

# CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>GLOBAL ECONOMIC REVIEW</b>	<b>3</b>
<b>FISCAL SECTOR DEVELOPMENTS</b>	<b>4</b>
<b>Overview</b>	<b>4</b>
<b>Fiscal Position</b>	<b>4</b>
<b>Government Revenue</b>	<b>4</b>
<b>Government Expenditure</b>	<b>5</b>
<b>MONETARY AND FINANCIAL SECTOR DEVELOPMENTS</b>	<b>7</b>
<b>Overview</b>	<b>7</b>
<b>Monetary Developments</b>	<b>7</b>
<b>Deposit Rates</b>	<b>8</b>
<b>Fiscal Sector Development</b>	<b>8</b>
<b>Banking System</b>	<b>8</b>
<b>Direction of Lending</b>	<b>9</b>
<b>Non-Performing Loans</b>	<b>9</b>
<b>Insurance And Takaful Industry</b>	<b>10</b>
<b>Money Remittance</b>	<b>11</b>
<b>Foreign Currency Exchange</b>	<b>11</b>
<b>APPENDIX</b>	
<b>TABLE A: Fiscal Indicators</b>	<b>13</b>
<b>TABLE B: Central Bank Survey</b>	<b>14</b>
<b>TABLE C: Depository Corporation</b>	<b>15</b>
<b>TABLE D: Monetary Aggregates And Broad Money Components</b>	<b>16</b>
<b>GLOSSARY</b>	<b>17</b>

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**EXECUTIVE SUMMARY**

In Q1 09, the Government Fiscal position remained in surplus but the surplus has declined significantly by 81.6 percent q-o-q to B\$216.3 million. This was due to a higher rate of increase in Total Government Expenditure by 74.3 percent q-o-q. For Q4 FY 08/09, Total Government Revenue and Total Government Expenditure amounted to B\$2,360.1 million and B\$2,143.8 million, respectively.

In its continuous endeavour towards developing Brunei Darussalam's domestic capital market, the Government of His Majesty the Sultan dan Yang Di-Pertuan of Brunei Darussalam in Q1 09 issued four Government Short-Term Sukuk Al-Ijarah. Since the maiden offering in April 2006 up to Q1 09, the total sum of Sukuk Al-Ijarah amounted to B\$1.584 billion.

On the Monetary front, the Brunei Dollar strengthened against the Euro, Japanese Yen and Indonesian Rupiah. However, the Brunei Dollar weakened against most of the other major global and regional currencies. Currency in circulation (M0) declined to B\$883.2 million. The External Assets of B\$892.7 million provided 101.1 percent coverage to the currency in circulation. At the same time, Liquid Assets coverage of 46.1 percent was also well above the statutory requirement of 30 percent. The 3-month, 6-month and 12-month Fixed Deposit Rates stood at 0.73 percent, 0.73 percent, and 1.03 percent.

In the Banking Sector, Total Banking Assets decreased by 3.6 percent q-o-q from B\$19.6 billion to B\$18.9 billion. Total Deposits have also decreased by 1.0 percent q-o-q to B\$15.5 billion. In terms of asset quality, Total Non Performing Loans of the banking industry stood at B\$668.7 million, an increase of 2.6 percent q-o-q. The Insurance Industry's Assets recorded a decrease of 5.9 percent q-o-q to B\$957.0 million attributable to decreases in Non-Life Assets, specifically Cash in Hand, Other Investments and Other Assets. Gross Premiums and Gross Claims both decreased by 0.7 percent q-o-q and 30.8 percent q-o-q to B\$43.8 million and B\$24.3 million, respectively. On the Money Remittance Sector, Total Money Remitted abroad decreased by 1.9 percent q-o-q to B\$124.7 million. Total foreign currency purchases reached B\$20.4 million, recording a decrease of 13.4 percent q-o-q.

## GLOBAL ECONOMIC REVIEW

In Q1 09, the global economy continued to decline as a consequence of the global financial turmoil despite the policy measures taken by Governments and Central Banks worldwide. Global inflation rates continued to fall as a result of lower commodity prices, rising unemployment levels and deteriorating global demand. Q1 09 oil prices averaged at US\$41.90 per barrel.

The US economy continued to contract at a slower pace of 6.1 percent q-o-q. Business and private investment, government spending as well as trade remained weak whilst personal consumption figures were encouraging. US Consumer Price Index (CPI) remained flat at zero percent q-o-q. In light of current market conditions the Federal Reserve has maintained an overall overnight target range of 0 - 0.25 percent.

The Eurozone economy contracted more than expected at 2.5 percent q-o-q. Economic activities remained on the downside. Industrial production fell by 20.2 percent y-o-y in March as manufacturers continued to cut output due to the global economic recession. Exports and imports both declined sharply by 8.1 percent and 7.1 percent q-o-q, respectively. The Eurozone Harmonised Index of Consumer Prices (HICP) has decreased to 1 percent q-o-q. The European Central Bank (ECB) cut overnight rates from 1.25 percent to 1.0 percent and have extended long-term liquidity provision out to 12 months. They also announced outright purchases of covered bonds of approximately 60 billion Euros.

The United Kingdom's GDP deteriorated further at a rate of 1.9 percent. This was caused partly by a further sharp drop in industrial production as producers sought to run down the involuntary rise in stocks prompted by the collapse in demand last year. The HICP showed that the UK's inflation rate fell to 3 percent. The Bank of England's Monetary Policy Committee reduced its main policy rate by 100 basis points (bps) to 1 percent and the repo rate to 0.5 percent. It also undertook an asset purchasing programme which amounted to GBP 75 billion financed by the issuance of central bank reserves.

	2008				2009
	Q1	Q2	Q3	Q4	Q1
United States	-1.5	2.8	-0.5	-6.2	-5.7
Euro	-1.6	-0.2	-0.2	-1.5	-2.5
United Kingdom	-3.8	0.0	-0.7	-1.6	-1.9
Japan	0.7	-0.9	-0.6	-3.8	-3.8

Sources: Bureau of Economic Analysis; Eurostat; National Statistics UK; Cabinet Office, Japan

Japan as the world's second largest economy slumped to 3.8 percent q-o-q, attributed mainly to the significant fall in exports by 26.0 percent q-o-q, private sector investment by 10.4 percent q-o-q, housing investment by 5.4 percent q-o-q and consumption by 1.1 percent q-o-q. Japan's CPI registered at -0.3 percent y-o-y reflecting weak domestic demand and widening output gap. The Bank of Japan

(BoJ) decided to leave its target for uncollateralised overnight call rate unchanged at 0.1 percent.

The Chinese economy grew albeit at a slower rate of 6.1 percent y-o-y attributable to strong domestic demand boosted by the People's Republic of China's Government two year fiscal stimulus package worth 4 trillion Yuan. Headline Fixed Asset Investment (FAI) grew 28.8 percent y-o-y. In Q1 09, China's CPI inflation decreased by 1.2 percent. The People's Bank of China maintained its one-year lending benchmark rate and one-year deposit rate to 5.31 percent and 2.25 percent, respectively.

The ASEAN-4 nations namely Indonesia, Malaysia, the Philippines, and Thailand experienced an aggregate slump in economic performance of 1.0 percent y-o-y. Indonesia and the Philippines grew at a slower rate of 4.37 percent and 0.45 percent y-o-y, respectively. Malaysia and Thailand on the other hand both registered negative GDP growth of -6.17 percent and -7.11 percent y-o-y, respectively. These figures were led by falls in domestic demand and exports due to adverse economic conditions. Inflation rates also fell for all of the ASEAN-4 nations. Consistent with global monetary policy response, the ASEAN-4 Central Banks reduced their policy rates.

The economic performance of the Newly Industrialised Economies (NIEs) namely Hong Kong, Korea, Singapore and Taiwan slumped further after registering an aggregate decline of 6.6 percent. This was due to considerable falls in exports, investment and consumption levels. Similar to the ASEAN-4 nations, NIEs inflation rates also declined. In order to stimulate economic growth, the NIEs have continued with their stance of easing monetary policies as well as initiating significant fiscal measures to counter the external demand slack.

## FISCAL SECTOR DEVELOPMENTS

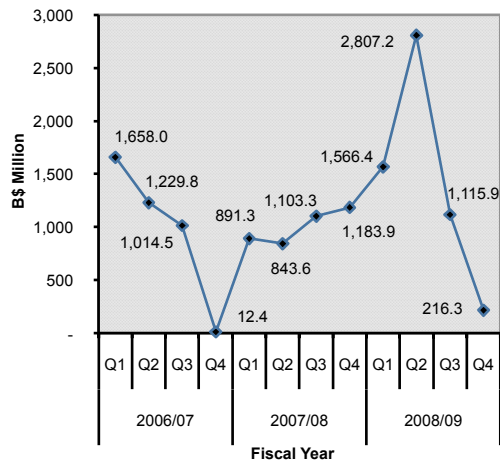
### OVERVIEW

- Fiscal surplus was recorded at B\$216.3 million
- Total Government Revenue: B\$2,360.1 million (increase of 0.4% q-o-q)
- Total Government Expenditure: B\$2,143.8 million (increase of 73.7% q-o-q)

### FISCAL POSITION

Fiscal surplus declined significantly by 80.6 percent q-o-q to B\$216.3 million. This was attributed to the lower rate of increase of Total Government Revenue in comparison to the rate of increase of Total Government Expenditure.

Figure 2.1: Surplus/Deficit Balances

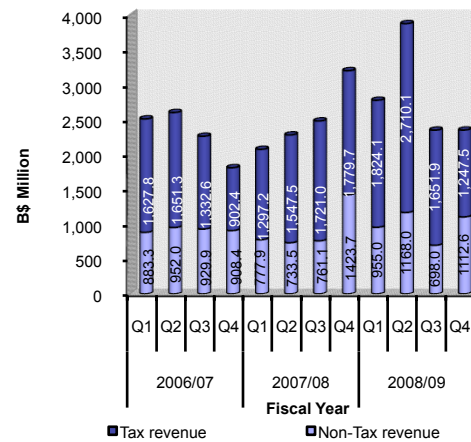


Source: Treasury Department, Ministry of Finance

### GOVERNMENT REVENUE

In Q4 FY08/09, Total Government Revenue increased marginally by 0.4 percent q-o-q to B\$2,360.1 million. Tax Revenue decreased by 24.5 percent to B\$1,247.5 million, whereas, Non-Tax Revenue<sup>1</sup> increased by 59.4 percent q-o-q to B\$1,112.6 million. These figures are illustrated on Figure 2.2.

Figure 2.2: Tax Revenue & Non-Tax Revenue, Q1 FY2006/07 – Q4 FY2008/09

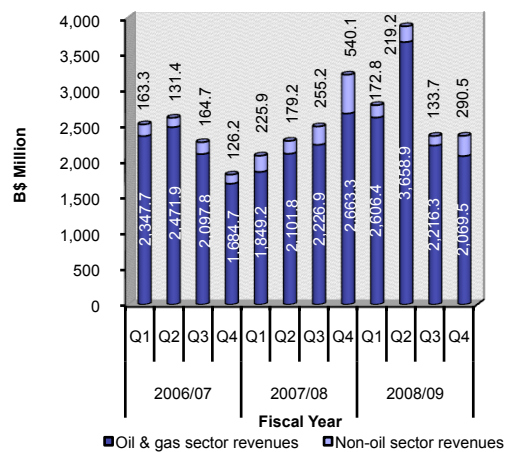


Source: Treasury Department, Ministry of Finance

The Oil & Gas Sector accounted for 87.7 percent of the Total Revenue (see Figure 2.3). Tax Revenue from the Oil & Gas Sector declined by 25.5 percent q-o-q to B\$1,190.6 million, while Non-Tax Revenue from the said sector increased by 42.2 percent q-o-q to B\$878.9 million.

Meanwhile, Non-Oil Sector Revenue, which contributed to 12.3 percent of the Total Revenue, amounted to B\$290.5 million in this quarter. Tax Revenue from the Non-Oil Sectors increased by 6.2 percent q-o-q to B\$56.9 million whereas, Non-Tax Revenue on the other hand, increased significantly by 192.1 percent q-o-q to B\$233.7 million.

Figure 2.3: Oil & Non-oil Sector Revenues, Q1 FY2006/07 – Q4 FY2008/09



Source: Treasury Department, Ministry of Finance

<sup>1</sup> Non-tax revenue consists mainly of property income, administrative fees and charges on sales of goods and fines.

Table 2.1 : Budgeted & Actual Revenue Comparison			
	Budgeted Revenue per quarter (B\$ million)	Actual Revenue (B\$ million)	Proportion of Revenue Collected (%)
Q4 08/09			
Total Revenue	1,400.1	2,360.1	168.6
Tax Revenue	818.3	1,247.5	152.4
Non-Tax Revenue	581.8	1,112.6	191.2
	Budgeted Revenue (FY 08/09)	Actual Revenue (Q1 – Q4 2008/09)	Proportion of Revenue Collected (%)
Total Revenue	5,600.5	11,367.3	203.0
Tax Revenue	3,273.1	7,433.6	227.1
Non-Tax Revenue	2,327.4	3,933.6	169.0

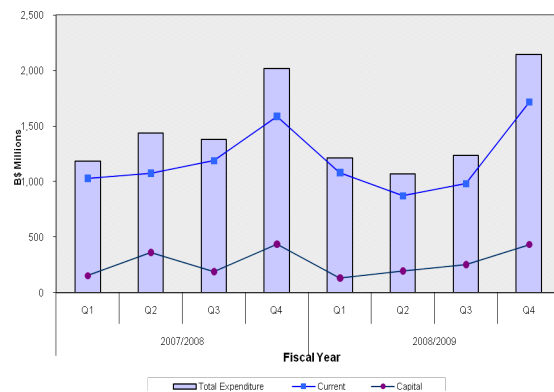
Source: Expenditure Division; and Treasury Department, Ministry of Finance

From Table 2.1, Total Government Revenue collected for Q4 FY08/09 amounted to B\$2,360.1 million.

### GOVERNMENT EXPENDITURE

Total Government Expenditure rose by 73.7 percent to B\$2,143.8 million as many government agencies aimed to meet their budget target before the budget year ended.

Figure 2.4: Government Expenditure, Q1 FY07/08 – Q4 FY08/09



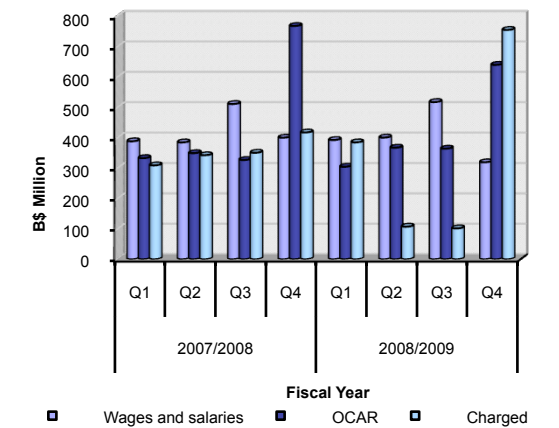
Source: Treasury Department, Ministry of Finance

### Current Expenditure

Current Expenditure registered an increase of 74.3 percent q-o-q to B\$1,713.0 million in (see Fig 2.5).

Charged expenditure, which represented the largest component of total Current Expenditure, increased drastically by 641.8 percent q-o-q to B\$754.5 million. Other Charges Annually Recurrent (OCAR), which accounted for 37.3 percent of total Current Expenditure, increased by B\$275.7 million. Wages and Salaries on the other hand declined by 38.3 percent to B\$319.0 million.

Figure 2.5: Actual Current Expenditure (Wages & Salaries, OCAR & Charged) Q1 FY07/08 – Q4 FY08/09



Source: Treasury Department, Ministry of Finance

Table 2.2: Budgeted & Actual Current Expenditure Comparison

	Budgeted Current Exp FY 08/09	Actual Current Exp Up to Q4 08/09	Proportion of Budget Utilised (in percent)
Current Expenditure	3,906.8	4,651.1	119.0
Wages &Salaries	1,770.6	1,628.7	92.0
OCAR	1,467.0	1,674.6	114.2
Charged	669.2	1,347.9	201.4
	Q4 08/09	Q4 08/09	(in percent)
Current Expenditure	976.7	1,713.0	175.4
Wages &Salaries	442.7	319.0	72.1
OCAR	366.7	639.5	174.4
Charged	167.3	754.5	451.0

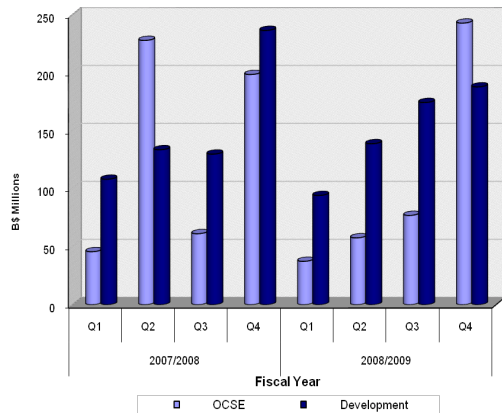
Source: Expenditure Division; and Treasury Department, Ministry of Finance

An amount of B\$4,651.1 million was spent for fiscal year 08/09, which was 119.0 percent more than budgeted.

### Capital Expenditure

Capital Expenditure increased significantly by 71.3 percent q-o-q to B\$430.8 million due to a significant increase in spending in Other Charges Special Expenditure by 215.0 percent q-o-q. This is because most of the government projects were at their final stages in the said quarter. Development Expenditure increased by 7.7 percent q-o-q to B\$187.9 million.

**Figure 2.6: Actual Capital Expenditure (OCSE & Development) Q1 FY07/08 – Q4 FY08/09**



Source: Treasury Department, Ministry of Finance

**Table 2.3: Budgeted & Actual Capital Expenditure Comparison**

	Budgeted Capital Exp	Actual Capital Exp	Proportion of Budget Utilised
	FY 08/09	Up to Q4 08/09	(in percent)
Capital Expenditure	1,548.2	1,010.6	65.3
OCSE	498.2	415.1	83.3
Development	1,050	595.4	56.7
	Q4 08/09	Q4 08/09	(in percent)
Capital Expenditure	387.0	430.8	111.3
OCSE	124.5	242.9	195.1
Development	262.5	187.9	71.6

Source: Expenditure Division; and Treasury Department, Ministry of Finance

Overall, approximately 65.3 percent of the budgeted Capital Expenditure of B\$ 1,548.2 million was utilised FY 08/09.

## MONETARY & FINANCIAL SECTOR DEVELOPMENTS

### OVERVIEW

- Total issuance of Sukuk Al-Ijarah amounted to B\$1.584 billion.
- All monetary aggregates (Money, M1; Quasi Money; and Broad Money, M2) increased by 8.4 percent
- Total Deposits decreased by 1.0 percent
- Total Banking Assets declined by 3.6 percent
- Average NPL ratio is 10.53

### MONETARY DEVELOPMENTS

#### i. Government Short Term Sukuk Al-Ijarah

Four Government Short Term Sukuk Al-Ijarah were issued in Q1 09, of which three were of 91 days maturity and one was of 364 days maturity. The aggregate amount of the Sukuk Al-Ijarah issued since the maiden offering in April 2006 up to Q1 09 was B\$1.584 billion.

Table 3.1: Issuance of Government Sukuk Al-Ijarah

Series	Issuance (B\$m)	Terms (days)	Issuance Date	Maturity Date	Rental Yield (p.a)
24	31	91	5/2/09	7/5/09	0.40%
25	60	91	19/2/09	21/5/09	0.39%
26	11	364	5/3/09	4/3/10	0.50%
27	63	91	19/3/09	18/6/09	0.34%

Source: Brunei Currency and Monetary Board, Ministry of Finance

#### ii. Foreign exchange

Table 3.2: Brunei Dollar Against Selected Currencies

	Q1 2008 End Of Period	Q4 2008 End Of Period	Q1 2009 End Of Period
<b>B\$ to 1 unit of Foreign Currency</b>			
US Dollar	1.3799	1.4392	1.5194
Pound Sterling	2.7529	2.0769	2.1771
Euro	2.1807	2.0258	2.0153
Australian Dollar	1.2658	0.9959	1.0463
<b>B\$ to 100 unit of Foreign Currency</b>			
Hong Kong Dollar	17.73	18.57	19.6
Indonesian Rupiah	0.01497	0.013143	0.013104
Japanese Yen	1.3814	1.5924	1.545
Philippine Peso	3.3079	3.0235	3.1389
Thai Baht	4.3758	4.1297	4.277

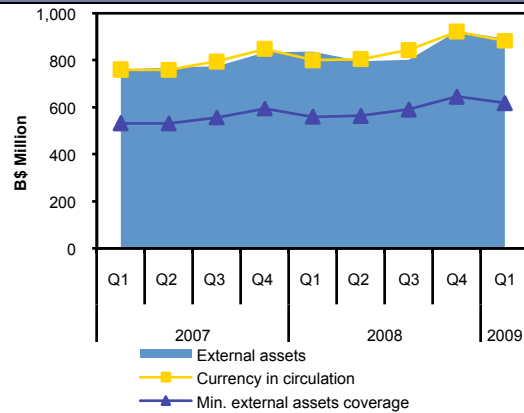
Source : The Brunei Association of Banks

On the foreign exchange, the Brunei Dollar weakened against the US Dollar, Pound Sterling and Australian Dollar by 5.57 percent, 4.82 percent and 5.06 percent, respectively. However, the Brunei Dollar strengthened against the Euro.

Among the Asian currencies, the Brunei Dollar strengthened against the Indonesian Rupiah albeit slightly by 0.30 percent and also against the Japanese Yen by 2.98 percent. On the other hand, the Brunei Dollar weakened against the Hong Kong Dollar (5.55 percent), Philippine Peso (3.82 percent) and Thai Baht (3.57 percent) after appreciating in the previous quarter.

#### iii. Monetary Aggregates

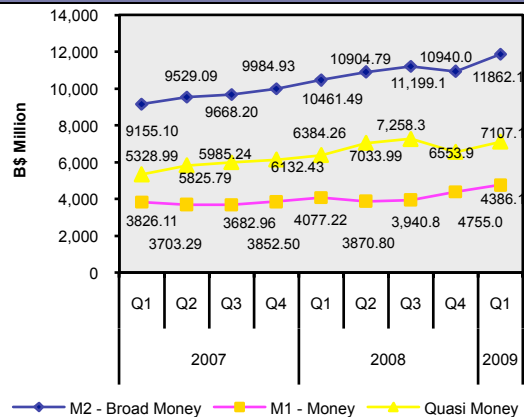
Figure 3.1: Currency in circulation (M0) and External Assets Back-up



Source: Brunei Currency and Monetary Board, Ministry of Finance

Currency in circulation (M0)<sup>2</sup> declined to B\$883.2 million. The External assets of \$892.7 million provided 101.1 percent coverage to the currency in circulation. Concurrently, Liquid assets coverage was also well above the statutory requirement of 30 percent at 46.1 percent.

Figure 3.2: Monetary Aggregates



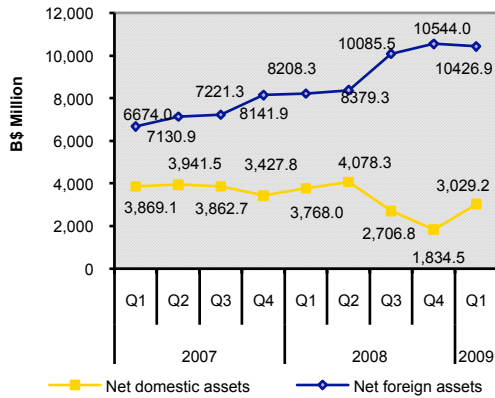
Source: Brunei Currency and Monetary Board & Financial Institutions Division, Ministry of Finance

<sup>2</sup> M0 = Currency in circulation outside BCMB

Net foreign assets<sup>3</sup> fell by 1.1 percent to B\$10,426.9 million from the previous quarter with a corresponding increase in Domestic claims<sup>4</sup> by 65.1 percent.

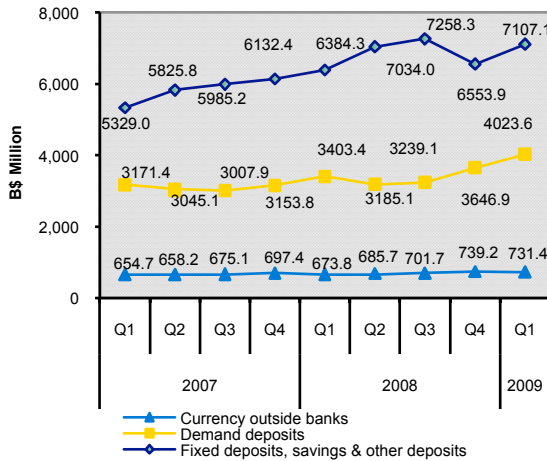
Meanwhile, claims on public non-financial corporations fell by 5.3 percent. Claims on private sector declined by 1.0 percent for the first time despite quarterly growth in 2008.

Figure 3.3: Net Foreign Assets and Domestic Claims



Source: Financial Institutions Division & Brunei Currency and Monetary Board, Ministry of Finance

Figure 3.4: Components of Money and Quasi Money



Source: Financial Institutions Division & Brunei Currency and Monetary Board, Ministry of Finance

All monetary aggregates saw the same increase of 8.4 percent. The growth in Broad Money was largely attributed to an increase of Demand Deposits of 10.3 percent this quarter as well as an increase in Fixed Deposits placements of 8.4 percent.

**DEPOSIT RATES**

The declining trend in the average deposit rates continued in the first quarter 2009. Local banks, which

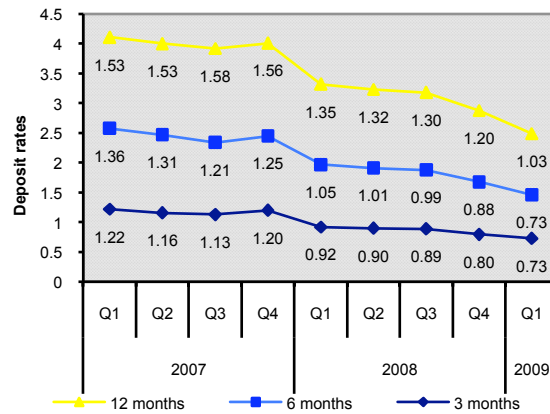
<sup>3</sup> Net foreign assets = BCMB net claims on non-residents + Commercial banks net claims on non-residents  
<sup>4</sup> Domestic claims = Net claims on Government + Claims on Public Nonfinancial Corporations + Claims on Private Sector

often offer higher deposit rates than the foreign banks have also shown declining trend in their deposit rates..

Table 3.3 : Brunei Fixed-Deposit Rates

Months	Q1 2008 (%)	Q4 2008 (%)	Q1 2009 (%)
3	0.92	0.80	0.73
6	1.05	0.88	0.73
12	1.35	1.20	1.03

Figure 3.5: Brunei Fixed-Deposit Rates Trend



Source: Financial Institutions Division, Ministry of Finance

**FINANCIAL SECTOR DEVELOPMENT**

The Ministry of Finance recently issued a Notice under Section 66 of the Banking Order 2006 for the Classification of Advances and the Treatment of Interest on Non-Performing Advances. Subsequently, The Ministry of Finance also issued a guideline for the Provision for Bad and Doubtful Debts under Section 25 of the same Order. Both the Notice and Guidelines took effect from 1st September 2009. The objectives of these prudential guidelines are to ensure a uniform system of identification, classification, provisioning and recognition of interest on non-performing advances for all banks.

**BANKING SYSTEM<sup>5</sup>**

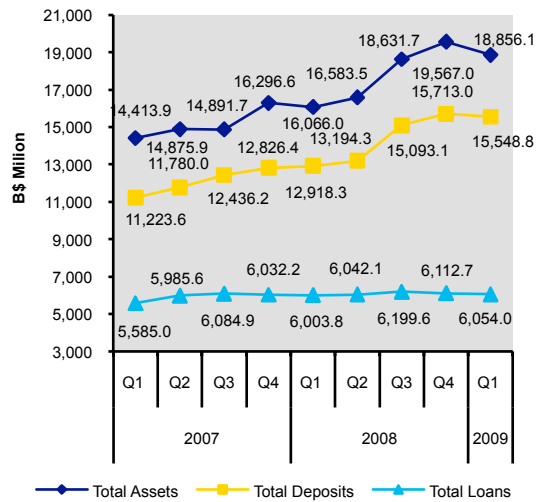
Total banking assets declined by 3.6 percent q-o-q from B\$19.6 billion to B\$18.9 billion. In the segmental trend, the local banks and the foreign banks recorded a decrease of 4.3 percent and 3.0 percent q-o-q, respectively. This decrease in total assets was represented by a decrease in total loans of 1.0 percent q-o-q from B\$6.11 billion to B\$6.05 billion. Total offshore deposits also reported a decreasing trend q-o-q of 2.6 percent from B\$9.6 billion to B\$9.3 billion. This

<sup>5</sup> In previous issues of the Fiscal and Monetary Review, the banking system comprised wholly of banks operating in Brunei Darussalam. However, due to the increasingly significant banking activities of the trust fund, Tabung Amanah Islam Brunei (TAIB), the definition of the banking system has been amended to include the banks and trust fund.

was mostly reflected in the foreign bank segment which recorded a decrease of 4.2 percent q-o-q from B\$7.6 billion to B\$7.3 billion.

A commensurate decrease in Total Deposits of the banking industry of 1.0 percent was recorded from B\$15.7 billion to B\$15.5 billion. However, in the segmental trend, the foreign banks recorded an increase of 2.6 percent from B\$8.9 billion to B\$9.1 billion, while the local banks recorded a decrease of 5.8 percent from B\$6.8 billion to B\$6.4 billion q-o-q.

**Figure 3.6: Total Assets, Total Deposits and Total Loans**



Source: Financial Institutions Division, Ministry of Finance

The first quarter of 2009 saw a constant trend in the loans to deposit ratio which, overall, stood at 38.9 percent. This reflected the high liquidity levels in the banking system primarily with the foreign banks which accounted for 74.6 percent of total liquid assets and 78.2 percent of total offshore deposits in the industry. The domestic banks on the other hand had a higher loan to deposit ratio where 62.7 percent of total deposits were allocated to credit. This trend has been consistent in the banking system in Brunei over a considerable period of time.

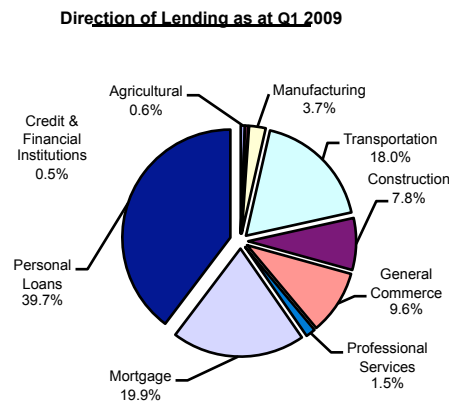
**DIRECTION OF LENDING**

Personal loans continued to be the dominant sector, albeit at a decreasing trend in response to the personal loans directive of the MOF in 2005, which give all banks until 2010 to limit personal loans to not more than 30 percent of their total loan portfolios. With the y-o-y decrease in the total loan of 7.0 percent, new areas of credit need to be identified to which the surplus funds could be channelled.

**Table 3.4: Direction of Lending**

DIRECTION OF LENDING	Q1 2008	Q4 2008	Q1 2009	y-o-y	q-o-q
	(in B\$ millions)			(in percent)	
Agricultural	34.5	37.5	37.7	9.2	0.5
Credit & Financial Institutions	22.8	28.8	29.6	29.8	2.8
Manufacturing	177.7	145.8	150.1	-15.5	2.9
Transportation	970.0	1,069.8	1,087.5	12.1	1.7
Construction	506.2	503.6	469.4	-7.3	-6.8
General Commerce	548.7	602.9	582.6	6.2	-3.4
Professional Services	80.1	89.6	87.9	9.7	-1.9
Mortgage/property financing	1,080.5	1,189.7	1,207.0	11.7	1.5
Personal	2,583.2	2,445.0	2,403.2	-7.0	-1.7
<b>Total Loans</b>	<b>6,003.7</b>	<b>6,112.7</b>	<b>6,055.0</b>	<b>0.9</b>	<b>-0.9</b>

**Figure 3.7: Direction of Lending in percent**



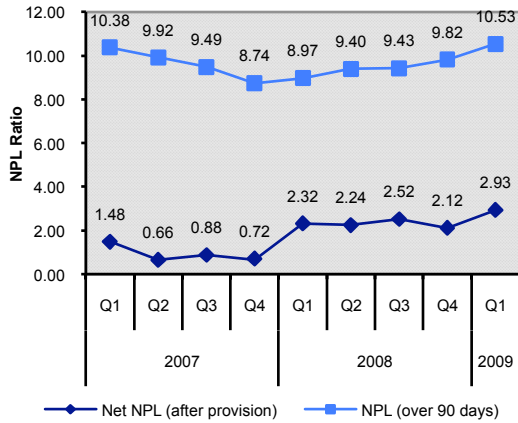
Source: Financial Institutions Division, Ministry of Finance

Property Financing or Mortgages continued to be the second largest portfolio and accounted for 19.9 percent of the banks' Total Loans followed by Transportation lending at 18.0 percent. On a quarterly comparison, the manufacturing sector recorded the highest increase by 2.9 percent from B\$145.8 million to B\$150.1 million which was reflected in the wood and wood products sub sector. The Construction sector recorded the highest decrease of 6.8 percent from B\$503.6 million to B\$469.4 million.

**NON-PERFORMING LOANS**

In terms of asset quality, total NPL of the banking industry stood at B\$668.7 million, registering an increase of 2.6 percent q-o-q. Provision cover for NPL has decreased by 2.3 percent q-o-q. Meanwhile, sectoral distribution of NPL shows personal loans consistently having the highest rate of default.

Figure 3.8: NPL percentage



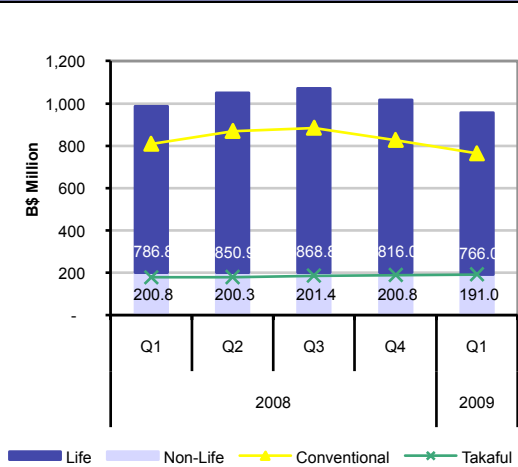
Source: Financial Institutions Division, Ministry of Finance

**INSURANCE AND TAKAFUL INDUSTRY**

In Q1 09, the Insurance and Takaful Industry contracted slightly with decreases in Assets and Gross Premiums.

The Industry's Assets decreased by 5.9 percent from B\$1,016.7 million in Q4 08 to B\$957.0 million in the current quarter due to decreases in Non-Life Assets specifically Cash in Hand, Other Investments and Other Assets. Meanwhile Life Assets continued to represent the largest portion of Total Assets at 80 percent.

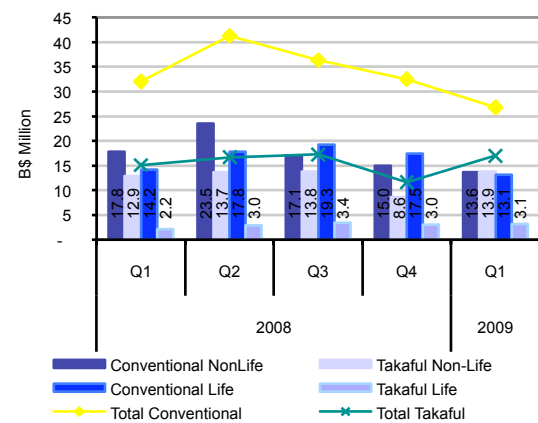
Figure 3.9: Total Assets, Q1 2008 – Q1 2009



Source: Financial Institutions Division, Ministry of Finance

Industry Gross Premiums decreased by 0.7 percent from B\$44.1 million in Q4 08 to B\$43.8 million in Q1 09. This was attributable to Life Premiums decline of 20.6 percent despite Non-Life Premiums growth of 16.5 percent.

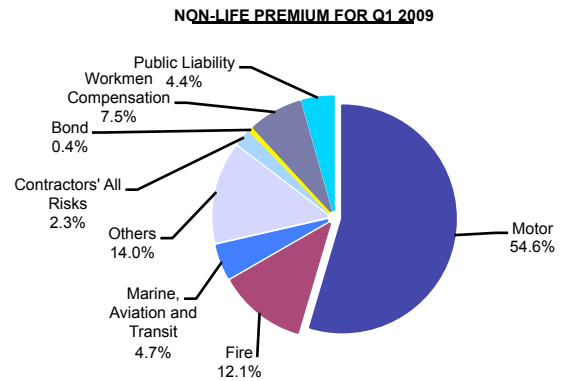
Figure 3.10: Gross Premiums, Q1 2008 – Q1 2009



Source: Financial Institutions Division, Ministry of Finance

Motor Business represented 54.6 percent of Total Non-Life Premiums at B\$15.0 million, followed by Other Business, 14.0 percent, at B\$3.9 million and Fire Business, 12.1 percent, at B\$3.3 million

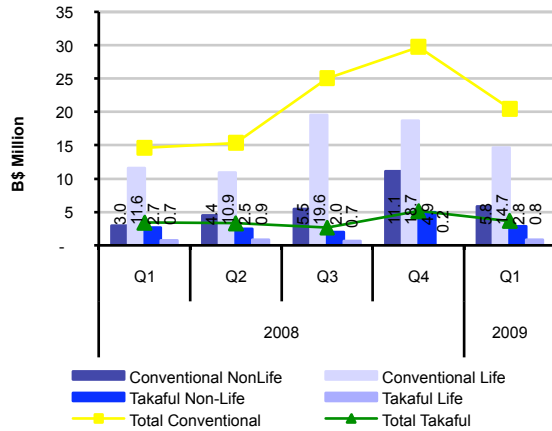
Figure 3.11: Non-Life Gross Premiums Percentage, Q1 2009



Source: Financial Institutions Division, Ministry of Finance

Overall, Industry Gross Claims decreased by 30.8 percent from B\$34.9 million in Q4 08, due to one exceptionally high one-off Motor Claims case, to B\$24.3 million in Q1 09. Gross Claims however increased by 52.2 percent y-o-y.

Figure 3.12: Gross Claims, Q1 2008 – Q1 2009



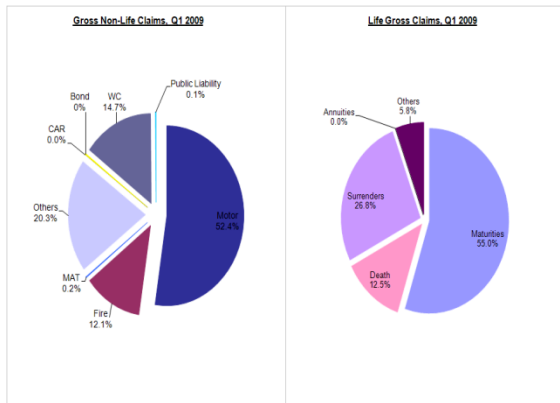
Source: Financial Institutions Division, Ministry of Finance

Motor Claims and Fire Claims incurred were relatively higher during Q1 2009 due to adverse weather conditions leading to increased car damages incidents.

Motor Claims stood at B\$4.5 million which was a decrease of 61.6 percent q-o-q but a 15.3 percent increase y-o-y. Fire Claims stood at B\$1.1 million which was an increase of 5.7 percent q-o-q and 84.2 percent y-o-y.

In Life Business, claims decreased by 17.8 percent with all types of benefits on the decline with the exception of Death Benefit which rose from B\$0.6 million in Q4 08 to B\$1.9 million in Q1 09.

Figure 3.13: Gross Claims Percentage, Q1 2009



Source: Financial Institutions Division, Ministry of Finance

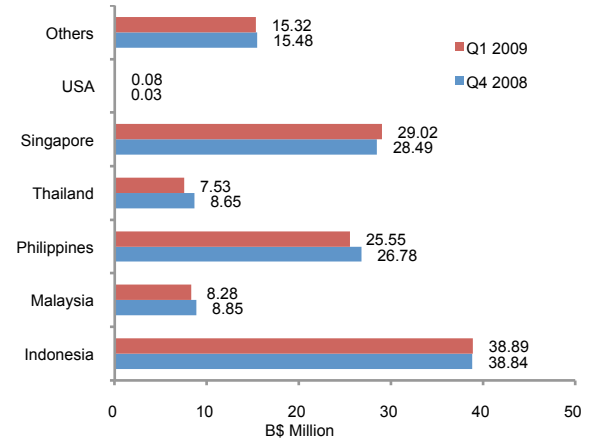
**MONEY REMITTANCE**

Outward remittance reached a sum of B\$ 124.7 million in Q1 09. This marked a 1.9 percent decrease q-o-q and 6.5 percent increase y-o-y. In light of the previous quarter, remittances to Singapore increased by 1.9 percent and to Indonesia by 0.13 percent. Similarly, a large increase was also recorded for remittances made to the United States of America. However, it could not

be reflected as a percentage of the whole remittance basket.

Other major remittance destinations namely Thailand, Malaysia, and Philippines recorded increases of 13 percent, 6.4 percent, 4.6 percent and respectively.

Figure 3.14: Total Money Remitted



MONEY REMITTED	Q1 2008	Q4 2008	Q1 2009
<b>Total (in B\$m)</b>	117.1	127.1	124.7
<b>% Change</b>	6.5% (y-o-y)	-	-1.9% (q-o-q)

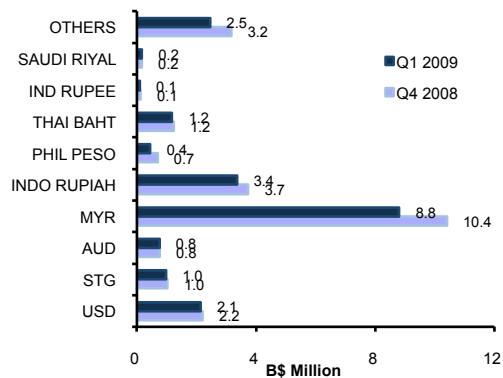
Source: Financial Institutions Division, Ministry of Finance

**FOREIGN CURRENCY EXCHANGE**

The total amount of foreign currency purchased in Q1 09 amounted to B\$20.4 million. This recorded a decrease of 13.4 percent q-o-q and 20.9 percent y-o-y. This was mainly attributed to 15.4 percent drop in the amount of Malaysian Ringgit in Q1 09 despite still being the most purchased currency in the present quarter.

Weak Asian currencies coupled with high volatility levels have led to declining buying trends of most foreign currencies except for the Saudi Riyal which recorded an increase of 6.3 percent.

Figure 3.15: Buying of Foreign Currencies



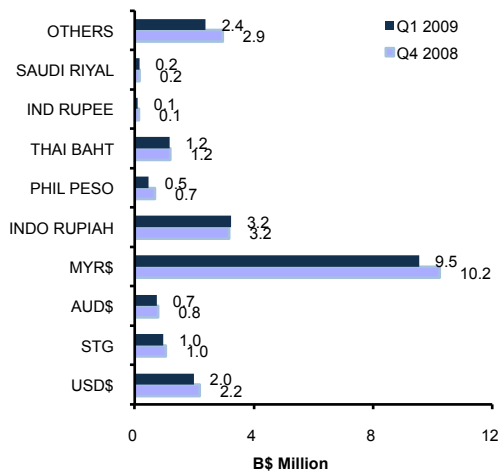
BUYING	Q1 2008	Q4 2008	Q1 2009
<b>Total (in B\$m)</b>	25.8	23.5	20.4
<b>% Change</b>	- 20.9% (y-o-y)	-	- 13.4% (q-o-q)

Source: Financial Institutions Division, Ministry of Finance

The total sales figure for foreign currency in Q1 09 stood at B\$20.8 million. Similar to the purchasing trends, sale patterns have outlined a decreasing trend where the total amount sold recorded a – 7.8 percent q-o-q and – 24.1 percent fall y-o-y, respectively.

Subsequently, y-o-y decreasing trends were visible in most of the foreign currencies sold. The Filipino Peso sales dropped by 30.9 percent, India Rupee 28.6 percent, US dollar and Pound Sterling 8.7 percent, Australian dollar 5.1 percent. The Indonesian Rupiah sold in Q1 09 recorded an increase of 2.2 percent. Similar to the purchasing trends, the Malaysian Ringgit remained the outselling currency despite a total sales figure decrease of 6.7 percent.

Figure 3.16: Selling of Foreign Currencies



SELLING	Q1 2008	Q4 2008	Q1 2009
<b>Total (in B\$m)</b>	27.3	22.5	20.8
<b>% Change</b>	- 24.1% (y-o-y)	-	- 7.8% (q-o-q)

Source: Financial Institutions Division, Ministry of Finance

TABLE A : Brunei Darussalam - FISCAL INDICATORS (Fiscal Position)												
	2006/07				2007/08				2008/09			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total Revenue</b>	2,511.1	2,603.3	2,262.5	1,810.8	2,075.1	2,281.0	2,482.1	3,203.4	2,779.2	3,878.1	2,349.9	2,360.1
<b>Tax Revenue</b>	1,627.8	1,651.3	1,332.6	902.4	1,297.1	1,547.5	1,721.0	1,779.7	1,824.1	2,710.1	1,651.9	1,247.5
<b>Oil &amp; Gas sector</b>	1,553.8	1,608.3	1,270.2	868.0	1,165.1	1,446.0	1,678.8	1,739.2	1,728.9	2,587.7	1,598.3	1,190.6
<b>Non-oil sector</b>	74.1	43.1	62.4	34.4	132.0	101.6	42.3	40.5	95.3	122.5	53.6	56.9
<b>Non-tax revenue</b>	883.3	952.00	929.9	908.41	777.9	733.5	761.1	1,423.7	955.0	1,168.0	698.0	1,112.6
<b>Oil &amp; Gas sector</b>	793.9	863.6	827.6	816.66	684.1	655.8	548.2	924.1	877.5	1,071.3	618.0	878.9
<b>Non-oil sector</b>	89.3	88.3	102.3	91.75	93.8	77.7	212.9	499.6	77.5	96.7	80.0	233.7
<b>Total Expenditure</b>	853.1	1,373.5	1,247.9	1,798.5	1,183.8	1,437.5	1,378.8	2,019.5	1,212.8	1,070.9	1,234.1	2,143.8
<b>Current Expenditure</b>	714.2	1,138.7	977.4	1,185.7	1,029.8	1,075.8	1,187.6	1,584.3	1,081.1	874.4	982.6	1,713.0
<b>Wages and salaries</b>	345.2	387.9	418.7	466.5	388.1	384.4	510.7	399.9	392.2	400.3	517.2	319.0
<b>OCAR</b>	278.6	179.3	221.4	411.3	332.8	349.1	326.6	767.3	304.3	367.0	363.8	639.5
<b>Charged</b>	90.4	571.5	337.3	307.9	308.9	342.3	350.3	417.1	384.6	107.1	101.7	754.5
<b>Capital Expenditure</b>	138.9	234.9	270.6	612.8	154.0	361.6	191.2	435.2	131.7	196.6	251.5	430.8
<b>OCSE</b>	62.9	86.0	76.3	363.0	45.7	228.0	61.3	198.6	37.4	57.7	77.1	242.9
<b>Development</b>	75.9	148.9	194.3	249.8	108.2	133.7	130.0	236.6	94.24	138.9	174.4	187.9
<b>Investments in Public Enterprises</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Surplus or deficit (-), excl. transfer</b>	1,658.0	1,229.8	1,014.5	12.4	891.3	843.6	1,103.3	1,183.9	1,566.4	2,807.2	1,115.9	216.3
<b>Memorandum items</b>												
<b>Oil &amp; gas sector revenues</b>	2,347.7	2,471.9	2,097.8	1,684.7	1,849.2	2,101.8	2,226.9	2,663.3	2,606.4	3,658.9	2,216.3	2,069.5
<b>Non-oil sector revenues</b>	163.3	131.4	164.7	126.2	225.9	179.2	255.2	540.1	172.8	219.2	133.65	290.5
<b>Oil &amp; gas sector (in % of total revenues)</b>	93.5	95.0	92.7	93.0	89.1	92.1	89.7	83.1	93.8	94.4	94.3	87.7
<b>Non-oil sector revenues (in % of total revenues)</b>	6.5	5.1	7.3	7.0	10.9	7.9	10.3	16.9	6.2	5.6	5.7	12.3

Source: Expenditure Division, Treasury Department, Ministry of Finance

<b>Table B: Central Bank Survey</b>				
	<i>Millions of Brunei Dollars</i>	<b>Jan-09</b>	<b>Feb-09</b>	<b>Mar-09</b>
Net Foreign Assets		1,085.645	1,073.621	1,179.530
Claim On Nonresidents		1,119.041	1,138.408	1,211.732
Liabilities To Nonresidents		-33.396	-64.787	-32.203
Claim On Other Depository Corporations		870.540	943.491	862.318
Net Claim On Central Government		-312.976	-312.943	-312.907
Claims On Central Government		0.672	0.705	0.741
Liabilities To Central Government		-313.648	-313.648	-313.648
Claims On Other Sectors		0.000	0.000	0.000
Claims On Other Financial Corporation		0.000	0.000	0.000
Claims On State and Local Government		0.000	0.000	0.000
Claims On Public Nonfinancial Corporations		0.000	0.000	0.000
Claims On Private Sector		0.000	0.000	0.000
Monetary Base		1,622.760	1,653.358	1,733.052
Currency In Circulation		891.245	863.270	883.224
Liabilities To Other Depository Corporations		731.515	790.088	849.828
Liabilities To Other Sectors		0.000	0.000	0.000
Other Liabilities To Other Depository Corporations		0.000	0.000	0.000
Deposit and Securities Other Than Shares Excluded From Monetary Base		0.000	0.000	0.000
Deposits Included In Broad Money		0.000	0.000	0.000
Securities Other Than Shares Included In Broad		0.000	0.000	0.000
Deposits Excluded From Broad Money		0.000	0.000	0.000
Securities Other Than Shares Excluded From Broad Money		0.000	0.000	0.000
Loans		0.000	0.000	0.000
Financial Derivatives		0.000	0.000	0.000
Shares and Other Equity		91.049	119.000	64.829
Other Items (Net)		-70.600	-68.190	-68.941

Source: Brunei Currency and Monetary Board, Ministry of Finance

<b>Table C: Depository Corporations</b>			
<i>Millions of Brunei Dollars</i>	<b>Jan-09</b>	<b>Feb-09</b>	<b>Mar-09</b>
Net Foreign Assets	10969.055	9969.8459	10426.891
Claims On Nonresidents	11373.241	10399.675	10829.019
Liabilities To Nonresidents	-404.18541	-429.82898	-402.12873
Domestic Claims	1243.7305	2699.4134	3029.1919
Net Claims On Central Government	-6047.8431	-4573.1941	-4186.7556
Claims On Central Government	148.45179	176.47756	190.48212
Liabilities To Central Government	-6196.2949	-4749.6716	-4377.2377
Claims On Other Sectors	7291.5737	7272.6074	7215.9475
Claims On Other Financial Corporations	0.054	0.053	0.053
Claims On State and Local Government	0	0	0
Claims On Public Nonfinancial Corporations	93.786	95.034	87.337
Claims On Private Sector	7197.7337	7177.5204	7128.5575
Broad Money Liabilities	10646.31	11102.866	11862.057
Currency Outside Depository Corporations	736.19291	732.17995	731.399
Transferable Deposits	3718.3876	3810.5856	4023.5748
Other Deposits	6190.6676	6558.9151	7105.2408
Securities Other Than Shares	1.062	1.185	1.842
Deposits Excluded From Broad Money	0	0	0
Securities Other Than Shares Excluded From Broad Money	0	0	0
Loans	0	0	0
Financial Derivatives	0	0	0
Insurance Technical Reserves	0	0	0
Shares and Other Equity	1816.8016	1869.7077	1848.7174
Other Items (Net)	-250.32585	-303.31417	-254.69153

Source: Brunei Currency and Monetary Board, Ministry of Finance

<b>Table D: Monetary Aggregates and Broad Money Components</b>			
<i>Millions of Brunei Dollars</i>	<b>Jan-09</b>	<b>Feb-09</b>	<b>Mar-09</b>
M0	891.25	863.27	883.22
Money	4,454.58	4,542.77	4,754.97
Quasi Money	6,191.73	6,560.10	7,107.08
Broad Money	10,646.31	11,102.87	11,862.06
<b>Broad Money Components</b>			
Currency outside banks	736.19291	732.17995	731.399
Demand deposits	3718.39	3810.59	4023.57
Money	4454.58	4542.77	4754.97
Fixed deposits, savings & other deposits	6191.73	6560.10	7107.08

Source: Brunei Currency and Monetary Board, Ministry of Finance

**GLOSSARY**

**Broad Money:** Comprises of money and quasi money.

**Central Bank:** Consists of the Brunei Currency and Monetary Board (BCMB) only.

**Depository Corporation (DC):** Comprises of central banks and other depository corporation.

**MO:** Comprises of currency in circulation.

**Money:** Comprises of currency outside depository corporations and transferable deposits of other financial corporations, public non-financial corporations, and private sector with commercial banks in national currency.

**Other Charges Annually Recurrent (OCAR):** Annually recurring expenditure e.g: electric bills.

**Other Charges Special Expenditure (OCSE):** A one-off expenditure e.g: to buy a vehicle.

**Other Depository Corporation (ODC):** Comprises of commercial banks, financial companies, and a trust fund.

**Other Financial Corporation (OFC):** Comprises of insurance companies. It excludes pension funds, securities companies, assets management companies, offshore financial institutions, money remittances companies, and money changing companies.

**Other Items (Net):** Includes claims on other financial corporations.

**Quasi Money:** Comprises of other deposits of other financial corporations, public non-financial corporations, and private sector with other depository corporations held by the private sector in national currency.