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EXECUTIVE SUMMARY

Brunei Darussalam records a decline in fiscal surplus in Q4 2008, with a decrease of 54.3 percent q-o-q from B\$ 2,441.0 million to B\$ 1,115.9 million. Total Government Revenue amounted to B\$ 2,349.9 million, a decline by 39.4 percent q-o-q. Government Expenditure has increased by 15.2 percent q-o-q to B\$ 1,234.1 million.

In line with the Ministry of Finance's on-going programme to develop the domestic capital market, the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in Q4 2008 issued five Government Short Term Sukuk Al-Ijarah at B\$ 35 million, B\$ 35 million, B\$ 18 million, B\$ 35 million and B\$ 60 million respectively. This brings the total amount of Sukuk Al-Ijarah issued since the 1st offering in April 2006 to B\$ 1.394 billion.

On the Monetary front, the Brunei Dollar weakened against the US Dollar, Hong Kong Dollar and Japanese Yen. Currency in circulation (MO) increased by 9.2 percent q-o-q to B\$ 921.8 million. The External Assets of BCMB provided 100.2 percent coverage to the currency in circulation which is higher than the statutory requirement of 70.0 percent as stipulated in the Currency and Monetary Order 2004. Broad Money (M2) decrease by 2.3 percent q-o-q whereby, Money (M1) increase by 11.3 percent q-o-q.

In the Banking Sector, Total Banking Assets increased by 5.0 percent q-o-q from B\$ 18.6 billion to B\$ 19.6 billion. Total Deposits have also increased by 4.1 percent. The 3-months, 6-months and 12-months Fixed Deposit Rates stood at 0.80 percent, 0.88 percent and 1.2 percent respectively. In terms of Asset Quality, Non Performing Loans (NPL) ratio after provisioning stood at 11.4 percent. The Insurance Industry Assets recorded a decline of 5.0 percent q-o-q to B\$ 1,016.7 million. Gross Premiums declined by 17.7 percent q-o-q to B\$ 44.1 million while Gross Claims increased by 25.9 percent q-o-q to B\$ 34.9 million. On the Money Remittance sector, Total Outward Remittance increased by 0.11 percent q-o-q to B\$124.12 million.

As a precautionary measure and in line with the actions of a number of other ASEAN member countries, with the consent of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, the Ministry of Finance has guaranteed all Brunei Dollar and foreign currency deposits of individual and non-bank customer in Islamic and conventional banks and finance companies licensed and registered by the Ministry of Finance until the end of 2010.

GLOBAL ECONOMIC REVIEW

The recession faced in major economies appeared to have intensified in Q4 08. Companies in most of these developed regions have continued to slash payrolls, capital expenditure and production in response to the fall in consumer spending. Substantial amount of fiscal measures have been announced to boost ailing economies. A number of central banks have taken significant steps towards monetary easing. Governments have actively pumped liquidity by injecting capital into banks and allowing banks to issue government guaranteed bonds to ensure that banks remain solvent. Oil prices continues to decline standing at US\$ 39.50 per barrel at the end of December.

Q4 08 US GDP figure was revised downwards from -3.8 percent to -6.2 percent, driven by weakness in consumption. Personal consumption continued to decline. Consumer sentiment continued to be suppressed by headwinds in the job and housing markets. Depressed spending however has induced a rise in savings. Personal savings as a percentage to disposable income stood at 3.6 percent in December; well above its 10-year average of 1.9 percent. Private domestic investment continued to decline. Imports continued to fall as consumers pare back their spending and businesses import less of durable goods. Further weakness in the external demand for US goods has result in a decline of net export. Inflation pressures have eased considerably. Headline inflation plunged from 17-year high of 5.6 percent to almost 0 percent. Core inflation on the other hand still remains sticky. In light of the current conditions, the Federal Reserve has adopted an overnight target range of 0 to 0.25 percent.

The Eurozone's economy declined further to -1.5 percent q-o-q. Across the Eurozone, Germany, France and Italy raked in negative growth as well. Germany had its third consecutive decline, growing -2.1 percent q-o-q from -0.5 percent; France declined at the worst levels in over 30 years at -1.2 percent from 0.1 percent q-o-q. Consumer and business sentiment continue to trend downwards. Government reacted by announcing fiscal measures of up to € 6 billion to help finance the car industry and another € 26 billion of other stimulus package to boost the French economy; Italy announced measures of about € 2 billion to support their car and other manufacturing industry while Germany has announced at total of € 50 billion of fiscal measures. The Eurozone inflation rate fell to approximately 1.0 percent in Q4 08.

The British economy posted a continued decline of -1.6 percent q-o-q, the worst since Q2 1980. Prolonged falls in house prices pushed consumers to cut back on expenditure. The manufacturing sector and capital expenditure continued to be hit by tight credit and the worsening of external demand. Annual Harmonized Index Consumer Prices (HICP) declined to 3.1 percent in December 2008 from 4.1 percent. On 4 December 2008, the Bank of England decreased its main policy rate by 100 basis points to 2.0 percent.

	2007			2008			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States	4.8	4.8	-0.2	0.9	2.8	-0.5	-6.2
Euro	0.5	0.6	0.4	0.7	-0.2	-0.2	-1.5
United Kingdom	0.8	0.7	0.5	0.3	0.0	-0.7	-1.6
Japan	-0.3	0.2	0.6	0.7	-0.9	-0.6	-3.8

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

The Japanese economy fell deeper to a recession after posting a decline of -3.8 percent q-o-q. Domestic factors of consumption and capital expenditure posted sharp contraction as corporate retrenchment and falling wages continues. Companies are cutting back on capital expenditure in view of the global economic slowdown and the strength of the yen which has weighed heavily on export-oriented sectors. The Bank of Japan responded by cutting the overnight rates 0.10 percent and have extended its Rinban operations to include longer maturity Japanese Government Bonds.

The Chinese economy grew at a slower rate of 6.8 percent q-o-q. Although private consumption remains resilient, real investment growth slowed due to the downturn of domestic real estate sector. Exports declined by 4.0 percent y-o-y, due to a decrease of external demand. Annual Consumer Price Index fell to 1.2 percent in December from 2.4 percent in November. The People's Bank of China reduces its one-year lending benchmark rate and one-year deposits rate to 5.31 percent and 2.25 percent, respectively.

Growth results for the ASEAN-4 regions came in line with the deteriorating external demand backdrop. Philippines, Indonesia and Malaysia grew slower than expected at 4.5 percent y-o-y, 5.2 percent y-o-y and 0.1 percent y-o-y respectively. Thailand economy contracted by 4.3 percent y-o-y, despite posting solid consumption figures. The contraction was led by falls in manufacturing production and private investment. Over the quarter, the central banks have maintained an easing bias and governments have implemented various fiscal measures to stimulate demand. The Indonesian government unveiled its Rp 73 trillion stimulus package comprising of tax cuts, infrastructure investment and subsidies.

The Newly Industrialized Economies (NIEs) namely Hong Kong, Korea, Singapore and Taiwan all saw contraction in their Q4 GDP figures. Taiwan fall into recession when the economy shrank by a record 8.4 percent y-o-y as the effects of falling exports quickly trickled down to the real economy. Hong Kong economy contracted by 2.5 percent y-o-y. The financial crisis and falling property prices have severely dented sentiment. Singapore's Q4 08 GDP growth was revised down to -4.2 percent y-o-y bringing full year 2008 growth lower to 1.1 percent y-o-y. Services sank into negative growth for the first time since Q3 01 at -1.3 percent y-o-y.

FISCAL SECTOR DEVELOPMENTS

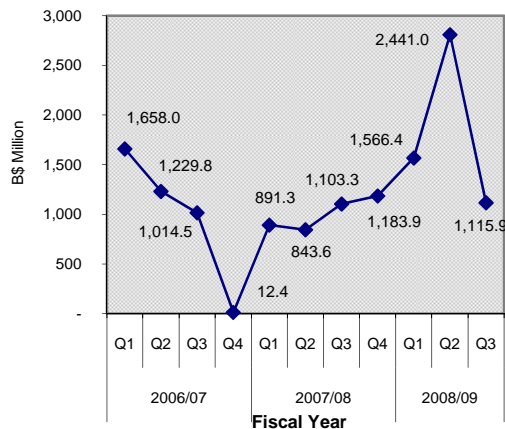
OVERVIEW

- Fiscal surplus was recorded at B\$1,115.9 million
- Total Government Revenue decreased to B\$ 2,349.9 million
- Total Government Expenditure increased to B\$ 1,234.1 million
- Total Government Revenue decreased by 39.4 percent q-o-q
- Total Government Expenditure increased by 15.2 percent q-o-q

FISCAL POSITION

Brunei Darussalam recorded a fiscal surplus of B\$ 1,115.9 million a decrease of 54.3 percent q-o-q. The decrease was contributed by the lower total in revenue collected in comparison to the previous quarter while total expenditure have increase on a quarterly basis.

Figure 2.1: Surplus/Deficit Balances



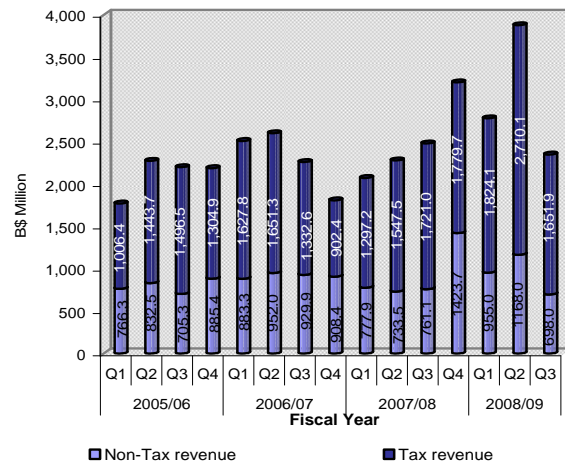
Source: Treasury Department, Ministry of Finance

GOVERNMENT REVENUE

In Q3 FY 08/09, Total Government Revenue declined by 39.4 percent q-o-q to B\$ 2,349.9 million. Tax revenue declined by 39.0 percent q-o-q to B\$ 1,651.9 million. Non-Tax revenue¹ also registered a decline of 40.2 percent q-o-q to B\$ 698.0 million.

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

Figure 2.2: Tax Revenue & Non-Tax Revenue, Q1 FY2006/07 – Q3 FY2008/09

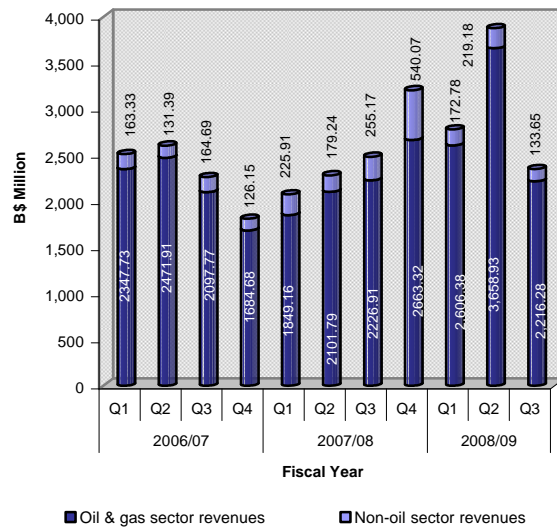


Source: Treasury Department, Ministry of Finance

The Oil & Gas Sector accounted for 94.3 percent of Total Revenue (see Figure 2.3). Tax revenue and Non-Tax revenue from the Oil & Gas Sector declined by 38.2 percent and 43.1 percent q-o-q to B\$ 1,598.3 million and B\$ 618.0 million respectively.

Meanwhile, Non-Oil Sector revenue, which contributed to 5.7 percent of the total revenue, amounted to B\$ 133.7 million. Tax revenue from the Non-Oil Sector decreased by 56.2 percent q-o-q to B\$ 53.6 million while Non-Tax revenue also decreased by 17.3 percent q-o-q to B\$ 80 million.

Figure 2.3: Oil & Non-oil Sector Revenues, Q1 FY2006/07 – Q3 FY2008/09



Source: Treasury Department, Ministry of Finance

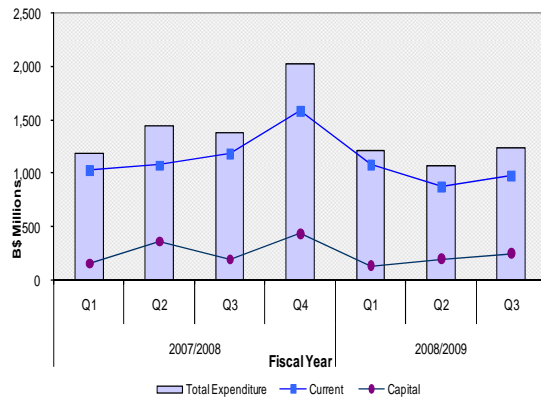
Table 2.1 : Budgeted & Actual Revenue Comparison			
	Budgeted Revenue per quarter (B\$ million)	Actual Revenue (B\$ million)	Proportion of Revenue Collected
Q3 08/09			(%)
Total Revenue	1,400.1	2,349.9	167.8
Tax Revenue	818.3	1,651.9	201.9
Non-Tax Revenue	581.8	698.0	120.0
	Budgeted Revenue (FY 08/09)	Actual Revenue (Q1 – Q3 2008/09)	Proportion of Revenue Collected (%)
Total Revenue	5,600.5	9,007.2	160.8
Tax Revenue	3,273.1	6,186.1	189.0
Non-Tax Revenue	2,327.4	2,821.0	121.2

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

GOVERNMENT EXPENDITURE

Total Government Expenditure increased by 15.2 percent q-o-q and 10.5 percent y-o-y to B\$ 1,234.1 million due to the increase of both the Current and the Capital Expenditure.

Figure 2.4: Government Expenditure, Q1 FY07/08 – Q3 FY08/09



Source: Treasury Department, Ministry of Finance

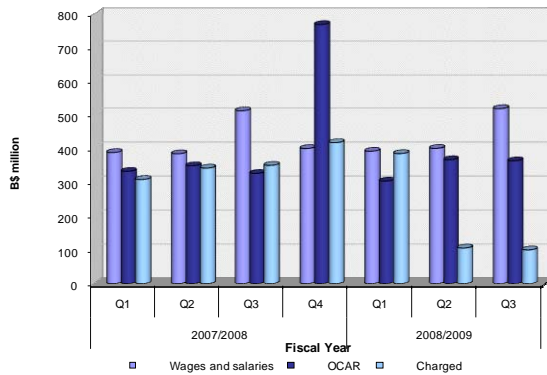
Current Expenditure

In Q3 FY 08/09, Current Expenditure amounted to B\$ 982.6 million which is an increase of 12.4 percent q-o-q but a decline of 1.1 percent y-o-y. Wages and Salaries which accounted for 52.6 percent of Total Current Expenditure increased by 29.2 percent q-o-q to B\$ 517.2 million attributed to Government Civil Servants receiving their bonuses at the end of the quarter.

Other Charges Annual Recurrent (OCAR) representing 37.0 percent of Current Expenditure decreased marginally by 0.9 percent q-o-q to B\$ 363.8 million. However, on a y-o-y basis, spending of OCAR has increased by 11.4 percent. Charged expenditure has

decreased by 5.1 percent q-o-q to B\$ 101.7 million, while on a y-o-y basis it has decreased by 71.0 percent.

Figure 2.5: Actual Current Expenditure Q1 FY07/08 – Q3 FY08/09



Source: Treasury Department, Ministry of Finance

Table 2.2: Budgeted & Actual Current Expenditure Comparison

	Budgeted Current Exp	Actual Current Exp	Proportion of Budget Utilised
	FY 08/09	Q1-Q3 FY 08/09	(in %)
Current Expenditure	3,906.8	2,938.1	75.2
Wages & Salaries	1,770.6	1,309.4	74.0
OCAR	1,467.0	1,035.0	70.6
Charged	669.2	593.4	88.7
	(Budgeted) Q3 FY 08/09	(Actual) Q3 FY 08/09	(in %)
Current Expenditure	976.7	982.6	100.6
Wages & Salaries	442.7	517.2	116.8
OCAR	366.7	363.8	99.2
Charged	167.3	101.7	60.8

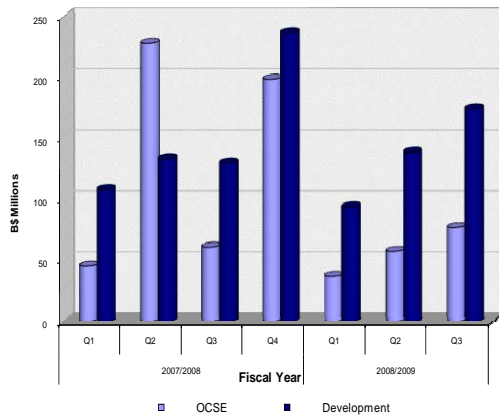
Source: Expenditure Division; and Treasury Department, Ministry of Finance

An amount of B\$3,906.8 million was allocated for the fiscal year 08/09 at which approximately 75.2 percent has been spent.

Capital Expenditure

Capital Expenditure increased by 27.9 percent q-o-q from B\$196.5 million to B\$251.5 million due to the an increased of both Other Charges Special Expenditure and Development Expenditure by 33.6 percent and 25.6 percent q-o-q respectively.

**Figure 2.6: Actual Capital Expenditure
Q1 FY07/08 – Q3 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	Q1-Q3 FY 08/09	(in %)
Capital Expenditure	1,548.2	579.8	37.4
OCSE	498.2	172.2	34.6
Development	1,050.00	407.5	38.8
	(Budgeted) Q3 FY 08/09	(Actual) Q3 FY 08/09	(in %)
Capital Expenditure	387.0	251.5	65.0
OCSE	124.5	77.1	61.9
Development	262.5	174.4	66.4

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

Overall, approximately 37.4 percent of the budgeted capital expenditure of B\$1,548.2 million for FY 08/09 has been utilised.

MONETARY & FINANCIAL SECTOR DEVELOPMENTS

OVERVIEW

- Total issuance of Sukuk Al-Ijarah was B\$1.394 billion.
- Broad money fell by 2.3 percent despite increase in Currency in circulation and Narrow money.
- Total Banking Assets increased by 5.0 percent.
- Total Deposits increased by 4.1 percent.
- NPL ratio stood at 9.82 percent.
- Total Insurance Assets decreased by 5.0 percent.
- Total Insurance Gross Premiums declined by 17.7 percent.

MONETARY DEVELOPMENTS

i. Government Short Term Sukuk Al-Ijarah

Five Government Short Term Sukuk Al-Ijarah were issued in Q4 08, of which four 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 Q4 08 is B\$1.394 billion.

Table 3.1: Issuance of Government Sukuk Al-Ijarah

Series	Issuance (B\$m)	Terms (days)	Issuance Date	Maturity Date	Rental Yield (p.a)
19	35	91	9 Oct 08	8 Jan 09	1.43%
20	35	364	23 Oct 08	22 Oct 09	1.15%
21	18	91	6 Nov 08	5 Feb 09	0.92%
22	35	91	20 Nov 08	19 Feb 09	0.60%
23	60	91	18 Dec 08	19 Mar 09	0.65%

Source: Brunei Currency and Monetary Board, Ministry of Finance

ii. Foreign exchange

Table 3.2: Brunei Dollar Against Selected Currencies

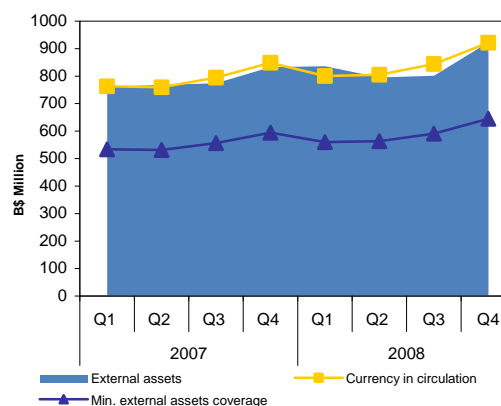
	Q4 2007 End Of Period	Q3 2008 End Of Period	Q4 2008 End Of Period
B\$ to 1 unit of Foreign Currency			
US Dollar	1.4412	1.4314	1.4392
Pound Sterling	2.8798	2.5775	2.0769
Euro	2.1252	2.0558	2.0258
Australian Dollar	1.2707	1.1445	0.9959
B\$ to 100 unit of Foreign Currency			
Hong Kong Dollar	18.47	18.43	18.57
Indonesian Rupiah	0.015352	0.015179	0.013143
Japanese Yen	1.2871	1.3732	1.5924
Philippine Peso	3.4938	3.0288	3.0235
Thai Baht	4.2785	4.2044	4.1297

Source: The Brunei Association of Banks

The Brunei Dollar appreciated against major global and Asian Currencies except for the US Dollar, Hong Kong and the Japanese Yen.

iii. Monetary Aggregates

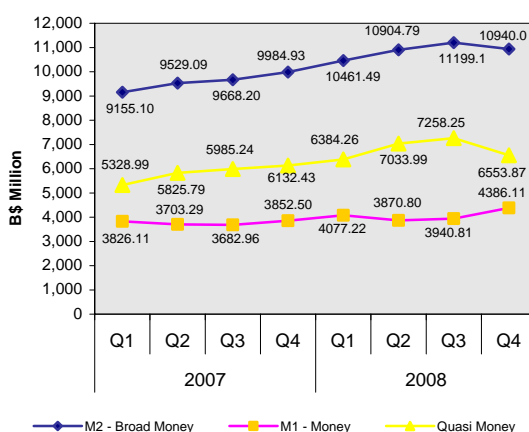
Figure 3.1: Currency in circulation (M0) and External Assets Back-up



Source: Brunei Currency and Monetary Board, Ministry of Finance

Currency in circulation (M0)² increased by 9.2 percent to B\$ 921.8 million which was due to year-end sales activities and payment of bonuses to Government employees. The External assets of B\$ 923.7 million provided 100.2 percent coverage to the currency in circulation which was higher than the statutory requirement of 70.0 percent. At the same time, Liquid assets coverage was also well above the statutory requirement of 30 percent, at 46.6 percent.

Figure 3.2: Monetary Aggregates



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

Net foreign assets³ increased by 4.6 percent q-o-q to B\$ 10,544 million. Domestic claims⁴ decreased by 32.2 percent q-o-q as a result of the increase of Government deposits with the commercial banks, which was by 18.7

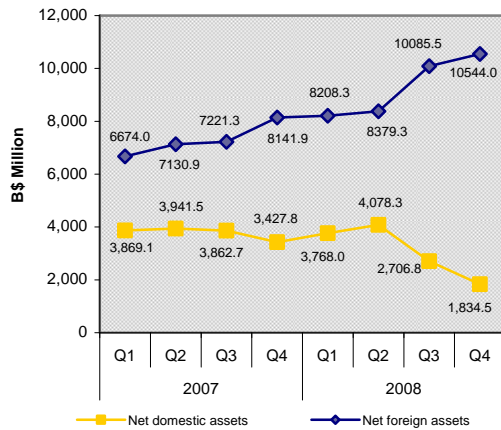
² M0 = Currency in circulation outside BCMB

³ Net foreign assets = BCMB net claims on nonresidents + Commercial banks net claims on nonresidents

⁴ Domestic claims = Net claims on Government + Claims on Public Nonfinancial Corporations + Claims on Private Sector

percent q-o-q with an amount totalling to B\$ 5,622.9 million. Meanwhile, both Claims on public non-financial corporations, and Claims on private sector decreased by 5.3 percent and 1.0 percent q-o-q respectively.

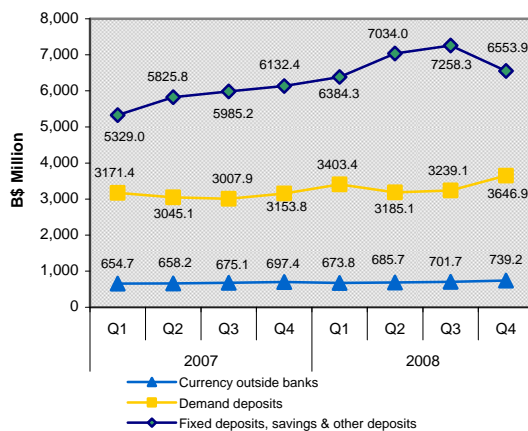
Figure 3.3: Net Foreign Assets and Domestic Claims



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

Broad money, M2,⁵ fell by 2.3 percent q-o-q due to the decrease of Quasi Money⁶ by 9.7 percent q-o-q. However Narrow Money, M1⁷ grew by 11.3 percent q-o-q.

Figure 3.4: Components of Money and Quasi Money



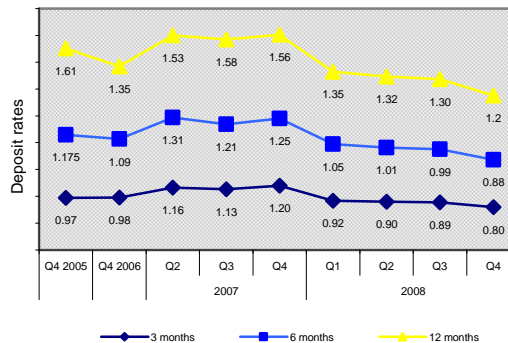
Source: Financial Institutions Division & Brunei Currency and Monetary Board, Ministry of Finance

INTEREST RATES

In Q4 08, the 3-months, 6-months and 12-months Fixed Deposit Rates stood at 0.80 percent, 0.88 percent and 1.20 percent respectively.

Figure 3.5 : Brunei Fixed-Deposit Rates Trends

Months	Q4 2007 (%)	Q2 2008 (%)	Q3 2008 (%)	Q4 2008 (%)
3	1.16	0.90	0.89	0.80
6	1.22	1.01	0.99	0.88
12	1.54	1.32	1.3	1.20



Source: Financial Institutions Division, Ministry of Finance

FINANCIAL SECTOR DEVELOPMENT

Several major economies affected by the financial turmoil have responded with a series of actions to stabilise financial markets and restore public confidence. In line with the actions of a number of fellow ASEAN member countries, with the consent of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, the Government, through the Ministry of Finance has guaranteed all Brunei dollar and foreign currency deposits of individual and non-bank customers in Islamic and conventional banks and finance companies, licensed and regulated by the Ministry of Finance. The guarantee was announced on 22 October 2008 and will be valid until 31 December 2010.

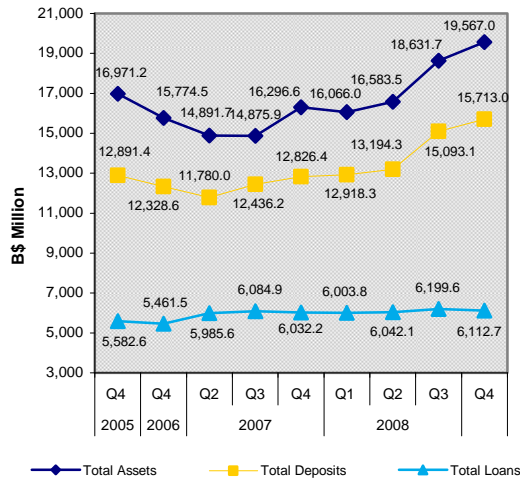
The Ministry of Finance introduced two new legislations namely the Islamic Banking Order, 2008 and the Takaful Order, 2008 as another impetus to other existing legislations on banking and insurance. The legislations aim to support the aspiration of the Government of His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam in making the country as an international Islamic finance hub and the Ministry's continuous effort in developing Brunei Darussalam's financial industry.

⁵ Broad Money (M2) = Quasi Money + Narrow Money
⁶ Quasi Money = Fixed deposits and other deposits
⁷ Narrow Money (M1) = Currency outside banks + Demand deposits

BANKING SYSTEM⁸

In Q4 08, Total banking assets increased by 5.0 percent q-o-q from B\$ 18.6 billion to B\$ 19.6 billion. The increase in assets was financed by a commensurate overall increase in deposits of the banking industry of 4.1 percent from B\$ 15.1 billion to B\$ 15.7 billion. Total Assets held by foreign banks increased by 9.8 percent q-o-q. On the other hand, local banks recorded no significant changes in total assets.

Figure 3.6: Total Assets, Total Deposits and Total Loans



Source: Financial Institutions Division, Ministry of Finance

Q4 2008 saw further decreasing trend in the loans to deposit ratio at 38.9 percent from 41.1 percent. This reflected the high liquidity levels in the banking system, primarily within the foreign banks, which accounted for 73.3 percent of total liquid assets and 79.5 percent of total offshore deposits in the industry. The domestic banks, on the other hand, had a higher loan to deposit ratio where 59.6 percent of total deposits were allocated to credit.

DIRECTION OF LENDING

Personal loans sector continued to constitute 40.0 percent of total loan portfolio. However, it is on a declining trend since the Ministry of Finance loan-capping ratio directive in May 2005. Personal loans have decreased by 2.4 percent q-o-q and 8.1 percent y-o-y.

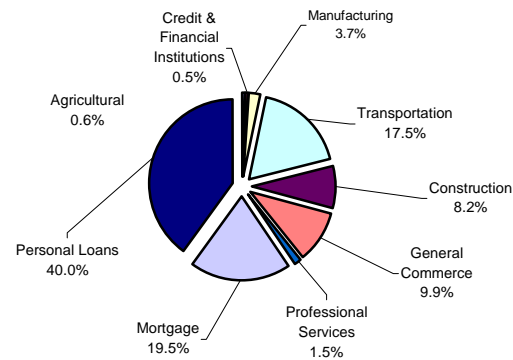
DIRECTION OF LENDING	Q4 2007	Q3 2008	Q4 2008	y-o-y	q-o-q
	(in B\$ millions)			(in percent)	
Agricultural	31.3	35.2	37.5	19.8	6.5
Credit & Financial Institutions	44.1	27.6	28.8	-34.7	4.3
Manufacturing	178.9	278.6	145.8	-18.5	-47.7
Transportation	971.6	1,010.7	1,069.8	10.1	5.8
Construction	494.7	521.6	503.6	1.8	-3.5
General Commerce	561.2	598.5	602.9	7.4	0.7
Professional Services	78.7	89.3	89.6	13.9	0.3
Mortgage	1,014.2	1,132.4	1,189.7	17.3	5.1
Personal	2,661.1	2,505.6	2,445.0	-8.1	-2.4
Total Loans	6,035.8	6,199.5	6,112.7	1.3	-1.4

Source: Financial Institutions Division, Ministry of Finance

Mortgage lending for housing continued to be the largest loan portfolio after personal lending and had registered an increase of 5.1 percent q-o-q and 17.3 percent y-o-y respectively. Q-o-q, the agricultural sector has recorded the highest increase by 6.5 percent as a result of increase lending in fisheries sub-sector and livestock sub-sector. Manufacturing recorded the highest decrease of 47.7 percent q-o-q from B\$ 278.6 million to B\$ 145.8 million. Meanwhile Credit & Financial institutions recorded the highest decrease y-o-y which is 34.7 percent, from B\$ 44.1 million to B\$ 28.8 million.

Figure 3.7: Direction of Lending in percent

Direction of Lending as at Q4 2008



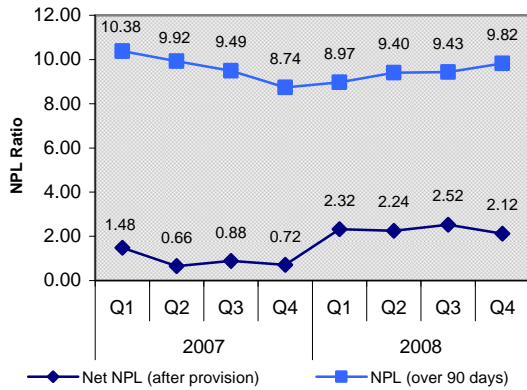
Source: Financial Institutions Division, Ministry of Finance

NON-PERFORMING LOANS (NPLs)

In terms of asset quality, total NPLs of the banking industry stood at B\$ 651.6 million which is an increase of 0.8 percent q-o-q. The sector wise concentration of NPL was in personal loans portfolio which accounted for 83.8% of number of accounts in past due loans over 90 days.

⁸ 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.

Figure 3.8: NPL percentage



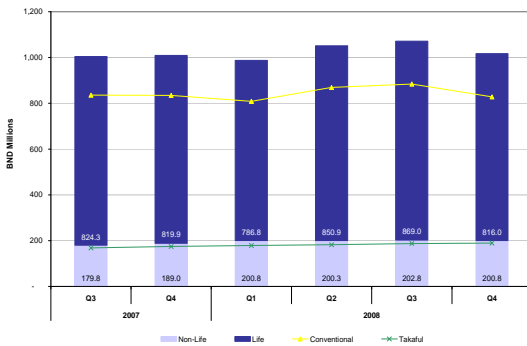
Source: Financial Institutions Division, Ministry of Finance

INSURANCE AND TAKAFUL INDUSTRY

In Q4 08 The Takaful Order, 2008 and Takaful Regulations, 2008 were introduced and commenced on 30 September 2008. The legislations provide similar prudential requirements to that of the Insurance Order, 2006 and is applicable to the takaful operators and its intermediaries. The main objective of the Order is to provide a conducive environment and maintain a level playing field within the insurance and takaful market in Brunei Darussalam whilst at the same time to further enhance the strength and stability of the market players.

The Insurance and Takaful industry remained steady despite decreases in assets and gross premiums. Overall industry's assets saw a decline of 5.0 percent q-o-q from B\$ 1,070.2 million to B\$ 1,016.7 million partly due to valuation of investments as a result of global financial turmoil. Life assets represented 80.3 percent of total assets.

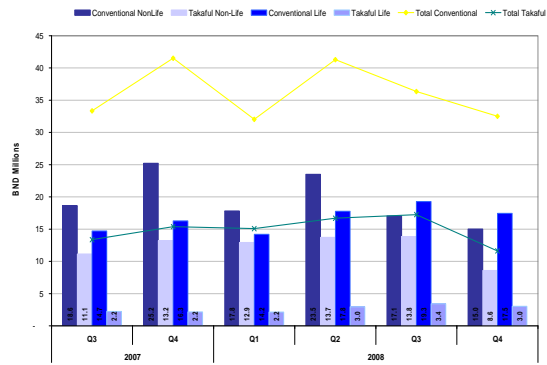
Figure 3.9: Total Assets, Q3 2007 – Q4 2008



Source: Financial Institutions Division, Ministry of Finance

Industry gross premiums decreased by 17.7 percent q-o-q from B\$ 53.6 million to B\$ 44.1 million due to a significant decrease in non-life business of 23.6 percent. Motor business which was dominated by takaful operators, saw a shift in which motor takaful dropped to B\$ 7.1 million from B\$ 12.5 million whereas conventional motor increased to B\$ 5.4 million from B\$ 4.8 million.

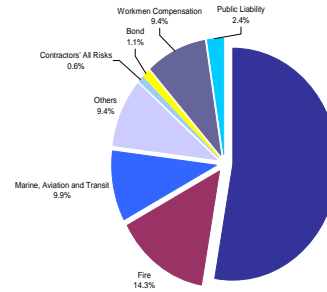
Figure 3.10: Gross Premiums, Q3 2007 – Q4 2008



Source: Financial Institutions Division, Ministry of Finance

In life business, gross premiums decreased by 9.6 percent q-o-q from B\$ 22.7 million to B\$ 20.5 million as a result of a reduction in collections from both conventional and takaful of 9.5 percent and 10.6 percent respectively.

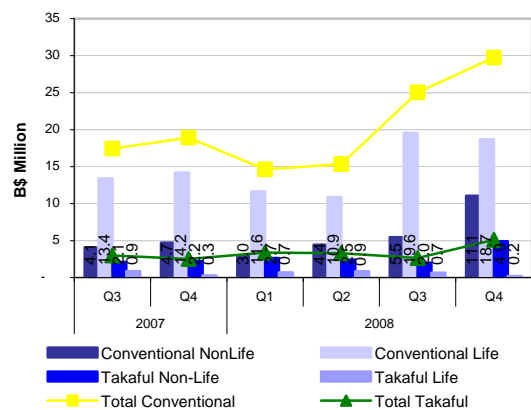
Figure 3.11: Non-Life Gross Premiums Percentage, Q4 2008



Source: Financial Institutions Division, Ministry of Finance

Industry Gross Claims increased by 25.9 percent q-o-q from B\$ 27.7 million to B\$ 34.9 million.

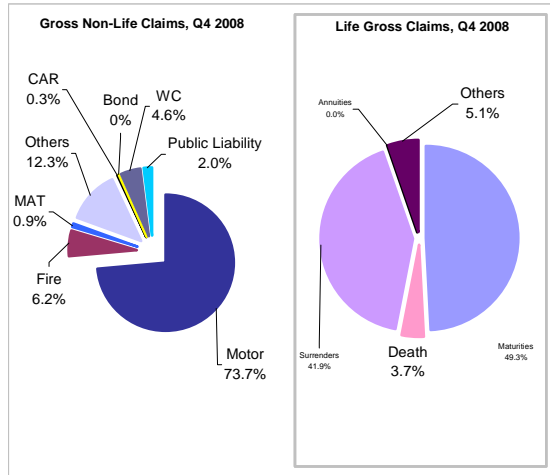
Figure 3.12: Gross Claims, Q3 2007 – Q4 2008



Source: Financial Institutions Division, Ministry of Finance

In non-life business, gross Claims recorded an increase of 114.1 percent q-o-q from B\$ 7.5 million to B\$ 16.0 million contributed by an increase in motor claims. A record payment of B\$ 3.8 million was made for a third party bodily injury claim. Meanwhile life business claims decreased by 6.7 percent q-o-q.

Figure 3.13: Gross Claims Percentage, Q4 2008

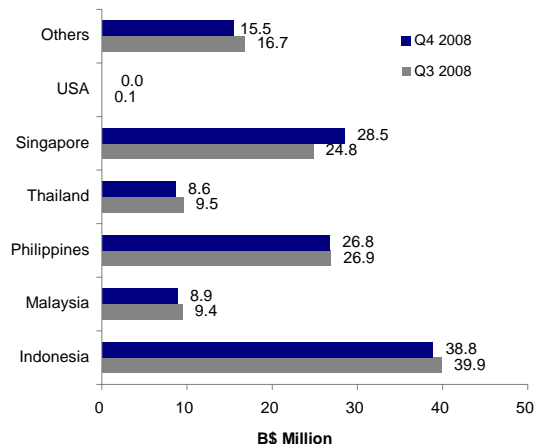


Source: Financial Institutions Division, Ministry of Finance

MONEY REMITTANCE

A total of B\$ 124.12 million was sent through the licensed remittance companies in Q4 2008. This is a decrease of 0.11 percent q-o-q but an increase of 33.7 percent y-o-y. Similarly to the previous quarters, the highest remittance destination recorded was to Indonesia with B\$ 38.8 million during this quarter. Despite the large volume, the q-o-q change records a decrease of 2.6 percent. In general, outward remittances made in Brunei Darussalam decreased in all major remittances destination except Singapore. The decline in outwards remittances follows the trails of the global financial turmoil that made senders to be more cautious in remitting their hard earned money.

Figure 3.14: Total Money Remitted



Source: Financial Institutions Division, Ministry of Finance

MONEY REMITTED	Q4 2007	Q3 2008	Q4 2008
Total (in B\$m)	95.1	127.3	127.1
% Change	33.7% (y-o-y)	-	- 0.11% (q-o-q)

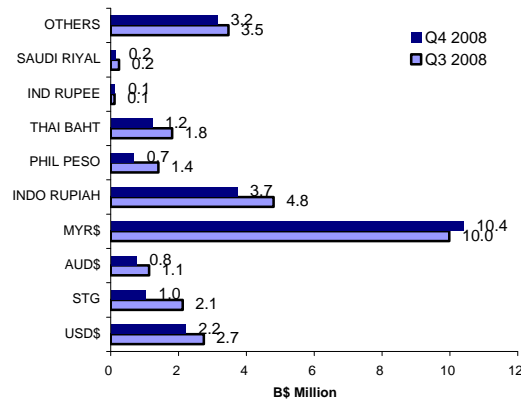
Source: Financial Institutions Division, Ministry of Finance

FOREIGN CURRENCY EXCHANGE

The total amount of foreign currency purchased in Q4 08 was B\$ 23.5 million, a decrease of 15.5 percent q-o-q and 10 percent y-o-y. Despite the aggregate decrease, the most purchased currency, the Malaysian Ringgit and Indian Rupee registered an increase of 4.3 percent and 9.9 percent q-o-q, respectively. The main reason for this could be the long school holidays that enabled the population to travel across the border more regularly than usual.

All other major currencies experienced a fall in the amount purchased due to the unattractive exchange rate against Brunei Dollar.

Figure 3.15: Buying of Foreign Currencies

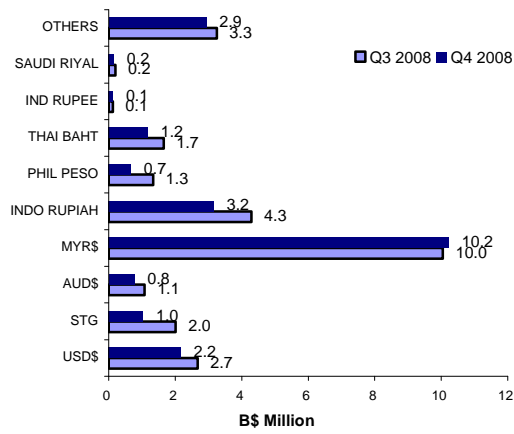


BUYING	Q4 2007	Q3 2008	Q4 2008
Total (in B\$m)	26.1	27.8	23.5
% Change	- 10% (y-o-y)	-	- 15.5% (q-o-q)

Source: Financial Institutions Division, Ministry of Finance

The amount of foreign currencies sold during Q4 08 amounted to B\$ 22.5 million which was a decrease of 15.7 percent q-o-q and 9.24 percent y-o-y.

Figure 3.16: Selling of Foreign Currencies



SELLING	Q4 2007	Q3 2008	Q4 2008
Total (in B\$m)	25.1	26.7	22.5
% Change	- 10.4 (y-o-y)	-	- 15.7 (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
(B\$ million)											
Total Revenue	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
<i>Tax Revenue</i>	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
Oil & Gas sector	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
Non-oil sector	74.1	43.1	62.4	34.4	132.0	101.6	42.3	40.5	95.3	122.5	53.6
<i>Non-tax revenue</i>	883.3	952.00	929.9	908.41	777.9	733.5	761.1	1,423.7	955.0	1,168.0	698.0
Oil & Gas sector	793.9	863.6	827.6	816.66	684.1	655.8	548.2	924.1	877.5	1,071.3	618.0
Non-oil sector	89.3	88.3	102.3	91.75	93.8	77.7	212.9	499.6	77.5	96.7	80.0
Total Expenditure	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
<i>Current Expenditure</i>	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
Wages and salaries	345.2	387.9	418.7	466.5	388.1	384.4	510.7	399.9	392.2	400.3	517.2
OCAR	278.6	179.3	221.4	411.3	332.8	349.1	326.6	767.3	304.3	367.0	363.8
Charged	90.4	571.5	337.3	307.9	308.9	342.3	350.3	417.1	384.6	107.1	101.7
<i>Capital Expenditure</i>	138.9	234.9	270.6	612.8	154.0	361.6	191.2	435.2	131.7	196.6	251.5
OCSE	62.9	86.0	76.3	363.0	45.7	228.0	61.3	198.6	37.4	57.7	77.1
Development	75.9	148.9	194.3	249.8	108.2	133.7	130.0	236.6	94.24	138.9	174.4
<i>Investments in Public Enterprises</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Surplus or deficit (-), excl. transfer	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
Memorandum items											
Oil & gas sector revenues	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
Non-oil sector revenues	163.3	131.4	164.7	126.2	225.9	179.2	255.2	540.1	172.8	219.2	133.65
Oil & gas sector (in % of total revenues)	93.5	95.0	92.7	93.0	89.1	92.1	89.7	83.1	93.8	94.4	94.3
Non-oil sector revenues (in % of total revenues)	6.5	5.1	7.3	7.0	10.9	7.9	10.3	16.9	6.2	5.6	5.7

Source: Expenditure Division, Treasury Department, Ministry of Finance

Table B: Central Bank Survey			
<i>Millions of Brunei Dollars</i>	Oct-08	Nov-08	Dec-08
Net Foreign Assets	990.213	992.674	1,076.092
Claim On Nonresidents	1,023.649	1,026.079	1,111.418
Liabilities To Nonresidents	-33.436	-33.406	-35.326
Claim On Other Depository Corporations	843.969	791.914	941.721
Net Claim On Central Government	-306.852	-306.861	-314.161
Claims On Central Government	0.671	0.663	0.650
Liabilities To Central Government	-307.522	-307.524	-314.810
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	1,492.205	1,440.684	1,691.260
Currency In Circulation	832.399	830.143	921.787
Liabilities To Other Depository Corporations	659.807	610.541	769.473
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	110.059	109.286	82.819
Other Items (Net)	-74.934	-72.244	-70.426

Source: Brunei Currency and Monetary Board, Ministry of Finance

Table C: Depository Corporations			
<i>Millions of Brunei Dollars</i>	Oct-08	Nov-08	Dec-08
Net Foreign Assets	8169.442	8581.9342	10544.048
Claims On Nonresidents	8652.5268	9048.7466	10958.533
Liabilities To Nonresidents	-483.08475	-466.81235	-414.48532
Domestic Claims	4142.1135	3756.3671	1834.4688
Net Claims On Central Government	-3201.7546	-3474.5245	-5419.385
Claims On Central Government	168.9441	188.41457	203.47378
Liabilities To Central Government	-3370.6987	-3662.939	-5622.8588
Claims On Other Sectors	7343.8681	7230.8915	7253.8538
Claims On Other Financial Corporations	0.081	0.076	0.054
Claims On State and Local Government	0	0	0
Claims On Public Nonfinancial Corporations	100.102	105.867	91.997
Claims On Private Sector	7243.6851	7124.9485	7161.8028
Broad Money Liabilities	10685.837	10881.45	10939.994
Currency Outside Depository Corporations	696.40293	704.39967	739.18023
Transferable Deposits	3478.6271	3596.0489	3646.9379
Other Deposits	6510.3204	6579.806	6552.7815
Securities Other Than Shares	0.487	1.195	1.094
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	1800.7358	1826.2895	1788.0953
Other Items (Net)	-175.01771	-369.43773	-349.57228

Source: Brunei Currency and Monetary Board, Ministry of Finance

Table D: Monetary Aggregates and Broad Money Components			
<i>Millions of Brunei Dollars</i>	Oct-08	Nov-08	Dec-08
M0	832.40	830.14	921.79
Money	4,175.03	4,300.45	4,386.12
Quasi Money	6,510.81	6,581.00	6,553.88
Broad Money	10,685.84	10,881.45	10,939.99
Broad Money Components			
Currency outside banks	696.40	704.40	739.18
Demand deposits	3478.63	3596.05	3646.94
Money	4175.03	4300.45	4386.12
Fixed deposits, savings & other deposits	6510.81	6581.00	6553.88

Source: Brunei Currency and Monetary Board, Ministry of Finance