Monetary Authority of Singapore

ANNUAL REPORT 2009/2010

MAS

Monetary Authority of Singapore

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Staying Resilient, Sustaining Growth

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Chairman's Message

Who We Are

MAS is the central bank of Singapore. Our mission is to promote sustained non-inflationary economic growth, and a sound and progressive financial centre.

MAS' Functions

- To act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Government;
- To conduct integrated supervision of financial services and financial stability surveillance;
- To manage the official foreign reserves of Singapore; and
- To develop Singapore as an international financial centre.

Over the past year, the world economy has gradually emerged from its worst recession in the post-war era, with Asia leading the recovery. The resumption of growth was helped by the timely implementation of supportive fiscal and monetary measures around the world. As a result, the global economy is now on a firmer footing, in contrast to a year ago. Still, risks remain on the horizon, particularly with sovereign debt problems emerging from some Eurozone economies. Heightened vigilance is essential in this volatile environment, where economies and financial markets are deeply integrated.

Alongside improving global economic conditions, the Singapore economy has recovered strongly from the recession of 2009. For the rest of 2010, economic activity should continue to be sustained at high levels, supported by growth from a broad range of industries.

Against the backdrop of rapid growth and recovering prices in Asia, some regional governments and central banks have begun to unwind macroeconomic policy supports implemented earlier. In Singapore, MAS shifted to a modest and gradual appreciation of the exchange rate policy band, in addition to an upward re-centering of the band in April 2010. This adjustment to the monetary policy stance will contribute to medium-term price stability in the economy.

Singapore has weathered the financial crisis relatively well. The crisis has, however, greatly altered the global financial landscape. To stay ahead, it is important that we adapt to these changes to ensure that our financial system remains competitive and strong.

MAS has been actively participating and contributing to the ongoing discussions on regulatory reforms at various international fora aimed at promoting long term global financial stability. In addition to finalising the enhancements to the Basel II capital framework in July 2009, the Basel Committee on Banking Supervision (BCBS) proposed a comprehensive consultative package in December 2009 to strengthen global capital and liquidity standards so as to promote a more resilient banking sector. Complementing this are discussions at the Financial Stability Board (FSB) to develop a policy framework for reducing the moral hazard risks posed by systemically important financial institutions. MAS is a member of both the BCBS and FSB, and will work with the industry to implement these new standards when they are finalised.

An important aspect of financial stability is the critical role played by the Board and Senior Management in overseeing their financial institutions. MAS has proposed enhancements to the existing corporate governance framework for locally-incorporated banks, financial holding companies and direct insurers. The measures seek to enhance independence of the Board, strengthen Board oversight on risk management, and ensure that directors are equipped with appropriate skills and are able to commit enough time to oversee the operations of financial institutions.

MAS also expects the Board and Senior Management of financial institutions to be responsible for setting their corporate culture and direction to align business practices with fair dealing outcomes. In March 2009, MAS issued a consultation paper on the sale and marketing of unlisted investment products. In January 2010, MAS issued revised proposals that apply to both listed and unlisted investment products. Among the revised proposals, financial advisers will need to assess a retail customer's investment knowledge or experience before selling investment products to the customer. These proposals aim to enhance the safeguards for retail consumers.

Singapore's financial services sector has remained resilient throughout the crisis, reflecting our strong fundamentals. The continued rise of Asia will drive increasing trade in goods and services, as well as the flow of capital and ideas within the region and with the rest of the world. As a well-connected global city in the heart of Asia, we are well-positioned to facilitate these flows. MAS will continue to encourage and support the development of Singapore as a key international financial centre.

The global economic and financial landscape will continue to grow in complexity. To be better equipped to deal with these challenges, MAS announced a new organisation structure in March 2010. The new structure will enhance MAS' ability to maintain monetary and financial stability, contribute to global cooperation, and better serve the public. It will also enhance our ability to steer our financial sector to support Singapore's growth as a Global-Asia business and financial services hub.

Professor Walter Woon stepped down from the MAS Board on 31 May 2010. He had served on the Board since 20 May 2008. I thank him for his contributions to MAS. I also welcome Mr Peter Ong, who joined the Board on 22 October 2009.

Goh Chok Tong
Chairman

Board of Directors

Goh Chok Tong
Chairman
Senior Minister

Lim Hng Kiang
Deputy Chairman
Minister for Trade and Industry

Tharman Shanmugaratnam
Minister for Finance

Heng Swee Keat
Managing Director
Monetary Authority of Singapore

Lim Chee Onn
Senior Advisor,
Keppel Corporation Limited;
Chairman, Singbridge International
Singapore Limited;
Chairman, MAS Risk Committee

Teo Ming Kian
Permanent Secretary
(National Research and Development),
Prime Minister's Office; Advisor
(Special Projects), Ministry of Finance;
Chairman, MAS Audit Committee

Peter Ong Boon Kwee*
Permanent Secretary,
Ministry of Finance

Koh Yong Guan
Chairman,
Central Provident Fund Board

Lucien Wong Yuen Kuai
Managing Partner,
Allen & Gledhill

* Mr Peter Ong Boon Kwee was appointed to the Board on 22 October 2009. Professor Walter Woon served as a member of the Board from 20 May 2008 till 31 May 2010.

Management Team

A. Heng Swee Keat
Managing Director

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

C. Teo Swee Lian
Deputy Managing Director
(Financial Supervision)

D. Foo-Yap Siew Hong
Assistant Managing Director
(Currency, Corporate Services & Human Resource) & Special Projects Advisor to MD

E. Andrew Khoo
Assistant Managing Director
(Policy, Risk & Surveillance) / MAS Academy

F. Lee Boon Ngiap
Assistant Managing Director
(Banking & Insurance)

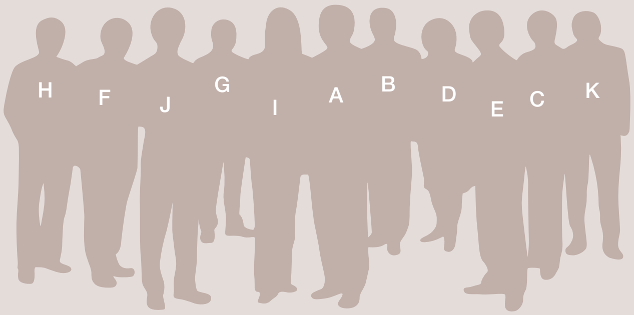
G. Lee Chuan Teck
Assistant Managing Director
(Markets & Investment)

H. Leo Mun Wai
Assistant Managing Director
(Capital Markets)

I. Jacqueline Loh
Assistant Managing Director
(Finance, Information Technology & Risk Management)

J. Ng Nam Sin
Assistant Managing Director
(Development) / Financial Centre Development

K. Edward Robinson
Assistant Managing Director
(Economic Policy)



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), Peter Ong and Heng Swee Keat.

Organisational Structure

Heng Swee Keat
Managing Director

Ong Chong Tee
Deputy Managing Director
Monetary Policy, Investment / Development & External

Teo Swee Lian
Deputy Managing Director
Financial Supervision

MONETARY POLICY, INVESTMENT / DEVELOPMENT & EXTERNAL
Ong Chong Tee Deputy Managing Director

ECONOMIC POLICY
Edward Robinson Assistant Managing Director

ECONOMIC SURVEILLANCE & FORECASTING
Celine Sia Executive Director

ECONOMIC ANALYSIS
Ng Bok Eng Principal Economist

MARKETS & INVESTMENT
Lee Chuan Teck Assistant Managing Director

RESERVE MANAGEMENT
Yap Chuin Houi Executive Director

MONETARY & DOMESTIC MARKETS MANAGEMENT
Luke Goh Director

DEVELOPMENT
Ng Nam Sin Assistant Managing Director

FINANCIAL MARKETS STRATEGY
Kola Luu Executive Director

FINANCIAL CENTRE DEVELOPMENT
Ng Nam Sin Assistant Managing Director

SPECIAL PROJECTS
Tai Boon Leong Executive Director

FINANCIAL SUPERVISION
Teo Swee Lian Deputy Managing Director

BANKING & INSURANCE
Lee Boon Ngiap Assistant Managing Director

COMPLEX INSTITUTIONS
Low Kwok Mun Executive Director

BANKING
Chia Der Jiun Executive Director

INSURANCE
Luz Foo Executive Director

CAPITAL MARKETS
Leo Mun Wai Assistant Managing Director

CAPITAL MARKETS INTERMEDIARIES
Lam San Ling Executive Director

INVESTMENT INTERMEDIARIES
Tan Boon Gin Executive Director

CAPITAL MARKETS
Loo Siew Yee Executive Director

POLICY, RISK & SURVEILLANCE
Andrew Khoo Assistant Managing Director

SPECIALIST RISK
Chua Kim Leng Executive Director

PRUDENTIAL POLICY
Adrian Chua Director *

MACROECONOMIC SURVEILLANCE
Wong Nai Seng Executive Director

CURRENCY, CORPORATE SERVICES & HUMAN RESOURCES
Foo-Yap Siew Hong Assistant Managing Director

CORPORATE SERVICES
Bernard Yeo Executive Director

CURRENCY
Ho Kwen Chan Executive Director

HUMAN RESOURCE
Ho Hern Shin Executive Director

HUMAN RESOURCE PROJECTS
Winnifred Chen Executive Director

FINANCE, INFORMATION TECHNOLOGY & RISK MANAGEMENT
Jacqueline Loh Assistant Managing Director

FINANCE
Teo Kok Ming Director

INFORMATION TECHNOLOGY
Huay Khee Chuang Executive Director

RISK MANAGEMENT
Lim Tuang Lee Director

MANAGING DIRECTOR'S OFFICE
SPECIAL PROJECTS ADVISOR TO MD
Foo-Yap Siew Hong Assistant Managing Director

GENERAL COUNSEL'S OFFICE
Ng Heng Fatt General Counsel

MAS ACADEMY
Andrew Khoo Assistant Managing Director

EXTERNAL
Leong Sing Chiong Executive Director

INTERNAL AUDIT
Timothy Ng Executive Director

*with effect from 1 November 2010

Staying Resilient,
Sustaining Growth

OurWork

EMERGING FROM THE GLOBAL RECESSION

Over the past year, the world economy has gradually emerged from its worst recession in the post-war era. The global financial crisis, which saw the collapse of Lehman Brothers in September 2008, caused massive economic fallout worldwide. Amidst an erosion of confidence, global trade and industrial production collapsed in the first half of 2009, resulting in a 2.4% year-on-year contraction in world GDP over the same period.

Since then, however, the timely implementation of expansionary fiscal and monetary stimuli has produced a rebound in economic activity. This recovery has generally continued into 2010 with growing evidence that the supports to growth have moved beyond exports and industrial production to the broader economy in the US and the Asia ex-Japan[1] economies.

G3 Exit the Steepest Post-war Recession

In 2009, the G3 economies experienced their steepest post-war recession as GDP fell by 3.5%. The impact of the financial crisis was felt most strongly in Q1 2009 as credit constraints and heightened uncertainty following the deterioration in the labour market caused a crisis of confidence, resulting in a sharp contraction in household and business spending. Governments then rapidly implemented extraordinary fiscal and monetary policies to stabilise the financial system, ease credit conditions and support final demand.

Funding conditions improved as central bank support facilities helped mitigate counterparty credit risk concerns. The US$ 3-month LIBOR-OIS spread narrowed to 9 bps from more than 100 bps by end-March 2010, while the US commercial paper market stopped contracting. This paved the way for a turnaround in the US, the epicenter of the financial crisis, and other developed economies.

In the US, GDP has expanded by an average of 3.5% on a quarter-on-quarter seasonally-adjusted annualised rate (q-o-q SAAR) from Q3 2009 to Q1 2010. Personal consumption rose strongly over the same period, stimulated by increasing household net worth, government spending, and, as of Q1 2010, an improving labour market. Since demand seems to be stabilising, businesses have begun to replenish inventories and invest in equipment and software.

In Japan, GDP has risen at an average of 4.2% q-o-q SAAR since the economy first reverted to a positive growth path in Q2 2009. Export growth, bolstered by robust regional demand, led the recovery. Consumer spending has also held up given fiscal support, boosting business confidence in the strength of final demand. As a result, firms have begun investing after six quarters of declining investment.

The Eurozone economies have likewise benefited from the global recovery via the export channel, expanding 1.6% q-o-q SAAR in Q3 2009. Domestic demand remained tepid given high unemployment, and growth faltered in Q4 2009 and Q1 2010. Moreover, concerns over the potential default of sovereign and quasi-sovereign debt began to surface towards the end of 2009 and escalated in May this year. As a result, risk premiums rose and remain elevated for the most fiscally fragile industrialised countries. In order to calm markets, a package of measures was introduced by the European governments, the European Central Bank (ECB) and the International Monetary Fund (IMF), whilst at the same time the affected countries committed themselves to fiscal consolidation plans.

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

Asia ex-Japan Leads the Global Recovery

In contrast, the Asia ex-Japan economies as a whole have recovered strongly and recouped all the GDP lost over the recession. Despite exports falling by a record 25% year-on-year in the first half of 2009, these economies managed to register positive, albeit moderate, growth of 3%. Domestic demand has remained firm, given the relatively strong balance sheets of households and businesses, as well as the rapid implementation of expansionary fiscal and monetary policies.

The export rebound in Asia ex-Japan was initially supported by strong intra-regional demand but was later boosted by the incipient recovery in the G3. The cross-border production networks in the region, especially in electronics manufacturing, meant that intermediate inputs are shipped to multiple destinations before the final product is exported to end markets. Thus, in the same way that the decline in final demand had a multiplier effect on intra-industry regional exports, so have exports rebounded with the improvement in consumer and business confidence and the upturn in end demand.

Financial Markets are Improving but Vulnerabilities Remain

In response to improving global economic conditions and accommodative monetary policies, global financial markets have rebounded strongly, as investor risk appetite returned. From the equity market trough in March 2009 to end-March 2010, the S&P 500 rose more than 70% while the MSCI Asia ex-Japan doubled in value. The widely-tracked Volatility Index (VIX), a measure of the implied volatility of S&P 500 index options, eased significantly over the same period.

The stronger-than-anticipated recovery in macro-financial conditions has in turn bolstered banks' earnings, raised Tier-1 capital ratios, and helped restore the flow of private credit. Indeed, bank lending has increased and credit conditions for the private sector have largely improved. This has set the stage for central banks and governments to gradually exit from some unconventional support measures introduced during the crisis and to begin the process of normalising monetary policy. In the US, for example, the Federal Reserve ended its programme of purchasing agency mortgage-backed securities in March 2010. Nevertheless, worries about public finances as well as weaknesses in the real estate sector and labour market in some countries will continue to weigh on market sentiment in the near term. As was evident in the first half of 2010, the reappraisal of sovereign risk cast a shadow over continued improvements in economic fundamentals and corporate earnings, triggering occasional spikes in risk aversion and flights to quality in financial markets.

Rising Inflationary Pressures in Faster-growing Economies

In 2009, falling commodity prices and tepid demand resulted in consumer price index (CPI) inflation declining in Q2 and Q3 in the G3 and Asia ex-Japan economies. In particular, consumer prices in Japan fell for five consecutive quarters from the beginning of 2009. In contrast, consumer prices in the US and Eurozone have now begun to rise, although core inflation remains muted given the prevalence of excess capacity in these economies.

With demand recovering more rapidly in Asia ex-Japan, consumer prices in the region have risen more quickly than in the G3, averaging 1.7% in Q4 2009 and Q1 2010 as compared to 0.9% for the latter. Consequently, regional central banks have begun to tighten monetary policy to temper inflationary pressures and curb the build-up of financial imbalances.

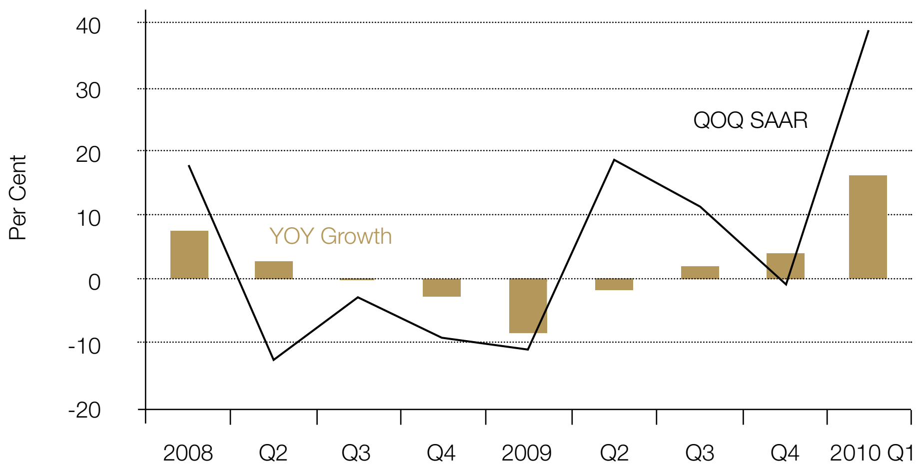
Singapore: A Year of Strong Recovery

The Singapore economy has recovered strongly alongside improving global economic conditions. In the 12 months to March 2010, all of the output lost during this recession had been recovered, with GDP expanding by an average of 17% q-o-q SAAR each quarter (Chart 1). As a result, the GDP contraction for 2009 as a whole was milder than expected at -1.3% and the economy is currently on track to register a strong expansion in 2010.

Singapore's recovery has gradually broadened and shifted to firmer foundations. In Q2 2009, alongside a surge in pharmaceutical output, the economy rebounded, driven by two transitory global forces. The first was the pickup in industrial output as firms replenished inventories which had been run down earlier, and the second was the improvement in credit and financial market conditions. These two factors largely accounted for the turnaround in Singapore's trade-related industries and asset market activities.

Since the turn of 2010, GDP growth has further broadened away from manufacturing and other trade-related industries to other sectors in the economy such as business services. At the same time, there is increasing evidence of a return in global private demand. In Q1 2010, the local economy posted sequential growth of 38.6% q-o-q SAAR, driven by a resurgence of global demand for information technology (IT) products, as well as a resumption of tourism activities. Despite the strong cyclical upturn, there are downside risks confronting the global economy. For Singapore, the underlying support for growth for the rest of 2010 is expected to remain largely intact and economic activity is likely to be sustained at high levels. However, if the crisis in Europe worsens, financial contagion spreads and the functioning of the international credit markets becomes impaired, downside risks to global growth could intensify. Singapore's growth could then be dampened through trade and financial markets channels.

Chart 1 : Singapore's GDP Growth

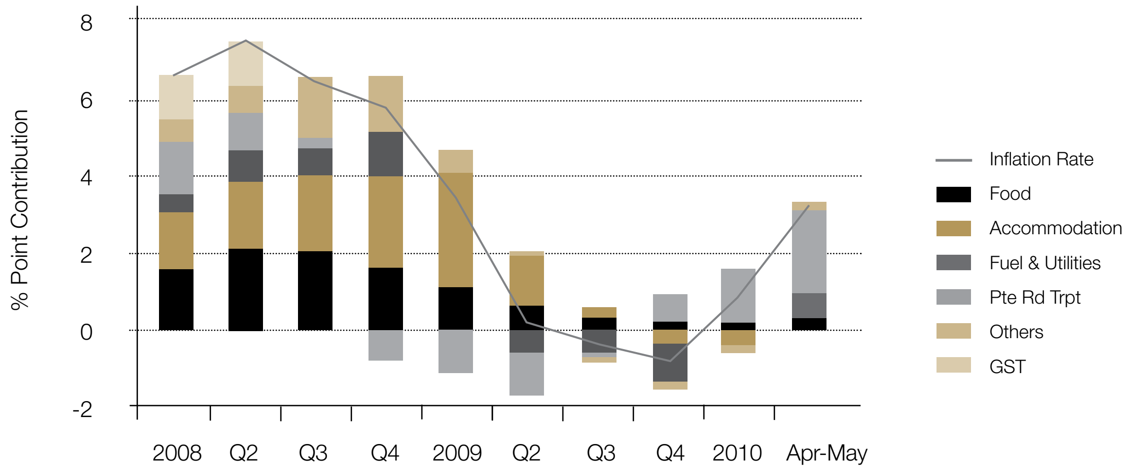


Upward Pressure on Consumer Prices and Wages

In tandem with the improving economy, job creation resumed in Q3 2009 after two quarters of net losses. Meanwhile, the CPI, which had fallen sharply in H1 2009 against the backdrop of lower global commodity prices and reduced business costs, turned around rapidly and rose over the next three quarters. This was due to elevated utility and fuel costs, as well as higher car prices (Chart 2). For the whole of 2009, CPI inflation came in at 0.6%.

Looking ahead, higher global commodity prices and elevated car prices are expected to continue pushing headline inflation up for the rest of 2010. At the same time, with the economy set to remain at relatively high levels of activity, rising business costs could put upward pressure on the prices of a wide range of goods and services. Thus, headline inflation is forecast to rise to between 2.5% and 3.5% in 2010.

Chart 2 : Contribution to CPI Inflation



MONETARY POLICY

Singapore's macroeconomic policies are formulated with a medium-term orientation, and are aimed at promoting sustained, non-inflationary economic growth. As evident during the recent business cycle, monetary policy has also worked in tandem with fiscal policy to play a countercyclical role, particularly when the economy is buffeted by external shocks. MAS' policy responses to recent global developments underscore the importance of ensuring the S$ remains an anchor of stability, especially in times of heightened uncertainty (Chart 3).

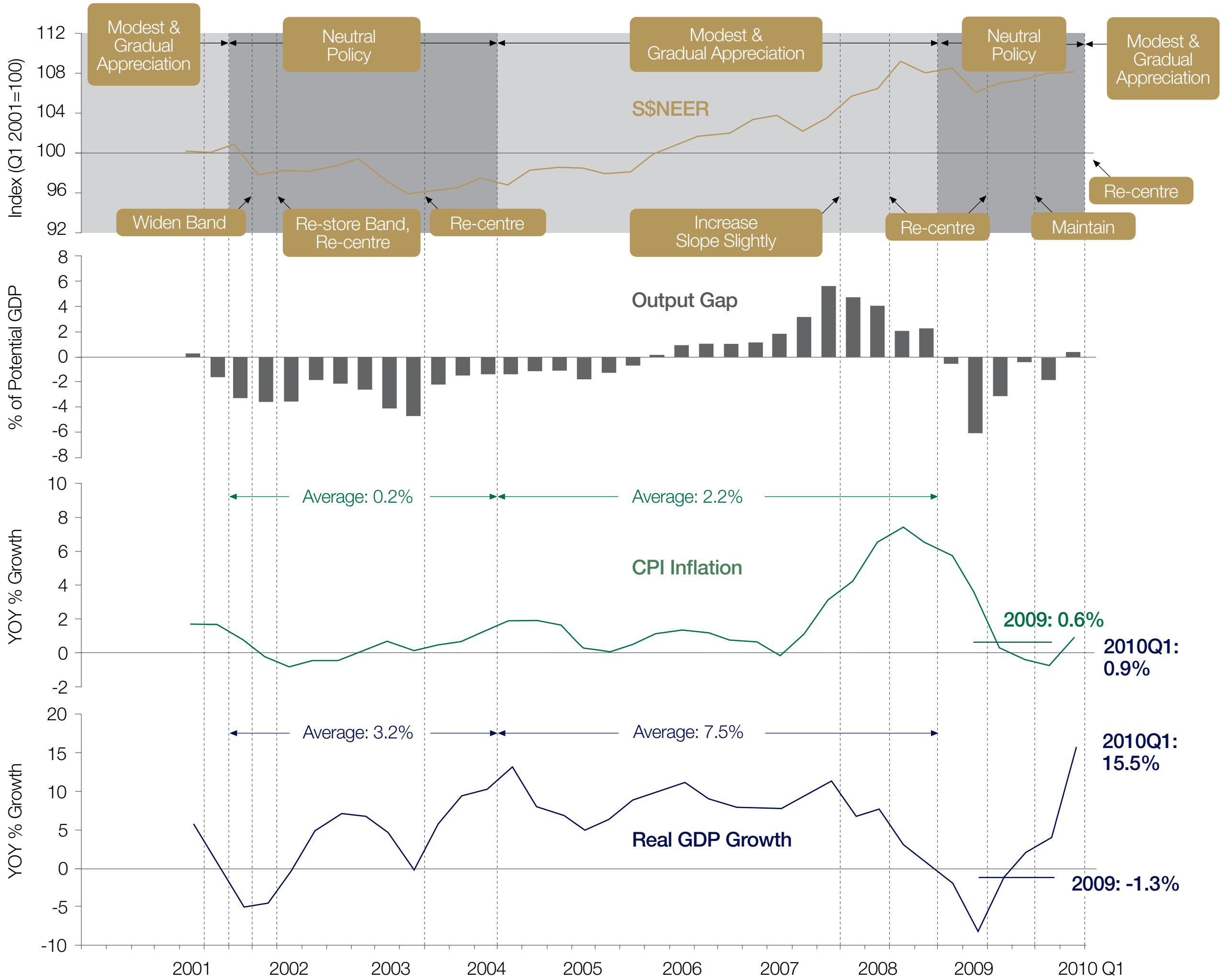
In October 2007, MAS tightened the monetary policy stance by allowing a slightly steeper appreciation of the S$ nominal effective exchange rate (S$NEER) policy band. This was followed by an upward re-centering of the band to the prevailing level of the S$NEER in April 2008. During this period, price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

MAS subsequently eased monetary policy in October 2008 by shifting to a zero per cent appreciation of the S$NEER policy band, amidst expectations of moderating inflationary pressures, and the risk of a further deterioration in the external economies following the earlier dislocation in global financial markets. The policy band was then re-centered downwards in April 2009, and kept at that level in the October policy announcement. This policy stance was assessed to be appropriate in view of the weakness in the domestic economy at the time and receding inflationary pressures.

As the economy swung from severe downturn to rapid recovery over the past year, monetary policy settings have, in concert with fiscal measures, shifted from an easing stance to the withdrawal of stimulus measures and to the maintenance of conditions conducive to sustainable growth and medium-term price stability. As the Singapore economy rebounded, factor markets began to tighten. By Q1 2010, the output gap had turned positive. At the same time, global commodity prices were picking up. Accordingly, in April 2010, MAS shifted to a modest and gradual appreciation of the S$NEER policy band, in addition to an upward re-centering of the band.

The tightening of monetary policy complemented the unwinding of supportive fiscal measures introduced in the FY2009 Singapore Budget to help businesses and households weather the downturn. These crisis relief measures included the Jobs Credit Scheme and the financing schemes under the Special Risk-Sharing Initiative. In contrast, the measures in the FY2010 Singapore Budget were targeted at the restructuring of the economy in order to enhance productivity over the medium to long term, as recommended by the Economic Strategies Committee.

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



Box Story 1

Sources of Singapore's Economic Growth

Singapore's GDP growth moderated from an average of 7.3% p.a. in 1990-1999 to 5.1% in 2000-2009. At the same time, labour productivity growth fell from an average of 3.1% p.a. to 1.3%. Recently, MAS conducted a quantitative study of the factors that have contributed to economic growth over the past two decades[2]. Such studies are part of MAS' research into the broader issues and challenges facing the Singapore economy.

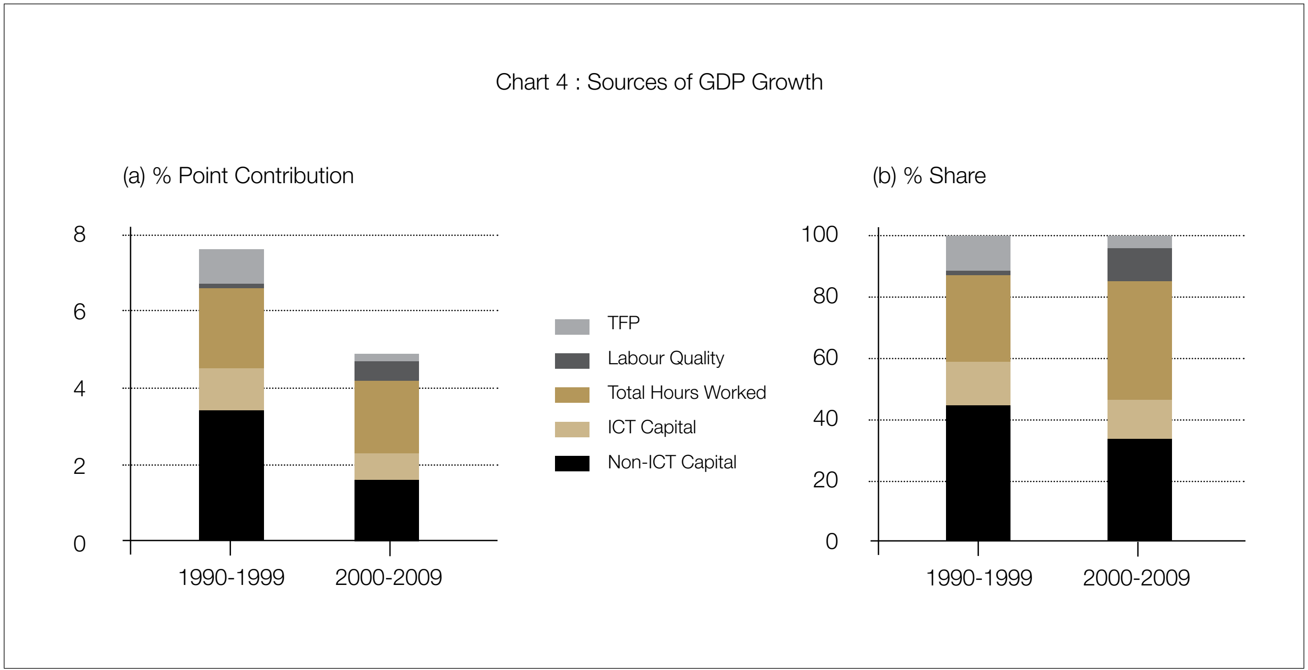
A country's medium-term growth depends on its labour and capital stock as well as the efficiency with which it uses its resources. As such, economic growth can be attributed to labour inputs, capital inputs - including information and communication technology (ICT), as well as technological progress and intangible socio-economic improvements, or total factor productivity (TFP).

The study showed that labour input has gained in importance as a source of growth for Singapore over recent years (Chart 4). While this was largely underpinned by increased hours worked, labour quality also became increasingly important as a result of ongoing government policies to build a higher-skilled and more educated workforce. Tertiary-educated workers, for example, now account for about one-third of the workforce, compared to just a quarter in the late 1990s.

At the same time, the contributions of capital and TFP to output growth have fallen. Notably, non-ICT investment as a share of GDP fell after the Asian financial crisis, although this was mitigated somewhat by steady ICT investment. In fact, Singapore's share of ICT investment in GDP was higher than the average of advanced economies in 2005. The slowdown in TFP growth, meanwhile, is probably attributable to the increased frequency of cyclical shocks over the last decade, rather than to a structural downshift.

Forecasts were also made for the average growth of Singapore's labour productivity over the next decade. The expected labour productivity growth rate of between 2% and 3% p.a., combined with the projection of an average 1-2% p.a. labour force growth by the Economic Strategies Committee, produces a medium-term potential GDP growth rate of 3-5% p.a. for the Singapore economy over 2010 – 2019. Thus, there is potential for higher quality albeit slower growth than in the past. The productivity gains over the next decade should be underpinned by higher quality of labour and capital inputs, and a stronger rate of capital accumulation. In particular, ICT investment will be an important enabler of capacity-driven growth.

2 This study was done in collaboration with Assistant Professor Vu Minh Khuong of the Lee Kuan Yew School of Public Policy, National University of Singapore.



Source: EPG, MAS estimates

LIQUIDITY MANAGEMENT

Streamlining the Standing Facility

Since its inception in June 2006, the MAS Standing Facility has developed into MAS' main liquidity facility for financial institutions, allowing MAS to successfully fulfill its dual role of fine-tuning the liquidity of the banking system and managing interest rate volatility. The Standing Facility helps to improve the day-to-day liquidity management of banks in Singapore by providing a channel for them to borrow from, or place excess funds with, MAS directly. The Standing Facility also boosts market confidence by giving banks the assurance that liquidity needs in the banking system will be met in times of unusual volatility.

Given its importance, the Standing Facility is reviewed regularly to ensure its optimal role in the proper functioning of the banking system. In 2008, MAS expanded the eligibility criteria to allow all MEPS+ participants to access the Standing Facility, in line with global central banks' best practice for discount windows. In 2009, MAS announced an expansion of eligible collateral for accessing the Standing Facility.

In February 2010, the terms and conditions of the Standing Facility were refined further. The minimum size of a transaction was reduced from S$20 million to S$10 million to allow for participation from more banks. This signaled MAS' commitment to ensuring financial stability. The minimum transaction limit could be lowered further on a case-by-case basis, subject to MAS' approval. This has given the Standing Facility additional flexibility.

US Dollar Swap Facility

In June 2009, the temporary reciprocal currency arrangement (swap lines) between MAS and the Federal Reserve was extended further. The swap facilities allowed the Federal Reserve to provide US dollar liquidity, through central banks, to financial institutions in sound, well-managed and systemically important financial centres. This was aimed at improving liquidity conditions in global financial markets and mitigating the spread of difficulties in obtaining US dollar funding. The arrangement helped to enhance the robustness of the US dollar funding and foreign exchange markets in Singapore by reinforcing confidence among global financial institutions. The facility expired in February 2010 and there was no need for MAS to draw on it.

Box Story 2

A Central Bank's Role in an International Financial Centre

Walter Bagehot — a 19th century English businessman, essayist, and journalist — summarised the central bank's role with the dictum "lend freely at a high rate, on good collateral." This maxim has served central banks well for many years. However, with the globalisation of capital flows through global financial institutions, there has been a philosophical shift in how central banks think about their roles as liquidity providers.

As capital flows become more globalised, central banks, especially those in international financial centres like Singapore, have recognised the need to be able to provide liquidity not just in the local currency but in global currencies. At the same time, as more global financial institutions participate in local financial systems, central banks have also responded by recognising a broader set of good collateral from global capital markets in their liquidity facilities.

This has led to two main developments among central banks in the crisis. First, foreign exchange swap lines allow central banks to provide liquidity to local markets in global currencies, such as the US dollar and Euro. This has helped to prevent stresses in global funding markets from cascading down into local markets. To that end, MAS entered into a US$30 billion swap arrangement with the US Federal Reserve in October 2008 to help improve liquidity conditions in global financial markets.

Second, cross-border collateral arrangements allow central banks to provide local currency liquidity to foreign financial institutions, which may hold the bulk of their quality collateral in the global markets of their parent or head office. Accordingly, MAS concluded a Memorandum of Understanding with De Nederlandsche Bank N.V., the Dutch central bank, as part of establishing a network of cross-border collateral arrangements to accept well-rated foreign currencies and government debt securities as collateral in the Standing Facility.

ENSURING SAFETY AND SOUNDNESS OF FINANCIAL INSTITUTIONS AND FINANCIAL SYSTEM

Prudential Supervision and Surveillance

Over the year, MAS has maintained a heightened level of financial surveillance and has continued to focus on ensuring the safety and soundness of financial institutions in Singapore. Within MAS, regular internal financial stability meetings were convened to assess risks and discuss developments affecting financial stability. From these discussions, policy actions were taken where appropriate.

As part of ongoing supervision, stress testing has been strengthened as a tool to assess the health of financial institutions, identify potential risks to their soundness and enhance their capital planning and management processes. MAS has been conducting regular stress testing with banks and life insurers even before the crisis and the requirements are refined periodically to incorporate evolving best practices. For instance, a more intensive stress testing regime was implemented where requirements for reverse stress testing and integrated stress testing were enhanced for banks. New requirements have been introduced for life insurers to have a "stress-to-failure" scenario and for direct general insurers to conduct annual stress tests.

The crisis has also reinforced the importance of cross-border supervisory cooperation. At the international level, regular supervisory colleges for over 30 systemically important financial institutions with large cross-border operations have been established. As host regulator to many of these financial institutions, MAS' participation in the number of supervisory colleges has increased since the onset of the crisis.

Fostering a Sound and Reputable Financial Centre

The financial crisis has precipitated international discussions to strengthen capital regulation in order to address the lessons from the crisis and promote a more resilient banking sector. In July 2009, the Basel Committee on Banking Supervision (BCBS) published a package of measures to enhance the Basel II capital framework. MAS supports these measures and has completed a public consultation on the proposed amendments to the capital rules and guidance. These amendments include a strengthening of the rules governing trading book capital and securitisations to better reflect the inherent risks, as well as the provision of guidance on bank risk management under Pillar 2 (the supervisory review process) of Basel II. In addition, the BCBS issued for consultation a comprehensive package to strengthen global capital and liquidity standards in December 2009. These included a number of fundamental proposals to raise the quantity and quality of capital, strengthen risk coverage, limit excessive leverage, promote build-up of capital buffers, and develop a global minimum liquidity standard for banks. As a member of the BCBS, MAS has been actively contributing to these international discussions and will adopt these new standards as appropriate when they are finalised.

Under the risk-based capital framework, insurers are required to maintain capital that is commensurate with their risk profile. Consequently, insurers in Singapore have been prudent in their investments, cognisant that investments in higher risk instruments require a correspondingly higher amount of capital. This has enabled them to remain resilient in the midst of increased volatility in financial markets. MAS reviews the risk-based capital framework for insurers on an ongoing basis.

This helps to ensure that the framework remains relevant and is in line with international best practices. Some significant areas which MAS is currently deliberating on include the recognition of certain capital instruments, tightening the capital requirements for related party transactions and the use of internal models for computing capital requirements for specific insurance products.

The International Association of Insurance Supervisors (IAIS) set up the Common Assessment Framework Task Force in July 2009 to develop a framework to better supervise internationally active insurance groups and their group-wide risks. In addition, the IAIS is undertaking a review of the Insurance Core Principles (ICP) and their associated standards, including standards on corporate governance and group-wide supervision. MAS has been participating actively in these discussions. Besides being a member of the IAIS Executive and Technical Committees, MAS chairs the ICP Coordination Group which coordinates the review of the ICPs and standards by the respective sub-committees.

The financial crisis has illustrated how disruption in the capital markets may lead to more widespread adverse effects on the financial system and the wider economy. The International Organization of Securities Commissions (IOSCO) reformulated its mission and adopted revisions to its Objectives and Principles of Securities Regulation (IOSCO Principles) in June 2010 to give more emphasis to addressing systemic risks posed to the capital markets. Further work is being carried out by IOSCO on the Methodology for Assessing Implementation of the IOSCO Principles to reflect the revisions to the IOSCO Principles. MAS intends to participate in the discussion on the Methodology for Assessing Implementation of the IOSCO Principles and will implement the revised IOSCO Principles as appropriate.

Review of Deposit Insurance Scheme in Singapore

The deposit insurance (DI) scheme in Singapore was implemented in 2006 with the primary objective of protecting small depositors. Under the scheme, Singapore dollar deposits held by individuals and charities in standard deposit accounts with a full bank or finance company in Singapore are insured up to S$20,000 per depositor per scheme member. The design of the scheme was guided by several considerations, including the need to provide adequate protection for the majority of small depositors while limiting the cost of DI to scheme members and depositors, and preserving the incentives for large depositors to exercise market discipline.

As part of our regular review, MAS, together with the Singapore Deposit Insurance Corporation (SDIC) which administers the scheme, are proposing changes to enhance depositor protection. These proposals are set out in a public consultation paper issued in February 2010. Among others, it is proposed that the scope of DI coverage be expanded to include non-bank depositors in general, including business depositors, and to raise the coverage limit to S$50,000. CPF monies placed by an individual depositor with a scheme member will be insured under a separate revised S$50,000 limit. MAS and SDIC are studying feedback received and will work with the scheme members to implement the proposed amendments by early 2011.

Property Market Measures

As part of the calibrated steps taken by the Government to temper sentiments and pre-empt a property bubble from forming, MAS banned financial institutions from offering interest-absorption and interest-only housing loans in September 2009. This move was intended to encourage prospective home-buyers to consider carefully their ability to afford the properties over the long term and not rush into any purchase. In February 2010, MAS lowered the loan-to-value limit for housing loans from 90% to 80%, to encourage greater financial prudence among property purchasers and ensure a stable and sustainable property market.

Insurance Resolution and Policy Owners' Protection Fund (PPF)

To ensure that the existing Policy Owners' Protection Fund (PPF) schemes remain relevant in light of market developments, MAS is reviewing the life and general insurance PPF schemes, currently provided for in the Insurance Act. The first phase of the review, which covered issues on membership, scope and level of coverage, continuity of coverage as well as funding of the PPF schemes was completed in August 2006.

In December 2009, MAS issued a consultation paper on the second phase of the review. This focused on implementation issues, such as governance and administration of the schemes, management of the PPF funds, collection of levies, payouts using PPF funds and priority ranking of policy liabilities. It also revisited some of the issues covered in the first phase of the review to take into account developments since then.

In conjunction with the review of the PPF schemes, MAS also intends to enhance its powers and review its options relating to the resolution of insurers. Enhancing MAS' powers in insurance resolution will strengthen its ability to secure continuity of insurance coverage, particularly for life policies. Continuity of coverage is important because policies written by life insurers tend to be long-term in nature, and early termination of the policies could cause a substantial loss to the policy owner due to a low surrender value or inability to take up new insurance cover due to advanced age or deteriorating health.

Box Story 3

Monograph on Tenets of Effective Regulation

In June 2010, MAS issued a monograph "Tenets of Effective Regulation" to communicate MAS' approach to developing effective regulation.

Following the global financial crisis of 2008/09, the importance of regulation to a stable financial system has taken on renewed importance. International regulatory standards are now being reviewed and tightened significantly. MAS supports and participates in these international reviews. While new international regulatory standards will mean some tightening too in Singapore, the shift will not be dramatic. This is because in Singapore, our regulatory framework is prudent and the financial system is stable.

The "Tenets of Effective Regulation" guides the design and formulation of regulation and explains our balanced regulatory approach, which continues to be relevant and effective in achieving the outcome of a sound and progressive financial services sector. The six Tenets are:

Tenet 1: "Outcome Focused" requires MAS to uphold sound regulation of a high standard and to give consideration to all of the six Tenets concurrently. Where the Tenets do not pull in the same direction, to exercise appropriate judgment as to how and in what measure the Tenets should be applied in the particular circumstances of each new regulation so that good regulatory outcomes can be achieved.

Tenet 2: "Shared Responsibility" acknowledges that regulation alone is insufficient to deliver good regulatory outcomes. In many areas, good outcomes are most effectively achieved with MAS, financial institutions, investors and consumers each taking on specific responsibilities for and shared ownership of regulatory objectives and outcomes.

Tenet 3: "Risk Appropriate" advocates that while MAS establishes standard, baseline regulatory requirements for broad application, it should be able to exercise supervisory judgment to set higher standards or to grant exemptions, where justified, in the particular circumstances of an individual financial institution or transaction. The consequences for regulatory breaches should be proportionate to the risks posed to regulatory objectives.

Tenet 4: "Responsive to Change and Cycles" recognises the need for the regulatory framework to be updated to keep pace with changes in the industry and as new risks emerge. Regulations should also require the pre-emptive build-up of prudential buffers in financial institutions to weather a downturn or stress events, including financial, operational and business conduct risk events, as well as be able to respond to macroprudential risks across the financial system.

Tenet 5: "Impact Sensitive" requires that the costs and impact of major new regulatory initiatives be assessed and a judgment made of the balance of costs and benefits. Regulation should be targeted clearly at specific and material risks to the objectives of financial supervision. Regulation should be designed with due regard to its market and cost impact so that it is not unduly burdensome whilst maintaining a high standard consistent with established international standards and practices.

Tenet 6: "Clear and Consistent" explains that regulation should be clear so that institutions have certainty and predictability as to their legal obligations. Regulation should be consistent over time and not be subject to frequent or sudden change that causes disruption. Where appropriate, there should be consistent treatment of like activities conducted by institutions of different sectors.

These Tenets are intended to be generally applicable to all areas of our regulatory development work. This means that, in totality, we strive to achieve a sound regulatory framework which is consistent with international standards, with shared responsibility for regulatory outcomes among financial institutions and other stakeholders, which is sensitive to the risks it is aimed at and the impact it creates, as well as more responsive to changes in the industry, risks and cycles, and which also provides sufficient flexibility to set requirements that are commensurate with the risk profile and unique circumstances of a particular financial institution.

Success in achieving effective regulation requires more than MAS setting demanding standards of itself. The industry has a critical role to play by taking shared responsibility for and ownership of the regulatory objectives, as well as instituting high standards of governance and controls for itself. Articulating this set of Tenets is a further step towards fostering shared understanding and ownership of our regulatory approach and objectives.

Box Story 4

Framework for Nomination of Beneficiaries

The Insurance (Amendment) Act 2009, which incorporates a framework for nomination of beneficiaries in respect of insurance policy proceeds, was passed by Parliament on 19 January 2009 and came into effect on 1 September 2009. The framework aims to give policy owners a clear, simple and economical means to decide how the proceeds from their insurance policies should be distributed.

Under the nomination framework, policy owners have a choice of whether or not to make nominations. If they choose to nominate, they then have the option of making either a revocable or an irrevocable (trust) nomination.

With a revocable nomination, the policy owner will be able to unilaterally change his nomination at any time. Any legal entity may be nominated as the beneficiary. The policy proceeds under such a nomination will be paid to the policy owner while he is still alive and to his beneficiaries thereafter.

An irrevocable (trust) nomination will create a statutory trust in favour of the beneficiaries. This means the policy owner will lose all rights and control over the policy concerned. In exchange, the policy proceeds will be protected from his creditors. Only the policy owner's spouse and/or children can be nominated as the beneficiaries of a trust nomination. All policy proceeds under such a nomination will be paid to the beneficiaries.

The nomination framework applies to all life, as well as accident and health insurance policies with death benefits. However, it does not apply retrospectively, meaning that policies with existing nominations will continue to be subjected to the legislation in-force at the time the nomination was made.

Enhancing Safeguards for Retail Customers

In March 2009, MAS issued a Consultation Paper on the Review of the Regulatory Regime Governing the Sale and Marketing of Unlisted Investment Products. MAS subsequently issued a second Consultation Paper on the Regulatory Regime for Listed and Unlisted Investment Products in January 2010, with revised proposals to enhance safeguards for retail customers in relation to listed and unlisted investment products.

Under the revised proposals, MAS will impose an obligation on financial advisers and brokers to assess a retail customer's investment knowledge or experience before selling investment products to the customer. Customers who do not have the relevant knowledge or experience in specific unlisted investment products must be given financial advice before purchasing the products. For listed investment products, additional safeguards will be required of brokers when approving trading accounts for customers who lack the relevant knowledge or experience in derivatives.

Some other key initiatives that MAS will undertake include the introduction of a new Capital Markets and Financial Advisory Services examination module for product knowledge about certain investment products. Representatives of intermediaries intending to sell such products will be required to pass this examination module. MAS will also require issuers of all debentures (in the form of asset-backed securities and structured notes), collective investment schemes and sub-funds of investment-linked life insurance policies to prepare Product Highlights Sheets that clearly disclose key features and risks of products to investors.

MAS will be implementing the proposals through legislative amendments to the Securities and Futures Act, the Financial Advisers Act, and relevant regulations, notices and guidelines.

Achieving Fair Dealing Outcomes

In the Guidelines on Fair Dealing - Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers (Fair Dealing Guidelines) issued on 3 April 2009, MAS emphasised that the Board and Senior Management of a financial institution are responsible for setting its corporate culture and direction to align business practices with the fair dealing outcomes. The Board and Senior Management of all financial institutions are required to complete a review of their financial institutions' business models as well as sales and business processes. They are expected to put in place action plans to ensure that they meet the standards set out in the Fair Dealing Guidelines.

Over the past year, MAS has embarked on a series of initiatives to assess financial institutions' progress in achieving the fair dealing outcomes. These initiatives include letters addressed to the Chief Executive Officers/Principal Officers of major financial institutions, requiring them to furnish information on their Board and Senior Management's involvement as well as actions taken in delivering fair dealing outcomes. MAS has also communicated its expectations on fair dealing at dialogues with industry associations and will continue its engagement with financial institutions to assess their implementation and delivery of fair dealing outcomes.

Enhancing Corporate Governance Standards

The financial crisis has highlighted the importance of risk management oversight at the Board level and sparked increased global discussions on the need for better corporate governance practices. MAS has been closely monitoring developments on this front and has proposed enhancements to the existing corporate governance framework for locally-incorporated banks, financial holding companies and direct insurers. A consultation paper on MAS' proposed enhancements was issued on 18 March 2010. The proposals emphasise the important role played by the Board in overseeing the soundness of their financial institutions. The proposals also focus on the need for directors to be equipped with the appropriate skills and to be able to commit enough time to discharge their responsibilities more effectively. In addition, independent directors play an important role on the Board by providing a check and balance on management and majority shareholders, protecting the interests of financial institutions as a whole. As such, the proposed enhancements also touch on the criteria for director independence, as well as changes to the minimum proportion of independent directors on Board and Board Committees.

MAS has also introduced a requirement for real estate investment trusts (REITs) to hold Annual General Meetings (AGMs) with effect from 1 January 2010. Mandatory AGMs will enhance corporate governance for REITs by providing an important channel for communication between REIT managers and unitholders, thereby increasing REIT managers' accountability to unitholders.

In February 2010, MAS established the Corporate Governance Council to promote a high standard of corporate governance for companies listed in Singapore, so as to maintain investors' confidence and enhance Singapore's reputation as a leading and trusted international financial centre. The Council is chaired by Mr Alan Chan, Chief Executive Officer, Singapore Press Holdings Limited, and comprises members drawn from the business community and stakeholder groups. Representatives from MAS, Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Limited (SGX) are appointed to the Council on an ex-officio basis. As an immediate task, the Corporate Governance Council has commenced a review of the Singapore Code of Corporate Governance. The Council will also identify opportunities for continuing professional development of directors and the development of practical guidance for Board committees of listed companies.

Enhancing Market Conduct

From April 2009 to March 2010, MAS published a total of 69 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 of representative's licence, issuance of prohibition orders and bans on the sale of structured notes. Over this period, MAS also took other regulatory and administrative actions in another 408 cases.

Box Story 5

Review of Regulatory Regime for Fund Management Companies

In line with global regulatory developments, MAS has embarked on a review of the regulatory regime for fund management companies. In April 2010, MAS issued a policy consultation paper on proposals to formalise industry best practices and enhance regulatory oversight of the fund management industry. This enhancement of the regulatory regime represents an evolution of the existing framework. MAS maintains a calibrated approach towards the regulation of fund management companies, based on the scale and impact of their businesses and the sophistication of their client base.

Fund management companies whose activities are limited in scale and impact will be allowed to operate under a notification regime, in which registration with MAS is necessary prior to the commencement of business, subject to certain conditions and restrictions. Fund management companies managing or advising on a larger portfolio of assets, or catering to retail investors will have to be licensed. MAS also proposes to subject all fund management companies, regardless of size of operations, to business conduct rules. These will include the need to maintain customers' monies and assets with an independent custodian, and ensure adequate segregation of front and back office functions.

The proposals are also intended to formalise MAS' expectations on the compliance arrangements and the minimum expertise required of individuals who operate a fund management company. Overall, the proposals aim to raise the quality and standards of fund management companies while taking into consideration business-related concerns such as the ease of setting up and time-to-market requirements, with a view to promoting the long-term sustainable growth of the fund management industry in Singapore.

SINGAPORE AS AN INTERNATIONAL FINANCIAL CENTRE

Singapore's Financial Sector – Positioning for the Upturn

With the gradual recovery of global economies, Singapore's financial services sector saw year-on-year growth of 18% in the first quarter of 2010. The resilience of Singapore's financial sector can be attributed to our strong fundamentals: a well-respected regulatory and supervisory regime, a stable domestic economy, a pro-business operating environment and a highly competent financial sector workforce. While the global financial industry has gone through severe contraction as a result of the crisis, investors have remained bullish about growth opportunities in Asia. In this regard, it is important that Singapore continues to play a key role as an important gateway to Asia, facilitating capital and investment flows.

The post-crisis financial landscape in Asia should continue to find a positive nexus between the financial system and the real economy, which is essential for the sustained growth of Asian economies. In this regard, MAS continues to encourage the growth of trade and corporate finance activities, as well as project financing capabilities, so as to meet the financing and liquidity needs of Asian corporates and economies. Singapore has seen good growth in the area of commodity trading, with an increasing number of both physical and derivatives trading players expanding their operations in Singapore to meet Asia's fast-growing demand for resource commodities. Treasury activities have also picked up in tandem with the internationalisation of Asian corporates who have found Singapore an ideal location to manage their global and regional treasury activities. Given the growth and potential of the region, interest in Asian investments remains strong. Recognised as a major centre for asset management in the Asian region, asset managers continue to use Singapore as a base to access regional opportunities for both investing and asset-gathering.

MAS continues to build depth and diversity in the offering of financial products and services, and build industry-wide trading and clearing infrastructure. At the same time, we continue to emphasise the importance of enhancing transparency, strengthening risk management and deepening financial sector competencies in our workforce.

Singapore's Debt Markets

MAS continues to build a deep and vibrant Singapore dollar bond market to serve as a complementary pillar of corporate fund-raising in addition to bank financing. Lessons from past financial crises showed that financial stability would be enhanced in tandem with the growing breadth and depth of local currency debt markets, as funding availability became less dependent on banks' balance sheet capabilities and good quality investment assets became more readily available.

In line with the objective of maintaining financial stability, MAS implemented a two-part framework in 2H 2009 to anchor AAA-rated issuers in the Singapore dollar bond market, so as to increase the availability of high-grade and liquid assets for financial institutions. First, AAA-rated Singapore dollar debt securities issued by sovereigns, supranationals and sovereign-backed corporates would be accepted as collateral in the Standing Facility. Second, banks would be allowed to treat these securities as regulatory liquid assets with the same haircut as Singapore Government Securities (SGS). Since the institution of these regulatory changes, Singapore's bond market has attracted around S$2 billion of new issuances from top AAA-rated issuers like the World Bank and KfW Bankengruppe.

As market sentiment recovered and demand for fixed income securities increased, the Singapore dollar corporate debt market stood at S$77 billion as at 1Q 2010, on the back of a three-fold increase in new debt issuance compared to the same period in 2009. Non-Singapore dollar corporate debt market stood at S$97 billion with new debt issuance increasing by one and a half times. For 1Q 2010, around S$7 billion of debt from large domestic corporates, statutory boards, foreign financial institutions and property-related firms was issued. In particular, Temasek Holdings issued five benchmark bonds ranging from 10 to 30 years during this period, which extended the corporate yield curve and provided a high-quality pricing reference for other corporate debt issues.

Risk Management in Over-the-Counter (OTC) Derivatives Market

Singapore has traditionally been a leading centre for the trading of foreign exchange (FX) and over-the-counter (OTC) derivatives. In 2007, the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity conducted by the Bank of International Settlements (BIS) placed Singapore as the fifth largest FX trading centre globally and the second largest OTC derivatives trading centre in Asia.

Since the financial crisis, trading activities globally have been impacted partly due to heightened counterparty risk concerns. To mitigate such risks and improve market transparency in the OTC derivatives market, authorities globally have called for bilateral trades to be centrally cleared.

Responding to the heightened risk management needs of the financial industry in the Asian timezone, Singapore Exchange (SGX) is developing a central counterparty clearing facility for OTC financial derivatives, which will be an expansion of its existing clearing service for OTC energy and freight derivatives. Such an initiative will enhance Singapore's role as a regional risk management centre and promote market stability.

Facilitating the Growth of Infrastructure Financing

The Asian Development Bank (ADB) estimated that Asia would need to spend about US$8 trillion over the next 10 years to maintain and build new infrastructure to support Asia's growth. Singapore is poised to play a significant role in facilitating regional infrastructure financing, and a growing pool of local and international financial institutions have been expanding their project finance teams here to provide lending, advisory and structuring services to the region. In the capital markets, MAS has replicated the success of the real estate investment trusts (REITs) model for the infrastructure sector, by putting in place the Business Trust and project bond framework for developers to tap the capital markets in financing infrastructure projects.

Box Story 6

Minister for Finance Tharman Shanmugaratnam speaking at the World Bank - Singapore Infrastructure Finance Summit

World Bank-Singapore Infrastructure Finance Summit

Together with the World Bank Group, MAS and Ministry of Finance (MOF) jointly organised the inaugural World Bank-Singapore Infrastructure Finance Summit, in association with *Financial Times* and the World Bank-ASEAN Infrastructure Finance network. The Summit, held from 11 to 12 November 2009, was the first of an annual series organised under the auspices of the World Bank-Singapore Urban Hub. The Summit aimed to bring together public sector policy makers, industry leaders and businesses to discuss and showcase new developments and initiatives in infrastructure financing efforts, with the objective of increasing sustainable regional infrastructure development.

Minister for Finance Tharman Shanmugaratnam, in his opening remarks, spoke on the need for Asia to invest more heavily in infrastructure with a sustainable model of financing. The keynote speaker was World Bank Group President Robert B. Zoellick, who spoke on urbanisation being a vital phase of development and a key driver of long-term economic growth. The Summit featured a series of panel discussions and speakers included several Asia-Pacific Economic Cooperation (APEC) Finance Ministers, mayors and other central and local government policy makers, as well as senior executives from the private sector.

The Summit also witnessed the signing of three sets of Memoranda of Understanding (MoU) between the World Bank and Singapore Cooperation Enterprise (SCE) with the respective Governments of Mongolia and Vietnam, and with the Municipal Government of Chongqing, China. Singapore will provide expertise to assist these governments in developing the framework for Public-Private Partnerships and developing commercially viable infrastructure projects for private sector participation. The World Bank Group also launched its Global Urban Strategy at the Summit. The Summit was a significant milestone, highlighting the emergence of Singapore as a regional hub for knowledge on infrastructure and urban management.

Facilitating the Growth of Islamic Finance

The strong growth of Islamic financial services reflects demand from fast-growing markets in the Middle East and South-East Asia. Singapore is well-positioned as a global financial and business centre in Asia with growing connectivity to the Gulf Cooperation Council (GCC) economies. MAS aims to provide a conducive business environment to the offering of Islamic financial products and services. Regulations are fine-tuned, where appropriate, to provide greater clarity, certainty and transparency for financial institutions offering Islamic finance services within our single integrated regulatory framework. In April 2010, MAS issued a new banking regulation to permit banks to offer Islamic project financing (Istisna) in Singapore, thereby completing its planned review of all major Islamic financing structures. MAS remains committed to working with the industry to refine our rules where needed to keep our regulatory framework responsive and relevant. With the establishment of the International Islamic Law & Finance Centre by Singapore Management University (SMU), the growth and innovation of Islamic finance in the region has seen a further boost of support. The centre aims to promote high-quality research, training and professional education in Islamic Finance.

Box Story 7

The World Islamic Banking Conference: Asia Summit 2010

The first annual World Islamic Banking Conference: Asia Summit (WIBC Asia) was held in Singapore from 14 to 15 June 2010 with the theme of "Seeking New Growth Horizons". More than 350 central bankers, government officials, as well as industry and academic representatives from over 170 institutions from Europe, Middle East, Asia and Australia attended the event. Rasheed M. Al Maraj, Governor of the Central Bank of Bahrain and Sultan Bin Nasser Al Suwaidi, Governor of the Central Bank of United Arab Emirates delivered keynote speeches at the Summit. Other conference speakers included financial regulators, bank chief executives and fund managers.

Lim Hng Kiang, Minister for Trade and Industry and Deputy Chairman of MAS, delivered the opening address in which he called for greater engagement between the Middle East and Asia to complement each other's growth and to seek out new opportunities for mutual benefit. He also highlighted the positive outlook for Islamic finance globally and outlined Singapore's wider developmental role as an international financial centre in promoting Islamic finance.

WIBC Asia is positioned as a regional flagship Islamic finance conference for the budding industry to share their experiences and capitalise on the growing business opportunities within Asia. MAS' support in establishing and anchoring this annual conference in Singapore signifies our broader commitment to promote Islamic finance and ethical investment.

Lim Hng Kiang, Minister for Trade and Industry and Deputy Chairman of MAS speaking at the World Islamic Banking Conference : Asia Summit

Rasheed M. Al Maraj (left), Governor of the Central Bank of Bahrain and Sultan Bin Nasser Al Suwaidi (right), Governor of the Central Bank of United Arab Emirates with Minister Lim Hng Kiang.

Building Manpower Capabilities Amid the Downturn

Many financial institutions adopted cost-cutting measures such as hiring freezes in the immediate aftermath of the financial crisis. To sustain the longer-term talent pipeline within the financial sector, MAS went beyond training incentives and launched two graduate schemes in the first half of 2009. The schemes, supported by the Financial Sector Development Fund (FSDF), aimed to provide attachments and job opportunities for fresh graduates during the downturn and encourage continued investment in financial sector talent.

The Finance Graduate Immersion Programme (FGIP) provided fresh graduates with industry and research attachment opportunities which would prepare them for effective deployment in the financial sector. Graduate trainees hired under the scheme receive structured on-the-job training to equip them with the relevant skills for specialised financial activities. The Finance Graduate Leadership Programme (FGLP) supported the hiring of management associates (MA) by financial institutions in order to build leadership pipeline for the financial sector.

More than 800 graduates were supported under the two programmes. With improving economic conditions, most of the FGIP participating organisations have converted suitable trainees into permanent hires. Overall, the two schemes have been effective in building a pipeline of skilled talent for the financial sector amid the downturn.

Box Story 8

Establishment of Financial Research Institutes and the Financial Research Council

Financial research plays an important role in supporting the development of the financial industry. The financial crisis has altered the economic and financial landscape, and highlighted the need for financial centres to deepen their research and intellectual capabilities to better understand and respond to the changing needs of international finance.

Since 2006, MAS has been working closely with local and foreign universities, as well as research institutes to build a vibrant eco-system of flagship training and research centres in Singapore. Flagship research institutes here include the National University of Singapore-Risk Management Institute, Singapore Management University-BNP Paribas Hedge Fund Centre and INSEAD Asia-Pacific Institute of Finance.

In the past two years, the emergence of two new research institutes – the Singapore Management University-Sim Kee Boon Institute for Financial Economics (SKBI) and the EDHEC-Risk Institute further have added to the vibrancy of the financial research landscape in Singapore. SKBI aims to be a leading academy in Asia Pacific for research in the area of financial economics with strong practical application and relevance for the industry. EDHEC-Risk Institute, Asia, which will be officially launched in 2H 2010, aims to introduce new global research programmes in asset and risk management and adapt their existing investment-focused research to the Asian context. Complementing its research activities, the Institute will be offering an Executive MSc in Risk and Investment Management and a PhD in Finance for Asia-based investment professionals.

In January 2010, MAS set up the Financial Research Council (FRC) which comprises industry and academic leaders. The council has been tasked to chart out high-impact research areas and identify research strategies that may introduce new innovation and thinking, with a view to grow the depth and breadth of Singapore's financial sector in the next three to five years.

ENHANCING OPERATIONAL CAPABILITIES AND RESILIENCE

Enhanced Business Continuity Management

Over the year, MAS has completed the review of Business Impact Analysis (BIA) which drives the priorities and strategies for managing continuity and recovery in a disaster. Departments have also updated their business continuity plans containing essential information for them to respond, resume and restore operational services in a disruption. To familiarise staff on MAS' crisis management process during an emergency, an internal Operations Centre crisis management exercise and several enterprise-wide notification exercises were conducted over the year.

Enhanced Risk Management

Enterprise Risk Management

To enhance the risk management culture and raise risk awareness among staff, MAS organised a series of talks and invited speakers from the public sector, academia and industry to share their views and experiences on relevant topics. In addition, a basic Enterprise Risk Management (ERM) course was introduced and sharing sessions were conducted to improve risk management competencies and knowledge.

Continuous Auditing

To provide assurance on the adequacy and effectiveness of our controls and procedures, MAS conducted an extensive programme of risk-focused audits across a wide spectrum of our operations during the year. Recognising the volatility of risk and the need for more real-time evaluation of the critical risks confronting MAS, Continuous Auditing (CA) has been adopted to enhance the efficiency and effectiveness of audit checks in critical areas. CA also allows greater audit penetration and ensures timely notification of gaps and weaknesses for immediate follow-up and remediation.

In line with industry standards, MAS will also be reviewing our internal audit charter against the new International Professional Practices Framework issued by the Institute of Internal Auditors.

Enhancing Operational Capabilities and Supervisory Processes Through IT

In 2009, the Bills for the amendments of the Securities and Futures Act (SFA) and the Financial Advisers Act (FAA) were passed in Parliament. This paved the way for the development of the Representative Notification Framework (RNF) and a Register of Representatives to replace the current bifurcated Licensing Framework. Under the RNF, financial institutions will be able to lodge notifications for their representatives via an online system. This system will streamline the notification process for individuals carrying out regulated activities across the industry. All data will be captured by the system, allowing easier retrieval of information for supervisory purposes. The Register of Representatives will be made available online. Members of the public may conduct a search against the Register, thereby reducing the risk of dealing with unregulated individuals.

MAS also developed an online notification system, CISNet, to facilitate the notification of restricted offers of collective investment schemes to accredited investors in Singapore. Since its launch on 1 October 2009, CISNet has reduced processing time for restricted schemes significantly from 14 days to two business days. Furthermore, CISNet has increased convenience and lowered costs of compliance with regulatory requirements for restricted offers. Fund managers can now make electronic payment for notifications and notify MAS of any updates on the restricted schemes online. Members of the public can also refer to CISNet for the latest list of restricted schemes on offer.

MAS embarked on the Retail Singapore Government Securities (SGS) project in 2009 to facilitate retail investors' investment in SGS. A new IT system was developed to enable retail investors to apply for SGS via local banks' Automated Teller Machines (ATM). Together with the three local banks and the Central Depository, MAS successfully launched the system on 1 July 2009.

CURRENCY AND PAYMENT SYSTEM

Enhancing MEPS+

MAS implemented enhancements to MEPS+ (MAS Electronic Payment System) in May 2009 and November 2009. The enhancements were to improve liquidity management tools, support new message format changes introduced by SWIFT (Society for Worldwide Interbank Financial Telecommunication) and cater to new business requirements for better risk management and efficiency.

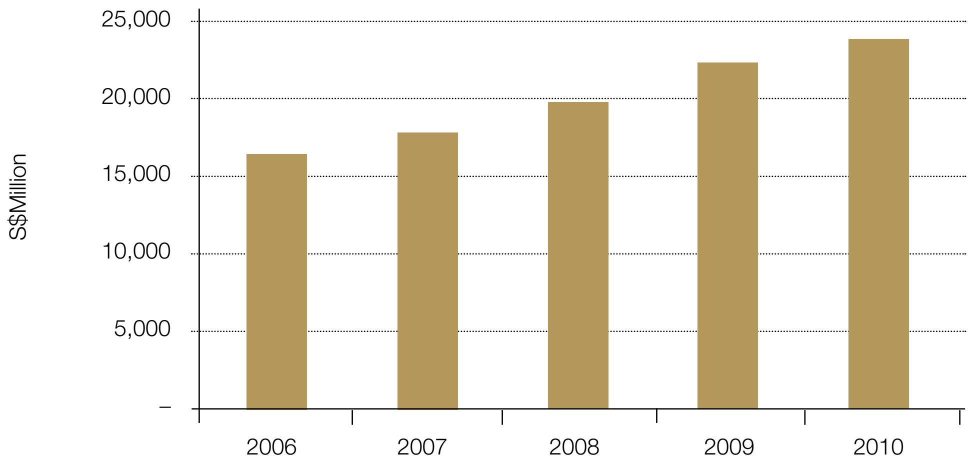
Managing Dollars and Cents

As at 31 March 2010, the gross and active currency in circulation was S$23.8 billion (see Chart 5) and S$21.2 billion respectively. The gross currency in circulation increased 7.4% over the year, with S$43.6 billion worth of notes and coins issued to banks and S$41.6 billion returned.

In 2009, the total Brunei currency repatriated to the Brunei Currency and Monetary Board was B$826.8 million, B$13.7 million more than in 2008. The amount of Singapore currency repatriated to Singapore decreased by S$0.5 million to S$4.9 million in 2009.

In January 2010, MAS launched a set of commemorative coins to mark the celebration of 50 years of Public Housing in 2010. The design reflected the transition of Singapore's housing landscape over the past 50 years, from slums and squatter housing to high-rise living in vibrant and sustainable towns.

50 Years of Public Housing Commemorative Coin



Gross Circulation (S$Million)	2006	2007	2008	2009	2010
Notes	15,354.54	16,597.55	18,305.91	21,052.04	22,653.49
Coins	1,002.83	1,037.64	1,084.19	1,118.75	1,153.39
Total	16,357.37	17,635.19	19,390.10	22,170.79	23,806.88

Valuing Partnerships,
Building Cooperation

Our Partners

Our Partners

Valuing Partnerships, Building Cooperation

ENHANCING STRATEGIC PARTNERSHIPS IN AN EVOLVING FINANCIAL LANDSCAPE

In the past year, MAS' priorities have centred on enhancing global financial stability and regulatory reform, contributing to international and regional crisis lending and surveillance, facilitating international financial crisis discussions, enhancing our anti-money laundering and counter terrorism-financing regime, strengthening regional surveillance and capital markets development, as well as pursuing closer bilateral engagements. In addition, we continued to strengthen cooperation with our industry partners, including financial institutions, the public sector and academia.

Enhancing Global Financial Stability and Regulatory Reform

The expansion of the Financial Stability Board's (FSB) mandate and membership in 2009 led to the establishment of three Standing Committees to oversee vulnerabilities in the financial system, supervisory and regulatory cooperation, and international standards implementation, respectively. MAS is a member of all three Standing Committees, and has participated actively in the deliberations of these committees. In addition, MAS was part of a FSB peer review team that assessed the effective application of the FSB Principles for Sound Compensation Practices and their Implementation Standards in selected FSB member jurisdictions.

MAS continues to contribute actively to the work of key standard-setting bodies, including the Basel Committee on Banking Supervision (BCBS), International Organisation of Securities Commissions (IOSCO) and International Association of Insurance Supervisors (IAIS). The past year also saw MAS' continued participation in efforts by the Bank for International Settlements' (BIS) Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the IOSCO to review and strengthen existing standards for financial market infrastructures, based on lessons learnt from the recent financial crisis. MAS is also a member of a working group set up by CPSS and IOSCO with regard to the application of the Recommendations for Central Counterparties on clearing arrangements for over-the-counter (OTC) derivatives.

Contributing to International and Regional Crisis Lending and Surveillance

Singapore is committed to contributing towards global financial stability. In April 2009, the G20 pledged to boost the IMF's lending resources and New Arrangements to Borrow (NAB) by US$500 billion in order to enhance economic growth in emerging markets and developing countries. In response, Singapore correspondingly increased its NAB contribution fourfold to US$2 billion, reiterating its longstanding support for IMF initiatives.

Within Asia, Singapore worked with our ASEAN+3 colleagues to operationalise the Chiang Mai Initiative Multilateralisation (CMIM) arrangements. The CMIM is a US$120 billion multilateral swap facility that aims to enhance regional capacity to safeguard against potential short-term liquidity and balance of payment difficulties faced by ASEAN+3 economies, through a regional pooling mechanism. The CMIM came into force in March 2010. In addition, Singapore was chosen to host the ASEAN+3 Macroeconomic Surveillance Office (AMRO) that would carry out regional surveillance activities to support CMIM decision-making processes. Singapore is committed to working closely with our ASEAN+3 counterparts to ensure the timely establishment of AMRO by early 2011.

Facilitating International Financial Crisis Discussions

In 2009, Singapore hosted and chaired the Asia-Pacific Economic Cooperation (APEC) process, in particular the APEC Economic Leaders' Meeting (AELM). This meeting saw the participation of APEC Ministers and senior officials from 21 member economies to discuss APEC's response to the financial crisis, as well as steps needed to achieve strong, sustainable and balanced growth in the APEC region. Arising from the meetings in Singapore, APEC finance officials agreed to establish a Working Group on Structural Reforms to identify and study priority areas of reform and facilitate exchange of best practices on structural reform measures amongst the APEC economies. The Working Group is co-chaired by Singapore and Korea. MAS was also a key partner of the World Bank in jointly organising the World Bank-Singapore Infrastructure Summit, which brought together public sector policy makers, industry leaders and businesses to discuss new developments and initiatives in regional infrastructure financing efforts (see Box Story 6).

As the 2009 APEC Chair, Singapore was invited to participate in the G20 Finance Ministers and Central Bank Governors meetings in London and St. Andrews, as well as the 2009 Leaders' Summit in Pittsburgh, where we contributed our views and perspectives on the financial crisis to the G20 processes. MAS continues to work closely with other central banks, prudential regulators and finance ministries to advance global solutions on a range of macroeconomic and financial reform issues.

In addition, MAS and the IMF co-hosted the 3rd High Level Meeting of regional Finance Ministers, Central Bank Governors, and Heads of International Financial Institutions. The meeting was held concurrently with the APEC AELM. Participants discussed Asia's role in maintaining global financial stability, which includes improving the domestic investment environment and tackling challenges in shifting the composition of capital flows towards more stable foreign direct investments (FDI). The meeting also acknowledged the need to address structural and investment-related challenges in Asia, and that global imbalances will only be gradually reduced over the medium-term.

In October 2009, MAS and the Financial Stability Institute co-hosted a closed door policy forum in Singapore on the theme "Banking and Banking Regulation: A New Era". The forum was attended by 40 senior regulators and central bankers from Asia, US and Europe. Liu Mingkang, Chairman of the China Banking Regulatory Commission, delivered the keynote speech. Forum participants exchanged views on the causes and lessons from the crisis, and considered ways to strengthen the regulatory framework. The challenges of implementing macro-prudential supervision were discussed, including how procyclicality concerns could be addressed.

Enhancing the Anti-Money Laundering and Counter Terrorism-Financing Regime

MAS continued to enhance Singapore's Anti-Money Laundering and Counter Terrorism-Financing (AML/CFT) regime by providing further guidance to clarify customer due diligence (CDD) requirements. Singapore also ratified the United Nations Convention Against Corruption (UNCAC) in November 2009. As part of industry engagement, MAS continues to support the biannual industry conferences organised by the Association of Banks in Singapore (ABS) to promote industry best practices and capabilities. As a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG), Singapore is also active in global and regional AML/CFT efforts. Singapore is the current co-chair of the APG and hosted the group's annual meetings in July 2010.

In addition, Singapore has passed legislative amendments to facilitate implementation of the Organisation for Economic Co-operation and Development (OECD) Standards for Transparency and Exchange of Information for Tax Purposes, in our Avoidance of Double Taxation Agreements. The Standard allows Singapore to exchange information for tax purposes upon request. Singapore has been recognised by the OECD as a jurisdiction that has substantially implemented the internationally agreed Standard.

Strengthening Regional Surveillance and Capital Markets Development

At the Executives' Meeting of East Asia-Pacific Central Banks[1] (EMEAP), MAS chaired the Working Group on Payment and Settlement Systems (WGPSS), which focused on strengthening areas of risk management, oversight and standards, and best practices for payment systems in the region. As Chair of the Working Group on Financial Markets (WGFM), MAS also collaborated with the Bank of Japan on cross-border collateral arrangements within the EMEAP region. MAS assumed the WGFM chairmanship from July 2010, and will continue to work with other EMEAP members to strengthen the regional financial market infrastructure.

In May 2010, Singapore participated in the establishment of the US$700 million Credit Guarantee and Investment Facility (CGIF) under the ASEAN+3 Asian Bond Markets Initiative (ABMI). The CGIF promotes local currency corporate bond issuances in the region. In addition, as co-chair of the ABMI Taskforce which facilitates the demand for local currency-denominated bonds, Singapore hosted the 4th Asian Bond Markets Summit in November 2009. Under the theme of "Looking Beyond the Crisis", the summit provided a useful platform for stakeholders to discuss the latest trends and prospects of Asian bond markets.

Within ASEAN, Singapore has helped to drive various ASEAN initiatives towards the vision of an ASEAN Economic Community by 2015. As Chair of the Working Committee of Capital Markets Development under the ASEAN Finance Ministers' process, MAS is working with 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), a platform for securities regulators to discuss key regulatory and developmental issues in the region, so as to promote greater capital market integration in ASEAN.

Pursuing Closer Bilateral Engagements

As part of our efforts to maintain strong bilateral relations and foster greater policy exchanges with our regional counterparts, MAS held several high-level bilateral meetings with central banks and regulators from the region. Bilateral meetings were held with Bank Indonesia (BI) in May 2009, with the Hong Kong Monetary Authority (HKMA) in July 2009, with the Bank of Thailand (BOT) in August 2009 and with the China Banking Regulatory Commission (CBRC) in October 2009. These meetings provided timely platforms for the bilateral exchange of views on global developments, as well as the impact of these developments on the region. In August 2009, MAS also participated in the 6th Joint Council for Bilateral Cooperation (JCBC) between China and Singapore. This annual exchange, co-chaired by China's Vice Premier Wang Qishan and Singapore's Deputy Prime Minister Wong Kan Seng, facilitates high-level discussions on issues ranging from economic and financial cooperation to cultural exchange.

1 The EMEAP grouping comprises the central banks and monetary authorities from Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore and Thailand.

Box Story 9

Dominique Strauss-Kahn, Managing Director of the IMF (left) with Heng Swee Keat, Managing Director, MAS

MAS Lecture

A signature central banking event, the MAS Lecture provides a platform for a distinguished member of the international financial community to speak on issues of current interest to a gathering of central bankers, regulators and industry players from Singapore and the region.

The MAS Lecture 2009 was held on 13 November at the Ritz-Carlton, Millenia Singapore. The distinguished speaker for the Lecture was Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF), who spoke on "Asia to Play a Leading Role in Reshaping the Post-Crisis Global Economy". The Lecture touched on the impact of the global crisis on Asia, and the implications for the region over the longer term.

The Lecture attracted a record turnout of guests including foreign finance ministers, central bank governors, sovereign wealth fund heads, IMF and World Bank delegates. In addition, senior representatives from the Inter American Development Bank, Islamic Financial Services Board, Government of Singapore Investment Corporation (GIC), Temasek Holdings, as well as representatives from the public sector and financial institutions attended the Lecture.

Strengthening Cooperation with Industry Partners

Enhancing Payment Card Security

Through robust fraud detection, prevention mechanisms and other security countermeasures adopted by banks in Singapore, payment fraud incidence in Singapore has been very low for many years. Nonetheless, it is necessary to strengthen measures to combat payment card fraud.

In collaboration with financial institutions and card companies, MAS has initiated an industry-wide campaign to enhance payment card security through a series of measures. These include the replacement of magnetic-stripe only cards with chip cards and the use of dynamic authentication for card-not-present payment transactions. Singapore is one of the first countries in the world to embrace a comprehensive and holistic approach in strengthening payment card security throughout the industry.

Government Securities (Amendment) Bill 2009

Primary Dealers play an important role as specialist intermediaries in the Singapore Government Securities (SGS) and Singapore dollar markets. Specifically, they undertake and fulfill market-making obligations, such as providing liquidity in the SGS market, underwriting SGS issuance, providing market feedback, and contributing to the development of the SGS and related interest rate markets. To foster further growth and development of the Singapore debt market, MAS regularly consults with market participants, including Primary Dealers.

The Government made three amendments to the Government Securities Act (GSA) in January 2010, namely, allowing early redemption of SGS, empowering MAS to regulate Primary Dealers and allowing MAS to enter into securities lending arrangements using SGS.

The first amendment to the GSA to allow the Government to redeem SGS before maturity at market price is, in fact, a common practice in developed markets. This will provide greater flexibility in the management of SGS. Prior to this, if MAS were to conduct buy-back operations for illiquid issues to concentrate liquidity in key benchmark issues, the securities bought back would be kept on MAS' books until maturity. As premature redemption of these securities had not been allowed previously, the Government would have had to continue paying interest on these securities to MAS.

The second amendment formalises MAS' existing relationship with Primary Dealers, similar to how it regulates banks under the Banking Act. Specifically, the amendment empowers MAS to appoint and regulate Primary Dealers as well as to issue directions, revoke, suspend and inspect the Primary Dealers.

The final amendment formalises the securities lending arrangements between MAS and Primary Dealers. MAS operates a repo facility that lends SGS to Primary Dealers on an overnight basis when the SGS are not readily available from other sources. This provides Primary Dealers with greater confidence to carry out their duties as market-makers. They will be better able to deliver SGS to clients, further boosting the liquidity, efficiency and robustness of the government securities market.

Taken together, the first and third amendments enhance MAS' repo facility by expanding the amount of SGS which MAS can lend beyond its own holdings. When demand for specific bonds exceeds MAS' holdings, the Government can issue new SGS to MAS to on-lend to Primary Dealers on an overnight basis. These SGS will then be redeemed the following day.

BNP Paribas, Singapore branch (BNPP), commenced operations as the 12th Primary Dealer on 18 January 2010. The addition of BNPP to the Primary Dealer community will add to the vibrancy of the SGS and Singapore dollar markets.

Financial District Security Programme (FDSP)

In October 2009, MAS launched the Financial District Security Programme (FDSP) in partnership with the Singapore Police Force (SPF) and the financial industry. FDSP is a public-private partnership which aims to promote and enhance the physical security, crime prevention and contingency response within the financial district, so as to counter the threat of terrorism and crime. It also prepares the industry in responding appropriately should a major operational disruption occur. Proposed programmes include establishing information-sharing protocols and crisis communication channels between authorities and financial institutions, as well as raising awareness and vigilance against crime.

Partnership with Academia

Professor Eichengreen (left) speaking at the public lecture "Asian Integration: The Way Forward", moderated by Professor Peter Wilson

In March 2009, MAS, with the National University of Singapore (NUS), appointed Professor Barry Eichengreen as the inaugural Term Professor in Economics and Finance. Professor Eichengreen spent a week in Singapore and shared his insights on the global economy with members of the MAS Board, MAS economists, and faculty and students at NUS. During his time here, he delivered a public lecture on "Asian Integration: The Way Forward" where he proposed six steps that could be taken to further strengthen intra-regional linkages. He also gave interviews to The Business Times and The Straits Times on the global financial situation. Professor Eichengreen will return to Singapore in October 2010 on the second leg of the term appointment and will again be spending time at NUS and MAS. This professorship programme will strengthen Singapore's financial and economic research infrastructure and contribute to a vibrant research community and culture at local universities.

MAS hosted other academics under its Eminent Visitor Programme. Professor Andrew Rose of the University of California, Berkeley visited MAS in July 2009. During his visit, he delivered a lecture on a new model for predicting the severity of financial crises, exchanged views on global financial risks with MAS staff and provided advice on a number of research projects. In addition, MAS hosted Professor Peter Sinclair (University of Birmingham) and Professor Danny Quah (London School of Economics). The Economic Policy Group also consulted Assistant Professor Choy Keen Meng (NTU) and Assistant Professor Vu Minh Khuong (NUS) on specific research projects.

Financial Conferences and Events

A number of conferences and events were held in Singapore in 2009 and 2010. 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.

Heng Swee Keat (third from left), Managing Director, MAS with Christian Noyer (second from left), Governor, Banque de France at the Paris EUROPLACE Financial Forum, October 2009

Goh Chok Tong (second from left), Senior Minister and Chairman of MAS gracing the Association of Banks in Singapore (ABS) Annual Dinner, June 2009

MoneySENSE – Promoting Financial Literacy Through Creative Platforms

Equipping consumers with knowledge and skills to enable them to make informed financial decisions continues to be a priority for MoneySENSE. In the past year, MoneySENSE stepped up the pace of delivering financial education to various segments of the population. Working with our partners and harnessing new media platforms, MoneySENSE successfully extended its reach to even more consumers to pass on basic skills on personal finance matters and knowledge on common financial products.

In partnership with MediaCorp, MoneySENSE launched the *"Mind Your Money"* series of seminars and radio programmes, to help Singaporeans become better informed about common money management topics and encourage them to take charge of their finances. To bring money management concepts to life, popular local celebrities were present at these seminars to share with the audience their own personal experiences and approach when it comes to money matters. A weekly radio segment was also broadcast in English and Chinese from February to April 2010 to complement and reinforce the key messages. Recordings of the radio segments and seminars are available online for those who missed the programme.

MoneySENSE made its first foray into social media by launching its Facebook page in November 2009. Internet -savvy consumers can now get updates on upcoming MoneySENSE events, receive daily tips on money matters and be notified of new MoneySENSE guides and articles. Fans can also interact with one another, sharing views on MoneySENSE activities and money matters in cyberspace. As of April 2010, over 1,300 people signed up as fans of the MoneySENSE Facebook page. Through tapping on the various media channels, MoneySENSE is able to bring financial education messages into the daily lives of Singaporeans.

MoneySENSE also collaborated with partners such as the Consumers Association of Singapore (CASE), the Chinese Development Council of Assistance (CDAC) and the National Trade Union Congress (NTUC) U Family unit to organise financial literacy carnivals for heartlanders and working adults. Modelled after the MoneySENSE Roadshow held in 2006, these carnivals employed a variety of activities such as skits and games to disseminate financial education messages in fun and interactive ways.

Learning about financial prudence through fun-filled carnival activities

To enhance consumers' understanding of various financial products, MoneySENSE continued to partner the Association of Banks in Singapore (ABS), the Securities Investors Association of Singapore (SIAS) as well as Singapore Management University's Sim Kee Boon Institute for Financial Economics (SKBI) on the "My Money" series of seminars and radio programmes. Over 75% of participants gave the seminars a thumbs-up, rating the seminars as good or excellent. MoneySENSE is also ramping up efforts to educate Singaporeans on new financial products when they are launched.

Box Story 10

As part of a longer-term approach to increase financial literacy amongst Singaporeans, MoneySENSE intends to partner an Institute of Higher Learning to set up a financial literacy institute. Building on the foundations laid by MoneySENSE over the last few years, the institute will develop a financial literacy core competency framework, identify core competencies relevant for each life stage, and develop and conduct programmes to equip consumers with these competencies to better manage their own financial well-being.

Since its launch in October 2003, MoneySENSE has organised talks, seminars and workshops that have attracted more than 65,000 participants. We have published 28 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 Committee[1], industry associations[2], community bodies and the media.

Helping consumers become better informed about money management concepts at a "Mind Your Money" seminar

Reaching out to the online community via Facebook

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.

Growing Expertise,
Grooming Leaders

Our People

Our People

Growing Expertise, Grooming Leaders

BUILDING HIGH PERFORMANCE TEAMS AND A STRONG MAS FAMILY

The past year continued to present challenges for MAS staff. Heightened vigilance on all fronts across MAS was needed to maintain stability, soundness and efficiency in our financial sector, even as Singapore began to emerge from the financial crisis. MAS staff displayed resourcefulness in dealing with novel and difficult issues, and demonstrated great dedication and commitment to their mission. In order to build high-performance teams and strengthen our bonds as “One MAS”, we continue to enhance expertise and leadership development in our staff and foster strong staff engagement through various efforts.

Expertise Development

Professional Requisites and Outcomes Framework

The Professional Requisites and Outcomes Framework (PROF), which encompasses the functional competency roadmaps for various job roles in MAS, was implemented during the year to enable a more structured development of functional expertise in MAS. PROF serves as a tool for MAS supervisors and staff to discuss and plan for staff’s professional expertise development in MAS. It maps out and identifies staff’s learning and development priorities, training and on-the-job learning plans, and facilitates their professional development.

MAS Academy

The MAS Academy continues to strengthen the delivery of training to our officers. Programmes are tiered to meet the needs of different levels of staff. The MAS Diploma in Central Banking is targeted at entry-level officers to provide broad-based knowledge and understanding of MAS' key functions and our core values and ethics. For senior or experienced staff, intermediate to advanced level functional training, as well as coaching and leadership programmes are available. Programmes are conducted by external experts with extensive practical experience, alongside in-house specialists who inject MAS-relevant content. Apart from training programmes, the Academy regularly organises talks by industry experts or eminent speakers to keep staff apprised of the latest developments in the financial sector.

To build deeper knowledge and enhance knowledge-sharing among staff, the Academy continues to nurture Peer Groups. These are communities of practice that aim to deepen knowledge within specialist subject areas. There are presently Peer Groups in Accounting Standards, Anti-Money Laundering/Combating Financing of Terrorism, Islamic Finance, Market Risk, Stress Testing, Fund Management and Structured Products (see Box Story 12).

MAS Case Studies e-Collection

A key objective of the MAS Academy is to facilitate the building of collective knowledge where staff can acquire, create and share knowledge in order to advance organisational goals. The Academy launched the MAS Case Studies e-Collection for staff in April 2009. The e-Collection is a platform to share real-life case studies on market or financial firm failures, as well as trading scandals and fraud cases in the financial services industry. These case studies, which are mainly written by MAS staff, offer valuable lessons on issues that concern MAS and are used in the Academy’s training programmes. In 2009, a compilation of materials tracing the development, causes and government policy responses to the global financial crisis was added to the e-Collection.

Box Story 11

A Mark of Distinction: Financial Industry Certified Professional (FICP)

In October 2009, Shaji Chandrasenan, Director, Financial Risk Division of the Specialist Risk Supervision Department, was conferred the Financial Industry Certified Professional (FICP) title in the area of Risk Management - Market Risk Management. FICP is the highest certification mark for financial practitioners with distinguished careers in Singapore under the Financial Industry Competency Standards (FICS) framework, administered by the Institute of Banking & Finance. The Distinguished FICP award is an internationally benchmarked competency standard for the financial industry and the success of the recipients demonstrates their ability to apply expert levels of knowledge and skills in their profession. Shaji is also a Practice Area Leader of the Market Risk Peer Group of the MAS Academy.

Shaji Chandrasenan (ninth from right) with the rest of the recipients at the Financial Industry Certified Professionals award ceremony

Box Story 12

MAS Peer Groups – Honing Specialist Knowledge

Peer Groups were set up in MAS in 2006 to deepen and share knowledge in specialist subject areas which are important to MAS' work, harness cross-departmental knowledge development and sharing, as well as provide staff with professional development opportunities in specialised areas.

To develop and raise the level of specialist knowledge of staff, Peer Groups assist the MAS Academy in organising and delivering various in-house technical training programmes. In 2009, these programmes included workshops on risk management in Islamic finance, a mini risk conference on market risk measurement and management, and a seminar on the latest initiatives and developments in stress testing modeling and practice.

The Peer Groups also contribute actively to supervisory work. For example, the Islamic Banking Peer Group conducted study visits on Islamic banking activities and drafted an Islamic Banking Inspection Manual. The Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) Peer Group provided expert views for MAS' representation at international meetings such as the Financial Action Task Force. The Accounting Standards and Fund Management Peer Groups also work with industry associations or international regulatory bodies on issues that are relevant to MAS.

Leadership Development

Coaching

To encourage continuous learning in MAS, a coaching framework has been put in place for supervisors to equip themselves with skills to coach their staff and teams. The objective is to forge engaging relationships, improve work performance and strengthen employee engagement. More than 100 supervisors have been trained over the past one and a half years. In addition, a Coaching Communities of Practice (CoP) has been established to provide a platform for peer learning and training, where supervisors can practise and sharpen their coaching skills. The first CoP provided participants with knowledge and skills in managing emotions when coaching staff at work.

Young Professionals Programme

In its second year of implementation, the Young Professionals Programme (YPP) was developed to help young officers learn new skills in personal productivity and effectiveness. As the first of four flagship leadership development programmes, the YPP continues to be an instrumental development programme to hone leadership skills among young professionals and emerging managers in MAS. The programme also seeks to establish lasting networks among staff to strengthen collaboration in the workplace.

People Leadership Programme

The People Leadership Programme (PLP) was introduced in October 2009 as the second flagship leadership programme. This programme is targeted at early leaders and provides basic leadership training in areas such as managing role change, harnessing the strength of coworkers and building high-performing teams. PLP aims to help participants transit into their new roles as leaders and build skills necessary to be effective on the job.

Engaging Staff

Employee Engagement Survey

Following the January 2008 Employee Engagement Survey (EES), 142 teams across MAS identified and implemented action plans to foster greater engagement and effectiveness within their teams. Action plans at the department-, group- and organisation-wide levels were also implemented. These collective efforts led to better overall engagement scores in the October 2009 EES. The results showed significant improvement in the areas of performance communication and sharing of strategic organisational direction, both of which were the focus areas of the MAS-wide action plans.

Enterprise Knowledge Management

To foster staff interaction and collaboration, MAS has launched a pilot programme to phase in the new generation of our intranet platform, OfficeNet. Featuring an intuitive interface, it is integrated with other applications and offers our staff an avenue to share their knowledge and information effectively.

Leadership Community Retreat

The MAS Leadership Community Retreat was held on 29 and 30 October 2009 as part of the corporate planning cycle. About 100 participants from MAS' senior and middle management attended the retreat. The retreat was a platform to take stock of the key lessons learnt from the crisis and align our organisational focus. Participants discussed key projects along the three organisational themes introduced earlier in the year: Managing Risks, Emerging Stronger and working together as One MAS.

MAS Staff Seminar 2010

The MAS Staff Seminar was held on 8 March 2010. About 780 staff, together with Board members and Senior Management, participated in the annual corporate event. A key highlight was the creative use of technology to engage the audience. Through the use of an application which was developed in-house, staff were invited to send in live feedback and questions during the event with their iPhones. The objective was to demonstrate how information technology and innovation could be used to improve work efficiencies, both within the organisation as well as in the financial sector. The new corporate structure of MAS was unveiled during the seminar. Senior Management also outlined the key priorities and directions for the year based on our organisational themes.

Recognising Our People

Service Appreciation Awards

The Service Appreciation Award recognises and celebrates the loyalty and contributions of our dedicated staff. The awards ceremony was held on 7 August 2009. In all, 135 staff received the Service Appreciation Award for service in MAS ranging from five years to 40 years. Vincent Hee, Capital Markets Department, who was the sole recipient of the 40-year award remarked, "I am indeed honoured and humbled by the recognition of my 40 years of service within MAS. It is undoubtedly a memorable and rewarding point of my longstanding career here as I did not expect such a warm reception from my dear colleagues at the ceremony, who came with a congratulatory banner made specially for me. I will always treasure immensely the fond memories of the good times shared with my colleagues in MAS."

Vincent Hee (left) receiving his Service Appreciation Award from MAS Chairman Goh Chok Tong

National Day Awards

This year, 22 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 Assistant Managing Director Ng Nam Sin, who was conferred the Public Administration (Silver) Medal and Deputy Director Thng Teck Soon, who received the Public Administration (Bronze) Medal.

Conclusion of New Collective Agreement

The new Collective Agreement with the Amalgamated Union of Public Employees (AUPE) for the period 1 January 2010 to 31 December 2012 was concluded in January 2010. The conclusion of the negotiations marked another milestone in the close and collaborative relationship between AUPE and MAS.

Box Story 13

The One MAS Family

“I joined MAS 12 years ago, in 1998. I probably blend so thoroughly into the MAS 'mould' that people may think I joined as a trainee officer and was 'born and bred' MAS. In fact, MAS was my third job, and I was once a mid career recruit. In 1998, I probably bordered on being a job-hopper, having spent only one to two years in each of my previous jobs. But it was third time lucky, and I found a fit in MAS.

It was strange but the moment I started out in MAS, it just felt 'right'. I was energised by the level of intellectual debate and the calibre of the people I worked with. There were clear shared values and I felt that it was a place I could grow and develop, and where I could belong.

Over the years, I have moved from legal work, to policy, to financial sector development and now capital markets. I must say sometimes I feel like I am not allowed to stop learning. Indeed, learning new skills and new domain knowledge is both stimulating and challenging. It means I'm never bored, but also that I can never cruise. It also means plenty of opportunities to learn about myself and appreciate my own strengths and weaknesses, while valuing the strengths of others.

The things that keep me going are the people, the shared values and the intellectual stimulation that comes with every challenge. These were never so intensely felt as in the recent economic crisis. If not for the people, and the shared values and mission that bond us, we surely would not have navigated the crisis so well. Our people are resilient and they take pride in their work. In the midst of the crisis, someone asked me whether this was the worst time to be a regulator. After some reflection, my answer was that to the contrary, it was the best time to be a regulator, for that was the moment when what we did counted the most. I believe many of us share that same quiet pride, even if we don't always articulate it.”

- Loo Siew Yee (Capital Markets Department)

“Since joining MAS as a Trainee Officer in August 2004, I often struggled for words when people ask me about my job responsibilities as a banking regulator because of the many roles we are performing. Imagine telling them that you are essentially a compliance officer, auditor, risk manager and relationship manager rolled into one. These do not yet include our other roles in rules and policy formulation. Of course, the recent financial crisis helped me to better articulate my responsibilities in a very concise statement. I am a small part of a very big team that helped maintain the safety and soundness of Singapore's financial sector during the financial crisis.”

- George Ong (Complex Institutions Department)

Box Story 13

“I have been with MAS since 1999 and have witnessed the changes in the working environment within the organisation. When I first joined, the culture was similar to what people would perceive of a public sector organisation, full of ‘red tape’ and where most people may not be open to sharing. However, this has changed over the years and departments now interact and share information more readily in the various work groups. To add to that, my views have been sought! In my years in MAS, I was also given the opportunity to pick up new and interesting knowledge, and be exposed to networks outside of MAS such as the other ministries.”

- Stephanie Kok (Strategic Planning Office)

“I have been with Consumer Issues Division (CSI) for the past five years. The work at CSI is varied. I am part of the team that interacts with consumers who approach MAS with their complaints against financial institutions. I also help to implement initiatives to raise consumer knowledge of financial products through the MoneySENSE national financial education programme.

My interaction with consumers requires soft skills such as empathy, a listening ear, patience, and an inquiring mind. In addition, hard skills are also needed in terms of knowledge of the financial products consumers are complaining on, as well as the ability to analyse and determine the crux of consumers’ concerns based on the information provided. I have also learnt to detect non-verbal cues of consumers such as frustration and to react to these cues appropriately.

One important aspect of my work is in explaining to consumers what MAS’ role is with respect to the resolution of consumer disputes against financial institutions. It was especially challenging during the global financial crisis when many consumers approached MAS after their investments declined sharply in value or their credit-linked structured notes defaulted or were redeemed early.

But this is more than made up for by being able to assist consumers who genuinely need help in resolving their concerns or disputes with financial institutions. I also take satisfaction in working on financial education initiatives to address consumers’ knowledge gaps of financial products, knowing that they would benefit from these initiatives.”

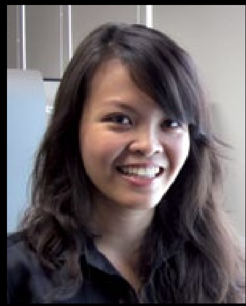
- Tan Chee Khiang (Investment Intermediaries Department)

Box Story 13

"My association with MAS began in 2002 when I received an undergraduate scholarship to read Politics, Philosophy and Economics at Oxford. I joined the Financial Centre Development department briefly in 2004 as an intern, and started work as an Economist in 2006.

My work is a balance of current analysis, quantitative research and policy work. I provide forecasts and reports on the manufacturing, trade and transportation sectors, which ultimately feed into the monetary policy process. The recent crisis outlined starkly how various sectors in the economy were linked to each other, as well as with the rest of the world. It made the analysis of the underlying drivers more complex and challenging. It has been an exciting time as an economist - to stay one step ahead of a global economy that has both collapsed and rebounded, and to try to make sense of all the surrounding uncertainty. "

- Koh Tsin Zhen (Economic Surveillance and Forecasting Department)



FOSTERING CLOSER TIES

Inter-Central Bank Games 2009

From 3 to 6 July 2009, MAS hosted Bank of Thailand, Bank Indonesia and Bank Negara Malaysia in the 33rd Inter-Central Bank Games (ICBG). Competing in a wide variety of games including futsal, track and field and scrabble, the MAS athletes came in third. The camaraderie and sportsmanship displayed at the annual event helped strengthen inter-central bank relations. Working together to organise the games also strengthened bonding among MAS staff.

Inter-Central Bank Games 2009

Inter-Group Games 2010

The annual Inter-Group Games (IGG) allowed staff at different levels and from different departments to bond over games like futsal, chess, scrabble, squash, volleyball and bowling. This year, Economics, Investment and Development Group (EIDG) emerged the overall champion.

Inter-Group Games 2010

Family Day 2010

The MAS Family Day was held on 27 March 2010 at Bottle Tree Park. MAS Managing Director Heng Swee Keat graced the occasion as the Guest-of-Honour. This year's theme was "Kampung Kampung", and the event featured old-school games like *longkang* fishing, zero point and hopscotch. Charity stalls were set up by MAS staff to raise funds for Geylang East Home for the Aged.

MAS Family Day 2010

REACHING OUT TO THE COMMUNITY

Gift-Collection Christmas Charity Drive

Organised by the MAS Recreation Club (MASRC), the Gift-Collection Christmas Charity Drive enjoyed great success thanks to the generosity of MAS staff. Staff were encouraged to purchase gifts for the children at Mindsville@Napiri and Children's Aid Society, as well as the elderly at Care Corner based on their requests. Close to 300 gifts ranging from toys to tonics were collected, bringing festive cheer to the less privileged over the holiday season.

MAS staff presenting gifts to beneficiaries of the Christmas Charity Drive

MAS FY 2009/2010

FINANCIAL STATEMENTS

MAS FY2009/2010 FINANCIAL STATEMENT HIGHLIGHTS

The total assets of the Authority grew by $21.15 billion to $285.90 billion in the financial year ended 31 March 2010, with the Currency Fund's external assets increasing by $0.47 billion to $30.02 billion. The currency in circulation is 123% backed by the Currency Fund's net external assets.

Total liabilities rose by $14.56 billion to $250.58 billion as the balances of the Singapore Government, provisions and other liabilities and the currency in circulation increased.

The Authority recorded a net profit of $10.12 billion for the year, stemming from interest and dividend income and valuation gains following the recovery of asset prices in financial markets globally. However, the gains were offset partially by the currency impact from the translation of the Authority's foreign assets into the stronger Singapore dollar. Total expenditure fell from $0.89 billion to $0.62 billion, mainly due to lower investment and interest expenses. Total personnel and general & administrative expenditure declined slightly.

In accordance with Section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A, 2004 Revised Edition), a contribution of $0.16 billion or 17% of the net profit after offsetting the previous year's net loss, is payable to the Singapore Government's Consolidated Fund. The MAS Board approved a return of $3.38 billion to the Government under Section 6(3) of the MAS Act (Chapter 186, 1999 Revised Edition). The remaining net profit of $6.58 billion increased capital and reserves to $35.32 billion.

STATEMENT BY DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

In the opinion of the directors,

(a) the consolidated financial statements of the Authority and its wholly-owned subsidiary, Singapore Sukuk Pte Ltd, as set out on pages 64 to 87 are drawn up so as to present fairly the state of affairs of the Authority as at 31 March 2010, 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

TEO SWEE LIAN
Acting Managing Director

22 June 2010

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE MONETARY AUTHORITY OF SINGAPORE FOR THE YEAR ENDED 31 MARCH 2010

The accompanying consolidated financial statements of the Monetary Authority of Singapore (the "Authority"), its subsidiary and Currency Fund, set out on pages 64 to 87, have been audited under my directions and in accordance with the provisions of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). These financial statements comprise the consolidated balance sheet as at 31 March 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated 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 Monetary Authority of Singapore Act and Currency Act (Chapter 69, 2002 Revised Edition) and applicable Singapore Financial Reporting Standards as explained in Note 3.1(a) to the consolidated 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 Monetary Authority of Singapore 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.

Opinion

As disclosed in Note 3.1(a) to the consolidated financial statements, the Authority, in preparing these financial statements, is allowed under section 34(3) of the Monetary Authority of Singapore 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 Monetary Authority of Singapore Act and section 21(10) of the Currency Act, in my opinion, the consolidated financial statements present fairly, based on the framework of accounting standards adopted by the Authority, the state of affairs of the Authority and its subsidiary as at 31 March 2010 and the financial transactions of the Authority and its subsidiary for the year ended on that date.

LIM SOO PING
AUDITOR-GENERAL
SINGAPORE

23 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	General Reserve Fund 2010 $'000	General Reserve Fund 2009 $'000	Currency Fund 2010 $'000	Currency Fund 2009 $'000	Total 2010 $'000	Total 2009 $'000
Income/(Loss) from Foreign Operations consisting of (after transfers to/from provisions)	4	9,171,062	(7,679,697)	1,320,507	(909,179)	10,491,569	(8,588,876)
Income from Domestic and Other Operations	5	243,949	270,567	-	-	243,949	270,567
Non-operating Income	6	8,597	8,193	44	906	8,641	9,099
Total Income/(Loss) (after transfers to/from provisions)		9,423,608	(7,400,937)	1,320,551	(908,273)	10,744,159	(8,309,210)
Less:							
Investment, Interest and Other Expenses	7	333,685	604,152	82,755	77,189	416,440	681,341
Personnel Expenditure	8	136,943	141,414	-	-	136,943	141,414
General and Administrative Expenditure	9	47,133	44,518	-	-	47,133	44,518
Depreciation/Amortisation		23,171	24,638	-	-	23,171	24,638
Total Expenditure		540,932	814,722	82,755	77,189	623,687	891,911
Profit/(Loss) for the Year (after transfers to/from provisions)		8,882,676	(8,215,659)	1,237,796	(985,462)	10,120,472	(9,201,121)
Less:							
Contribution to Consolidated Fund	18	156,290	-	-	-	156,290	-
Net Profit/(Loss) and total Comprehensive Income for the Year (after transfers to/from provisions)		8,726,386	(8,215,659)	1,237,796	(985,462)	9,964,182	(9,201,121)

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

CONSOLIDATED BALANCE SHEET

As at 31 March	Note	2010 $'000	2009 $'000
CAPITAL AND RESERVES			
Issued and Paid-up Capital	10	17,000,000	17,000,000
General Reserve Fund	11	12,916,733	8,766,732
Currency Fund Reserves	12	5,404,620	2,970,439
		35,321,353	28,737,171
FINANCIAL SECTOR DEVELOPMENT FUND	19	1,019,612	880,215
		36,340,965	29,617,386
Represented by:			
ASSETS			
Cash and Bank Balances		810,506	908,854
Singapore Government Treasury Bills and Bonds		8,274,295	6,889,070
Foreign Assets	13	274,237,824	254,741,768
Gold		296,134	322,310
Other Assets	14	2,103,833	1,700,753
Property and Other Fixed Assets	15	175,480	188,136
		285,898,072	264,750,891
Less:			
LIABILITIES			
Currency in Circulation		23,806,875	22,170,785
Deposits of Financial Institutions	16	14,250,578	14,299,000
Provisions and Other Liabilities	17	87,271,448	80,534,302
Amounts Due to Singapore Government	18	125,247,818	119,009,633
		250,576,719	236,013,720
NET ASSETS OF THE AUTHORITY		35,321,353	28,737,171
NET ASSETS OF FINANCIAL SECTOR DEVELOPMENT FUND	19	1,019,612	880,215
		36,340,965	29,617,386

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

CONSOLIDATED 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 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
Total Comprehensive Income 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
Total Comprehensive Income for the Year (after transfers to/from provisions)	-	8,726,386	1,237,796	9,964,182
Transfer of Reserves to Currency Fund	-	(1,196,385)	1,196,385	-
Return of Profit to Singapore Government	-	(3,380,000)	-	(3,380,000)
Balance as at 31 March 2010	17,000,000	12,916,733	5,404,620	35,321,353

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March	2010 $'000	2009 $'000
Cash Flows from Operating Activities		
Profit/(Loss) for the Year (after transfers to/from provisions)	10,120,472	(9,201,121)
Adjustments for:		
Depreciation/Amortisation of Fixed Assets and Other Assets	23,171	24,638
Gain on disposal of Fixed Assets	(15)	(35)
Profit/(Loss) before Working Capital Changes	10,143,628	(9,176,518)
(Increase)/Decrease in		
Singapore Government Treasury Bills and Bonds	(1,385,225)	(186,689)
Foreign Assets	(19,496,056)	(10,943,675)
Gold	26,176	(30,166)
Other Assets	(403,100)	834,914
Increase/(Decrease) in		
Deposits of Financial Institutions	(48,422)	3,407,464
Provisions and Other Liabilities	6,736,133	(5,065,554)
Deposits of Singapore Government	2,701,895	6,012,554
Net Cash used in Operating Activities	(1,724,971)	(15,147,670)
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(9,651)	(9,938)
Proceeds from disposal of Fixed Assets	184	35
Net Cash used in Investing Activities	(9,467)	(9,903)
Cash Flows from Financing Activities		
Increase in Issued and Paid-up Capital	-	16,900,000
Increase in Currency in Circulation	1,636,090	2,780,694
Contribution to Consolidated Fund	-	(1,340,096)
Return of Profit to Singapore Government	-	(2,530,000)
Net Cash from Financing Activities	1,636,090	15,810,598
Net (Decrease)/Increase in Cash and Bank Balances	(98,348)	653,025
Cash and Bank Balances as at beginning of the year	908,854	255,829
Cash and Bank Balances as at end of the year	810,506	908,854

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	2010 $'000	2009 $'000
The value of external assets and the Currency in Circulation are:			
Currency in Circulation	12.2	23,806,875	22,170,785
External Assets	12.2	30,024,826	29,559,177
Less:			
Provisions and Other Liabilities	12.2	813,331	4,417,953
Net Assets		29,211,495	25,141,224

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

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

1 GENERAL

1.1 The Monetary Authority of Singapore (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.

1.2 The consolidated financial statements presented relate to those of the Authority and its wholly-owned subsidiary, Singapore Sukuk Pte Ltd (SSPL). The financial statements of the Authority are not materially different from the consolidated financial statements and have not been presented separately.

2 PRINCIPAL ACTIVITIES

2.1 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.

2.2 The Authority's subsidiary, SSPL, is a special purpose entity incorporated in Singapore, to issue Sukuk certificates as Shariah-compliant assets to Islamic financial institutions to meet regulatory requirements.

3 SIGNIFICANT ACCOUNTING POLICIES

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

a) The consolidated 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 consolidated 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 consolidated financial statements accordingly disclose less information than would be required under those Standards.

b) The following revised FRS relevant to the Authority is applicable in the current financial year.

FRS 1 Presentation of Financial Statements

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately and introduces the statement of comprehensive income. The requirement is to present all items of income and expense recognised in profit or loss, together with all other items of comprehensive income including changes in revaluation surplus and gains and losses on remeasuring available-for-sale financial assets, if any, either in one single statement of comprehensive income or in two linked statements.

The adoption of the revised FRS 1 does not have any significant impact on the consolidated financial statements.

c) The preparation of consolidated 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 consolidated 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 consolidated financial statements have been prepared under the historical cost convention and on an accrual basis.

3.3 Basis of Consolidation

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) Balances and transactions between the Authority and its subsidiary, together with any unrealised profits and losses arising from these transactions are eliminated, in preparing the consolidated financial statements.

3.4 Foreign Currency Translation

a) The consolidated 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 gains or losses resulting from the settlement of such transactions are recognised in the consolidated statement of comprehensive income.

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 consolidated statement of comprehensive income.

3.5 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.

3.6 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 consolidated statement of comprehensive income.

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 and are included in foreign assets. 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.

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

Reverse repos are treated as collaterised 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 consolidated balance sheet. Repos are treated as collaterised 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 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.

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 consolidated statement of comprehensive income 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 consolidated statement of comprehensive income. 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 consolidated statement of comprehensive income.

3.13 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 consolidated statement of comprehensive income 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.

3.14 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. 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.

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, 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.

8 PERSONNEL EXPENDITURE

8.1 This includes the following:

	2010 $'000	2009 $'000
Salaries	116,392	120,679
Employer's Contribution to the Central Provident Fund	9,609	9,561
Training and Personnel Development	5,035	5,489
Staff Benefits	2,514	2,637
Directors' Fee	58	53

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:

	2010 $'000	2009 $'000
Salaries and other short-term employee benefits	13,026	14,444
Post-employment benefits	328	334
Other long-term benefits	1,718	1,503

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

9 GENERAL AND ADMINISTRATIVE EXPENDITURE

This includes the following:

	2010 $'000	2009 $'000
Information Technology Expenses	9,685	8,828
Consultant and Other Advisers' Fees	7,147	6,421
Information Services	3,663	3,535
Building and Mechanical and Electrical Maintenance	3,095	3,007
Official Trips and Conferences	2,767	3,017
Property Tax	1,411	2,997
Audit Fee	846	846
Courtesy and Entertainment	54	59

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 the 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.

	2010 $'000	2009 $'000
Issued and Paid-up Capital as at 1 April	17,000,000	100,000
Increase in Issued and Paid-up Capital	-	16,900,000
	17,000,000	17,000,000
General Reserve Fund	12,916,733	8,766,732
Currency Fund Reserves	5,404,620	2,970,439
Capital and Reserves as at 31 March	35,321,353	28,737,171

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	2010 $'000	2009 $'000
External Assets			
Gold		231,209	251,646
Foreign Investments	13.1	29,793,617	29,307,531
		30,024,826	29,559,177
Less:			
Liabilities			
Active Currency in Circulation		23,008,350	21,275,722
Currency Held by the Authority		798,525	895,063
Currency in Circulation		23,806,875	22,170,785
Provisions and Other Liabilities		813,331	4,417,953
		24,620,206	26,588,738
Currency Fund Reserves		5,404,620	2,970,439

13 FOREIGN ASSETS

13.1 These comprise the following:

	General Reserve Fund		Currency Fund		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Foreign Investments						
Bank Balances and Deposits	53,500,430	30,511,174	841,344	555,245	54,341,774	31,066,419
Securities (including Treasury bills, bonds and equities)	197,780,463	195,042,499	28,557,981	28,200,829	226,338,444	223,243,328
Other Foreign Investments	14,600,445	7,759,683	895,056	1,197,873	15,495,501	8,957,556
International Monetary Fund Assets (see note 13.2)						
Reserve Tranche	823,717	880,165	-	-	823,717	880,165
Special Drawing Rights (SDRs)	2,088,500	547,493	-	-	2,088,500	547,493
Poverty Reduction and Growth Facility - Heavily Indebted Poor Countries (PRGF-HIPC)	51,212	77,339	-	-	51,212	77,339
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	161	-	-	161	161
	268,941,100	234,914,686	30,294,381	29,953,947	299,235,481	264,868,633
Foreign Currency Liabilities	(24,496,893)	(9,480,449)	(500,764)	(646,416)	(24,997,657)	(10,126,865)
Total Foreign Assets	244,444,207	225,434,237	29,793,617	29,307,531	274,237,824	254,741,768

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 2010 is SDR24.0 million [$51.2 million] (31 March 2009: SDR34.0 million [$77.3 million]), including a balance of SDR4.0 million 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 2009: 4,285) shares with a nominal value of SDR5,000 ($10,649) each.

14 OTHER ASSETS

14.1 These comprise the following:

	Note	2010 $'000	2009 $'000
Loans, Deposits and Other Receivables		2,103,388	1,700,268
Corporate Club Memberships, at cost		561	561
Less: Amount amortised		(292)	(272)
		269	289
Staff Loans			
Amount repayable within 12 months	14.2	45	39
Amount repayable after 12 months	14.2	131	157
		176	196
		2,103,833	1,700,753

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.

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 1.4.2008	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
COST							
As at 1.4.2009	48,070	170,901	93,208	69,883	22,067	720	404,849
Additions	-	-	276	5,621	492	4,367	10,756
Disposals	-	-	-	(1,968)	(121)	-	(2,089)
Transfers	-	-	-	466	-	(466)	-
Adjustments	-	-	(92)	-	-	-	(92)
As at 31.3.2010	48,070	170,901	93,392	74,002	22,438	4,621	413,424
ACCUMULATED DEPRECIATION							
As at 1.4.2009	12,144	66,150	74,231	44,689	19,499	-	216,713
Disposals	-	-	-	(1,799)	(121)	-	(1,920)
Depreciation charge	1,092	4,349	4,054	11,809	1,847	-	23,151
As at 31.3.2010	13,236	70,499	78,285	54,699	21,225	-	237,944
NET BOOK VALUE AS AT 31.3.2010	34,834	100,402	15,107	19,303	1,213	4,621	175,480

16 DEPOSITS OF FINANCIAL INSTITUTIONS

	2010 $'000	2009 $'000
Banks	13,559,739	13,403,512
Finance Companies	215,581	263,150
Securities Companies	6,300	5,700
	13,781,620	13,672,362
International Financial Institutions	466,361	626,497
Foreign Central Banks	2,291	130
Others	306	11
	14,250,578	14,299,000

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, 2008 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, Sukuk payable, accounts payable and accruals.

17.2 Following the 2009 General and Special Allocation of SDR by the IMF, the Authority's allocation of Special Drawing Rights in IMF, included in "Provisions and Other Liabilities", increased to $1,585.0 million as at 31 March 2010 (31 March 2009: $37.4 million).

17.3 During the financial year ended 31 March 2010, SSPL, a wholly-owned subsidiary of the Authority, issued $64.4 million (FY08/09: Nil) Sukuk trust certificates with 1 year maturities and income distribution rates of 0.31% and 0.6% per annum. The Sukuk issuance 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.

18 AMOUNTS DUE TO SINGAPORE GOVERNMENT

The amounts due to the Singapore Government comprise the following:

	2010 $'000	2009 $'000
Contribution to Consolidated Fund	156,290	-
Return of Profit to Singapore Government	3,380,000	-
Deposits of Singapore Government	121,711,528	119,009,633
	125,247,818	119,009,633

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 17% (2009: 18%) of the profit for the year, after offsetting previous year's net loss.

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 of the Fund 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:

	2010 $'000	2009 $'000
ACCUMULATED FUND		
Capital Account	471,635	471,635
Accumulated Surplus	547,977	408,580
	1,019,612	880,215
Represented by:		
ASSETS		
Bank Balances and Deposits	157,950	122,391
Financial Assets at Fair Value through Profit or Loss	877,280	757,698
Loans and Receivables	14,549	20,875
	1,049,779	900,964
Less:		
LIABILITIES		
Financial Liabilities at Fair Value through Profit or Loss	686	486
Accruals and Other Liabilities	29,481	20,263
	30,167	20,749
NET ASSETS	1,019,612	880,215

19.3 The financial results of the Fund are as follows:

	2010 $'000	2009 $'000
Income from Investments		
Interest Income	29,927	27,612
Dividend Income	67,888	100,055
Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss	114,972	(125,520)
Foreign Exchange (Loss)/Gain	(41,526)	32,503
Other Income	710	127
Total Income	171,971	34,777
Less:		
Investment Expenses	2,471	4,140
Grants	30,103	21,952
Total Expenditure	32,574	26,092
Net Profit and Total Comprehensive Income for the Year	139,397	8,685

19.4 Related Party Transactions

a) During the financial year, the Fund placed deposits with the Authority in the ordinary course of business and at arm's length, earning interest income disclosed below:

	2010 $'000	2009 $'000
Interest Income	4	-

b) The Fund's deposit balance with the Authority at 31 March 2010 was $81.1 million (31 March 2009: Nil).

19.5 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, 2008 Revised Edition) and the Securities and Futures Act (Chapter 289, 2006 Revised Edition) respectively, and in the events specified, dealt with accordingly under the respective Acts.

	2010 $'000	2009 $'000
Insurance Companies		
Fixed Deposits	200,057	166,702
Banker's Guarantees	21,000	22,500
Singapore Government Bonds	3,900	3,400
	224,957	192,602
Remittance Licensees		
Banker's Guarantees	18,200	17,600
Capital Markets Services Licensees		
Banker's Guarantees	69,900	78,000

21 COMMITMENTS

21.1 International Monetary Fund (IMF)

a) The Authority has an obligation to pay $1,053 million as at 31 March 2010 (31 March 2009: $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 2010, Singapore has accepted its full quota increase of SDR545.5 million ($1,161.8 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 SDR1,277 million ($2,719 million) as at 31 March 2010 (31 March 2009: SDR340 million [$772 million]) in the event of a financial emergency as specified by the NAB. For the financial year ended 31 March 2010, 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 ($34.2 million) as at 31 March 2010 (31 March 2009: SDR16.1 million [$36.6 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 2010, 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 2010, there was no request for liquidity support from any member country. In October 2009, the ASA was renewed for an additional two years up to 16 November 2011.

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 for another three years up to 7 November 2011. Under the agreement, the Authority can swap Singapore dollars for US dollars up to US$3,000 million ($4,197 million) while the Bank of Japan can swap Japanese Yen for up to US$1,000 million ($1,399 million). For the financial year ended 31 March 2010, there was no request to activate the BSA.

21.6 Chiang Mai Initiative Multilateralisation (CMIM)

With effect from 24 March 2010, the Authority is Singapore's Swap Providing / Requesting Party in the Chiang Mai Initiative Multilateralisation Agreement (CMIM) with the ASEAN member states, China (including the Hong Kong Monetary Authority, China), Japan and Korea. The CMIM is a multilateral contract that provides financial support through currency swap transactions among CMIM participants in times of liquidity need. Its total size is USD 120 billion. Its core objectives are to address balance of payment and short-term liquidity difficulties in the region, and to supplement the existing international financial arrangements. Each CMIM participant is entitled, in accordance with the procedures and conditions set out in the Agreement, to swap its local currency with US dollars for an amount up to its contribution multiplied by its purchasing multiplier. The Authority's commitment and financial contribution is US$4,552 million ($6,368 million) and its purchasing multiplier is 2.5. For the financial year ended 31 March 2010, there was no request to activate the CMIM.

21.7 Capital Expenditure Commitments

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

	2010 $'000	2009 $'000
Amount contracted for	1,641	1,891

21.8 Leases

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

	2010 $'000	2009 $'000
Less than 1 year	637	592
1 to 5 years	2,370	2,656
More than 5 years	2,163	2,952
	5,170	6,200

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

	2010 $'000	2009 $'000
Less than 1 year	5,470	4,018
1 to 5 years	11,084	2,080
	16,554	6,098

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 risk is 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 and through collateral arrangements with counterparties whom the Authority has signed the International Swaps and Derivatives Association (ISDA) Credit Support Annex.

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.

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

New or revised accounting standards and interpretations to accounting standards have been issued that are mandatory for accounting periods beginning on or after 1 January 2010. The Authority does not expect the new or revised accounting standards and interpretations that are applicable, to have a material impact on the Authority's consolidated financial statements.

24 AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2010 were authorised by the Board of Directors for issuance and signed by Chairman and Acting Managing Director on 22 June 2010.

KEY ECONOMIC AND FINANCIAL STATISTICS

KEY ECONOMIC AND FINANCIAL STATISTICS

	2005	2006	2007	2008	2009
National Income Aggregates					
Gross Domestic Product					
At Current Market Prices (S$m)	208,763.7	230,509.2	266,405.1	273,537.2	265,057.9
Growth Rate (% change)	9.6	10.4	15.6	2.7	-3.1
At 2005 Market Prices (S$m)	208,763.7	226,802.8	246,161.9	250,549.7	247,334.2
Growth Rate (% change)	7.4	8.6	8.5	1.8	-1.3
Gross National Income					
At Current Market Prices (S$m)	194,250.0	219,382.7	256,117.2	271,562.3	260,605.2
Growth Rate (% change)	10.0	12.9	16.7	6.0	-4.0
Labour Force					
Unemployment Rate (%)	3.1	2.7	2.1	2.2	3.0
Productivity Growth (% change)	2.9	1.9	-0.1	-7.2	-3.9
Changes in Employment ('000)	113.3	176.0	234.9	221.6	37.6
Average Monthly Earnings (% change)	3.5	3.2	6.2	5.4	-2.6
Unit Labour Cost (% change)	1.4	1.2	5.9	7.5	-0.7
Savings and Investment					
Gross National Savings (S$m)	86,166.0	103,697.6	127,476.6	132,592.7	119,148.7
As % of GNI	44.4	47.3	49.8	48.8	45.7
Gross Domestic Capital Formation (S$m)	41,700.2	47,928.1	56,379.4	81,919.4	72,041.1
As % of GNI	21.5	21.8	22.0	30.2	27.6
Balance of Payments (S$m)					
Goods Balance	60,642.9	67,632.3	69,424.9	37,425.8	43,644.4
Exports of Goods	387,409.3	436,506.3	455,919.4	483,411.0	396,269.9
Growth Rate (% change)	15.2	12.7	4.4	6.0	-18.0
Imports of Goods	326,766.4	368,874.0	386,494.5	445,985.2	352,625.5
Growth Rate (% change)	14.6	12.9	4.8	15.4	-20.9
Services and Other Balances	-16,177.1	-11,862.8	1,672.3	13,247.5	3,463.2
Current Account Balance	44,465.8	55,769.5	71,097.2	50,673.3	47,107.6
As % of GNI	22.9	25.4	27.8	18.7	18.1
Capital and Financial Account Balance	-28,075.7	-23,958.8	-47,638.2	-34,347.7	-29,933.6
Balancing Item	4,006.6	-4,815.0	5,838.6	2,205.5	-717.8
Overall Balance	20,396.7	26,995.7	29,297.6	18,531.1	16,456.2
Official Foreign Reserves	192,813.0	208,991.8	234,545.6	250,346.0	263,955.4
Inflation (% change)					
Consumer Price Index	0.5	1.0	2.1	6.6	0.6
GDP Deflator	2.1	1.6	6.5	0.9	-1.8

	2005	2006	2007	2008	2009
Monetary Aggregates (% change)					
M1	4.4	13.4	22.4	18.4	23.5
M2	6.2	19.4	13.4	12.0	11.3
M3	6.4	19.1	14.1	11.6	10.6
Interest Rates (period average, % per annum)					
Prime Lending Rate	5.30	5.31	5.33	5.38	5.38
Banks' 3-month Fixed Deposit Rate	0.44	0.57	0.53	0.42	0.29
Banks' 3-month Domestic Interbank Rate	2.22	3.45	2.76	1.32	0.70
3-month US$ SIBOR	3.56	5.19	5.30	2.93	0.70
Exchange Rates (period average, S$ per)					
US Dollar	1.6646	1.5889	1.5071	1.4148	1.4545
Pound Sterling	3.0290	2.9261	3.0161	2.6162	2.2737
Euro	2.0719	1.9952	2.0638	2.0771	2.0242
100 Japanese Yen	1.5138	1.3667	1.2806	1.3738	1.5562
Malaysian Ringgit	0.4395	0.4331	0.4384	0.4247	0.4126
Banking and Finance					
Commercial Banks' Assets/Liabilities (S$m)	425,222.5	508,449.9	582,859.0	668,298.4	706,814.2
Growth Rate (% change)	6.8	19.6	14.6	14.7	5.8
Finance Companies' Assets/Liabilities (S$m)	9,444.9	10,066.6	12,781.8	12,586.4	11,691.9
Growth Rate (% change)	13.7	6.6	27.0	(1.5)	(7.1)
Merchant Banks' Assets/Liabilities (S$m)	64,845.1	78,029.3	89,070.2	72,602.3	76,356.2
Growth Rate (% change)	9.5	20.3	14.1	(18.5)	5.2
Asian Currency Units' Assets/Liabilities (US$m)	611,377.4	698,648.5	906,991.0	912,739.4	869,401.3
Growth Rate (% change)	5.1	14.3	29.8	0.6	(4.7)
Insurance					
Life Insurers' Assets/Liabilities (S$m)	88,927.5	99,353.0	112,451.2	99,985.7	119,895.5
Growth Rate (% change)	22.7	11.7	13.2	-11.1	19.9
General Insurers' Assets/Liabilities (S$m)	13,500.9	14,069.4	16,326.2	15,062.0	15,906.0
Growth Rate (% change)	-4.1	4.2	16.0	-7.7	5.6
CPF					
Excess of Contributions Over Withdrawals (S$m)	4,238.3	2,089.5	6,555.1	9,265.1	9,404.4
Domestic Capital Market					
Net Funds Raised in Domestic Capital Market (S$m)	44,746.4	40,795.0	75,474.2	42,859.4	56,566.5

STATISTICAL ANNEX

A1. MONETARY STATISTICS : MONEY SUPPLY

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Money Supply (M1)	36,082.9	35,828.2	38,722.6	44,162.3	46,085.9	52,242.6	63,938.6	75,703.8	93,472.1	96,995.1
Currency in active circulation [1]	11,867.8	12,360.3	12,838.4	13,694.0	14,584.5	15,284.7	16,668.5	18,997.4	20,216.5	21,162.4
Demand deposits	24,215.1	23,467.9	25,884.2	30,468.3	31,501.4	36,957.9	47,270.1	56,706.4	73,255.6	75,832.7
Quasi-money	144,825.6	144,479.9	156,105.9	162,815.6	173,712.4	210,127.2	233,620.3	257,707.3	277,735.8	283,023.9
Fixed deposits	83,308.2	81,597.5	89,706.3	93,360.2	107,714.3	141,619.4	151,731.7	155,121.9	156,731.1	156,988.5
Savings and other deposits	61,313.5	62,656.8	66,111.3	68,940.4	65,588.9	68,287.0	81,822.9	102,567.4	121,004.7	126,035.4
S$NCDs	203.9	225.6	288.3	515.0	409.2	220.8	65.7	18.0	-	-
Money Supply (M2)	180,908.5	180,308.1	194,828.5	206,977.9	219,798.3	262,369.8	297,558.9	333,411.1	371,207.9	380,019.0
Net deposits with finance companies	9,408.4	8,507.3	5,215.8	5,204.8	5,901.3	6,379.3	9,196.0	8,976.4	7,318.1	7,075.8
Money Supply (M3)	190,316.9	188,815.4	200,044.3	212,182.7	225,699.6	268,749.1	306,754.9	342,387.5	378,526.0	387,094.8

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]

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Total Foreign Reserves	139,714.3	142,621.1	163,053.5	183,464.0	192,813.0	208,991.8	234,545.6	250,346.0	263,955.4	275,749.2
Gold & Foreign Exchange	138,744.2	141,490.3	161,745.2	182,276.8	192,044.6	208,304.2	233,913.1	249,546.1	261,374.6	273,304.0
Reserve Position in the IMF	692.0	825.0	956.2	712.4	291.2	200.1	128.6	255.8	375.5	356.7
Special Drawing Rights (SDRs)	278.1	305.8	352.1	474.8	477.2	487.5	503.9	544.1	2,205.3	2,088.5
Total Foreign Reserves (US$ Million)	75,677.0	82,218.7	96,244.1	112,574.9	116,172.6	136,260.9	162,956.8	174,196.3	187,809.1	197,111.5

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

S$ Per Foreign Currency

Period Average	2001	2002	2003	2004	2005	2006	2007	2008	2009	1st Qtr 2010
US Dollar	1.7917	1.7906	1.7422	1.6903	1.6646	1.5889	1.5071	1.4148	1.4545	1.4029
100 Japanese Yen	1.4751	1.4309	1.5044	1.5634	1.5138	1.3667	1.2806	1.3738	1.5562	1.5476
Euro	1.6050	1.6909	1.9703	2.1008	2.0719	1.9952	2.0638	2.0771	2.0242	1.9436
Pound Sterling	2.5809	2.6885	2.8467	3.0963	3.0290	2.9261	3.0161	2.6162	2.2737	2.1918
Swiss Franc	1.0630	1.1528	1.2957	1.3609	1.3383	1.2684	1.2563	1.3090	1.3407	1.3273
Australian Dollar	0.9274	0.9737	1.1355	1.2443	1.2686	1.1967	1.2624	1.2016	1.1473	1.2679
100 Korean Won	0.1389	0.1435	0.1463	0.1477	0.1625	0.1664	0.1622	0.1306	0.1143	0.1226
100 New Taiwan Dollar	5.3031	5.1801	5.0639	5.0584	5.1768	4.8870	4.5870	4.4874	4.4023	4.3961
Hong Kong Dollar	0.2297	0.2296	0.2237	0.2170	0.2140	0.2045	0.1932	0.1817	0.1876	0.1807
Malaysian Ringgit	0.4715	0.4712	0.4585	0.4448	0.4395	0.4331	0.4384	0.4247	0.4126	0.4161
Thai Baht	0.0403	0.0416	0.0420	0.0420	0.0414	0.0419	0.0436	0.0424	0.0424	0.0426
100 Indonesian Rupiah	0.0176	0.0193	0.0203	0.0189	0.0172	0.0173	0.0165	0.0147	0.0140	0.0151

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

A.4 MONETARY STATISTICS: DOMESTIC INTEREST RATES

Per Cent Per Annum

Period Average	2001	2002	2003	2004	2005	2006	2007	2008	2009	1st Qtr 2010
Banks [1]										
Prime Lending Rate	5.67	5.34	5.31	5.30	5.30	5.31	5.33	5.38	5.38	5.38
Fixed Deposit Rate										
3-month	1.52	0.87	0.50	0.40	0.44	0.57	0.53	0.42	0.29	0.22
6-month	1.85	1.14	0.67	0.51	0.55	0.67	0.64	0.54	0.37	0.31
12-month	2.14	1.39	0.88	0.71	0.76	0.88	0.85	0.73	0.56	0.51
Savings Deposit Rate	1.13	0.56	0.28	0.23	0.24	0.26	0.25	0.23	0.18	0.15
Finance Companies [2]										
Fixed Deposit Rate										
3-month	1.54	0.98	0.52	0.48	0.66	0.94	0.75	0.49	0.29	0.24
6-month	1.78	1.19	0.75	0.69	0.83	1.39	1.09	0.59	0.33	0.27
12-month	2.14	1.42	0.99	0.99	1.25	1.85	1.57	0.90	0.62	0.55
Savings Deposit Rate	1.14	0.69	0.36	0.31	0.32	0.34	0.33	0.26	0.25	0.25
Interbank Rate [3]										
1-month	1.93	0.87	0.68	0.94	2.17	3.40	2.66	1.15	0.45	0.44
3-month	2.00	0.95	0.73	1.02	2.22	3.45	2.76	1.32	0.70	0.69
US$ SIBOR										
1-month	3.88	1.77	1.21	1.50	3.38	5.10	5.26	2.69	0.34	0.24
3-month	3.78	1.80	1.22	1.62	3.56	5.19	5.30	2.93	0.70	0.26
6-month	3.74	1.89	1.23	1.79	3.77	5.28	5.26	3.05	1.13	0.40

1 Average of 10 leading banks.
2 Average of all 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Banks	133	120	117	115	111	108	108	113	114	120
Local [1]	8	6	5	5	5	5	5	6	6	7
Foreign	125	114	112	110	106	103	103	107	108	113
Full banks	23	22	22	23	24	24	24	24	27	25
Wholesale banks [2]	20	33	31	37	35	34	36	42	41	46
Offshore banks	82	59	59	50	47	45	43	41	40	42
(Banking offices including head offices and main offices)	(485)	(444)	(404)	(398)	(396)	(397)	(399)	(408)	(409) *	(421)
Asian Currency Units	184	169	164	160	153	151	154	158	161 *	162
Banks	127	115	112	110	106	104	106	111	112 *	117
Merchant banks	57	54	52	50	47	47	48	47	49	45
Finance Companies	11	7	5	3	3	3	3	3	3	3
(Finance companies' offices including head offices)	(79)	(65)	(59)	(39)	(39)	(39)	(39)	(39)	(39)	(39)
Merchant Banks	58	55	53	51	48	48	49	49	50	46
Insurance Companies	151 [3]	144	144 *[4]	138 *	140	149 *	153	151	158	158
Direct insurers	54	53 *	56 *	55 *	55	56 *	61	59	62	64
Professional reinsurers	46	42 *	36	32 *	28	28	27	25	27	26
Authorised reinsurers	0	0	0	0	0	5	5	5	6	6
Captive insurers	51	49 *	52 *	51*	57	60	60	62	63	62

1 Locally-incorporated banks comprise 6 full banks and 1 wholesale bank.
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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Insurance Brokers	88	90	57 [5]	61	61	63	62	65	66	63
Representative Offices	62	55	51	49	45	42	43	45	36	30
Banks	62	55	51	49	45	42	43	45	36	30
Merchant banks	-	-	-	-	-	-	-	-	-	-
International Money Brokers	8	8	8	8	10	9	10	10	10	10
Licensed Financial Advisers	-	-	49	52	56	61	67	69	73	71
Capital Markets Services Licensees [6]	247	224	166	163	168	171	183	215	221	224
Dealing in Securities [7]	81	79	59	60	65	72	77	93	90	99
Trading in Futures Contracts [8]	50	39	36	31	34	38	40	46	50	48
Advising on Corporate Finance	-	-	22	26	30	33	36	37	37	34
Fund Management [9]	167	167	90	94	91	92	97	110	113	107
Leveraged Foreign Exchange Trading	-	-	11	10	11	13	14	18	19	19
Securities Financing	-	-	13	13	15	16	15	16	16	17
Providing Custodial Services for Securities	-	-	26	26	27	31	34	38	40	39
Real Estate Investment Trust Management [10]	-	-	-	-	-	-	-	-	1	7
Licensed Trust Companies [11]	-	-	-	-	-	-	31	35	38	40

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 & LIABILITIES

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Assets										
Cash in hand	1,234.3	1,176.1	1,210.2	1,400.7	1,349.4	1,665.4	1,772.9	1,739.8	2,026.8	1,632.0
Balances with MAS	6,970.8	6,462.8	6,592.0	6,775.0	7,466.1	8,802.0	9,530.4	13,466.0	13,999.9	13,429.1
S$NCDs held	167.3	34.1	163.7	300.5	267.6	98.2	0.0	0.0	0.0	0.0
Amounts due from banks	114,250.7	96,807.5	97,549.3	113,856.1	133,505.2	183,989.2	194,828.8	217,089.8	227,923.2	242,788.7
In Singapore	27,069.9	17,434.6	21,357.0	32,615.8	39,004.2	51,554.4	59,924.1	52,572.1	57,188.2	73,688.4
ACUs	39,024.1	41,871.2	39,856.0	42,998.9	51,023.1	63,476.1	58,945.9	73,134.5	87,208.0	82,784.1
Outside Singapore	48,156.7	37,501.7	36,336.3	38,241.4	43,477.9	68,958.7	75,958.8	91,383.2	83,527.1	86,316.2
Investments	70,847.4	61,537.8	64,133.2	68,217.7	70,228.9	80,627.0	91,943.8	98,715.1	122,968.0	128,333.5
In Singapore	66,988.8	55,918.2	58,248.5	60,176.9	60,626.7	67,707.6	78,349.5	84,826.2	98,742.5	105,499.5
Government securities	40,511.7	42,621.2	45,555.8	45,057.5	43,750.4	50,738.3	59,934.1	66,696.1	81,318.8	85,366.2
Others	26,477.1	13,297.0	12,692.7	15,119.3	16,876.3	16,969.3	18,415.3	18,130.0	17,423.8	20,133.3
Outside Singapore	3,858.5	5,619.7	5,884.7	8,040.8	9,602.2	12,919.4	13,594.3	13,888.9	24,225.5	22,834.0
Loans and advances to non-bank customers	162,920.8	161,283.4	171,443.5	179,088.6	183,109.4	194,597.6	233,393.9	272,175.4	281,297.5	286,296.1
of which bills financing	3,636.6	3,047.7	3,889.2	5,544.8	5,308.1	6,160.2	9,035.2	9,489.7	11,308.5	13,538.9
Fixed and other assets	17,356.6	25,813.3	21,436.6	28,598.1	29,296.0	38,670.5	51,389.2	65,112.3	58,598.7	62,988.5
Liabilities										
Paid-up capital and reserves	36,855.7	30,560.9	32,724.5	35,933.0	38,161.7	39,017.4	41,436.9	51,315.7	54,965.8	58,566.8
Deposits of non-bank customers	182,551.4	180,138.4	194,231.5	206,176.3	223,718.0	272,462.6	314,985.8	347,507.4	391,495.1	401,460.2
S$NCDs issued	371.3	259.8	452.0	815.5	676.7	319.0	65.7	18.0	0.0	0.0
Amounts due to banks	118,349.8	106,060.1	103,559.0	114,953.7	120,849.1	146,468.4	165,520.8	184,405.1	176,394.4	191,119.7
In Singapore	28,544.0	18,218.6	15,201.7	18,815.1	23,010.9	19,879.9	17,225.7	18,283.9	13,869.4	17,763.3
ACUs	61,177.4	61,777.0	63,191.4	71,774.1	67,842.2	78,840.4	95,867.3	92,313.0	113,588.1	120,069.8
Outside Singapore	28,628.3	26,064.5	25,165.9	24,364.5	29,996.0	47,748.1	52,427.8	73,808.1	48,936.9	53,286.5
Bills payable	516.7	606.1	578.2	521.1	620.8	998.3	1,254.3	904.0	1,023.4	1,519.3
Other liabilities	35,103.1	35,489.8	30,983.3	39,837.2	41,196.2	49,184.3	59,595.5	84,148.2	82,935.4	82,801.9
Total Assets/Liabilities	373,747.9	353,115.0	362,528.4	398,236.7	425,222.5	508,449.9	582,859.0	668,298.4	706,814.2	735,467.9

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

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Agriculture, mining and quarrying	113.0	162.1	305.5	212.5	293.0	325.9	232.1	283.2	260.3	533.7
Manufacturing	11,964.7	10,819.2	10,595.5	9,796.9	10,108.0	10,863.2	10,225.8	11,786.1	10,547.9	10,879.2
Building and construction	26,578.4	23,863.0	24,029.5	23,548.8	23,031.1	26,345.5	37,508.9	50,006.6	48,940.6	48,899.6
Housing and bridging loans	41,733.2	44,623.6	52,155.4	58,887.1	61,954.6	63,345.1	73,139.1	79,587.0	91,429.5	94,960.8
General commerce	17,693.0	16,887.2	16,857.3	18,893.8	19,885.2	20,059.0	22,269.0	24,861.6	23,357.4	25,268.7
Transport, storage and communication	6,148.9	4,554.7	4,133.8	3,956.8	4,327.0	6,297.1	9,129.8	9,211.7	10,612.3	10,238.6
Non-bank financial institutions	21,569.2	22,926.8	21,633.8	22,136.9	21,993.1	23,805.6	31,360.4	33,506.1	32,465.3	31,373.9
Professional and private individuals	27,740.9	27,729.5	32,783.9	32,571.9	32,482.3	32,318.3	35,070.8	37,872.4	39,476.3	39,374.3
Others	9,379.4	9,717.3	8,948.8	9,083.9	9,035.2	11,237.9	14,458.1	25,060.6	24,207.9	24,767.4
Total	162,920.8	161,283.4	171,443.5	179,088.6	183,109.4	194,597.6	233,393.9	272,175.4	281,297.5	286,296.1

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

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Overdrafts	23,880.4	20,001.1	16,829.1	13,562.9	11,790.0	10,781.5	10,437.2	9,720.1	9,375.7	9,188.7
Bills discounting	3,636.6	3,047.7	3,889.2	5,544.8	5,308.1	6,160.2	9,035.2	9,489.7	11,308.5	13,538.9
Trust receipts	4,435.4	4,179.1	3,995.2	4,649.5	5,095.7	5,407.2	6,431.8	6,504.0	4,874.3	4,682.5
Term loans and others	130,968.3	134,055.6	146,730.0	155,331.4	160,915.6	172,248.7	207,489.8	246,461.6	255,739.0	258,886.0
Total	162,920.8	161,283.4	171,443.5	179,088.6	183,109.4	194,597.6	233,393.9	272,175.4	281,297.5	286,296.1

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

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Demand	25,966.6	25,178.1	27,902.2	32,775.4	35,140.1	41,473.1	52,080.2	62,100.4	81,047.0	83,177.5
Fixed	90,845.1	87,879.2	95,729.2	99,829.5	118,496.4	158,168.3	175,421.2	175,646.9	179,571.8	181,853.3
Savings	65,331.1	66,690.8	69,861.3	72,938.3	69,306.2	71,760.9	86,496.0	109,033.5	129,995.1	135,557.4
S$NCDs (net)	203.9	225.6	288.3	515.0	409.2	220.8	65.7	18.0	0.0	0.0
Others	408.7	390.4	738.8	633.0	775.4	1,060.3	988.5	726.6	881.3	872.0
Total	182,755.4	180,364.1	194,519.8	206,691.2	224,127.2	272,683.4	315,051.6	347,525.4	391,495.1	401,460.2

C.5 COMMERCIAL BANKS: LIQUIDITY POSITION

S$ Million

Period Average	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1st Qtr 2010
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	392,473.2	403,245.9
Liquid Assets											
(a) Minimum Requirement	35,318.9	37,225.5	38,969.5	40,629.40	36,091.2	38,238.1	42,980.6	51,699.6	36,279.1	36,363.9	42,992.5
(b) Total Actual Liquid Assets	39,518.6	44,342.4	46,845.5	50,375.90	52,340.0	52,889.6	53,597.5	65,088.2	65,787.4	72,987.6	72,239.4
(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	36,623.6	29,246.9
Liquidity Ratios	23.5	25.0	25.2	26.0	25.8	24.4	22.1	22.5	19.1	18.6	17.9

D.1 FINANCE COMPANIES: ASSETS & LIABILITIES

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Assets										
Reserves with MAS	286.1	252.8	155.3	160.5	187.6	203.1	274.9	274.8	220.1	215.6
Deposits with banks and other financial institutions	1,241.9	1,345.7	312.3	460.7	455.1	757.1	881.7	988.5	1,809.4	2,042.4
Banks	1,218.0	1,345.7	312.3	453.3	455.1	757.1	881.7	988.5	1,809.4	2,042.4
Other institutions	23.9	0.0	0.0	7.4	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances	11,983.0	10,815.9	6,657.2	6,878.9	7,869.7	7,972.2	10,179.7	9,743.1	8,092.0	7,892.7
Housing loans	1,884.7	1,547.9	756.3	952.4	1,583.3	1,681.3	1,767.1	1,587.6	1,226.4	1,190.5
Hire purchase	4,394.8	4,034.4	2,459.0	2,364.8	2,467.6	2,245.8	2,713.1	2,755.6	2,361.3	2,270.0
Lease finance	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	5,702.7	5,233.3	3,441.9	3,561.7	3,818.7	4,045.1	5,699.4	5,399.9	4,504.3	4,432.3
Securities and equities	1,257.0	1,115.8	687.4	709.4	827.3	1,008.0	1,277.7	1,456.9	1,453.7	1,459.5
Other assets	193.1	192.0	90.6	98.9	105.2	126.2	167.9	123.0	116.7	101.8
Liabilities										
Capital and reserves	2,425.5	2,111.2	1,406.3	1,442.8	1,658.4	1,693.1	1,683.3	1,713.0	1,824.9	1,868.7
Deposits	10,641.4	9,855.7	5,530.2	5,667.6	6,365.5	7,150.3	10,087.2	9,975.7	9,111.0	9,105.4
Fixed	10,431.4	9,612.0	5,373.4	5,514.1	6,240.4	7,035.3	9,939.5	9,799.7	8,861.1	8,833.6
Savings	202.4	222.6	149.7	145.8	121.6	108.9	140.0	162.4	238.2	250.0
Others	7.6	21.1	7.1	7.7	3.5	6.0	7.7	13.6	11.7	21.8
Borrowings	254.3	254.9	119.9	321.3	685.4	603.7	256.9	134.9	97.5	94.4
Other liabilities	1,639.9	1,500.5	846.4	876.8	735.7	619.5	754.5	762.8	658.5	643.4
Total Assets/Liabilities	14,961.1	13,722.3	7,902.7	8,308.5	9,444.9	10,066.6	12,781.8	12,586.4	11,691.9	11,712.1

E.1 MERCHANT BANKS: CONSOLIDATED ASSETS AND LIABILITIES[1]

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	S$ Million March 2010
Assets										
Amounts due from banks	25,703.8	22,156.6	22,291.5	25,718.7	24,548.3	32,683.2	36,261.8	32,093.5	22,327.1	23,080.6
In Singapore	1,427.1	891.2	1,481.6	1,394.9	665.3	771.4	660.5	1,262.2	1,488.4	1,676.8
Outside Singapore [2]	24,276.7	21,265.4	20,809.9	24,323.8	23,883.0	31,911.8	35,601.3	30,831.3	20,838.7	21,403.9
Loans and advances to non-bank customers	20,309.8	19,674.8	24,229.0	18,693.0	26,675.0	27,562.0	28,157.1	21,754.6	23,451.1	23,631.8
Securities and equities	9,354.9	9,511.3	10,109.9	11,991.1	11,209.1	15,650.2	21,072.0	13,182.7	24,484.6	31,123.8
Other assets	1,029.9	1,221.6	1,573.0	2,842.0	2,412.7	2,133.9	3,579.3	5,571.5	6,093.4	7,239.7
Liabilities										
Capital and reserves	8,094.0	7,742.7	8,232.6	7,636.0	8,374.1	8,104.5	9,164.4	8,443.2	8,860.1	8,922.0
Amounts due to banks	27,617.9	24,858.7	29,304.7	27,320.4	29,471.5	35,834.0	36,478.5	35,698.1	37,963.7	46,631.2
In Singapore	895.1	501.3	724.3	1,225.9	904.5	1,635.2	1,463.7	530.7	3,265.6	3,561.7
Outside Singapore [2]	26,722.8	24,357.4	28,580.4	26,094.5	28,567.1	34,198.8	35,014.8	35,167.3	34,698.1	43,069.5
Borrowings from non-bank customers	17,861.3	17,729.8	18,207.0	20,406.1	23,036.8	28,859.0	36,904.2	22,781.3	23,824.0	22,250.1
Other liabilities	2,825.2	2,233.1	2,459.1	3,882.4	3,962.7	5,231.8	6,523.2	5,679.7	5,708.5	7,272.7
Total Asets/Liabilities	56,398.4	52,564.3	58,203.4	59,244.8	64,845.1	78,029.3	89,070.2	72,602.3	76,356.2	85,076.0

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 BANKING UNIT OPERATIONS[1]

S$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Assets										
Amounts due from banks	5,743.8	5,264.3	5,985.7	4,970.6	4,034.7	4,403.2	4,387.4	5,323.1	5,528.5	5,924.8
In Singapore	1,425.5	881.9	1,479.4	1,393.0	664.2	770.6	659.6	1,261.8	1,488.4	1,676.8
Outside Singapore[2]	4,318.3	4,382.4	4,506.3	3,577.6	3,370.5	3,632.6	3,727.8	4,061.2	4,040.1	4,248.0
Loans and advances to non-bank customers	801.1	809.0	768.2	688.4	685.2	715.1	1,138.5	781.7	845.6	1,068.3
Securities and equities	609.2	477.3	350.7	745.1	1,137.6	1,864.0	1,641.2	1,221.1	3,067.1	2,749.5
Other assets	249.5	219.0	273.0	326.9	299.8	397.2	1,170.7	1,469.6	769.0	612.8
Liabilities										
Capital and reserves	4,734.5	4517.2	4,700.9	3,529.3	2,613.4	2,133.6	2,745.3	3,262.9	3,139.9	3,299.9
Amounts due to banks	1,659.3	1,529.8	1,771.5	2,301.8	2,842.4	4,236.7	3,944.6	3,647.8	6,039.7	6,153.6
In Singapore	658.3	501.1	724.0	831.0	904.5	1,635.2	1,449.3	527.9	1,340.2	1,075.9
Outside Singapore[2]	1,001.0	1,028.7	1,047.5	1,470.8	1,937.9	2,601.5	2,495.3	3,119.9	4,699.5	5,077.7
Borrowings from non-bank customers	562.7	336.5	446.0	435.8	237.8	365.5	521.9	341.6	318.2	336.9
Other liabilities	447.1	386.3	459.0	464.0	463.7	643.8	1,126.1	1,543.2	712.4	565.1
Total Assets/Liabilities	7,403.6	6,769.7	7,377.5	6,731.0	6,157.3	7,379.6	8,337.8	8,795.5	10,210.2	10,355.5

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 & PREMIUMS

S$ Million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Total Assets of Insurance Industry (End Period)	59,696.7	66,789.0	77,406.4	86,552.9	102,428.4	113,422.4	128,777.4	115,047.7	135,801.5	137,783.8
Direct Insurers	54,710.3	61,537.0	71,323.8	79,822.9	94,324.6	105,060.6	118,860.0	104,487.9	123,585.2	127,270.4
Professional Reinsurers	4,208.7	4,361.4	4,697.4	5,202.7	6,070.0	6,622.5	7,960.1	8,655.2	9,950.4	10,513.4
Captive Insurers	777.7	890.5	1,385.2	1,527.3	2,033.8	1,739.3	1,957.3	1,904.6	2,265.9	N.A.
General Business: Gross Premiums [1]										
Total General Business	3,821.2	4,756.4	4,996.2	4,902.6	5,330.7	5,481.3	6,105.4	6,829.3	7,436.2	2,025.4
Domestic Business	1,800.5	2,230.9	2,344.2	2,151.3	2,346.7	2,385.9	2,621.9	2,962.5	2,940.8	923.5
Offshore Business	2,020.7	2,525.5	2,652.0	2,751.3	2,984.0	3,095.4	3,483.5	3,866.8	4,495.4	1,101.9
Life Business: Premiums										
Premiums in Force (End Period)	5,221.9	5,417.9	5,547.9	5,869.6	6,839.8	7,181.5	7,660.8	8,347.5	9,719.1	10,067.3
New Business Premiums										
Annual Premium Policies	455.1	686.7	499.8	549.8	982.9	868.8	1,121.9	1,459.2	1,840.7	582.3
Single Premium Policies										
Life Insurance	8,961.6	5,948.3	4,613.4	6,077.0	5,354.3	6,975.8	9,031.7	8,038.2	6,501.6	1,720.3
Annuity	450.2	602.6	231.6	237.7	263.1	377.4	402.9	554.2	189.4	32.0

1 Figures for March 2010 do not include general captives and marine mutual insurers.
N.A: Not available

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

S$ million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	1st qtr 2010**
Excess Of Contributions Over Withdrawals (During Period)	-566.5	1,304.1	4,001.7	4,959.0	4,238.3	2,089.5	6,555.1	9,265.1	9,404.4	3,656.7
Members' Contributions	18,322.3	16,165.7	15,870.0	15,320.1	16,105.1	16,547.1	18,185.0	20,293.6	20,186.2	6,134.2
Withdrawals *	18,888.8	14,861.6	11,868.3	10,361.1	11,866.8	14,457.6	11,629.9	11,028.5	10,781.8	2,477.5
Approved Housing Schemes [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	5,836.5	1,378.7
Under Section 15 [2]	2,226.1	2,026.8	2,384.8	2,272.6	2,440.3	3,028.0	3,081.0	2,799.8	2,622.9	587.8
Medical Schemes [3]	531.6	763.2	722.0	779.7	903.5	996.3	1,076.7	1,302.9	1,476.4	299.7
Others	7,868.6	3,863.5	1,851.7	791.8	1,158.7	2,078.3	1,604.3	1,078.8	846.0	211.3
Interest Credited to Members' Balances (During Period)	2,489.5	2,897.3	3,115.3	3,375.3	3,675.4	3,926.8	4,228.0	5,455.1	6,092.6	1,633.6
Advanced Deposits with MAS (During Period) [4]	1,648.9	3,820.2	7,130.1	11,624.5	10,091.7	1,574.4	17,874.2	14,167.3	15,408.0	4,548.6
Interest Earnings from Investments (During Period)	2,662.4	3,054.9	3,260.5	3,523.5	3,844.1	4,114.7	4,432.1	5,651.4	6,276.3	1,675.5
Holdings of Government Securities (End Period) [5]	89,410.3	94,444.1	100,750.4	108,462.4	115,362.2	118,918.0	128,626.5	141,325.5	157,446.7	166,073.9
Members' Balances (End Period)	92,221.2	96,422.6	103,539.6	111,873.8	119,787.5	125,803.8	136,586.9	151,307.1	166,804.0	172,094.3

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.

** Provisional

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

S$ Million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	1st Qtr 2010
A Net funds raised by Government	12,453.1	7,014.9	11,661.2	14,965.8	13,056.1	3,200.2	22,837.3	17,526.1	16,793.2	8,021.3
1) Gross issue of Government securities [1]	44,990.3	22,433.8	24,906.3	31,102.2	28,299.8	19,946.1	35,930.9	38,097.7	41,201.3	28,332.6
Less:										
Redemption of Government securities	7,080.0	15,136.8	14,524.4	17,240.0	16,700.0	13,090.3	21,022.5	21,898.7	21,180.0	16,052.4
Conversion from accumulated advance deposits	30,790.3	14,033.8	6,306.3	7,712.2	6,899.8	3,555.8	9,708.4	12,699.0	17,121.3	8,980.2
2) New advance deposits	4,238.1	13,216.7	7,165.6	8,315.8	7,656.1	-1,374.8	16,222.3	13,526.1	15,164.2	4,521.3
3) Net issues of statutory boards' securities	1,095.0	535.0	420.0	500.0	700.0	1,275.0	1,415.0	500.0	-1,271.0	200.0
B New capital raised by the private sector	3,118.2	3,838.0	4,014.6	5,987.2	11,680.0	11,840.1	22,650.2	9,839.0	24,452.9	1,015.8
1) Public issues of shares	485.7	1,685.4	2,046.4	3,942.7	6,916.8	7,761.3	7,805.9	5,538.6	3,209.9	522.3
2) Rights issues	192.5	1,427.8	345.3	1,110.6	2,783.5	1,317.8	6,709.6	3,365.0	17,216.2	126.3
3) Private placements of listed shares	2,440.0	724.8	1,622.9	933.9	1,979.7	2,761.0	8,134.7	935.4	4,026.8	367.2
C Issues of debt securities	20,257.2	18,034.6	18,949.8	21,237.1	20,010.3	25,754.7	29,986.7	15,494.3	15,320.5	6,405.0
1) Listed bonds, debentures and loan stocks [2]	11,814.2	7,737.9	8,139.9	6,399.5	5,074.5	8,422.0	17,940.2	8,804.0	6,816.6	4,410.0
2) Unlisted bonds [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	8,503.9	1,995.0
Total net funds raised (A+B+C)	35,828.5	28,887.5	34,625.6	42,190.1	44,746.4	40,795.0	75,474.2	42,859.4	56,566.5	15,442.0

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

US$ Million

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Assets										
Loans to non-bank customers	79,324.2	77,906.3	83,602.8	93,494.2	120,865.5	139,499.6	197,823.2	214,381.9	219,646.7	227,496.4
Interbank funds	323,902.2	335,973.7	341,917.7	385,302.2	389,485.1	434,022.9	532,674.6	498,669.6	460,694.2	478,503.0
In Singapore	33,054.5	35,599.0	37,151.2	43,932.1	40,766.4	51,409.5	66,398.3	64,140.5	80,941.5	85,594.2
Inter-ACU	30,916.8	31,415.4	29,360.2	31,428.3	29,102.0	43,628.2	53,610.7	54,620.3	41,678.4	51,846.1
Outside Singapore	259,930.9	268,959.3	275,406.3	309,941.8	319,616.7	338,985.2	412,665.5	379,908.9	338,074.2	341,062.7
NCDs held	3,012.2	3,059.6	2,167.2	3,187.4	3,367.2	5,790.8	2,520.4	1,052.5	1,187.7	1,487.8
Other assets	59,234.1	65,672.8	81,458.1	99,578.7	97,659.5	119,335.2	173,972.9	198,635.4	187,872.7	188,599.2
Liabilities										
Deposits of non-bank customers	122,472.3	126,151.6	137,116.0	150,354.2	162,834.2	216,818.1	275,256.9	262,162.1	269,370.2	264,788.6
Interbank funds	310,151.7	320,896.7	330,911.0	379,900.0	394,080.5	409,878.0	540,688.3	523,690.5	502,232.6	529,505.3
In Singapore	25,746.8	28,369.1	34,243.1	34,771.1	37,337.3	49,139.6	50,438.6	62,600.9	87,208.3	80,258.2
Inter-ACU	30,926.4	31,394.8	29,401.4	31,457.9	29,067.8	42,971.6	53,670.1	54,848.7	41,778.1	51,880.2
Outside Singapore	253,478.5	261,132.8	267,266.5	313,671.1	327,675.4	317,766.8	436,579.6	406,240.9	373,246.2	397,366.9
NCDs issued	636.6	1,500.9	1,690.3	2,679.4	2,952.4	4,733.1	3,652.1	1,593.9	1,416.2	1,397.0
Other liabilities	32,212.3	34,063.1	39,428.6	48,628.9	51,510.2	67,219.2	87,393.7	125,292.9	96,382.3	100,395.5
Total Assets/Liabilities	465,472.8	482,612.3	509,145.9	581,562.5	611,377.4	698,648.5	906,991.0	912,739.4	869,401.3	896,086.4

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

US$ Billion

End of Period	2001	2002	2003	2004	2005	2006	2007	2008	2009	March 2010
Net Position [1]										
Up to 6 months	-81.4	-84.6	-80.3	-74.1	-89.5	-104.5	-162.6	-169.1	-160.8	-170.3
Over 6 months to 1 year	15.8	16.1	18.4	20.1	27.3	19.1	27.0	21.7	15.6	21.1
Over 1 to 3 years	25.3	26.7	24.9	27.2	25.7	29.1	46.8	50.8	60.4	70.2
Over 3 years	40.3	41.8	37.0	28.8	37.8	61.6	83.9	83.4	73.0	71.0
Claims [1]										
Up to 6 months	345.8	355.4	375.1	415.5	427.5	479.2	603.3	570.3	561.6	573.0
Over 6 months to 1 year	33.6	35.0	39.2	43.5	48.5	44.4	55.3	52.4	42.6	52.7
Over 1 to 3 years	32.7	32.6	35.0	40.6	41.4	50.6	71.7	80.9	85.0	95.2
Over 3 years	53.4	59.6	59.9	48.7	59.9	87.2	117.7	117.4	105.8	105.6
Liabilities [1]										
Up to 6 months	427.2	440.0	455.4	489.6	517.0	583.7	765.9	739.4	722.4	743.3
Over 6 months to 1 year	17.8	18.9	20.8	23.4	21.2	25.3	28.3	30.7	27.0	31.6
Over 1 to 3 years	7.4	5.9	10.1	13.4	15.7	21.5	24.9	30.1	24.6	25.0
Over 3 years	13.1	17.8	22.9	19.9	22.1	25.6	33.8	34.0	32.8	34.6

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

ABMI	ASEAN+3 Asian Bond Markets Initiative
ABS	Association of Banks in Singapore
ACMF	ASEAN Capital Markets Forum
ACRA	Accounting and Corporate Regulatory Authority
ADB	Asian Development Bank
AELM	APEC Economic Leaders' Meeting
AGM	Annual General Meeting
AML/CFT	Anti Money Laundering / Countering the Financing of Terrorism
AMRO	ASEAN+3 Macroeconomic Surveillance Office
APEC	Asia-Pacific Economic Cooperation
APG	Asia Pacific Group on Money Laundering
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN plus China, Japan, South Korea
ATM	Automated Teller Machine
AUPE	Amalgamated Union of Public Employees
BCBS	Basel Committee on Banking Supervision
BI	Bank Indonesia
BIA	Business Impact Analysis
BIS	Bank of International Settlements
BNPP	BNP Paribus
BOT	Bank of Thailand
bps	Basis Points
CA	Continuous Auditing
CASE	Cosumers Association of Singapore
CBRC	China Banking Regulatory Commission
CDAC	Chinese Development Council of Assistance
CDD	Customer Due Diligence
CGIF	Credit Guarantee and Investment Facility
CMIM	Chiang Mai Initiative Multilateralisation
CPF	Central Provident Fund
CPI	Consumer Price Index
CPSS	Committee on Payment and Settlement Systems
DI	Deposit Insurance
ECB	European Central Bank
EDHEC	Ecole De Hautes Etudes Commerciales du Nord
EES	Employee Engagement Survey
EMEAP	Executives' Meeting of East-Asia Pacific Central Banks
ERM	Enterprise Risk Management
FAA	Financial Advisers Act
FATF	Financial Action Task Force
FDI	Foreign Direct Investments
FDSP	Financial District Security Programme
FGIP	Finance Graduate Immersion Programme
FGLP	Finance Graduate Leadership Programme
FICP	Financial Industry Certified Professional
FICS	Financial Industry Competency Standards
FRC	Financial Research Council
FSB	Financial Stability Board
FSDF	Financial Sector Development Fund
FX	Foreign Exchange
G20	Group of Twenty
G3	Group of Three
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GIC	Government of Singapore Investment Corporation
GSA	Government Securities Act
HKMA	Hong Kong Monetary Authority
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principles
ICT	Information and Communication Technology
IMF	International Monetary Fund
INSEAD	Institut Européen d'Administration des Affaires
IOSCO	International Organisation of Securities Commissions
JCBC	Joint Council for Bilateral Cooperation
LIBOR-OIS	Difference between London Interbank Offered Rate and Overnight Indexed Swap Rate

MEPS+	MAS Electronic Payment System
MOF	Ministry of Finance
MoU	Memorandum of Understanding
MSCI	Morgan Stanley Capital International
NAB	New Arrangements to Borrow
NTUC	National Trade Union Congress
NUS	National University of Singapore
OTC	Over-the-Counter
PLP	People Leadership Programme
PPF	Policy Owners' Protection Fund
PROF	Professional Requisites and Outcomes Framework
q-o-q SAAR	Quarter-on-Quarter Seasonally-Adjusted Annualised Rate
REITs	Real Estate Investment Trusts
RNF	Representative Notification Framework
S$	Singapore Dollar
S$NEER	S$ Nominal Effective Exchange Rate
S&P 500	Standard & Poor's 500 Index
SCE	Singapore Cooperation Enterprise
SDIC	Singapore Deposit Insurance Corporation
SFA	Securities and Futures Act
SGS	Singapore Government Securities
SGX	Singapore Exchange
SIAS	Securities Investors Association Singapore
SKBI	Sim Kee Boon Institute for Financial Economics
SMU	Singapore Management University
SPF	Singapore Police Force
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TFP	Total Factor Productivity
UNCAC	United Nations Convention Against Corruption
VIX	Volatility Index
WGFM	Working Group on Financial Markets
YPP	Young Professionals Programme

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Jaya do Chakarapany, Currency Department
Corinna Chan, External Department
Chan Ying Ying, Human Resource Department
Chua Yang Leng, Prudential Policy Department
Fang Yihan, Macroeconomic Surveillance Department
Alvin Foo, MAS Recreation Club
Dennis Lau, Internal Audit Department
Colin Lee, Corporate Services Department
Lee Ser-Jin, Monetary and Domestic Markets Management Department
Susanna Lee, Human Resource Department
Low Xue Ni, Information Technology Department
Warren Mah, Monetary and Domestic Markets Management Department
Florence Mok, Financial Centre Development Department
Ngoh Eng Eng, MAS Academy
Oh Yong Lee, Specialist Risk Department
Poon Siok Kheng, Finance Department
Shirley Quek-Low Yoke Heng, Banking Department
Timothy Quek, Insurance Department
Alan Tan, Risk Management Department
Tan Li Yuan, Financial Markets Strategy Department
Tan Shi Min, Strategic Planning Office
Erica Tay, Economic Surveillance and Forecasting Department
Lionel Wong, External Department
Samantha Wong, Prudential Policy Department
Philip Woo, Risk Management Department
Yap Sock Hui, Capital Markets Intermediaries Department

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