating procedures.

In addition, we enhanced our Crisis Management Information Portal for more efficient information sharing and communication for normal operations and crisis situations, with the addition of several electronic services and enhancements. MAS also launched the Enterprise-wide Staff Movement System to facilitate staff accounting and redeployment of staff due to casualty and absenteeism during a crisis.

Enhancing Assurance

MAS conducts an extensive program of risk-focused audits to ascertain the adequacy and effectiveness of controls and

procedures across a wide spectrum of our operations. For better accountability in the management of public funds and in line with growing emphasis on value-for-money (VFM) audits, MAS will adopt a more structured approach in this area. VFM auditing, also known as performance auditing, is an approach widely used by government organisations to examine whether resources have been managed and used economically and efficiently, and also to determine if programmes and activities are achieving their objectives and desired results.

To ensure a more timely assurance that MAS' controls are working effectively and significant risks are being mitigated, MAS will be moving towards Continuous Auditing (CA) in critical areas of our work. CA is a method used by auditors to perform audit-related activities on a more continuous basis. It seeks to enhance the efficiency of audits through automation and provides greater audit penetration and coverage.

Enhancing Operational Capabilities Through IT

MAS implemented the Grants and Incentive Processing System to streamline the processing of grants and incentives awarded to financial institutions. The new system enables full electronic processing and tracking of applications and awards, starting from the point of request submission by financial institutions.

We also made significant enhancements to our internal Complaints Management System to ease the monitoring and tracking of complaints received from members of the public. These timely enhancements helped our call centre staff deal with the surge in public calls received during the financial crisis.

In dealing with the financial crisis, it was also important that our integrated front, middle and back-office systems can be configured for operational flexibilities to support MAS' role in foreign reserves management and monetary management. This enabled us to implement new liquidity and risk-control measures promptly.

On the enterprise resource management front, MAS continues to improve operational efficiency through the integration and streamlining of our human resource, finance and procurement functions. For this purpose, MAS conducted a feasibility study on the Alliance for Corporate Excellence (ACE) shared system project. ACE is a government cross-agency program initiated by the Ministry of Finance that pools individual agencies' human resource, finance and procurement functions into a shared IT system, with the aim of achieving efficiency gains and cost savings across various government bodies.

Box Story 5

Swift Action to Counter Influenza A(H1N1)

In May 2009, MAS took swift action to manage the risks brought about by the outbreak of Influenza A(H1N1) in various countries. As Singapore's national Disease Outbreak Response System (DORSCON) alert level was raised from Green, first to Yellow and then to Orange, MAS invoked its flu pandemic plan and implemented risk management measures commensurate with the DORSCON alert levels. We stepped up workplace protection measures, such as more frequent cleaning and disinfection of common areas, and instituted health declaration and temperature screening of visitors to

MAS Building and Currency House. As a precautionary measure, MAS also activated its split operations strategy and adopted the travel advisory recommended by the Ministry Of Health. As for financial institutions, they have already put in place business continuity plans, and were prepared to implement additional measures to meet the threat posed by Influenza A(H1N1). Although some of these measures were progressively lifted following the lowering of DORSCON alert level back to Yellow, the experience in dealing with the Influenza A(H1N1) outbreak has provided MAS and financial institutions the opportunity to stress-test and enhance our flu pandemic preparedness.

CURRENCY AND PAYMENT SYSTEM

Managing Dollars and Cents



F1 Commemorative Coin

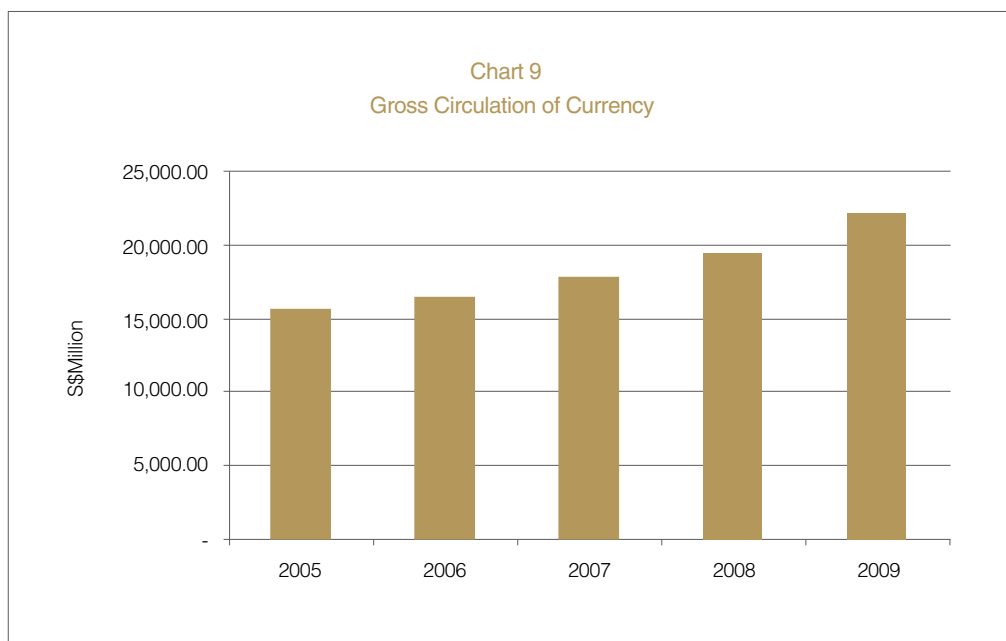
As at 31 March 2009, the gross and active currency in circulation was S\$22.2 billion (see Chart 10) and S\$19.5 billion respectively. The gross currency in circulation increased 14.3% over the year, with S\$41.7 billion worth of notes and coins issued to banks and S\$39.3 billion returned.

In 2008, the total Brunei currency repatriated to the Brunei Currency and Monetary Board was B\$813.0 million, B\$70.0 million more than in 2007. The amount of Singapore currency repatriated to Singapore decreased by S\$3.5 million to S\$5.4 million in 2008.

In August 2008, MAS launched a set of coins to commemorate the inaugural Formula 1™ ("F1") SingTel Singapore Grand Prix that was held from 26 to 28 September 2008. This was the first night race in F1 history and the first street race in Asia. The design captured the spectacular mood of dazzling lights and vibrancy of the night race and landmarks in the Marina area that formed part of the street circuit. Also featured on the coin are the two most recognisable icons in auto racing, namely, a F1 car at full throttle and the winning chequered flag.

Payment System

The MAS Electronic Payment System (MEPS+) was enhanced in November 2008 to comply with the Society for Worldwide Interbank Financial Telecommunication (SWIFT) changes and to also cater to new business requirements for greater effectiveness and efficiency.



Gross Circulation (S\$Million)	2005	2006	2007	2008	2009
Notes	14,553.91	15,354.54	16,597.55	18,305.91	21,052.04
Coins	979.30	1,002.83	1,037.64	1,084.19	1,118.75
Total	15,533.21	16,357.37	17,635.19	19,390.10	22,170.79



OUR PARTNERS

Building Ties, Valuing Partnerships

OUR PARTNERS

Building Ties, Valuing Partnerships

WORKING WITH CENTRAL BANKS AND FELLOW REGULATORS

Participation in Multilateral Institutions

To foster greater cooperation and discussions among central bankers and monetary authorities, and as part of our efforts to advance closer economic and financial integration, MAS continues to participate in multilateral and regional initiatives on a wide range of issues.

As host of the Asia-Pacific Economic Co-operation (APEC) process in 2009, Singapore has been facilitating discussions to address issues on sustainable financing and development in light of the global economic crisis. Such forums provide useful channels for the exchange of views and promote a better understanding of financial issues pertinent to the growth and development of the region.

Apart from contributing as a full member of the FSB, MAS is involved in the development of supervisory guidance and standards as a member of the working groups under the Basel Committee on Banking Supervision (BCBS). We participate in the work of the BIS' Committee on Payment and Settlement Systems (CPSS), Committee on the Global Financial System (CGFS) and the Markets Committee. As a member of the Risk Management and Modelling Group (RMMG),

we work with industry counterparts to further the advancement of risk measurement and management. The RMMG issued the Principles for Sound Stress Testing Practices and Supervision in May 2009 to address weaknesses in banks' stress tests that were highlighted by the financial crisis.

Singapore, together with seven other countries, was invited to become a member of the Basel Committee on Banking Supervision (BCBS) on 10 June 2009. The decision to expand the BCBS' membership reflected the recognition of the need for wider cross-border cooperation and information sharing amongst participants in the global supervisory community. This will also enhance the committee's ability to carry out its core mission to strengthen global supervisory practices and standards.

As an integrated supervisor with oversight of the securities market, MAS is also an active participant in the meetings of the International Organisation of Securities Commissions (IOSCO) at both Standing Committee and Asia Pacific Regional Committee (APRC) levels. At the Standing Committees, MAS is involved in looking at functional issues related to secondary markets and market intermediaries. In addition, we contribute to the efforts of the APRC in dealing with specific regional securities issues.

MAS is a member of the International Association of Insurance Supervisors (IAIS) and its various sub-committees. We participate actively in the formulation of the IAIS Standards and Guidance Papers, and we are the regional coordinator for the Asia-Oceania region and chair the Insurance Core Principles (ICP) Coordination Group. The ICP Coordination Group is a follow-up to the ICP Review Taskforce, which was also chaired by MAS. The ICP Coordination Group brings together the Chairs of the various subcommittees of the IAIS Technical Committee to coordinate the revision of the ICPs with the work of the standard setting subcommittees.

MAS is also a member of the Financial Action Task Force (FATF) and the Asia Pacific Group on Money Laundering (APG). We are a committed participant in the global network for combating money laundering and terrorist financing at both the regional and international levels.

Regional Cooperation on Financial Initiatives

ASEAN Capital Markets Development and Integration

MAS supports the strong regional commitment to accelerate the establishment of the ASEAN Economic Community (AEC) by 2015 to transform ASEAN into a highly competitive economic region with a single market and production base. MAS, as chair of the Working Committee of Capital Markets Development under the ASEAN Finance Ministers' process, will work together with our counterparts in the region and the private sector to promote the strengthening and deepening

of regional capital markets, by enhancing market linkages, market access and market liquidity.

MAS is also a member of the ASEAN Capital Markets Forum (ACMF). The bi-annual ACMF aims to promote greater capital market integration in ASEAN and provides a platform for securities regulators to discuss key regulatory and developmental issues in the region. The ACMF has developed an "Implementation Plan to Promote the Development of an Integrated Capital Market to Achieve the Objectives of the AEC Blueprint" (the Implementation Plan), which serves as a detailed roadmap containing specific initiatives and timelines to ensure ASEAN achieves greater capital market integration by 2015.

One initiative under the Implementation Plan is the ASEAN and Plus Standards Scheme. The Scheme aims to facilitate multi-jurisdictional offerings of plain equity and debt securities in ASEAN by allowing the issuer to comply with one single set of common prospectus disclosure standards, known as the "ASEAN Standards" which are based on the IOSCO Standards on Cross-Border Offerings, together with limited additional requirements prescribed by each jurisdiction, known as the "Plus Standards". The Scheme is envisaged to bring greater efficiency and cost-saving for issuers undertaking cross-border offerings. Malaysia, Singapore and Thailand were the first ASEAN jurisdictions to adopt the Scheme in June 2009.

Multilateralisation of the Chiang Mai Initiative

MAS supports the efforts by ASEAN+3 members to strengthen regional financial stability. Under the multilateralised Chiang Mai Initiative, MAS participates actively in ongoing discussions to develop a regional crisis lending facility. The global financial crisis has injected greater urgency to this regional initiative, and ASEAN+3 members have agreed to increase the total size of the multilateral facility from the previously agreed US\$80 billion to US\$120 billion. At the ASEAN+3 Finance Ministers Meeting in Bali in May 2009, ASEAN+3 members also reached an agreement on the key components of the multilateral facility, which includes an enhanced regional surveillance mechanism via the establishment of an independent regional surveillance unit to promote objective economic monitoring. ASEAN+3 proposes to operationalise the multilateral facility by end 2009.

Executives' Meeting of East-Asia Pacific Central Banks (EMEAP)

MAS participates actively in the EMEAP grouping to support regional financial stability and developmental cooperation. Comprising 11 central banks and monetary authorities in the East Asia and Pacific region, the grouping provides a useful platform for promoting regional collaboration and information sharing amid ongoing financial challenges. MAS continues to chair the Working Group on Payment and Settlement Systems (WGPSS), which focuses on strengthening risk management, oversight and standards, and best practices for payment systems in the region. As the WGPSS Chair, MAS is also leading a cross-border collateral arrangement study to explore ways to enhance liquidity arrangements in the region.

Bilateral Meeting with Bank Indonesia

As part of our efforts to maintain strong bilateral relations and foster greater policy exchanges with our regional counterparts,

MAS held the annual bilateral meeting with Bank Indonesia on 29 May 2009. The Bank Indonesia delegation was led by Acting Governor, Mrs Miranda S. Goeltom, who also addressed the business and financial communities in Singapore on the outlook of the Indonesian economy and investment prospects.

Engagement with Middle East

Engagement with the Middle East as a region took a major step forward over the past year. In December 2008, Singapore signed a Free Trade Agreement with the Gulf Cooperation Council (GCC) countries, which will strengthen economic ties and lead to increased trade between the GCC and Singapore.

Supervisory cooperation and mutual assistance with GCC authorities also received a major boost when MAS signed Memorandums of Understanding (MoU) with the Qatar Financial Centre Regulatory Authority and the Dubai Financial Services Authority (both in October 2008), the Central Bank of the United Arab Emirates (March 2009) and the Qatar Central Bank (May 2009). These MoUs are intended to strengthen the supervision of cross-border operations of financial institutions, and enhance staff training and technical assistance.

Notwithstanding the global financial crisis, we have seen continued interest by Middle Eastern financial institutions to hub their regional Asia-Pacific operations in Singapore. In the past year, three GCC banks have upgraded their presence as wholesale banks so as to be better positioned to capitalise on the rebound in Asian growth when economic growth returns.

Box Story 6

6th Islamic Financial Services Board Summit in Singapore

MAS successfully hosted the landmark 6th Islamic Financial Services Board (IFSB) Summit in May 2009 - the first time the event was held in East Asia. The Summit, with the theme, "The Future of Islamic Financial Services", saw participation from central bank governors and regulatory heads of Bahrain, Korea, Malaysia, Qatar, Saudi Arabia and United Arab Emirates, as well as almost 300 delegates comprising financial regulators and industry participants from IFSB member countries. Dr Ahmad Mohamed Ali Al-Madani, President of the Islamic Development Bank gave the keynote address.

At the summit, MAS announced the issuance of Guidelines on the Application of Banking Regulations to Islamic Banking. The guidelines offer specific information on regulatory treatment of various Islamic structures to provide greater clarity and certainty to financial institutions conducting Islamic financial activities in Singapore. Over the year, MAS introduced new banking regulations for Murabaha interbank placements, Ijara and diminishing Musharaka financing and spot Murabaha transactions. We also announced the addition of Islamic Finance to the list of specialised Masters courses eligible for funding support under the Finance Scholarship Programme.

Since becoming a full member in 2005, MAS has contributed to IFSB's work through our participation in its standard-setting Technical Committee and various task forces. We are also part of IFSB's working groups

on supervisory review, capital adequacy, Islamic money markets and solvency requirements for Takaful operators. Singapore's hosting of the Summit underscores our support of IFSB and our position as an international financial centre with a growing suite of Islamic financial services.



Heng Swee Keat, Managing Director, MAS speaking at the 6th IFSB Summit



(From left): Lim Hng Kiang, Minister for Trade and Industry and Deputy Chairman of MAS; Professor Rifaat Ahmed Abdel Karim, Secretary-General of the Islamic Financial Services Board; Dr Ahmad Mohamed Ali Al-Madani, President of the Islamic Development Bank and Heng Swee Keat, Managing Director, MAS, at the gala dinner of the 6th IFSB Summit.



Central bankers and financial regulators from the Middle East and Asia, the President of the Islamic Development Bank and Secretary General of the Islamic Financial Services Board called on Prime Minister Lee Hsien Loong at the Istana on 8 May 2009.

WORKING WITH INDUSTRY

Financial Sector Industry-wide Exercise 2008 (Ex Raffles II)

As part of the ongoing initiatives to enhance the resilience of Singapore's financial sector to major operational disruptions, an industry-wide business continuity exercise (IWE 2008) was conducted from 28 August to 11 September 2008. IWE 2008 was jointly organised by MAS, the Ministry of Home Affairs (MHA) and the Association of Banks in Singapore (ABS).

IWE 2008 involved the participation of about 144 financial institutions, including banks, finance companies, insurance companies, securities and broking houses, Singapore Exchange (SGX), as well as infrastructure providers such as the Network for Electronic Transfers Singapore (NETS) and the Automated Clearing House.

IWE 2008 was designed for financial institutions to test their crisis management and business continuity plans, with the aim to enhance the

- understanding of systemic risks to the financial sector during a flu pandemic outbreak impacting Singapore
- preparedness of the financial sector by providing the opportunity for organisations of all sizes within the sector to test their plans
- overall flu pandemic readiness by aligning financial institutions' flu pandemic plans and crisis responses with those of the government and MAS.

The large scale exercise demonstrated the financial industry's commitment to counter the systemic risks engendered by a major operational disruption.

Partnerships with Academia

In November 2008, Professor Barry Eichengreen from the University of California, Berkeley was invited to MAS under the Eminent Visitor Programme. During his visit, the professor delivered a public lecture on the origins of and responses to the credit crisis. While at MAS, Professor Eichengreen exchanged views with our staff and was consulted on some of our research projects, such as the characterisation of the downturn in the US economy, and global financial conditions. He contributed an article titled "The Dollar's Future as an International Currency", which appeared in the April 2009 issue of the MAS Macroeconomic Review.

Professor Andrew Rose, also from the University of California, Berkeley, visited MAS on an ad-hoc basis while on engagement at the National University of Singapore from July to August 2008. Professor Rose has been a regular visitor to MAS, and as in previous visits, he provided guidance on some of our ongoing research and surveillance work. In addition, he also contributed an article on "Economic Benefits from International Cooperation on the Environment" in the October 2008 issue of the MAS Macroeconomic Review.

MAS collaborated with Assistant Professor Choy Keen Meng from Nanyang Technological University from February to April 2009 on a project examining sectoral business and employment cycles in Singapore. Assistant Professor Choy

assisted MAS in developing the methodological aspects of the study and in the interpretation of the results obtained from the empirical analysis. The study was featured in the April 2009 issue of the MAS Macroeconomic Review.

Box Story 7

MAS Term Professorship Programme at the National University of Singapore



NUS Provost Prof Tan Eng Chye (right) with MAS Deputy Managing Director Ong Chong Tee at the signing ceremony

Since 2002, MAS has engaged prominent academic economists as visiting scholars and consultants at the central bank. The success of this Visiting Scholars programme has led MAS to fund the establishment of a professorship at the National University of Singapore (NUS) in May 2009.

To be named the “MAS Term Professorship in Economics and Finance”, this is MAS’ inaugural sponsorship of a professorship programme at a university, which MAS will sponsor over a five-year period. The aim is to engage internationally renowned academics with research expertise in finance, international economics, monetary economics or public finance to lead and conduct economic and financial research in Singapore.

The funding of the professorship signifies MAS’ ongoing commitment towards the enhancement of economic and financial research in Singapore. It will augment the country’s research infrastructure and strengthen the research collaboration between academia, industry and the public sector. A strong and vibrant economic and financial research environment will expand intellectual capacity and accelerate the pace of product and process innovation, thereby contributing to the growth and sophistication of Singapore’s financial sector.

Box Story 8

Improving Individual Investors' Access to Singapore Government Securities (SGS) and Treasury Bills (T-Bills)

From its early days, MAS has been committed to enhancing public access to the Singapore Government Securities (SGS) market. Over the years, demand for SGS from individual investors has grown as a result of MAS' efforts to improve price transparency, increase financial awareness and extend the yield curve of SGS and Treasury Bills (T-bills).

The SGS market has gone through significant developments over the past seven years. Since 2002, MAS has lowered the minimum denomination for purchasing SGS from \$10,000 to \$1,000 to better enable individual investors to participate in the Singapore bond market. The same year, we launched the SGS website to increase investors' access to information, and introduced non-competitive bidding in primary auctions to level the playing field for individual investors that may have relatively less information on the SGS market. We also worked with the Primary Dealer banks to publish SGS market commentaries on the SGS website to improve public access to market views.

In 2005, MAS established an electronic, over-the-counter bond trading platform in conjunction with Bloomberg to increase price transparency and accessibility to different

classes of investors. The following year, we worked with the Central Provident Fund (CPF) Board to enable individual investors' CPF funds to be fully utilised to purchase SGS bonds. In addition, we converted weekly SGS Treasury bill auctions from the multiple price auction format to uniform price auctions, which facilitated greater participation from individual investors. (SGS Bonds had been converted earlier in April 2003.)

In 2007, the CPF Board allowed members to use their Ordinary Account or Special Account savings to invest in Singapore Government Treasury Bills. MAS amended the Government Securities Regulations to allow SGS investors to make more than one non-competitive application at SGS auctions. We also admitted the Central Depository Pte Ltd into MEPS+ as an SGS member, which works as the first step to enabling individual investors to consolidate all their Singapore Dollar equities and SGS holdings in a single account.

As the next step, MAS will work with financial institutions to improve market access infrastructure for individual investors. From July 2009 onwards, individual investors will be able to apply for SGS and T-bill auctions at major Automated Teller Machine (ATM) networks islandwide, instead of applying personally at bank branches. In addition, individuals may custodise their SGS and T-bills holdings with the Central Depository, which will make it more flexible for them to purchase and sell SGS and T-bills in the secondary market.



(From left) Piyush Gupta, CEO, South East Asia Pacific, Citibank N.A.; Hsieh Fu Hua, CEO, Singapore Exchange Ltd; Heng Swee Keat, Managing Director, MAS; Hugh Young, Managing Director, Aberdeen Asset Management Asia Ltd and Professor Michael Useem at the IBF Annual Conference

Institute of Banking and Finance Annual Conference

The Institute of Banking and Finance (IBF) held its 3rd Annual Conference on 24 June 2009. The theme of the conference was "Transformational Leadership in a Changing Financial Landscape". Heng Swee Keat, Managing Director, MAS and Chairman of IBF delivered the opening remarks. The conference was well-received by senior management executives from the financial sector.

The keynote speaker was Professor Michael Useem, William and Jacalyn Egan Professor of Management and Director, Center for Leadership and Change Management,

Wharton School, University of Pennsylvania. Professor Useem discussed key leadership capabilities and traits which are vital for the financial industry in 2009 and beyond. Adopting an interactive case-study approach, he highlighted the short and medium term business-critical leadership challenges and opportunities, as well as long-term issues facing senior management in the financial sector.

In conjunction with the conference, IBF also arranged for a Financial Industry Competency Standards (FICS) training fair to showcase the latest FICS programmes offered by IBF's accredited training providers and lead providers.

Box Story 9

MoneySENSE – Reaching Out to More Singaporeans Amidst the Financial Crisis



Learning about financial prudence through interactive board games

MoneySENSE continued to collaborate with its many partners to promote financial education to more Singaporeans. In the past year, MoneySENSE has delivered more than 73 talks at various organisations, libraries and schools. Conducted by volunteer speakers from industry associations, the talks provide information and tips on basic money management, financial planning and personal investing. MoneySENSE also introduced a new talk titled "MoneySENSible Tips to Stretch Your Dollar" to share tips on what consumers can do to better manage their cash flow both in the short and long term. This talk was delivered at various libraries as part of the series of activities under "Surviving the Economic Crunch", a public outreach effort organised by the National Library Board.

In addition, MoneySENSE co-funded financial education programmes, including interactive board games for over 13,000 students from 38 schools. MoneySENSE continued to partner the Association of Banks in Singapore (ABS) to share key messages on the importance of being prudent and spending within your means, through an interactive skit for primary school students.

To further financial education outreach to working adults, MoneySENSE, the Central Provident Fund Board (CPF) and the National Trade Union Congress (NTUC) announced a two-year tripartite collaboration to bring financial education programmes to NTUC members and the working population. The aim is to equip working adults with the necessary knowledge and skills to become more self-reliant in managing their financial affairs and plan for their longer term needs. We held two educational seminars on money matters for over 900 participants and launched the new financial education portal, IM\$avvy, jointly with the CPF Board. Targeted at young adults, the IM\$avvy portal includes a quiz for working adults to find out how they fare in their knowledge and management of personal finances. Going forward, MoneySENSE will continue to partner NTUC to arrange more programmes in the next two years.

To reach heartlanders, MoneySENSE worked hand in hand with Southeast CDC (SECDC) to organise a one-day financial education carnival for residents in December 2008. Through fun-filled activities, such as the



Reaching out to residents through the Southeast CDC financial education carnival

SEDC MoneyWISE interactive board game challenge, talks, skits and a musical, we reached out to over 12,000 residents to reinforce the importance of financial prudence.

The recent financial crisis has also highlighted the need for MoneySENSE to step up efforts on investor education. To this end, MoneySENSE collaborated with the Securities Investors Association of Singapore (SIAS) to issue a list of 10 important questions investors should ask before buying a structured product. MoneySENSE partnered the ABS and SIAS to launch a quarterly series of "My Money" seminars. Conducted in

English and Mandarin, the seminars provide information on the features and risks of various savings and investment products. Panel participants from the Singapore Management University (SMU) Sim Kee Boon Institute for Financial Economics also share their views on the various products, and highlight the risk-return trade-offs. To enable these facts and tips to be shared with a wider audience, recordings of the seminars are available online. Educational messages are also broadcast on radio programmes.

These initiatives complement MoneySENSE's ongoing programmes for different segments of the population. Since its launch in October 2003, MoneySENSE has organised talks, seminars and workshops that have attracted more than 53,000 participants. We have published 27 consumer guides and these are also available online. To reach the masses, MoneySENSE has also published info-advertorials in newspapers in our four national languages and contributed articles to several magazines. These achievements would not have been possible without the strong support and commitment from the MoneySENSE partners, comprising the Financial Education Steering Committee¹, industry associations², community bodies and the media.

¹ The MoneySENSE Financial Education Steering Committee consists of the Ministry of Community Development, Youth and Sports, the Ministry of Education, the Ministry of Manpower, the Central Provident Fund, the Monetary Authority of Singapore, the National Library Board and the People's Association.

² The industry associations that work closely on MoneySENSE include the Association of Banks in Singapore; the Association of Financial Advisers; the Consumers Association of Singapore; the Financial Planning Association; the General Insurance Association of Singapore; the Insurance & Financial Practitioners Association of Singapore; the Investment Management Association of Singapore; the Life Insurance Association of Singapore and the Singapore Exchange Ltd.

Financial Conferences and Events



Lim Hng Kiang, Minister for Trade and Industry and Deputy Chairman of MAS (first from right) at the launch of the AXA University Asia Pacific Campus in Singapore on 8 April 2009, accompanied by Henri de Castries, AXA Group CEO and Chairman of the Management Board (second from right) and John Dacey, AXA Group Regional CEO for Asia Pacific and Japan (foreground).

A number of conferences and events were held in Singapore in 2008 and 2009. Covering a wide range of topics related to the financial services sector, from commercial banking, fixed income, wealth management and capital markets,

these events serve as a gathering point for industry players and international investors. Several major financial institutions also celebrated the significant anniversaries of their operations in Singapore in 2008.



Prime Minister Lee Hsien Loong (second from right) at the Standard Chartered 150th Anniversary Dinner, with Lim Cheng Teck (from left), Chief Executive of Standard Chartered Singapore; Peter Sands, Group Chief Executive of Standard Chartered PLC; and Jennie Chua, Chairperson of Community Chest. Standard Chartered Bank donated \$1.5 million to the Community Chest as part of its community building efforts.



Dialogue session with Minister Mentor Lee Kuan Yew, moderated by Professor Takatoshi Ito (right) at the Nomura Asia Equity Forum 2008, July 2008



Minister for Finance and MAS Board member Tharman Shanmugaratnam (first from left) gracing the Association of Banks in Singapore (ABS) Annual Dinner, June 2008

OUR PEOPLE

Growing Expertise, Grooming Leaders



OUR PEOPLE

Growing Expertise, Grooming Leaders

BUILDING HIGH PERFORMANCE TEAMS

In managing the challenges brought about by the global financial and economic crisis, MAS staff faced additional work demands with a great sense of mission, resourcefulness, commitment and teamwork. In the process, we learnt valuable lessons and acquired deeper insights into areas of our work. Amongst other things, the crisis highlighted the need for continued development and nurturing of expertise, teamwork and effective leadership as critical success factors going forward.

Expertise Development

MAS Academy

Since its inception in April 2008, the MAS Academy has centralised all in-house professional and leadership training programmes available to all MAS staff. Apart from external instructors, in-house experts with extensive experience and practical knowledge inject house content into the Academy's functional training programmes. The MAS Diploma in Central Banking provides entry level officers with broad-based knowledge and understanding of MAS' key functions, and MAS' core values and ethics. A Case Studies e-Collection comprising real-life case studies related to the financial industry builds institutional knowledge and enhances knowledge sharing amongst staff.

The MAS Academy also contributes to the training of the supervisory community. The MAS Banking Supervisors Training Programme for regional bank regulators and the MAS-Toronto Centre Regional Leadership Programme for Securities Regulators continued to attract good turnout from regional participants from the Asia Pacific, South and Central Asia, and Middle East regions. These programmes enjoyed high ratings from participants and served as excellent opportunities for participating regulators to build close ties. In March 2009, we held the inaugural MAS Information Technology Supervision Workshop for Financial Regulators, which was aimed at enhancing regulators' capabilities in supervising technology risks in financial institutions. 26 senior IT supervisors from 18 countries participated in the workshop.

Professional Requisites and Outcomes Framework

In the past year, we developed a competency framework - Professional Requisites and Outcomes Framework (PROF) - to enable more structured development of functional expertise in MAS. PROF details the competency roadmap for all key functions and jobs in MAS, serves as a guide to staff and their supervisors on the area of professional development to prioritise at each stage of a staff's career, and informs the design of appropriate training interventions by the MAS Academy.

With this framework, we aim to continually grow and deepen domain knowledge, skills and competencies in our staff as part of their professional development. This framework was made available to all departments within MAS in mid-year 2009.

Leadership Development

Coaching

A coaching framework was put in place to embed a coaching culture and to encourage continuous learning in MAS. Under this framework, supervisors at all levels will be better equipped with coaching skills to provide on-the-job training and guidance to staff. A pilot training programme was conducted in August 2008 and this has been extended to the rest of the organisation since March 2009.

Young Professionals Programme

The Young Professionals Programme (YPP) was developed to help young professionals and emerging managers in MAS better appreciate what is expected of them and for them to learn critical skills, values and perspectives to engender success in their jobs. Through experiential learning, facilitation and reflection, staff learn skills ranging from personal effectiveness, expertise building, knowledge management to teamwork and leadership in order to gear up for the next phase of their careers in MAS. Another key

objective of the programme is to establish lasting networks among staff to strengthen collaboration in the workplace. The inaugural YPP was held in March 2009.

Middle Management Programme 2



MAS staff participating in the inaugural Middle Management Programme 2

The Middle Management Programme 2 was designed to enhance the skills of middle management staff in the areas of strategic thinking and people leadership. Participants of the inaugural programme undertook an overseas field trip to better understand emerging issues of interest and impact to MAS, as well as to foster stronger relationships with our overseas counterparts.

Box Story 10

Recognising Professional Excellence: Financial Industry Certified Professional (FICP)



Malkit G Singh (second from right) with the rest of the recipients at the Financial Industry Certified Professionals award ceremony

In November 2008, Malkit G Singh, Director, Complex Institutions Supervision Department, was conferred the Financial Industry Certified Professional (FICP) title. This is the highest certification mark for a financial practitioner in Singapore in the area of Compliance - Anti-Money Laundering (AML) under the Financial Industry Competency Standards (FICS) framework, administered by the Institute of Banking & Finance. The FICP embodies

professional competency and distinction, and serves as a beacon of excellence for the financial services industry. Malkit is also a Practice Area Leader of the Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) Peer Group of the MAS Academy. Peer Groups are communities of practice in MAS that aim to deepen knowledge within specialist subject areas.

Engaging Staff

MAS conducted the Employee Engagement Survey (EES) in January 2008 with the objective of gauging staff engagement levels across the organisation. Following the administration of the survey and the sharing of findings with MAS staff, we have now moved into the action planning and implementation phase of follow-up plans at the team, department, group and organisation wide levels. To intensify our efforts at creating a great workplace at MAS, a second phase of the EES will be conducted in late 2009.

Work-Life Effectiveness Initiatives

MAS continued to implement initiatives to promote healthy work-life effectiveness and to create an environment conducive for the overall well-being of staff in MAS. Among other initiatives, we have extended the national initiative of "Eat With Your Family Day" to occur on a quarterly basis. In addition to the annual health screening exercise, we held workshops to equip staff with the knowledge, skills and resources to improve their mental well-being. This was in conjunction with the National Healthy Lifestyle campaign launched in September 2008.

"Frequent Flying Minds"

The "Frequent Flying Minds" (FFM) scheme provided an efficient and transparent intranet platform where staff could contribute suggestions for relevant departments to evaluate, develop and implement. The open system where suggestions could be read by all staff fostered a spirit of innovation

and continuous improvement throughout the organisation. Points earned for contributing suggestions could be accumulated by staff and exchanged for gifts in a similar manner as airlines' frequent flyer miles.

Leadership Community Retreat

As part of MAS' annual corporate planning cycle, we held the MAS Leadership Community Retreat on 2 and 3 March 2009. About 100 participants from MAS' senior and middle management attended the retreat.

The retreat was an opportunity for the leadership community to take stock of accomplishments in the past year and collectively discuss emerging trends arising from the global economic and financial crisis and their impact on our work. Participants also discussed the way forward for MAS, and developed strategies to overcome new challenges and seize opportunities in the year ahead.

MAS Staff Seminar 2009

Over 700 staff attended the MAS Staff Seminar held on 14 April 2009. Corporate strategies and priorities developed during the Leadership Community Retreat were communicated to staff during this event. These were organised into three broad themes for the organisation, specifically, "Manage Risks" effectively, "Emerging Stronger" through the current challenges, and working together as "One MAS". These strategies and priorities have been incorporated into department workplans for implementation.

Recognising Our People

Service Appreciation Awards



Our Service Appreciation Award recipients with MAS' Chairman Goh Chok Tong at the awards ceremony

The Service Appreciation Award recognises and rewards the loyalty and contributions of our dedicated staff. The awards ceremony was held on 8 August 2008. In all, 142 staff received the Service Appreciation Award for service in MAS ranging from five years to 40 years.

Evelyn Lim-Goh, Banking Department who received the 30-year award said, "At that moment when I received the award, I felt proud to be part of the organisation. What made it even more special was that my supervisor was cheering me on." Vivien Ong, Reserve and Monetary Management Department who received the 5-year award remarked, "Being a recipient of the service appreciation award marks

a truly joyous and significant memory in my life. I hope that MAS will continue presenting such awards where employees are given a chance to celebrate the milestones of their service in MAS."

Innovation Awards

The annual Innovation Awards recognise individuals or teams which have germinated and executed good ideas, either to improve existing policies and processes or to deal with new challenges innovatively. There are three main categories of awards. The "I-MAS Policy Award" recognises and rewards policy innovation and encourages staff to think about innovation in terms of policy changes. The "I-MAS Business Excellence Award" commends innovative ideas (other than policy projects) which bring about significant impact on the financial industry or within MAS. The "Best Work Process Innovation Award" recognises work improvements at the department level within MAS.

National Day Awards

This year, 15 MAS staff were honoured for their contributions and service to the nation. We extend our heartiest congratulations to all our National Day Award recipients. Among the recipients were Executive Director Lee Chuan Teck, who was conferred the Public Administration (Silver) Medal and Directors Low Yin Fong and Luz Foo Mei Lan, who received the Public Administration (Bronze) Medal.

Excellent Service Awards



Our EXSA Awards winners

Eight MAS staff received awards in recognition of their outstanding service delivered to members of the public at the Excellent Service Awards (EXSA) presentation ceremony on 3 December 2008. The Star Award winner was Agatha Goh, Currency Department. The Gold Award winners were Vincent Hee, Capital Markets Department, Kate Wong, External Department, Eric Lee, Corporate Services Department and Doris Mok, Corporate Services Department. The Silver Award winners were Muthusamy Silvarajoo, Currency Department, Tan Chee Khiang, Capital Markets Department and Zhong Kemin, Capital Markets Department. EXSA is a national award given out annually to develop service role models for staff to emulate, to honour service champions and to professionalise such services.

PS21 Star Service Awards



Our PS21 Star Service Award winners Kate Wong (right) and Agatha Goh

The PS21 Star Service Award recognises public service officers for service excellence in the Public Service. Since 2003, the award has been given out annually to public service officers nominated by their organisations for service excellence. In May 2009, Agatha Goh, Currency Department and Kate Wong, External Department received the award in recognition of their exemplary service. This is the first time MAS staff have received this award.

FOSTERING CLOSER TIES

Inter-Group Games 2009



Inter-Group Games 2009

The annual Inter-Group Games (IGG) fostered team spirit among staff by encouraging interaction of staff from different levels and departments. This year, the games included futsal, darts, big two, netball, scrabble, track and field as well as snooker. The Prudential Supervision Group emerged the overall champion.

Family Day 2009



MAS Family Day 2009

This year, the MAS Family Day was held at the Fort Canning Park. The event attracted an overwhelming response from 400 participants. MAS' Deputy Managing Directors Ong Chong Tee and Teo Swee Lian were the Guests-of-Honour for the day. Families participated in a variety of fun activities including exciting performances and carnival games. The day ended with a family comedy movie at Vivocity.

REACHING OUT TO THE COMMUNITY

Charity Drives – MAS With A Heart



Grant a Wish Charity Drive 2008

Grant a Wish Charity Drive, 2008

As part of the annual Christmas celebrations and to encourage the spirit of giving among staff, the MAS Recreation Club (MASRC) organised a Grant a Wish Charity Drive where staff can purchase educational gifts for disadvantaged children. All 269 handwritten wishes from these children were granted and another 202 presents were collected for the children of Beyond Social Services and Canossaville Children's Home.



MAS staff with students from MINDS-Lee Kong Chian School

“Hand in Hand, Let Love Grow” Donation Drive

MAS staff sold home-made Chinese New Year cookies and raised funds for MINDS (Movement for the Intellectually Disabled of Singapore) – Lee Kong Chian School at the Chinese New Year bazaar sale, organised by the MASRC. Concurrently, the MASRC also held a donation drive named “Hand in Hand, Let Love Grow” to raise funds for the school, as well as other beneficiaries.

MAS FY 2008/2009

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MAS FY2008/2009 FINANCIAL STATEMENT HIGHLIGHTS

MAS' total assets, including the Currency Fund, grew by S\$10.96 billion during the year to S\$264.75 billion at 31 March 2009. The Currency Fund's net external assets of S\$25.14 billion at the financial year-end, provided 113% asset backing for the currency in circulation.

Total liabilities rose by S\$3.26 billion to S\$236.01 billion as the currency in circulation and deposits of financial institutions and Singapore Government increased, partially offset by lower provisions and other liabilities.

The Authority recorded a net loss of S\$9.20 billion for this financial year, after net profits earned of between S\$1.22 billion to S\$7.44 billion, in each of the previous five years. The unprecedented global financial crisis had a severe impact on financial markets worldwide and many asset classes suffered steep declines, which affected the valuation of the Authority's foreign assets. For the financial year, total expenditure declined to S\$0.89 billion due to lower investment and interest expenses.

For this financial year, there will be no contribution to the Consolidated Fund, nor return of profits to the Government.

The Authority's issued and paid-up capital was increased to S\$17.0 billion during the financial year, as a pre-emptive measure to strengthen the Authority's capital and reserves, in light of a potentially volatile financial market environment going forward. With the changes in equity, the Authority's capital and reserves rose to S\$28.74 billion as at 31 March 2009, compared to S\$21.04 billion a year ago.

STATEMENT BY DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

In the opinion of the directors,

- (a) the financial statements of the Authority as set out on pages 70 to 93 are drawn up so as to present fairly the state of affairs of the Authority as at 31 March 2009, the results and changes in equity of the Authority for the financial year ended on that date, and of the cash flows of the Authority for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

GOH CHOK TONG
Chairman

HENG SWEE KEAT
Managing Director

23 June 2009

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE MONETARY AUTHORITY OF SINGAPORE FOR THE YEAR ENDED 31 MARCH 2009

The accompanying financial statements of the Monetary Authority of Singapore (MAS) and Currency Fund, set out on pages 70 to 93, have been audited under my directions and in accordance with the provisions of the MAS Act (Chapter 186, 1999 Revised Edition). These financial statements comprise the balance sheet as at 31 March 2009, the income statement, statement of changes in equity, cash flow statement and statement of backing of currency in circulation for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the MAS Act and Currency Act (Chapter 69, 2002 Revised Edition) and applicable Singapore Financial Reporting Standards as explained in Note 3.1(a) to the financial statements. This responsibility includes:

- a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) selecting and applying appropriate accounting policies; and
- c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with the provisions of the MAS Act and Currency Act and having regard to the Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed to obtain reasonable assurance as to 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 Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. An audit also includes evaluating, within the context of applicable laws, the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Authority's management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE MONETARY AUTHORITY OF SINGAPORE FOR THE YEAR ENDED 31 MARCH 2009

Opinion

As disclosed in Note 3.1(a) to the financial statements, the Authority, in preparing its financial statements, is allowed under section 34(3) of the MAS Act and section 21(10) of the Currency Act to comply with accounting standards to the extent that it is, in the opinion of the Authority, appropriate to do so, having regard to its objects and functions. As also disclosed in Note 3.1(a), the Authority has considered its responsibilities for managing the Singapore dollar exchange rate and the Official Foreign Reserves and is of the view that, for effective management of Singapore's monetary policy, it would be appropriate not to meet, in some respects, the Singapore Financial Reporting Standards. The financial statements accordingly disclose less information than would be required under those Standards.

Having regard to the power given to the Authority under section 34(3) of the MAS Act and section 21(10) of the Currency Act, in my opinion, the financial statements present fairly, based on the framework of accounting standards adopted by the Authority, the state of affairs of the Authority as at 31 March 2009 and the financial transactions of the Authority for the year ended on that date.

LIM SOO PING
AUDITOR-GENERAL
SINGAPORE

24 JUNE 2009

INCOME STATEMENT

For the year ended 31 March	Note	General Reserve Fund		Currency Fund		Total	
		2009	2008	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Loss)/Income from Foreign Operations (after transfers to/from provisions)	4	(7,679,697)	8,077,679	(909,179)	744,922	(8,588,876)	8,822,601
Income from Domestic and Other Operations	5	270,567	279,691	-	21	270,567	279,712
Non-operating Income	6	8,193	6,583	906	584	9,099	7,167
Total (Loss)/Income (after transfers to/from provisions)		(7,400,937)	8,363,953	(908,273)	745,527	(8,309,210)	9,109,480
Less:							
Investment, Interest and Other Expenses	7	604,152	1,403,776	77,189	61,916	681,341	1,465,692
Personnel Expenditure	8	141,414	137,953	-	-	141,414	137,953
General and Administrative Expenditure	9	44,518	37,393	-	-	44,518	37,393
Depreciation/Amortisation		24,638	23,467	-	-	24,638	23,467
Total Expenditure		814,722	1,602,589	77,189	61,916	891,911	1,664,505
(Loss)/Profit for the Year (after transfers to/from provisions)		(8,215,659)	6,761,364	(985,462)	683,611	(9,201,121)	7,444,975
Less:							
Contribution to Consolidated Fund	18	-	1,340,096	-	-	-	1,340,096
Net (Loss)/Profit for the Year (after transfers to/from provisions)		(8,215,659)	5,421,268	(985,462)	683,611	(9,201,121)	6,104,879

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

As at 31 March	Note	2009 \$'000	2008 \$'000
CAPITAL AND RESERVES			
Issued and Paid-up Capital	10	17,000,000	100,000
General Reserve Fund	11	8,766,732	18,156,241
Currency Fund Reserves	12	2,970,439	2,782,051
		28,737,171	21,038,292
FINANCIAL SECTOR DEVELOPMENT FUND	19	880,215	871,530
		29,617,386	21,909,822
Represented by:			
ASSETS			
Cash and Bank Balances		908,854	255,829
Singapore Government Treasury Bills and Bonds		6,889,070	6,702,381
Foreign Assets	13	254,741,768	243,798,093
Gold		322,310	292,144
Other Assets	14	1,700,753	2,535,687
Property and Other Fixed Assets	15	188,136	204,328
		264,750,891	253,788,462
Less:			
LIABILITIES			
Currency in Circulation		22,170,785	19,390,091
Deposits of Financial Institutions	16	14,299,000	10,891,536
Provisions and Other Liabilities	17	80,534,302	85,601,368
Amounts Due to Singapore Government	18	119,009,633	116,867,175
		236,013,720	232,750,170
NET ASSETS OF THE AUTHORITY		28,737,171	21,038,292
NET ASSETS OF FINANCIAL SECTOR DEVELOPMENT FUND	19	880,215	871,530
		29,617,386	21,909,822

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Issued and Paid-up Capital \$'000	General Reserve Fund \$'000	Currency Fund Reserves \$'000	Total \$'000
Balance as at 1 April 2007	100,000	15,306,263	2,057,150	17,463,413
Net Profit for the Year (after transfers to/from provisions)	-	5,421,268	683,611	6,104,879
Transfer of Reserves to Currency Fund	-	(41,290)	41,290	-
Return of Profit to Singapore Government	-	(2,530,000)	-	(2,530,000)
Balance as at 31 March 2008	100,000	18,156,241	2,782,051	21,038,292
Increase in Issued and Paid-up Capital during the Year	16,900,000	-	-	16,900,000
Net Loss for the Year (after transfers to/from provisions)	-	(8,215,659)	(985,462)	(9,201,121)
Transfer of Reserves to Currency Fund	-	(1,173,850)	1,173,850	-
Return of Profit to Singapore Government	-	-	-	-
Balance as at 31 March 2009	17,000,000	8,766,732	2,970,439	28,737,171

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 March	2009 \$'000	2008 \$'000
Cash Flows from Operating Activities		
(Loss)/Profit for the Year (after transfers to/from provisions)	(9,201,121)	7,444,975
Adjustments for:		
Depreciation/Amortisation of Fixed Assets and Other Assets	24,638	23,467
(Loss)/Profit before Working Capital Changes	(9,176,483)	7,468,442
(Increase)/Decrease in		
Singapore Government Treasury Bills and Bonds	(186,689)	(293,000)
Foreign Assets	(10,943,675)	(35,355,981)
Gold	(30,166)	28,885
Other Assets	834,914	(43,556)
Increase/(Decrease) in		
Deposits of Financial Institutions	3,407,464	1,474,840
Provisions and Other Liabilities	(5,065,554)	22,821,260
Deposits of Singapore Government	6,012,554	5,247,936
Net Cash (used in)/from Operating Activities	(15,147,635)	1,348,826
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(9,938)	(12,340)
Net Cash used in Investing Activities	(9,938)	(12,340)
Cash Flows from Financing Activities		
Increase in Issued and Paid-up Capital	16,900,000	-
Increase in Currency in Circulation	2,780,694	1,754,898
Contribution to Consolidated Fund	(1,340,096)	(769,195)
Return of Profit to Singapore Government	(2,530,000)	(2,400,000)
Net Cash from/(used in) Financing Activities	15,810,598	(1,414,297)
Net Increase/(Decrease) in Cash and Bank Balances	653,025	(77,811)
Cash and Bank Balances as at beginning of the year	255,829	333,640
Cash and Bank Balances as at end of the year	908,854	255,829

The accompanying notes form an integral part of these financial statements.

STATEMENT OF BACKING OF CURRENCY IN CIRCULATION

The Currency Fund is established under Section 21 of the Currency Act (Chapter 69, 2002 Revised Edition). Section 22 of the Act states that the external assets of the Currency Fund shall not be less than 100% of the face value of the Currency in Circulation.

As at 31 March	Note	2009 \$'000	2008 \$'000
The value of external assets and the Currency in Circulation are:			
Currency in Circulation	12.2	22,170,785	19,390,091
External Assets	12.2	29,559,177	23,463,665
Less:			
Provisions and Other Liabilities	12.2	4,417,953	1,291,523
Net Assets		25,141,224	22,172,142

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL

The Authority is a statutory board established in Singapore under the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) on 1 January 1971 and is located at 10 Shenton Way, MAS Building, Singapore 079117.

2 PRINCIPAL ACTIVITIES

The principal activities of the Authority are:

- a) the conduct of monetary policy, issuance of currency, management of the official foreign reserves and acting as the banker to and financial agent of the Government; and
- b) the supervision of the banking, insurance, securities and futures industries, and development of strategies in partnership with the private sector to promote Singapore as an international financial centre.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Compliance with the Monetary Authority of Singapore Act, Currency Act and Singapore Financial Reporting Standards

- a) The financial statements of the Authority, are prepared in accordance with the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition), Currency Act (Chapter 69, 2002 Revised Edition) and applicable Singapore Financial Reporting Standards (FRS). Section 34(3) of the Monetary Authority of Singapore Act and Section 21(10) of the Currency Act provide that the Authority, in preparing its financial statements, may comply with accounting standards to the extent that it is, in the opinion of the Authority, appropriate to do so, having regard to the objects and functions of the Authority. The Authority, having considered its responsibilities for managing the Singapore dollar exchange rate and the Official Foreign Reserves, is of the opinion that, for effective management of Singapore's monetary policy, it is appropriate not to meet, in some respects, the Singapore Financial Reporting Standards. The financial statements accordingly disclose less information than would be required under those Standards.
- b) The following FRS relevant to the Authority is applicable in the current financial year.

FRS 1 Presentation of Financial Statements

The amendment to FRS 1 introduces disclosures about what the Authority regards as capital and the Authority's objectives, policies and processes for managing capital. Please refer to note 10 for details of this capital management disclosure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

- c) The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Authority's accounting policies, having regard to the objects and functions of the Authority. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

3.2 Basis of Accounting

The financial statements have been prepared under the historical cost convention and on an accrual basis.

3.3 Recognition and Derecognition

Purchases and sales of investments are recognised on the trade date when the Authority commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

3.4 Group Accounting

- a) A subsidiary is an entity that the Authority, directly or indirectly, has power to govern the financial and operating policies of, in order to obtain benefits from its activities. It is generally accompanied by a shareholding of more than 50% of voting rights. Potential voting rights that are exercisable or convertible are considered when determining whether an entity is considered a subsidiary.
- b) A subsidiary is consolidated from the date control is established, acquired or transferred to the Authority to the date control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange.
- c) Intra-group balances and transactions together with any unrealised profits and losses arising from intra-group transactions are eliminated, in preparing the Group financial statements.

3.5 Foreign Currency Translation

- a) The financial statements are presented in Singapore dollars, the Authority's functional currency, and rounded to the nearest thousand, unless otherwise stated.
- b) Transactions in foreign currency are measured at the exchange rate prevailing at the date of transaction. Foreign currency gain or loss resulting from the settlement of such transactions are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

- c) Assets and liabilities denominated in foreign currencies are translated into Singapore dollars, at the exchange rate prevailing on the balance sheet date, except for shareholdings in Bank for International Settlements (BIS) and Society for Worldwide Interbank Financial Telecommunication (SWIFT) which are translated at the rates of exchange prevailing on the acquisition dates. Exchange differences arising from the translation are recognised in the income statement.

3.6 Income Recognition

- a) Dividend income is recognised when the right to receive payment is established.
- b) Interest income is recognised on a time-proportionate basis using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount.
- c) Profits/losses on disposal of investments are taken to the income statement.
- d) Licence fee income is recognised on a straight-line basis over the period of the licence.

3.7 Singapore Government Treasury Bills and Bonds

Singapore Government Treasury bills and bonds are stated at cost. Provision has been made for diminution in value, if any, based on the lower of cost and market value on an individual investment basis.

3.8 Gold

Gold is a long-term investment stated at cost. Provision for diminution in value would be made in the event of a decline other than temporary in its value.

3.9 Foreign Assets

Foreign assets represent the Authority's investments in a global diversified portfolio and are stated at cost. Provision has been made for diminution in value, if any, based on the lower of cost and market value on an individual investment basis.

3.10 Financial Derivatives

Financial derivatives include forwards, swaps, futures and options. Other than financial instruments that are subject to margin requirements which are fair valued, provision has been made for diminution in value, if any, of other financial derivatives based on the lower of cost and market value on an individual investment basis, except for forwards and currency swaps which are valued on a portfolio basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

3.11 Repurchase and Reverse Repurchase Agreements ("Repos" and "Reverse Repos")

Reverse Repos are treated as collateralised borrowing and the amounts borrowed are included in "Provisions and Other Liabilities". The securities sold under reverse repos are treated as pledged assets and remain on the balance sheet. Repos are treated as collateralised lending and the amounts lent are included in "Other Assets". The difference between the amount received and the amount paid under repos and reverse repos is recognised as interest income and interest expense respectively.

3.12 Operating Leases

- a) Leases where substantially all the rewards and risks of ownership remain with the lessors are accounted for as operating leases. Rental receipts or payments under operating leases are accounted for in the income statement on an accrual basis according to the terms of the agreements.
- b) When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an income or expense in the period in which termination takes place.

3.13 Employees' Benefits

- a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Authority's contributions to defined contribution plans are recognised in the financial year to which they relate.

- b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for annual leave as a result of services rendered by employees up to the balance sheet date.

3.14 Property, Other Fixed Assets and Depreciation

- a) Property and Other Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the cost less residual value of the fixed assets over their estimated useful lives as follows:

	Useful lives
Leasehold Land	Period of lease
Buildings	50 years or period of lease whichever is lower
Building Improvements	10 years
Computer Hardware and Software	3 to 5 years
Furniture, Fixtures, Motor Vehicles and Other Equipment	3 to 5 years

The residual values and useful lives are reviewed and adjusted as appropriate, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

- b) Computer software costs of less than \$100,000 and other assets costing \$1,000 and below are expensed off in the year of purchase. Any computer software costs not written off, are included in fixed assets.
- c) Property and Other Fixed Assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss. The impairment loss is recognised in the income statement for the period.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal, if any, is recognised in the income statement. However, the increased carrying amount of an asset due to a reversal of an impairment is recognised to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment losses been recognised for the asset in prior years.

- d) On disposal of fixed assets, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

4 INCOME/(LOSS) FROM FOREIGN OPERATIONS

Income/(Loss) from foreign operations includes interest, dividends, profit/loss on disposal of investments, foreign exchange gain/loss and write-back of/additional provision for diminution in value of investments.

5 INCOME FROM DOMESTIC AND OTHER OPERATIONS

Income from domestic and other operations includes mainly interest and write-back of/additional provision for diminution in value of Singapore Government Treasury bills and bonds, licence and inspection fees, revenue from currency-related operations, custody fee and revenue from services rendered to banks and financial institutions on MAS Network and MAS Electronic Payment System which provides real-time gross settlement of payments.

6 NON-OPERATING INCOME

Non-operating income includes rental and carpark income, liquidated damages and management service fees.

7 INVESTMENT, INTEREST AND OTHER EXPENSES

Investment and interest expenses include management fees, futures/options commissions and bank, custody and other charges arising from foreign operations, and interest paid on borrowings and reverse repurchase agreements arising from domestic and other operations. Other expenses include costs of printing of currency notes and coin operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

8 PERSONNEL EXPENDITURE

8.1 This includes the following:

	2009 \$'000	2008 \$'000
Salaries	120,679	119,022
Employer's Contribution to the Central Provident Fund	9,561	9,270
Training and Personnel Development	5,489	5,465
Staff Benefits	2,637	2,005
Directors' Fee	53	58

The Minister-in-charge of the Authority is not paid a salary by the Authority. In addition, all Ministers serving on the Authority's Board of Directors do not receive Directors' fees.

8.2 The key management personnel compensation is as follows:

	2009 \$'000	2008 \$'000
Salaries and other short-term employee benefits	14,444	15,750
Post-employment benefits	334	334
Other long-term benefits	1,503	1,551

Executive Directors, Department Heads and above, are considered as key management personnel for this purpose.

9 GENERAL AND ADMINISTRATIVE EXPENDITURE

This includes the following:

	2009 \$'000	2008 \$'000
Information Technology Expenses	8,828	8,505
Consultant and Other Advisers' Fees	6,421	1,487
Information Services	3,535	3,361
Official Trips and Conferences	3,017	2,674
Building and Mechanical and Electrical Maintenance	3,007	2,593
Property Tax	2,997	2,765
Audit Fee	846	801
Courtesy and Entertainment	59	71
IT Operating Lease Charges	-	5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

10 CAPITAL AND RESERVES

- 10.1 The issued and paid-up capital is wholly-owned by the Government of the Republic of Singapore.
- 10.2 The Authority manages its capital and reserves at an appropriate and adequate level, in pursuit of the Authority's principal objects, as set out in Section 4 of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) that is, to maintain price stability conducive to sustainable economic growth, foster a sound and reputable financial centre, grow Singapore as an internationally competitive financial centre and ensure prudent and effective management of the official foreign reserves of Singapore. In addition, the Authority has to determine and safeguard the reserves accumulated by the Authority during the term of office of past Government as required by the Constitution of the Republic of Singapore.
- 10.3 Taking into consideration the Authority's capital and reserves needs for its principal objects, the Authority conducts the capital and reserves adequacy assessment regularly. It includes a comprehensive assessment of risks that the Authority is exposed to, the measurement, monitoring and stress testing of these risks and an evaluation of the adequacy of the Authority's capital and reserves in relation to these risks.
- 10.4 The return to the Singapore Government, from the General Reserve Fund and/or from the net profit for each financial year, is determined by the Authority and the remainder of the net profit, if any, is credited to the General Reserve Fund, in accordance with Section 6 of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition).
- 10.5 The Authority's issued and paid-up capital was increased to \$17.0 billion on 30 March 2009, in accordance with Section 5 of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) as a pre-emptive measure to strengthen the Authority's capital and reserves, in light of a potentially volatile financial market environment going forward.

	2009 \$'000	2008 \$'000
Issued and Paid-up Capital as at 1 April	100,000	100,000
Increase in Issued and Paid-up Capital	16,900,000	-
	17,000,000	100,000
General Reserve Fund	8,766,732	18,156,241
Currency Fund Reserves	2,970,439	2,782,051
Capital and Reserves as at 31 March	28,737,171	21,038,292

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

11 GENERAL RESERVE FUND

The General Reserve Fund is established under Section 6(1) of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition).

12 CURRENCY FUND RESERVES

12.1 The Currency Fund, established under Section 21 of the Currency Act (Chapter 69, 2002 Revised Edition), is maintained and managed by the Authority in the manner prescribed by the Act.

12.2 The assets and liabilities of the Currency Fund as at 31 March are as follows:

	Note	2009 \$'000	2008 \$'000
External Assets			
Gold		251,646	228,093
Foreign Investments	13.1	29,307,531	23,235,572
		29,559,177	23,463,665
Less:			
Liabilities			
Active Currency in Circulation		21,275,722	19,150,162
Currency Held by the Authority		895,063	239,929
Currency in Circulation		22,170,785	19,390,091
Provisions and Other Liabilities		4,417,953	1,291,523
		26,588,738	20,681,614
Currency Fund Reserves		2,970,439	2,782,051

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

13 FOREIGN ASSETS

13.1 These comprise the following:

	General Reserve Fund		Currency Fund		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Foreign Investments						
Bank Balances and Deposits	30,511,174	26,292,702	555,245	409,912	31,066,419	26,702,614
Securities (including Treasury bills, bonds and equities)	195,042,499	199,177,312	28,200,829	22,625,390	223,243,328	221,802,702
Other Foreign Investments	7,759,683	7,454,888	1,197,873	1,105,746	8,957,556	8,560,634
International Monetary Fund Assets (see note 13.2)						
Reserve Tranche	880,165	929,792	-	-	880,165	929,792
Special Drawing Rights (SDRs)	547,493	508,213	-	-	547,493	508,213
Poverty Reduction and Growth Facility - Heavily Indebted Poor Countries (PRGF-HIPC)	77,339	99,950	-	-	77,339	99,950
Shareholding in Bank for International Settlements (BIS) (see note 13.3)	96,172	96,172	-	-	96,172	96,172
Shareholding in Society for Worldwide Interbank Financial Telecommunication (SWIFT)	161	102	-	-	161	102
	234,914,686	234,559,131	29,953,947	24,141,048	264,868,633	258,700,179
Foreign Currency Liabilities	(9,480,449)	(13,996,610)	(646,416)	(905,476)	(10,126,865)	(14,902,086)
Total Foreign Assets	225,434,237	220,562,521	29,307,531	23,235,572	254,741,768	243,798,093

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

13.2 International Monetary Fund (IMF) Assets

The Reserve Tranche represents the amount of the paid-up portion of the Singapore quota. Special Drawing Rights are interest-yielding balances with IMF that can be exchanged for convertible currencies. Singapore participates in the Poverty Reduction and Growth Facility-Heavily Indebted Poor Countries (PRGF-HIPC). The outstanding balance as at 31 March 2009 is SDR34,045,647 [\$77.3 million] (31 March 2008: SDR44,045,647 [\$100.0 million]), including a balance of SDR4,045,647 in the Post-Special Contingent Account-2 with IMF which was transferred to the PRGF-HIPC on 24 April 2001 as an interest-free deposit maturing at the end of 2018.

13.3 Bank For International Settlements (BIS)

The Authority's shareholding in the BIS comprises the 25% paid-up value of 4,285 (31 March 2008: 4,285) shares with a nominal value of SDR5,000 each.

14 OTHER ASSETS

14.1 These comprise the following:

	Note	2009 \$'000	2008 \$'000
Loans, Deposits and Other Receivables		1,700,268	2,535,157
Corporate Club Memberships, at cost		561	561
Less: Amount amortised		(272)	(252)
		289	309
Staff Loans			
Amount repayable within 12 months	14.2	39	46
Amount repayable after 12 months	14.2	157	175
		196	221
		1,700,753	2,535,687

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

14.2 Staff loans include housing, conveyance, renovation and personal computer loans. The period ranges from 3 years for personal computer loans to 30 years for housing loans. The interest rates vary, ranging from 0% for personal computer loans to 1% below a bank's prevailing housing loan rate (subject to a floor of 5% per annum) for the portion of housing loans exceeding \$750,000.

14.3 The Authority's cost of investment in a wholly-owned subsidiary is included in other assets, as detailed below:

Name of subsidiary	Principal activities	Country of incorporation	Share Capital \$	Effective Shareholding %
Singapore Sukuk Pte Ltd	Investment Holding Company	Singapore	1	100

Singapore Sukuk Pte Ltd (SSPL) was incorporated on 7 January 2009 as a special purpose entity to issue Sukuk as Shariah-compliant assets to Islamic financial institutions to meet regulatory requirements. The Sukuk issuance facility by SSPL is structured on the sale-and-leaseback or Al Ijarah of property assets of the Authority. Under agreements with SSPL, the Authority will sell, leaseback, provide a purchase undertaking of the property assets and receive from and make periodic payments to SSPL. SSPL has not issued any Sukuk nor has there been material related party transactions with the Authority in the period ending 31 March 2009. SSPL has been consolidated into the Authority's financial statements. SSPL's transactions since incorporation to the end March 2009 are not material and the Authority's own financial statements have not been presented.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

15 PROPERTY AND OTHER FIXED ASSETS

	Leasehold Land \$'000	Buildings \$'000	Building Improvements \$'000	Computer Hardware and Software \$'000	Furniture, Fixtures, Motor Vehicles and Other Equipment \$'000	Work-in- Progress \$'000	Total \$'000
COST							
As at 1.4.2007	48,070	170,901	91,589	60,235	17,811	621	389,227
Additions	-	-	2,202	4,718	3,995	3,635	14,550
Disposals	-	-	(1,226)	(1,930)	(621)	-	(3,777)
Transfers	-	-	447	-	166	(613)	-
As at 31.3.2008	48,070	170,901	93,012	63,023	21,351	3,643	400,000
ACCUMULATED DEPRECIATION							
As at 1.4.2007	9,961	57,453	62,336	29,583	16,562	-	175,895
Disposals	-	-	(1,127)	(1,922)	(621)	-	(3,670)
Depreciation charge	1,091	4,348	6,488	9,648	1,872	-	23,447
As at 31.3.2008	11,052	61,801	67,697	37,309	17,813	-	195,672
NET BOOK VALUE AS AT 31.3.2008							
	37,018	109,100	25,315	25,714	3,538	3,643	204,328
COST							
As at 1.4.2008	48,070	170,901	93,012	63,023	21,351	3,643	400,000
Additions	-	-	23	7,360	607	506	8,496
Disposals	-	-	(6)	(3,457)	(114)	-	(3,577)
Transfers	-	-	249	2,957	223	(3,429)	-
Adjustments	-	-	(70)	-	-	-	(70)
As at 31.3.2009	48,070	170,901	93,208	69,883	22,067	720	404,849
ACCUMULATED DEPRECIATION							
As at 1.4.2008	11,052	61,801	67,697	37,309	17,813	-	195,672
Disposals	-	-	(6)	(3,458)	(113)	-	(3,577)
Depreciation charge	1,092	4,349	6,540	10,838	1,799	-	24,618
As at 31.3.2009	12,144	66,150	74,231	44,689	19,499	-	216,713
NET BOOK VALUE AS AT 31.3.2009							
	35,926	104,751	18,977	25,194	2,568	720	188,136

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

16 DEPOSITS OF FINANCIAL INSTITUTIONS

	2009 \$'000	2008 \$'000
Banks	13,403,512	9,797,536
Finance Companies	263,150	284,516
Securities Companies	5,700	5,700
	13,672,362	10,087,752
International Financial Institutions	626,497	801,338
Foreign Central Banks	130	290
Others	11	2,156
	14,299,000	10,891,536

Deposits from banks and finance companies in Singapore include the minimum cash balances maintained by banks and finance companies with the Authority as required under the Banking Act (Chapter 19, 2003 Revised Edition) and the Finance Companies Act (Chapter 108, 2000 Revised Edition) respectively. Deposits from securities companies represent statutory deposits from holders of capital markets services licences required under the Securities and Futures (Licensing and Conduct of Business) Regulations.

17 PROVISIONS AND OTHER LIABILITIES

17.1 Provisions have been made for contingencies under Section 6(2) of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). Other liabilities include borrowings from banks, borrowings under reverse repurchase agreements, the Authority's allocations of Special Drawing Rights in IMF, creditors, accounts payable and accruals.

17.2 The Authority's allocation of Special Drawing Rights in IMF amounting to \$37.4 million as at 31 March 2009 (31 March 2008: \$37.4 million) is included in "Provisions and Other Liabilities".

18 AMOUNTS DUE TO SINGAPORE GOVERNMENT

The amounts due to the Singapore Government comprise the following:

	2009 \$'000	2008 \$'000
Contribution to Consolidated Fund	-	1,340,096
Return of Profit to Singapore Government	-	2,530,000
Deposits of Singapore Government	119,009,633	112,997,079
	119,009,633	116,867,175

The contribution to be made to the Consolidated Fund is in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A, 2004 Revised Edition). The contribution is based on 18% (2008: 18%) of the profit for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

19 FINANCIAL SECTOR DEVELOPMENT FUND

19.1 The Financial Sector Development Fund (hereinafter called the Fund) is established under Section 30A of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). It is controlled and administered by the Authority. The Authority provides administrative and accounting support to the Fund. The Fund shall be used for the objects and purposes set out in Section 30B of the Act.

19.2 The financial statements have been prepared in accordance with the provisions of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) and the Singapore Financial Reporting Standards. The assets and liabilities of the Fund as at 31 March are as follows:

	2009 \$'000	2008 \$'000
ACCUMULATED FUND		
Capital Account	471,635	471,635
Accumulated Surplus	408,580	399,895
	880,215	871,530
Represented by:		
ASSETS		
Bank Balances and Deposits	122,391	172,872
Financial Assets at Fair Value through Profit or Loss	757,698	710,246
Loans and Receivables	20,875	18,361
	900,964	901,479
Less:		
LIABILITIES		
Financial Liabilities at Fair Value through Profit or Loss	486	1,953
Accruals and Other Liabilities	20,263	27,996
	20,749	29,949
NET ASSETS	880,215	871,530

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

19.3 The financial results of the Fund are as follows:

	2009 \$'000	2008 \$'000
Income from Investments		
Interest Income	27,612	23,239
Dividend Income	100,055	96,754
(Loss)/Gain from Financial Instruments at Fair Value through Profit or Loss	(125,520)	20,058
Foreign Exchange Gain/(Loss)	32,503	(25,296)
Other Income	127	170
Total Income	34,777	114,925
Less:		
Investment Expenses	4,140	3,085
Grants	21,952	20,022
Total Expenditure	26,092	23,107
Net Surplus for the Year	8,685	91,818

19.4 The notes to the assets and liabilities and financial results of the Fund are available on the Authority's website at <http://www.mas.gov.sg>.

20 STATUTORY DEPOSITS OF INSURANCE COMPANIES, REMITTANCE LICENSEES AND CAPITAL MARKETS SERVICES LICENSEES

The following statutory bank deposits, guarantees and Singapore Government Bonds of insurance companies, remittance licensees and capital market services licensees, are retained by the Authority under the Insurance Act (Chapter 142, 2002 Revised Edition), the Money-Changing and Remittance Businesses Act (Chapter 187, 1996 Revised Edition) and the Securities and Futures Act (Chapter 289, 2002 Revised Edition) respectively, and in the events specified, dealt with accordingly under the respective Acts.

	2009 \$'000	2008 \$'000
Insurance Companies		
Fixed Deposits	166,702	139,869
Banker's Guarantees	22,500	23,500
Singapore Government Bonds	3,400	4,300
	192,602	167,669
Remittance Licensees		
Banker's Guarantees	17,600	16,600
Capital Markets Services Licensees		
Banker's Guarantees	78,000	76,800

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

21 COMMITMENTS

21.1 International Monetary Fund (IMF)

- a) The Authority has an obligation to pay \$1,053 million as at 31 March 2009 (31 March 2008: \$1,053 million) which represents the unpaid portion of the Singapore quota due to IMF under Section 4 of Article III of the Articles of Agreement.
- b) On 28 April 2008, the IMF passed the resolution proposing changes to the quota and voting structures to enhance the participation of emerging markets and developing economies. As at 31 March 2009, Singapore has accepted its full quota increase of SDR545.5 million (\$1,237.9 million).
- c) As a participant in the IMF's 'New Arrangements to Borrow' (NAB), the Authority undertakes to provide a credit line of up to SDR340 million [\$772 million] as at 31 March 2009 (31 March 2008: SDR340 million [\$771 million]) in the event of a financial emergency as specified by the NAB. For the financial year ended 31 March 2009, the Authority did not grant any loan under the NAB.

21.2 Bank for International Settlements (BIS)

The Authority has a commitment, amounting to SDR16.1 million (\$36.6 million) as at 31 March 2009 (31 March 2008: SDR16.1 million [\$36.5 million]), in respect of the uncalled portion of its shareholding in the BIS.

21.3 Repurchase Agreements with Other Central Banks

The Authority has entered into bilateral repurchase agreements with various Asian central banks to provide liquidity assistance in times of emergency. For the financial year ended 31 March 2009, there was no request for liquidity assistance from any counterpart.

21.4 ASEAN Swap Arrangement (ASA)

The Authority has participated in the multilateral ASEAN Swap Arrangement (ASA) together with other ASEAN central banks and monetary authorities to provide short-term foreign exchange liquidity support for member countries that may experience balance of payments difficulties. For the financial year ended 31 March 2009, there was no request for liquidity support from any member country. The ASA was renewed for an additional two years up to 16 November 2009.

21.5 Bilateral Swap Agreement

The Authority and the Bank of Japan, acting as the agent for the Minister of Finance of Japan, renewed their bilateral swap agreement (BSA) under the Chiang Mai Initiative on 8 November 2008. Under the agreement, the Authority can swap Singapore dollars for US dollars up to US\$3,000 million (\$4,568 million) while the Bank of Japan can swap Japanese Yen for up to US\$1,000 million (\$1,523 million). For the financial year ended 31 March 2009, there was no request to activate the BSA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

21.6 Temporary Reciprocal Currency Swap Arrangement

On 30 October 2008, the Authority joined central banks globally in establishing a temporary reciprocal US-Singapore currency swap arrangement of US\$30 billion with the US Federal Reserve. This swap facility allows the Federal Reserve to provide US dollar liquidity to financial institutions through central banks, to improve liquidity and access to US dollar funding in global financial markets. On 4 February 2009, the Federal Reserve extended the temporary reciprocal currency arrangements with the Authority to 30 October 2009. The Authority did not draw on this US dollar swap facility.

21.7 Capital Expenditure Commitments

Capital expenditure not provided for in the financial statements is as follows:

	2009 \$'000	2008 \$'000
Amount contracted for	1,891	2,249

21.8 Leases

a) Future minimum lease payments under non-cancellable operating leases are as follows:

	2009 \$'000	2008 \$'000
Less than 1 year	551	472
1 to 5 years	2,340	2,108
More than 5 years	2,952	3,217
	5,843	5,797

b) Future minimum lease rental receipts under non-cancellable operating leases are as follows:

	2009 \$'000	2008 \$'000
Less than 1 year	4,018	3,046
1 to 5 years	2,080	1,520
	6,098	4,566

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

22 FINANCIAL RISK MANAGEMENT

22.1 The Risk Committee, chaired by an independent Board member, assists the Board of Directors in providing oversight and guidance over the management of risks assumed by the Authority. This encompasses the management of financial risks inherent in the Authority's investment portfolios, amongst other organisational risks faced by the Authority.

22.2 An independent risk management unit provides senior management and the Risk Committee with regular reports of the risk profiles of the Authority's investments. These reports cover risk measurement and analysis of the Authority's investment portfolios. The unit also formulates risk policies and controls, and performs independent compliance monitoring of the portfolios in accordance with the stipulated investment guidelines.

22.3 Market Risk

- a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency, interest rate and other price risks.
 - i) Currency risk is the risk of loss on foreign assets and liabilities arising from changes in foreign exchange rates.
 - ii) Interest rate risk is the risk of loss arising from changes in market interest rates. The Authority manages interest rate risks by setting duration limits on its investments.
 - iii) Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- b) Market risks are managed through regular monitoring of the market risk exposure of the Authority's investments, the diversification of the Authority's investments across different markets and currencies, and the establishment of investment risk tolerance and controls at both the aggregate and individual portfolio levels.

22.4 Credit Risk

- a) Credit risk is the risk of loss arising from a party's failure to discharge an obligation under a financial contract and includes counterparty, custodian and issuer credit risks.
- b) The Authority's credit risks are managed by transacting with well-rated entities within assigned limits. Credit risks are also mitigated by diversifying credit exposures across counterparties, custodians and issuers.
- c) The Authority manages issuer credit risk by imposing minimum credit rating requirements on the investment of fixed income securities. Single issuer limits are placed to control the credit exposure to any one issuer and to mitigate the extent of loss resulting from a default.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

22.5 Country Risk

The Authority is exposed to the country credit risk of the Authority's foreign assets arising from political, economic and financial events in the country of investment. Country limits are established to control the Authority's credit risk exposure to individual countries.

22.6 Liquidity Risk

Liquidity risk is the risk arising from the inability to sell a financial asset at close to its fair value at short notice due to inadequate market depth or market disruptions. The Authority manages liquidity risk by investing mostly in liquid financial instruments and markets, and imposing limits on investments to ensure sufficient diversification.

23 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The following relevant accounting standards have been issued as of the balance sheet date but are effective for accounting periods beginning on or after 1 January 2009:

- FRS 1 Presentation of Financial Statements
- FRS 108 Operating Segments
- Improvements to FRSs

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately and introduces the statement of comprehensive income. It requires all items of income and expense recognised in profit or loss, together with all other items of comprehensive income such as revaluation surplus to be presented.

FRS 108 replaces FRS 14 – Segment Reporting, and requires an entity to present its segment performance based on the same segment information used by management internally for managing the entity's operations.

The adoption of the above standards (including their consequential amendments) and interpretation, is not expected to have any material financial impact on the Authority's financial statements.

24 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the presentation in the current year.

25 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2009 were authorised by the Board of Directors for issuance and signed by Chairman and Managing Director on 23 June 2009.

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KEY ECONOMIC AND FINANCIAL STATISTICS

KEY ECONOMIC AND FINANCIAL STATISTICS

	2004	2005	2006	2007	2008
National Income Aggregates					
Gross Domestic Product					
At Current Market Prices (S\$m)	185,364.5	201,313.3	221,142.8	251,610.1	257,418.5
Growth Rate (% change)	14.2	8.6	9.9	13.8	2.3
At 2000 Market Prices (S\$m)	184,256.6	197,720.6	214,233.5	230,871.4	233,524.5
Growth Rate (% change)	9.3	7.3	8.4	7.8	1.1
Gross National Income					
At Current Market Prices (S\$m)	174,436.6	191,912.4	213,183.1	234,246.2	250,387.9
Growth Rate (% change)	10.1	10.0	11.1	9.9	6.9
Labour Force					
Unemployment Rate (%)	3.4	3.1	2.7	2.1	2.2
Productivity Growth (% change)	7.5	2.8	1.6	-0.8	-7.8
Changes in Employment ('000)	71.4	113.3	176.0	234.9	221.6
Average Monthly Earnings (% change)	3.6	3.5	3.2	6.2	5.4
Unit Labour Cost (% change)	-4.3	0.9	1.3	5.2	9.6
Savings and Investment					
Gross National Savings (S\$m)	73,961.1	86,469.6	100,641.3	111,287.1	117,696.5
As % of GNI	42.4	45.1	47.2	47.5	47.0
Gross Domestic Capital Formation (S\$m)	40,344.2	40,747.9	44,419.8	52,195.1	79,519.7
As % of GNI	23.1	21.2	20.8	22.3	31.8
Balance of Payments (S\$m)					
Goods Balance	51,842.2	60,563.8	67,946.1	71,063.6	43,470.4
Exports of Goods	336,887.6	387,349.7	436,506.3	457,639.2	485,690.1
Growth Rate (% change)	19.6	15.0	12.7	4.8	6.1
Imports of Goods	285,045.4	326,785.9	368,560.2	386,575.6	442,219.7
Growth Rate (% change)	23.6	14.6	12.8	4.9	14.4
Services and Other Balances	-18,225.3	-14,842.1	-11,724.6	-11,971.6	-5,293.6
Current Account Balance	33,616.9	45,721.7	56,221.5	59,092.0	38,176.8
As % of GNI	19.3	23.8	26.4	25.2	15.2
Capital and Financial Account Balance	-18,444.0	-29,733.8	-35,132.3	-33,917.1	-16,259.4
Balancing Item	5,296.0	4,408.8	5,906.5	4,122.7	-3,386.3
Overall Balance	20,468.9	20,396.7	26,995.7	29,297.6	18,531.1
Official Foreign Reserves	183,464.0	192,813.0	208,991.8	234,545.6	250,346.0
Inflation (% change)					
Consumer Price Index	1.7	0.5	1.0	2.1	6.5
GDP Deflator	4.4	1.2	1.4	5.6	1.1

	2004	2005	2006	2007	2008
Monetary Aggregates (% change)					
M1	14.0	4.4	13.4	22.4	18.4
M2	6.2	6.2	19.4	13.4	12.0
M3	6.1	6.4	19.1	14.1	11.6
Interest Rates (period average, % per annum)					
Prime Lending Rate	5.30	5.30	5.31	5.33	5.38
Banks' 3-month Fixed Deposit Rate	0.40	0.44	0.57	0.53	0.42
Banks' 3-month Domestic Interbank Rate	1.02	2.22	3.45	2.76	1.32
3-month US\$ SIBOR	1.62	3.56	5.19	5.30	2.93
Exchange Rates (period average, S\$ per)					
US Dollar	1.6903	1.6646	1.5889	1.5071	1.4148
Pound Sterling	3.0963	3.0290	2.9261	3.0161	2.6162
Euro	2.1008	2.0719	1.9952	2.0638	2.0771
100 Japanese Yen	1.5634	1.5138	1.3667	1.2806	1.3738
Malaysian Ringgit	0.4448	0.4395	0.4331	0.4384	0.4247
Banking and Finance					
Commercial Banks' Assets/Liabilities (S\$m)	398,236.7	425,222.5	508,449.9	582,859.0	668,450.5
Growth Rate (% change)	9.8	6.8	19.6	14.6	14.7
Finance Companies' Assets/Liabilities (S\$m)	8,308.5	9,444.9	10,066.6	12,781.8	12,586.4
Growth Rate (% change)	5.1	13.7	6.6	27.0	-1.5
Merchant Banks' Assets/Liabilities (S\$m)	59,244.8	64,845.1	78,029.3	89,070.2	72,885.2
Growth Rate (% change)	1.8	9.5	20.3	14.1	-18.2
Asian Currency Units' Assets/Liabilities (US\$m)	581,562.5	611,377.4	698,648.5	906,991.0	912,952.0
Growth Rate (% change)	14.2	5.1	14.3	29.8	0.7
Insurance					
Life Insurers' Assets/Liabilities (S\$m)	72,479.9	88,927.5	99,353.0	112,451.2	99,985.7
Growth Rate (% change)	13.5	22.7	11.7	13.2	-11.1
General Insurers' Assets/Liabilities (S\$m)	14,073.0	13,500.9	14,069.4	16,326.2	15,062.0
Growth Rate (% change)	3.9	-4.1	4.2	16.0	-7.7
CPF					
Excess of Contributions Over Withdrawals (S\$m)	4,959.0	4,238.3	2,089.5	6,555.1	9,265.1
Domestic Capital Market					
Net Funds Raised in Domestic Capital Market (S\$m)	42,190.1	44,746.4	40,975.0	75,474.2	42,859.4

STATISTICAL ANNEX

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A.1 MONETARY STATISTICS: MONEY SUPPLY

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Money Supply (M1)	33,261.9	36,082.9	35,828.2	38,722.6	44,162.3	46,085.9	52,242.6	63,938.6	75,703.8	85,167.5
Currency in active circulation ¹	11,289.2	11,867.8	12,360.3	12,838.4	13,694.0	14,584.5	15,284.7	16,668.5	18,997.4	19,489.0
Demand deposits	21,972.7	24,215.1	23,467.9	25,884.2	30,468.3	31,501.4	36,957.9	47,270.1	56,706.4	65,678.5
Quasi-money	137,635.9	144,825.6	144,479.9	156,105.9	162,815.6	173,712.4	210,127.2	233,620.3	257,707.3	264,104.2
Fixed deposits	83,043.8	83,308.2	81,597.5	89,706.3	93,360.2	107,714.3	141,619.4	151,731.7	155,121.9	152,668.0
Savings and other deposits	54,276.8	61,313.5	62,656.8	66,111.3	68,940.4	65,588.9	68,287.0	81,822.9	102,567.4	111,433.2
S\$NCDs	315.3	203.9	225.6	288.3	515.0	409.2	220.8	65.7	18.0	3.0
Money Supply (M2)	170,897.8	180,908.5	180,308.1	194,828.5	206,977.9	219,798.3	262,369.8	297,558.9	333,411.1	349,271.7
Net deposits with finance companies	12,014.9	9,408.4	8,507.3	5,215.8	5,204.8	5,901.3	6,379.3	9,196.0	8,976.4	8,616.4
Money Supply (M3)	182,912.7	190,316.9	188,815.4	200,044.3	212,182.7	225,699.6	268,749.1	306,754.9	342,387.5	357,888.1

¹ Figures exclude commemorative, numismatic and bullion coins issued by the Monetary Authority of Singapore and cash held by commercial banks and other financial institutions. The Board of Commissioners of Currency, Singapore, merged with the Monetary Authority of Singapore in Oct 2002.

A.2 MONETARY STATISTICS: OFFICIAL FOREIGN RESERVES ¹

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Total Foreign Reserves	138,927.0	139,714.3	142,621.1	163,053.5	183,464.0	192,813.0	208,991.8	234,545.6	250,346.0	252,889.6
Gold & Foreign Exchange	138,155.0	138,744.2	141,490.3	161,745.2	182,276.8	192,044.6	208,304.2	233,913.1	249,546.1	252,089.8
Reserve Position in the IMF	535.0	692.0	825.0	956.2	712.4	291.2	200.1	128.6	255.8	252.3
Special Drawing Rights (SDRs)	237.0	278.1	305.8	352.1	474.8	477.2	487.5	503.9	544.1	547.5
Total Foreign Reserves (US\$ Million)	80,169.6	75,677.0	82,218.7	96,244.1	112,574.9	116,172.6	136,260.9	162,956.8	174,196.3	166,098.8

¹ With effect from May 1999, the book value of foreign reserve assets are translated at market exchange rates prevailing at the end of each reporting month.

A.3 MONETARY STATISTICS: EXCHANGE RATES

Period Average	S\$ Per Foreign Currency									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	1st Qtr 2009
US Dollar	1.7239	1.7917	1.7906	1.7422	1.6903	1.6646	1.5889	1.5071	1.4148	1.5120
100 Japanese Yen	1.6001	1.4751	1.4309	1.5044	1.5634	1.5138	1.3667	1.2806	1.3738	1.6178
Euro	1.5930	1.6050	1.6909	1.9703	2.1008	2.0719	1.9952	2.0638	2.0771	1.9736
Pound Sterling	2.6134	2.5809	2.6885	2.8467	3.0963	3.0290	2.9261	3.0161	2.6162	2.1746
Swiss Franc	1.0223	1.0630	1.1528	1.2957	1.3609	1.3383	1.2684	1.2563	1.3090	1.3183
Australian Dollar	1.0031	0.9274	0.9737	1.1355	1.2443	1.2686	1.1967	1.2624	1.2016	1.0046
100 Korean Won	0.1526	0.1389	0.1435	0.1463	0.1477	0.1625	0.1664	0.1622	0.1306	0.1071
100 New Taiwan Dollar	5.5231	5.3031	5.1801	5.0639	5.0584	5.1768	4.8870	4.5870	4.4874	4.4529
Hong Kong Dollar	0.2212	0.2297	0.2296	0.2237	0.2170	0.2140	0.2045	0.1932	0.1817	0.1950
Malaysian Ringgit	0.4537	0.4715	0.4712	0.4585	0.4448	0.4395	0.4331	0.4384	0.4247	0.4171
Thai Baht	0.0430	0.0403	0.0416	0.0420	0.0420	0.0414	0.0419	0.0436	0.0424	0.0428
100 Indonesian Rupiah	0.0207	0.0176	0.0193	0.0203	0.0189	0.0172	0.0173	0.0165	0.0147	0.0130

Note: Currencies quoted are those frequently requested from the Authority.

A.4 MONETARY STATISTICS: DOMESTIC INTEREST RATES

	Per Cent Per Annum									
Period Average	2000	2001	2002	2003	2004	2005	2006	2007	2008	1st Qtr 2009
Banks ¹										
Prime Lending Rate	5.83	5.67	5.34	5.31	5.30	5.30	5.31	5.33	5.38	5.38
Fixed Deposit Rate										
3-month	1.71	1.52	0.87	0.50	0.40	0.44	0.57	0.53	0.42	0.36
6-month	2.06	1.85	1.14	0.67	0.51	0.55	0.67	0.64	0.54	0.45
12-month	2.45	2.14	1.39	0.88	0.71	0.76	0.88	0.85	0.73	0.64
Savings Deposit Rate	1.30	1.13	0.56	0.28	0.23	0.24	0.26	0.25	0.23	0.21
Finance Companies ²										
Fixed Deposit Rate										
3-month	1.85	1.54	0.98	0.52	0.48	0.66	0.94	0.75	0.49	0.43
6-month	2.31	1.78	1.19	0.75	0.69	0.83	1.39	1.09	0.59	0.52
12-month	2.82	2.14	1.42	0.99	0.99	1.25	1.85	1.57	0.90	0.83
Savings Deposit Rate	1.31	1.14	0.69	0.36	0.31	0.32	0.34	0.33	0.26	0.25
Interbank Rate ³										
1-month	2.45	1.93	0.87	0.68	0.94	2.17	3.40	2.66	1.15	0.49
3-month	2.57	2.00	0.95	0.73	1.02	2.22	3.45	2.76	1.32	0.74
US\$ SIBOR										
1-month	6.41	3.88	1.77	1.21	1.50	3.38	5.10	5.26	2.69	0.46
3-month	6.53	3.78	1.80	1.22	1.62	3.56	5.19	5.30	2.93	1.24
6-month	6.65	3.74	1.89	1.23	1.79	3.77	5.28	5.26	3.05	1.73

¹ Average of 10 leading banks.

² Average of 10 leading finance companies.

³ Closing offer rates quoted by money brokers.

Note: Interest rates for banks (except for Prime Lending Rate) and finance companies refer to average of end of month rates.

B.1 FINANCIAL STRUCTURE: NUMBER OF FINANCIAL INSTITUTIONS IN SINGAPORE

End-March	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Banks	140	133	120	117	115	111	108	108	113	114
Local ¹	8	8	6	5	5	5	5	5	6	6
Foreign	132	125	114	112	110	106	103	103	107	108
Full banks	23	23	22	22	23	24	24	24	24	27
Wholesale banks ²	16	20	33	31	37	35	34	36	42	41
Offshore banks	93	82	59	59	50	47	45	43	41	40
(Banking offices including head offices and main offices)	(538)	(485)	(444)	(404)	(398)	(396)	(397)	(399)	(408)	(415)
Asian Currency Units	195	184	169	164	160	153	151	154	158	160
Banks	133	127	115	112	110	106	104	106	111	111
Merchant banks	62	57	54	52	50	47	47	48	47	49
Finance Companies	14	11	7	5	3	3	3	3	3	3
(Finance companies' offices including head offices)	(101)	(79)	(65)	(59)	(39)	(39)	(39)	(39)	(39)	(39)
Merchant Banks	63	58	55	53	51	48	48	49	49	50
Insurance Companies	153	151 ³	144	144 ^{*4}	138 [*]	140	149 [*]	153	151	158
Direct insurers	55	54	53 [*]	56 [*]	55 [*]	55	56 [*]	61	59	62
Professional reinsurers	47	46	42 [*]	36	32 [*]	28	28	27	25	27
Authorised reinsurers	-	-	-	0	0	0	5	5	5	6
Captive insurers	51	51	49 [*]	52	51 [*]	57	60	60	62	63

¹ All local banks are full banks.

² Previously known as restricted banks.

³ Figure includes 11 companies on run-off and 1 company under scheme of transfer.

⁴ Figure includes 20 companies on run-off.

^{*} Revised

B.1 FINANCIAL STRUCTURE: NUMBER OF FINANCIAL INSTITUTIONS IN SINGAPORE

End-March	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Insurance Brokers	-	88	90	57 ⁵	61	61	63	62	65	66
Bank Representative Offices	66	62	55	51	49	45	42	43	45	36
International Money Brokers	9	8	8	8	8	10	9	10	10	10
Licensed Financial Advisers	-	-	-	49	52	56	61	67	69	73
Capital Markets Services Licensees ⁶	243	247	224	166	163	168	171	183	215	221
Dealing in Securities ⁷	77	81	79	59	60	65	72	77	93	90
Trading in Futures Contracts ⁸	45	50	39	36	31	34	38	40	46	50
Advising on Corporate Finance	-	-	-	22	26	30	33	36	37	37
Fund Management ⁹	154	167	167	90	94	91	92	97	110	113
Leveraged Foreign Exchange Trading	-	-	-	11	10	11	13	14	18	19
Securities Financing	-	-	-	13	13	15	16	15	16	16
Providing Custodial Services for Securities	-	-	-	26	26	27	31	34	38	40
Real Estate Investment Trust Management ¹⁰	-	-	-	-	-	-	-	-	-	1
Licensed Trust Companies ¹¹	-	-	-	-	-	-	-	31	35	38

⁵ The figure includes 26 direct life brokers. The regulation of direct life brokers was transferred from the repealed Insurance Intermediaries Act to the Financial Advisers Act (FAA) when the FAA came into force on 1 October 2002.

⁶ In view of changes in the licensing framework with the promulgation of the Securities and Futures Act (SFA) and the FAA on 1 October 2002, the data before and after 1 October 2002 are not directly comparable.

⁷ The figures prior to 2003 show the number of dealers licensed under the Securities Industry Act (SIA), which was repealed on 1 October 2002.

⁸ The figures prior to 2003 show the number of futures brokers and futures trading advisers licensed under the Futures Trading Act (FTA), which was repealed on 1 October 2002.

⁹ The figures prior to 2003 show the number of investment advisers licensed under the SIA and the number of futures pool operators licensed under the FTA.

¹⁰ Regulation of real estate investment trust management came into effect on 1 August 2008.

¹¹ Regulation of trust companies came under the purview of MAS when the Trust Companies Act came into effect on 1 February 2006.

C.1 COMMERCIAL BANKS: ASSETS AND LIABILITIES

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Assets										
Cash in hand	1,488.9	1,234.3	1,176.1	1,210.2	1,400.7	1,349.4	1,665.4	1,772.9	1,739.8	1,573.8
Balances with MAS	5,690.9	6,970.8	6,462.8	6,592.0	6,775.0	7,466.1	8,802.0	9,530.4	13,466.0	13,366.9
S\$NCDs held	149.7	167.3	34.1	163.7	300.5	267.6	98.2	0.0	0.0	0.0
Amounts due from banks	116,475.7	114,250.7	96,807.5	97,549.3	113,856.1	133,505.2	183,989.2	194,828.8	217,301.1	231,214.5
In Singapore	42,535.9	27,069.9	17,434.6	21,357.0	32,615.8	39,004.2	51,554.4	59,924.1	52,572.1	49,279.9
ACUs	26,614.2	39,024.1	41,871.2	39,856.0	42,998.9	51,023.1	63,476.1	58,945.9	73,345.7	78,329.0
Outside Singapore	47,325.6	48,156.7	37,501.7	36,336.3	38,241.4	43,477.9	68,958.7	75,958.8	91,383.2	103,605.6
Investments	45,463.5	70,847.4	61,537.8	64,133.2	68,217.7	70,228.9	80,627.0	91,943.8	98,718.4	105,924.8
In Singapore	42,072.6	66,988.8	55,918.2	58,248.5	60,176.8	60,626.7	67,707.6	78,349.4	84,829.5	91,316.3
Government securities	33,718.9	40,511.7	42,621.2	45,555.8	45,057.5	43,750.4	50,738.3	59,934.1	66,696.1	73,475.1
Others	8,353.8	26,477.1	13,297.0	12,692.7	15,119.3	16,876.3	16,969.3	18,415.3	18,133.4	17,841.2
Outside Singapore	3,390.8	3,858.5	5,619.7	5,884.7	8,040.8	9,602.3	12,919.4	13,594.3	13,889.0	14,608.4
Loans and advances to non-bank customers	154,042.1	162,920.8	161,283.4	171,443.5	179,088.6	183,109.4	194,597.6	233,393.9	272,175.4	270,704.5
of which bills financing	3,584.3	3,636.6	3,047.7	3,889.2	5,544.8	5,308.1	6,160.2	9,035.2	9,489.7	9,109.1
Fixed and other assets	12,505.3	17,356.6	25,813.3	21,436.6	28,598.1	29,296.0	38,670.5	51,389.2	65,049.9	55,321.8
Liabilities										
Paid-up capital and reserves	24,492.1	36,855.7	30,560.9	32,724.5	35,933.0	38,161.7	39,017.4	41,436.9	51,485.5	52,163.2
Deposits of non-bank customers	171,316.4	182,551.4	180,138.4	194,231.5	206,176.3	223,718.0	272,462.6	314,985.8	347,507.4	364,462.6
S\$NCDs issued	465.0	371.3	259.8	452.0	815.5	676.7	319.0	65.7	18.0	3.0
Amounts due to banks	118,034.2	118,349.8	106,060.1	103,559.0	114,953.7	120,849.1	146,468.4	165,520.8	184,401.8	190,970.3
In Singapore	34,334.2	28,544.0	18,218.6	15,201.7	18,815.1	23,010.9	19,879.9	17,225.7	18,283.9	19,681.3
ACUs	53,662.4	61,177.4	61,777.0	63,191.4	71,774.1	67,842.2	78,840.4	95,867.3	92,309.9	100,419.2
Outside Singapore	30,037.5	28,628.3	26,064.5	25,165.9	24,364.5	29,996.0	47,748.1	52,427.8	73,808.0	70,869.8
Bills payable	598.4	516.7	606.1	578.2	521.1	620.8	998.3	1,254.3	904.0	943.7
Other liabilities	20,909.9	35,103.1	35,489.8	30,983.3	39,837.2	41,196.2	49,184.3	59,595.5	84,133.8	69,563.4
Total Assets/Liabilities	335,816.0	373,747.9	353,115.0	362,528.4	398,236.7	425,222.5	508,449.9	582,859.0	668,450.5	678,106.2

C.2 COMMERCIAL BANKS: LOANS AND ADVANCES BY INDUSTRIAL CLASSIFICATION

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Agriculture, mining and quarrying	178.7	113.0	162.1	305.5	212.5	293.0	325.9	232.1	283.2	225.8
Manufacturing	11,620.7	11,964.7	10,819.2	10,595.5	9,796.9	10,108.0	10,863.2	10,220.3	11,751.3	11,899.7
Building and construction	25,644.7	26,578.4	23,863.0	24,029.5	23,548.8	23,031.1	26,345.5	37,508.9	49,994.4	50,825.3
Housing and bridging loans	38,562.5	41,733.2	44,623.6	52,155.4	58,887.1	61,954.6	63,345.1	73,139.1	79,587.0	80,684.8
General commerce	18,967.5	17,693.0	16,887.2	16,857.3	18,893.8	19,885.2	20,059.0	22,271.9	24,855.8	22,455.9
Transport, storage and communication	4,124.2	6,148.9	4,554.7	4,133.8	3,956.8	4,327.0	6,297.1	9,129.8	9,211.7	9,456.9
Non-bank financial institutions	20,864.7	21,569.2	22,926.8	21,633.8	22,136.9	21,993.1	23,805.6	31,360.4	33,506.1	32,138.4
Professional and private individuals	24,722.1	27,740.9	27,729.5	32,783.9	32,571.8	32,482.3	32,318.3	35,070.9	37,872.2	37,615.3
Others	9,356.9	9,379.4	9,717.3	8,948.8	9,083.9	9,035.3	11,237.9	14,460.7	25,113.5	25,402.5
Total	154,042.1	162,920.8	161,283.4	171,443.5	179,088.6	183,109.4	194,597.6	233,393.9	272,175.4	270,704.5

C.3 COMMERCIAL BANKS: TYPES OF LOANS AND ADVANCES TO NON-BANK CUSTOMERS

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Overdrafts	27,020.7	23,880.4	20,001.1	16,829.1	13,562.9	11,790.0	10,781.5	10,437.2	9,720.1	9,568.1
Bills discounting	3,584.3	3,636.6	3,047.7	3,889.2	5,544.8	5,308.1	6,160.2	9,035.2	9,489.7	9,109.1
Trust receipts	4,857.2	4,435.4	4,179.1	3,995.2	4,649.5	5,095.7	5,407.2	6,431.8	6,504.0	5,233.1
Term loans and others	118,580.0	130,968.3	134,055.6	146,730.0	155,331.4	160,915.6	172,248.7	207,489.8	246,461.6	246,794.2
Total	154,042.1	162,920.8	161,283.4	171,443.5	179,088.6	183,109.4	194,597.6	233,393.9	272,175.4	270,704.5

C.4 COMMERCIAL BANKS: TYPES OF DEPOSITS INCLUDING S\$NCDs

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Demand	23,650.0	25,966.6	25,178.1	27,902.2	32,775.4	35,140.1	41,473.1	52,080.2	62,100.4	71,339.5
Fixed	89,774.6	90,845.1	87,879.2	95,729.2	99,829.5	118,496.4	158,168.3	175,421.2	175,646.9	173,640.1
Savings	57,477.4	65,331.1	66,690.8	69,861.3	72,938.3	69,306.2	71,760.9	86,496.0	109,033.5	118,748.2
S\$NCDs (net)	315.3	203.9	225.6	288.3	515.0	409.2	220.8	65.7	18.0	3.0
Others	414.4	408.7	390.4	738.8	633.0	775.4	1,060.3	988.5	726.6	734.8
Total	171,631.7	182,755.3	180,364.0	194,519.8	206,691.3	224,127.2	272,683.4	315,051.5	347,525.4	364,465.6

C.5 COMMERCIAL BANKS: LIQUIDITY POSITION

Period Average	S\$ Million									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	1st Qtr 2009
Liabilities Base	168,185.3	177,264.5	185,568.9	193,473.1	202,741.5	216,346.6	242,434.1	289,744.0	343,846.6	362,231.5
Liquid Assets										
(a) Minimum Requirement	35,318.9	37,225.5	38,969.5	40,629.4	36,091.2	38,238.1	42,980.6	51,699.6	36,279.1	38,469.1
(b) Total Actual Liquid Assets	39,518.6	44,342.4	46,845.5	50,375.9	52,340.0	52,889.6	53,597.5	65,088.2	65,787.4	69,465.2
(c) Free Liquid Assets (b) - (a)	4,199.7	7,116.9	7,876.0	9,746.5	16,248.8	14,651.5	10,616.9	13,388.6	29,508.3	30,996.1
Liquidity Ratios	23.5	25.0	25.2	26.0	25.8	24.4	22.1	22.5	19.1	19.2

D.1 FINANCE COMPANIES: ASSETS AND LIABILITIES

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Assets										
Reserves with MAS	368.5	286.1	252.8	155.3	160.5	187.6	203.1	274.9	274.8	263.1
Deposits with banks and other financial institutions	1,664.5	1,241.9	1,345.7	312.3	460.7	455.1	757.1	881.7	988.5	985.4
Banks	1,635.2	1,218.0	1,345.7	312.3	453.3	455.1	757.1	881.7	988.5	985.4
Other institutions	29.4	23.9	0.0	0.0	7.4	0.0	0.0	0.0	0.0	0.0
Loans and advances	15,790.9	11,983.0	10,815.9	6,657.2	6,878.9	7,869.7	7,972.2	10,179.7	9,743.1	9,398.7
Housing loans	2,768.0	1,884.7	1,547.9	756.3	952.4	1,583.3	1,681.3	1,767.1	1,587.6	1,514.1
Hire purchase	5,700.1	4,394.8	4,034.4	2,459.0	2,364.8	2,467.6	2,245.8	2,713.1	2,755.6	2,701.8
Lease finance	1.1	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	7,321.8	5,702.7	5,233.3	3,441.9	3,561.7	3,818.7	4,045.1	5,699.4	5,399.9	5,182.8
Securities and equities	1,680.4	1,257.0	1,115.8	687.4	709.4	827.3	1,008.0	1,277.7	1,456.9	1,382.2
Other assets	296.7	193.1	192.0	90.6	98.9	105.2	126.2	167.9	123.0	108.5
Liabilities										
Capital and reserves	3,164.9	2,425.5	2,111.2	1,406.3	1,442.8	1,658.4	1,693.1	1,683.3	1,713.0	1,741.8
Deposits	13,645.9	10,641.4	9,855.7	5,530.2	5,667.6	6,365.5	7,150.3	10,087.2	9,975.7	9,581.8
Fixed	13,425.4	10,431.4	9,612.0	5,373.4	5,514.1	6,240.4	7,035.3	9,939.5	9,799.7	9,391.6
Savings	194.6	202.4	222.6	149.7	145.8	121.6	108.9	140.0	162.4	181.3
Others	26.0	7.6	21.1	7.1	7.7	3.5	6.0	7.7	13.6	8.8
Borrowings	998.5	254.3	254.9	119.9	321.3	685.4	603.7	256.9	134.9	109.7
Other liabilities	1,991.8	1,639.9	1,500.5	846.4	876.8	735.7	619.5	754.5	762.8	704.5
Total Assets/Liabilities	19,801.1	14,961.1	13,722.3	7,902.7	8,308.5	9,444.9	10,066.6	12,781.8	12,586.4	12,137.9

E.1 MERCHANT BANKS: CONSOLIDATED ASSETS AND LIABILITIES ¹

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Assets										
Amounts due from banks	30,386.1	25,703.8	22,156.6	22,291.5	25,718.7	24,548.3	32,683.2	36,261.8	32,059.5	31,752.3
In Singapore	1,554.7	1,427.1	891.2	1,481.6	1,394.9	665.3	771.4	660.5	1,262.2	1,193.3
Outside Singapore ²	28,831.4	24,276.7	21,265.4	20,809.9	24,323.8	23,883.0	31,911.8	35,601.3	30,797.3	30,558.9
Loans and advances to non-bank customers	21,833.8	20,309.8	19,674.8	24,229.0	18,693.0	26,675.0	27,562.0	28,157.1	21,758.3	22,347.5
Securities and equities	6,263.4	9,354.9	9,511.3	10,109.9	11,991.1	11,209.1	15,650.2	21,072.0	13,457.3	13,463.7
Other assets	1,387.9	1,029.9	1,221.6	1,573.0	2,842.0	2,412.7	2,133.9	3,579.3	5,610.1	5,101.7
Liabilities										
Capital and reserves	8,296.2	8,094.0	7,742.7	8,232.6	7,636.0	8,374.1	8,104.5	9,164.4	8,416.9	8,702.5
Amounts due to banks	26,943.4	27,617.9	24,858.7	29,304.7	27,320.4	29,471.5	35,834.0	36,478.5	35,730.6	34,046.1
In Singapore	671.8	895.1	501.3	724.3	1,225.9	904.5	1,635.2	1,463.7	530.7	1,552.7
Outside Singapore ²	26,271.6	26,722.8	24,357.4	28,580.4	26,094.5	28,567.1	34,198.8	35,014.8	35,199.9	32,493.4
Borrowings from non-bank customers	21,587.0	17,861.3	17,729.8	18,207.0	20,406.1	23,036.8	28,859.0	36,904.2	22,785.0	24,660.0
Other liabilities	3,044.7	2,825.2	2,233.1	2,459.1	3,882.4	3,962.7	5,231.8	6,523.2	5,952.8	5,256.6
Total Assets/Liabilities	59,871.2	56,398.4	52,564.3	58,203.4	59,244.8	64,845.1	78,029.3	89,070.2	72,885.2	72,665.2

¹ Data are derived from the consolidation of merchant banks' domestic and Asian dollar operations.

² Including Asian Currency Units.

E.2 MERCHANT BANKS: ASSETS AND LIABILITIES OF DOMESTIC UNIT OPERATIONS ¹

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009
Assets										
Amounts due from banks	5,958.0	5,743.8	5,264.3	5,985.7	4,970.6	4,034.7	4,403.2	4,387.4	5,313.8	5,484.3
In Singapore	1,545.1	1,425.5	881.9	1,479.4	1,393.0	664.2	770.6	659.6	1,261.8	1,192.9
Outside Singapore ²	4,412.9	4,318.3	4,382.4	4,506.3	3,577.6	3,370.5	3,632.6	3,727.8	4,052.0	4,291.3
Loans and advances to non-bank customers	791.8	801.1	809.0	768.2	688.4	685.2	715.1	1,138.5	781.7	772.2
Securities and equities	485.1	609.2	477.3	350.7	745.1	1,137.6	1,864.0	1,641.2	1,221.1	1,659.5
Other assets	303.8	249.5	219.0	273.0	326.9	299.8	397.2	1,170.7	1,507.3	783.3
Liabilities										
Capital and reserves	4,802.7	4,734.5	4,517.2	4,700.9	3,529.3	2,613.4	2,133.6	2,745.3	3,263.3	3,294.9
Amounts due to banks	1,677.3	1,659.3	1,529.8	1,771.5	2,301.8	2,842.4	4,236.7	3,944.6	3,676.6	3,728.7
In Singapore	395.5	658.3	501.1	724.0	831.0	904.5	1,635.2	1,449.3	527.9	789.5
Outside Singapore ²	1,281.8	1,001.0	1,028.7	1,047.5	1,470.8	1,937.9	2,601.5	2,495.3	3,148.7	2,939.2
Borrowings from non-bank customers	565.5	562.7	336.5	446.0	435.8	237.8	365.5	521.9	340.9	335.2
Other liabilities	493.1	447.1	386.3	459.0	464.0	463.7	643.8	1,126.1	1,543.2	1,340.5
Total Assets/Liabilities	7,538.6	7,403.6	6,769.7	7,377.5	6,731.0	6,157.3	7,379.6	8,337.8	8,823.9	8,699.3

¹ Corporate financial advisory services, underwriting activities and operations in the gold market are not reflected in the data.

² Including Asian Currency Units.

F.1 INSURANCE INDUSTRY: ASSETS AND PREMIUMS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009*
Total Assets of Insurance Industry (End Period)										
Direct Insurers	45,409.8	59,696.7	66,789.0	77,406.4	86,552.9	102,428.4	113,422.4	128,777.4	115,047.7	113,359.7
Professional Reinsurers	41,058.8	54,710.3	61,537.0	71,323.8	79,822.9	94,324.6	105,060.6	118,860.0	104,487.9	103,814.4
Captive Insurers	3,504.3	4,208.7	4,361.4	4,697.4	5,202.7	6,070.0	6,622.5	7,960.1	8,655.2	9,545.3
	846.7	777.7	890.5	1,385.2	1,527.3	2,033.8	1,739.3	1,957.3	1,904.6	N.A.
General Business: Gross Premiums										
Total General Business	3,269.6	3,821.2	4,756.4	4,996.2	4,902.6	5,330.7	5,481.3	6,105.4	6,829.3	1,897.0
Domestic Business	1,622.2	1,800.5	2,230.9	2,344.2	2,151.3	2,346.7	2,385.9	2,621.9	2,962.5	892.1
Offshore Business	1,647.4	2,020.7	2,525.5	2,652.0	2,751.3	2,984.0	3,095.4	3,483.5	3,866.8	1,004.9
Life Business: Premiums										
Premiums in Force (End Period)	5,071.6	5,221.9	5,417.9	5,547.9	5,869.6	6,839.8	7,181.5	7,660.8	8,347.5	8,477.1
New Business Premiums										
Annual Premium Policies	705.6	455.1	686.7	499.8	549.8	982.9	868.8	1,121.9	1,459.2	251.6
Single Premium Policies										
Life Insurance	3,337.7	8,961.6	5,948.3	4,613.4	6,077.0	5,354.3	6,975.8	9,031.7	8,038.2	698.6
Annuity	266.2	450.2	602.6	231.6	237.7	263.1	377.4	402.9	554.2	60.9

* Gross Premium for March 2009 for total general business does not include general captives and marine mutual insurers.

N.A.: Not available

G.1 NON-BANK FINANCIAL INSTITUTIONS: CENTRAL PROVIDENT FUND BOARD

	2000	2001	2002	2003	2004	2005	2006	2007	2008	S\$ Million March 2009**
Excess of Contributions										
Over Withdrawals (During Period)	-478.4	-566.5	1,304.1	4,001.7	4,959.0	4,238.3	2,089.5	6,555.1	9,265.1	3,303.9
Members' Contributions	14,092.8	18,322.3	16,165.7	15,870.0	15,320.1	16,105.1	16,547.1	18,185.0	20,293.6	5,874.5
Withdrawals *	14,571.2	18,888.8	14,861.6	11,868.3	10,361.1	11,866.8	14,457.6	11,629.9	11,028.5	2,570.6
Approved Housing Schemes ¹	8,655.1	8,262.5	8,208.1	6,909.8	6,517.0	7,364.3	8,355.0	5,867.9	5,847.0	1,687.1
Under Section 15 ²	1,679.9	2,226.1	2,026.8	2,384.8	2,272.6	2,440.3	3,028.0	3,081.0 ⁶	2,799.8	673.4
Medical Schemes ³	518.1	531.6	763.2	722.0	779.7	903.5	996.3	1,076.7	1,302.9	260.4
Others	3,718.1	7,868.6	3,863.5	1,851.7	791.8	1,158.7	2,078.3	1,604.3 ⁶	1,078.8	-50.3
Interest Credited										
to Members' Balances										
(During Period)	2,379.8	2,489.5	2,897.3	3,115.3	3,375.3	3,675.4	3,926.8	4,228.0	5,455.1	1,485.0
Advanced Deposits with										
MAS (During Period) ⁴	577.7	1,648.9	3,820.2	7,130.1	11,624.5	10,091.7	1,574.4	17,874.2	14,167.3	4,855.8
Interest Earnings										
from Investments (During Period)	2,537.8	2,662.4	3,054.9	3,260.5	3,523.5	3,844.1	4,114.7	4,432.1	5,651.4	1,512.4
Holdings of Government										
Securities (End Period) ⁵	60,620.0	89,410.3	94,444.1	100,750.4	108,462.4	115,362.2	118,918.0	128,626.5	141,325.5	149,432.8
Members' Balances (End Period)	90,298.3	92,221.2	96,422.6	103,539.6	111,873.8	119,787.5	125,803.8	136,586.9	151,307.1	156,096.0

Source: Central Provident Fund Board

* Includes refunds and transfers to Reserve Account.

¹ Housing schemes include Public Housing and Residential Properties Schemes.

² Section 15 of the CPF Act allows withdrawals to be made on any of the following grounds: a) member having reached the age 55 years; b) leaving Singapore and West Malaysia; c) physical incapacity; d) unsound mind; e) death; and f) Malaysian citizen (leaving Singapore).

³ Medical Schemes include Medisave, MediShield, Private Medical Insurance and ElderShield Schemes.

⁴ Deposits placed with MAS during the year excluding: a) interest on bonds & interest on Advance Deposits retained as deposits by MAS; and b) conversion and redemption of Government Bonds.

⁵ Excludes advance deposits with MAS.

⁶ Revised

** Provisional

H.1 DOMESTIC CAPITAL MARKET : NET FUNDS RAISED IN THE DOMESTIC CAPITAL MARKET

										S\$ Million 1st Qtr
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
A Net funds raised by Government	8,873.2	12,453.1	7,014.9	11,661.2	14,965.8	13,056.1	3,200.2	22,837.3	17,526.1	2,305.0
1) Gross issue of Government securities ¹	12,100.0	44,990.3	22,433.8	24,906.3	31,102.2	28,299.8	19,946.1	35,930.9	38,097.7	13,627.3
Less:										
Redemption of Government securities	7,636.9	7,080.0	15,136.8	14,524.4	17,240.0	16,700.0	13,090.3	21,022.5	21,898.7	7,320.0
Government holdings of Government securities	0.1	-	-	-	-	-	-	-	-	-
Conversion from accumulated advance deposits	0.0	30,790.3	14,033.8	6,306.3	7,712.2	6,899.8	3,555.8	9,708.4	12,699.0	8,107.3
2) New advance deposits	2,910.2	4,238.1	13,216.7	7,165.6	8,315.8	7,656.1	-1,374.8	16,222.3	13,526.1	4,655.0
3) Net issues of statutory boards' securities	1,500.0	1,095.0	535.0	420.0	500.0	700.0	1,275.0	1,415.0	500.0	-550.0
B New capital raised by the private sector	5,514.8	3,118.2	3,838.0	4,014.6	5,987.2	11,680.0	11,840.1	22,650.2	9,839.0	6,481.5
1) Public issues of shares	3,393.9	485.7	1,685.4	2,046.4	3,942.7	6,916.8	7,761.3	7,805.9	5,538.6	12.8
2) Rights issues	341.2	192.5	1,427.8	345.3	1,110.6	2,783.5	1,317.8	6,709.6	3,365.0	6,151.3
3) Private placements of listed shares	1,779.7	2,440.0	724.8	1,622.9	933.9	1,979.7	2,761.0	8,134.7	935.4	317.4
C Issues of debt securities	14,481.7	20,257.2	18,034.6	18,949.8	21,237.1	20,010.3	25,754.7	29,986.7	15,494.3	2,270.5
1) Listed bonds, debentures and loan stocks ²	8,727.4	11,814.2	7,737.9	8,139.9	6,399.5	5,074.5	8,422.0	17,940.2	8,804.0	2,266.7
2) Unlisted bonds ³	5,754.3	8,443.0	10,296.7	10,809.9	14,837.6	14,935.8	17,332.7	12,046.5	6,690.3	3.8
Total net funds raised (A+B+C)	28,869.7	35,828.5	28,887.5	34,625.6	42,190.1	44,746.4	40,975.0	75,474.2	42,859.4	11,057.0

¹ Government securities excluding treasury bills.

² Singapore dollar-denominated bonds listed on the Singapore Exchange (SGX).

³ This includes bonds that are not listed on the SGX but listed on other exchanges.

I.1 ASIAN DOLLAR MARKET: ASSETS AND LIABILITIES

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	US\$ Million March 2009
Assets										
Loans to non-bank customers	89,446.0	79,324.2	77,906.3	83,602.8	93,494.2	120,865.5	139,499.6	197,823.2	214,381.9	204,684.0
Interbank funds	333,728.5	323,902.2	335,973.7	341,917.7	385,302.2	389,485.1	434,022.9	532,674.6	498,671.6	467,060.9
In Singapore	31,221.6	33,054.5	35,599.0	37,151.2	43,932.1	40,766.4	51,409.5	66,398.3	64,138.3	66,082.4
Inter-ACU	31,512.8	30,916.8	31,415.4	29,360.2	31,428.3	29,102.0	43,628.2	53,610.7	54,620.3	52,007.9
Outside Singapore	270,994.1	259,930.9	268,959.3	275,406.3	309,941.8	319,616.7	338,985.2	412,665.5	379,913.0	348,970.6
NCDs held	3,226.6	3,012.2	3,059.6	2,167.2	3,187.4	3,367.2	5,790.8	2,520.4	1,052.5	974.7
Other assets	55,291.9	59,234.1	65,672.8	81,458.1	99,578.7	97,659.5	119,335.2	173,972.9	198,846.0	171,718.5
Liabilities										
Deposits of non-bank customers	124,651.5	122,472.3	126,151.6	137,116.0	150,354.2	162,834.2	216,818.1	275,256.9	262,221.0	257,534.8
Interbank funds	316,890.4	310,151.7	320,896.7	330,911.0	379,900.0	394,080.5	409,878.0	540,688.3	523,782.0	477,317.9
In Singapore	23,213.6	25,746.8	28,369.1	34,243.1	34,771.1	37,337.3	49,139.6	50,438.6	62,747.7	63,625.6
Inter-ACU	31,517.0	30,926.4	31,394.8	29,401.4	31,457.9	29,067.8	42,971.6	53,670.1	54,848.7	52,156.1
Outside Singapore	262,159.8	253,478.5	261,132.8	267,266.5	313,671.1	327,675.4	317,766.8	436,579.6	406,185.7	361,536.2
NCDs issued	594.1	636.6	1,500.9	1,690.3	2,679.4	2,952.4	4,733.1	3,652.1	1,593.9	1,816.4
Other liabilities	39,556.9	32,212.3	34,063.1	39,428.6	48,628.9	51,510.2	67,219.2	87,393.7	125,355.1	107,768.9
Total Assets/Liabilities	481,693.0	465,472.8	482,612.3	509,145.9	581,562.5	611,377.4	698,648.5	906,991.0	912,952.0	844,438.0

I.2 ASIAN DOLLAR MARKET: MATURITY TRANSFORMATION BY ASIAN CURRENCY UNITS

End of Period	2000	2001	2002	2003	2004	2005	2006	2007	2008	US\$ Billion March 2009
Net Position ¹										
Up to 6 months	-67.3	-81.4	-84.6	-80.3	-74.1	-89.5	-104.5	-162.6	-169.3	-160.8
Over 6 months to 1 year	15.6	15.8	16.1	18.4	20.1	27.3	19.1	27.0	21.6	22.5
Over 1 to 3 years	20.3	25.3	26.7	24.9	27.2	25.7	29.1	46.8	50.8	51.0
Over 3 years	31.4	40.3	41.8	37.0	28.8	37.8	61.6	83.8	83.5	80.8
Claims ¹										
Up to 6 months	374.1	345.8	355.4	375.1	415.5	427.5	479.2	603.3	570.3	522.3
Over 6 months to 1 year	32.3	33.6	35.0	39.2	43.5	48.5	44.4	55.3	52.3	51.4
Over 1 to 3 years	29.7	32.7	32.6	35.0	40.6	41.4	50.6	71.7	80.9	81.6
Over 3 years	45.6	53.4	59.6	59.9	48.7	59.9	87.2	117.6	117.5	112.1
Liabilities ¹										
Up to 6 months	441.4	427.2	440.0	455.4	489.6	517.0	583.7	765.9	739.6	683.1
Over 6 months to 1 year	16.7	17.8	18.9	20.8	23.4	21.2	25.3	28.3	30.7	28.9
Over 1 to 3 years	9.4	7.4	5.9	10.1	13.4	15.7	21.5	24.9	30.1	30.6
Over 3 years	14.2	13.1	17.8	22.9	19.9	22.1	25.6	33.8	34.0	31.3

¹ From 2004 onwards, data exclude those claims or liabilities with unallocated maturity periods. Therefore the sum of all the maturity categories for claims may not be equal to the sum of all the maturity categories for liabilities.



GLOSSARY

GLOSSARY

ABS	Association of Banks in Singapore	Fed	Federal Reserve Bank
ACE	Alliance for Corporate Excellence	FGIP	Finance Graduate Immersion Programme
ACGC	Audit Committee Guidance Committee	FICP	Financial Industry Certified Professional
ACMF	ASEAN Capital Markets Forum	FICS	Financial Industry Competency Standards
ACRA	Accounting and Corporate Regulatory Authority	FIDReC	Financial Industry Dispute Resolution Centre
AEC	ASEAN Economic Community	FSB	Financial Stability Board
AIG	American Insurance Group	FSDF	Financial Sector Development Fund
AML	Anti-Money Laundering	FSF	Financial Stability Forum (renamed Financial Stability Board from 1 April 2009)
APEC	Asia-Pacific Economic Co-operation	FSP	Finance Scholarship Programme
APG	Asia Pacific Group on Money Laundering	FTS	Financial Training Scheme
APRC	Asia Pacific Regional Committee	FX	Foreign Exchange
ASEAN	Association of Southeast Asian Nations	G10	Group of Ten
ASME	Association of Small and Medium Enterprises	G20	Group of Twenty
ATM	Automated Teller Machine	GCC	Gulf Cooperation Council
BAB	Bahrain Association of Banks	GDP	Gross Domestic Product
BCBS	Basel Committee on Banking Supervision	GST	Goods and Services Tax
BIS	Bank for International Settlements	IAIS	International Association of Insurance Supervisors
CA	Continuous Auditing	IBF	Institute of Banking and Finance
CDS	Credit Default Swap	ICP	Insurance Core Principles
CFT	Countering the Financing of Terrorism	ICPAS	Institute of Certified Public Accountants of Singapore
CGFS	Committee on the Global Financial System	IFSB	Islamic Financial Services Board
CLS	Continuous Linked Settlement	IMAS	Investment Management Association of Singapore
CPF	Central Provident Fund	IMF	International Monetary Fund
CPI	Consumer Price Index	IOSCO	International Organisation of Securities Commissions
CPNs	Crossborder Production Networks	IWE	Industry-Wide Exercise
CPSS	Committee on Payment and Settlement Systems	Libor	London Interbank Offered Rate
DORSCON	Disease Outbreak Response System	M&T	Machinery and Transport Equipment
EES	Employee Engagement Survey	MEPS+	MAS Electronic Payment System
EMEAP	Executives' Meeting of East-Asia Pacific Central Banks	MHA	Ministry of Home Affairs
EMEs	Emerging Markets Economies	MINDS	Movement for the Intellectually Disabled of Singapore
F1	Formula 1		
FAA	Financial Advisers Act		
FATF	Financial Action Task Force		

MoU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
NETS	Network for Electronic Transfers Singapore
NTUC	National Trade Union Congress
NUS	National University of Singapore
OECD	Organisation for Economic Cooperation and Development
P&C	Parts and Components
PSA/ISMA	Public Securities Association / International Securities Market Association
q-o-q SAAR	quarter-on-quarter seasonally-adjusted annualised rate
REITs	Real Estate Investment Trusts
RMMG	Risk Management and Modelling Group
S\$	Singapore Dollar
S\$NEER	Singapore Dollar Nominal Effective Exchange Rate
SECDC	Southeast Community Development Council
SFA	Securities and Futures Act
SGS	Singapore Government Securities
SGX	Singapore Exchange
SIAS	Securities Investors Association Singapore
SIBOR	Singapore Interbank Offer Rate
SID	Singapore Institute of Directors
SMU	Singapore Management University
SWIFT	Society for Worldwide Interbank Financial Telecommunication
T-Bills	Treasury Bills
USD	US Dollar
VFM	Value-for-Money
WDA	Workforce Development Agency
WGPSS	Working Group on Payment and Settlement Systems
WIBC	World Islamic Banking Conference
YOY	year-on-year
YPP	Young Professionals Programme

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