برونيدارالسلام سنترال بڠك
BRUNEI DARUSSALAM CENTRAL BANK

2024

FINANCIAL STABILITY REPORT

Information published in this report is based on non-audited data as of December 2024. All data sources for the figures and tables are from Brunei Darussalam Central Bank (BDCB), unless stated otherwise.

Contents

Abbreviations

ASEAN	Association of Southeast Asian Nations
AUD	Assets Under Distribution
AUM	Assets Under Management
BSI	Business Sentiment Index
CAR	Capital Adequacy Ratio
CIS	Collective Investment Scheme
CMSL	Capital Markets Services Licence
CMSRL	Capital Markets Services Representative's License
CPI	Consumer Price Index
FCY	Foreign Currency
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
GVA	Gross Value Added
IMF	International Monetary Fund
MAT	Marine, Aviation and Transport
MSCI	Morgan Stanley Capital International
NPLF	Non-Performing Loans/Financing
RBCS	Risk-Based Capital and Solvency
ROA	Return on Assets
ROE	Return on Equity
RPPI	Residential Property Price Index
RWA	Risk-Weighted Assets
SMO	Securities Market Order
UAE	United Arab Emirates
WEO	World Economic Outlook

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Managing Director's Foreword

بسم الله الرحمن الرحيم
السلام عليكم ورحمة الله وبركاته

The year 2024 was marked by a complex global economic environment, characterised by both persistent challenges and emerging opportunities. According to the International Monetary Fund (IMF), global growth was estimated at 3.3%, weighed down by ongoing geopolitical tensions, supply chain disruptions, and the continued effects of tight monetary policy in major economies. On a more positive note, global inflation showed signs of easing from 6.0% in 2023 to 4.9% in 2024, providing some relief to households and businesses around the world.

These developments underscore the need for continued vigilance and agility, particularly within the financial sector. In this context, the Brunei Darussalam Central Bank (BDCB) remained steadfast in its mandate to preserve financial stability, strengthen supervisory oversight, and address evolving risks in a timely and effective manner.

As part of this commitment, we continued to enhance our Risk Dashboard to better integrate key financial and macroeconomic indicators. This tool has proven instrumental in informing policy decisions, identifying systemic vulnerabilities, and reinforcing our capacity to respond to shifts in the financial landscape with greater precision and foresight.

Financial fraud remains a key area of concern, particularly with the increasing use of digital platforms and emerging technologies. Such activities can lead to financial losses and may undermine public confidence in the financial system. In response, BDCB strengthened coordination with enforcement agencies, and intensified public awareness initiatives to promote financial literacy and vigilance against fraudulent activities.

The banking sector remained resilient, supported by healthy credit growth and improved asset quality. However, we recognise that financial stability extends beyond the banking system. As such, BDCB continues to monitor non-bank financial institutions to ensure that risks in other parts of the financial system are also well-managed.

Looking ahead, BDCB remains firmly committed to building a robust, inclusive, and future-ready financial system. Our focus will remain on effective regulation, proactive risk management, and technological innovation ensuring that the financial system continues to support sustainable economic growth and the well-being of all Bruneians.

I wish to express my sincere appreciation to the employees of the Central Bank for their dedication and diligence in preparing this report. I also extend my gratitude to all stakeholders for their continued collaboration and support. By working together with a forward-looking approach, we can fortify our financial system, enhance economic resilience, and contribute to a more sustainable and prosperous future for our nation.

Hajah Rashidah binti Haji Sabtu
Managing Director
Brunei Darussalam Central Bank

Key Highlights

Major International Risks

Policy uncertainty

Geopolitical tension

Domestic Economic Performance

Brunei Darussalam's economy grew in 2024 largely due to increases recorded in both oil and gas sector and the non-oil and gas sector.

4.2%
Overall Growth

5.5% Oil and Gas Sector Growth

3.1% Non-Oil and Gas Sector Growth

Structure of the Financial System in Brunei Darussalam

Total financial system assets increased by 5.4% from BND23.9 billion to BND25.2 billion.

Financial Institutions Regulated by the Central Bank	2024		
	No. of Financial Institutions	Amount (BND Billion)	Share of Total Assets %
Deposit-taking institutions	**10**	**23.1**	**91.7**
Banks including Perbadanan TAIB	8	20.9	82.9
Conventional	6	7.7	30.6
Islamic	2	13.2	52.4
Finance Companies	2	2.2	8.7
Other Licensed Financial Institutions	**11**	**2.1**	**8.3**
Insurance Companies & Takaful	11	2.1	8.3
Conventional	7	1.5	6.0
Takaful	4	0.6	2.4
Capital Market Services Licence	6	0.03	0.1
Total	**21**	**25.2**	**100**

Sector	Total Assets (BND Billion)		Growth (%)
	2023	2024	
Banking	19.8	20.9	+5.4
Finance Companies	2.1	2.2	+5.5
Takaful and Insurance	2.0	2.1	+2.4
Capital Market Services Licensee	0.03	0.03	+9.0
Total	23.9	25.2	+5.4

Key Highlights

Financial institutions continued to be well-capitalised and performed better in 2024, despite global rate cuts.

Banks remained resilient and well-capitalised with improving credit quality.

- **19.6%** Regulatory Capital To Risk-Weighted Assets (RWA) (2023: 21.4%)
- **46.1%** Loans/Financing to Deposit Ratio (2023: 43.7%)
- **2.0%** Non-performing Loans/Financing Ratio (2023: 2.6%)
- **1.9%** ROA (Before tax) (2023:2.2%)
- **$0.55b** Gross Value Added (GVA) (2023: $0.59b)

Finance companies remained well-capitalised with stable credit quality.

- **14.6%** Regulatory Capital to RWA (2023: 13.9%)
- **95.3%** Loans/Financing to Deposit Ratio (2023: 95.1%)
- **0.5%** Non-performing Loans/Financing Ratio (2023: 0.5%)
- **2.1%** ROA (Before tax) (2023: 2.1%)
- **$0.06b** Gross Value Added (GVA) (2023: $0.06b)

Takaful/insurance companies maintained strong solvency and experienced a significant increase in profitability levels in 2024.

- **1.7%** Insurance Penetration (2023: 1.7%)
- **72.0%** Combined Ratio (2023: 92.4%)
- **$0.17b** Gross Value Added (GVA) (2023: $0.10b)
- **41.5%** Claim/Loss Ratio (General) (2023: 50.1%)
- **163.0%** Solvency Margin Ratio (2023: 154.0%)

The capital market remained resilient with a modest growth in Assets Under Management.

- **$1.1b** Assets Under Management (2023: $0.91b)
- **$5.7m** Gross Value Added (GVA) (2023: $7.9m)

01 International and Domestic Macroeconomic Developments

Global Economic Developments

In 2024, the global economy faced a mixed landscape, with steady but below-trend growth amid persistent inflation concerns and policy uncertainties. While the United States showed resilience with robust consumer spending and a strong labour market, other major economies, including Europe and China, struggled with structural challenges and weaker demand. Meanwhile, inflation continued to ease but remained above central bank targets in many regions.

Looking ahead, the International Monetary Fund (IMF)'s April 2025 World Economic Outlook (WEO) projected global growth of 2.8% and 3.0% for 2025 and 2026, respectively. Since the release of the January 2025 WEO, the global landscape has seen new tariff measures by the United States and countermeasures by its trading partners. The swift escalation of trade tensions and extremely high levels of policy uncertainty are expected to have a significant impact on global economic activity. Global inflation is forecasted to ease at a slower pace than previously expected at 4.3% in 2025 and 3.6% in 2026.

Downside risks have intensified with elevated trade policy uncertainty further reducing near- and long-term growth. Divergent and rapidly shifting policy stances, and deteriorating sentiment could trigger sharp adjustments in foreign exchange rates and capital flows, causing broader financial instability to ensue. These risk factors have the potential of shifting the current global growth trajectories of various economies, while disruptions to the disinflation process could delay monetary easing, which, in turn, may impact fiscal and financial stability.

Despite pronounced market turbulences in 2024, some notable events include the reduced pace of the U.S. policy rate cuts, heightened geopolitical conflicts, political instability in Europe and Asia, and policy uncertainty associated with newly elected governments both in the United States and the United Kingdom.

Global Financial Markets

The global equity market ended the year on a strong note with the MSCI All Country World Index registering positive double digit returns of 15.73%. This was mainly driven by the pivotal shift in global central banks easing policies towards the second half of the year, together with continued economic strength in major economies, resilient corporate earnings, and ongoing enthusiasm around Artificial Intelligence.

However, even with the start of monetary policy normalisation for several developed markets, global bond yields remained high due to sticky inflation and concerns over global economic growth. The U.S. 10-year Treasury yields increased by 69bps and reached 4.57% for the year 2024. Effectively, global bonds benchmarked by the Bloomberg Global Aggregate Total Return Index Value Unhedged USD returned -1.69% in 2024.

Meanwhile, crude oil prices, benchmarked by Brent, marginally increased by 0.66% to USD 74.64 a barrel, influenced by the decision of OPEC+ to maintain supply cuts throughout the year, amid fluctuating global demand expectations. Gold continued to assert its role as a safe-haven asset, with a remarkable price increase of 27.2%, closing at USD 2,624 per troy ounce by the end of 2024, supported by recession risk fueled by Trump 2.0 and ongoing geopolitical crises.

Brunei Darussalam Economic Developments

Gross Domestic Product

Brunei Darussalam's real Gross Domestic Product (GDP) recorded an increase of 4.2% in 2024. The Oil and Gas sector expanded by 5.5%, largely driven by the rise in production of crude oil and natural gas. Meanwhile, the expansion of the Non-Oil and Gas sector by 3.1% was due to a rise of activities in the Manufacturing of Petroleum and Chemical Products; Communication; and Wholesale & Retail Trade sub-sectors.

Brunei Darussalam's exports increased by 1.87% in 2024, driven by higher export volume of chemical products. In the same period, imports decreased by 2.62% compared to the previous year. Despite an increase in importation of mineral fuels as feedstock for the downstream petrochemical industry, there was a significant decrease in imports of Machinery & Transportation Equipment.

Looking ahead, the outlook for Brunei Darussalam remains stable, driven by growth in the oil and gas sector and ongoing foreign direct investments (FDI) in downstream industries.

Figure 1. Contributions to Real GDP

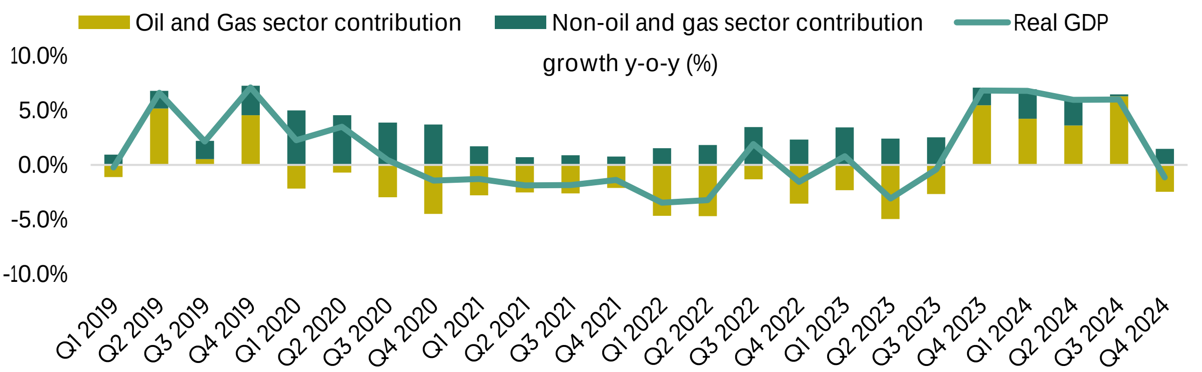
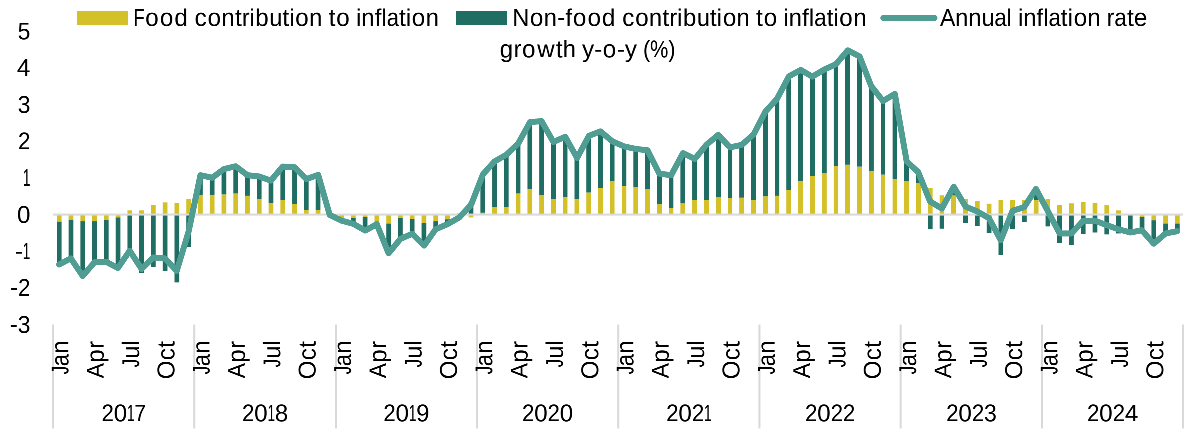


Figure 2. Inflation Rate



Inflation

Overall, in 2024, the average Consumer Price Index (CPI) decreased by 0.4% year-on-year. The decrease was mainly contributed by Transport, Clothing and Footwear, and Communication sub-indices. Meanwhile, several indices recorded slight increases, such as the Food and Non-Alcoholic Beverages, Restaurants and Hotels, Miscellaneous Goods and Services. In line with global disinflation in 2024, domestic inflation has also experienced a similar moderation, supported by subsidies and stable external conditions.

Business Sentiment Index (BSI)

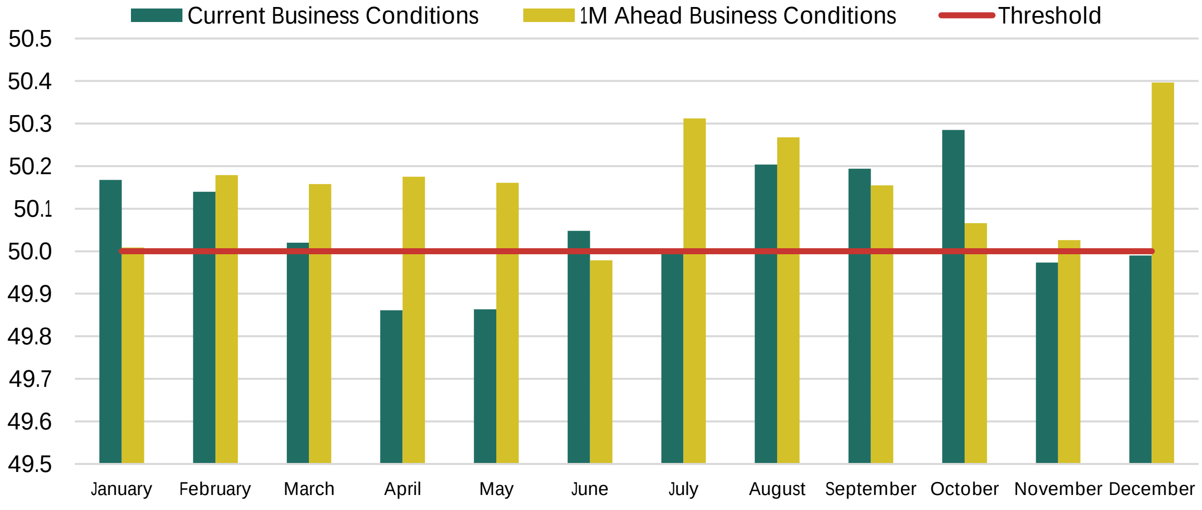
The BSI measures the level of sentiment/confidence of businesses in Brunei Darussalam through surveys asking general questions on current and future outlooks on business conditions, investments, employment of workers, and costs of running the businesses. The forward-looking approach makes it a useful leading macroeconomic indicator.

The current business conditions sub-index (which is the headline index for the BSI) was 50.1 on average in 2024, indicating a slightly optimistic sentiment in the private sector.

Throughout most of 2024, better business performance was driven by national and festive events, such as the Royal Wedding and His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam's birthday celebrations in the first half of the year, while numerous expos, festivals, and events organised by government and private agencies brought continued momentum for many businesses towards the end of 2024.

However, sentiments were nuanced and differed across sectors where some businesses also experienced downturns and expressed concerns throughout the period. Recurring factors for pessimism were attributed to reported issues of payment delays stemming from the implementation of TAFIS 2.0, longer weekends coinciding with public holidays where consumers travelled abroad, resulting in some periods of lower business performance, as well as weather-related disruptions which slowed business activities and hindered progress for some projects.

Figure 3. Business Conditions 2024



Residential Property Price Index (RPPI)

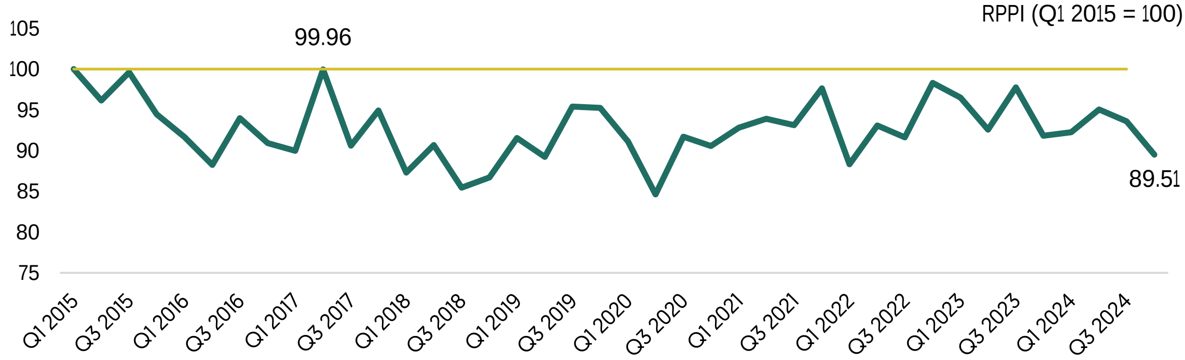
The RPPI measures the rate at which the prices of private residential properties purchased by households change over time. RPPI serves as a useful indicator to assess the state of the real estate market and to gauge homeownership affordability.

RPPI may serve as one of the macroeconomic indicators of economic growth and a financial stability/soundness indicator for measuring risk exposure.

In 2024, the RPPI dropped by 2.17% compared to the same period last year. 485 transactions were reported during this period, denoting a decrease of 0.61% compared to the previous year. Meanwhile, the median purchase price for all types of residential properties fell by 2.35% to BND249,000.

Full details of the RPPI data are published on the Central Bank's website.

Figure 4. Residential Property Price Index



02 Banking Sector Performance

In 2024, the banking sector experienced robust credit growth of 7.9%, surpassing the historical average, while maintaining strong profitability from loans/financing activities. The sector also saw an expansion in overall assets and deposits, which grew by 5.4% and 2.4%, respectively, compared to the previous year.

As of year-end 2024, the Islamic bank and the Islamic trust fund remained dominant, accounting for 63.3% of total banking assets, 62.7% of total deposits and 65.4% of loans/financing.

Capital Adequacy

In 2024, the banking sector remained resilient, maintaining a strong capital position, with a regulatory capital adequacy ratio (CAR) of 19.6%. This remained well above both the minimum regulatory requirement of 10.0% set by the Central Bank and the 8.0% threshold under Basel II on both solo and consolidated bases. Similarly, the Tier 1 CAR remained robust and stable at 19.5%, reinforcing banks' ability to absorb potential unexpected losses.

Meanwhile, the net Non-Performing Loans/Financing (NPLF) to capital ratio improved significantly, declining to 3.0% from 4.4% in the previous year. This improvement was primarily driven by a reduction in the net NPLF value, reflecting stronger asset quality and prudent risk management across the banking sector.

Figure 5. Trends and Growth in Assets, Deposits and Loans/Financing (Banks)

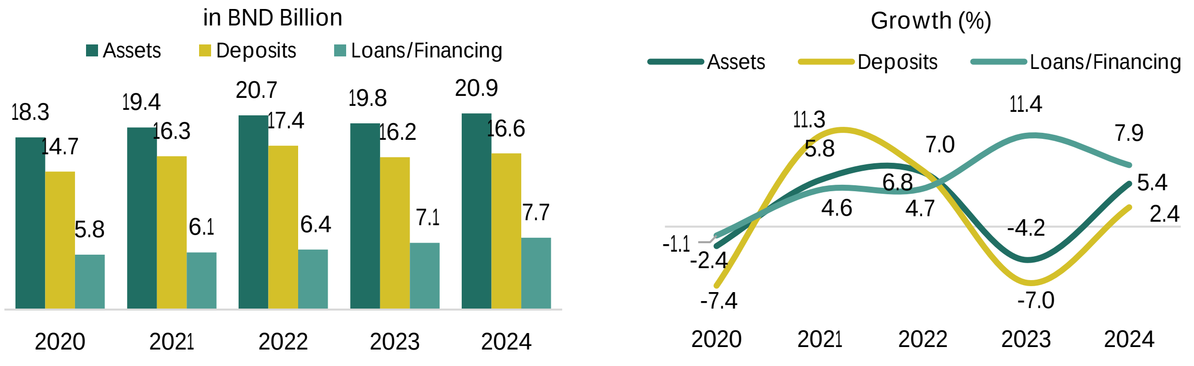
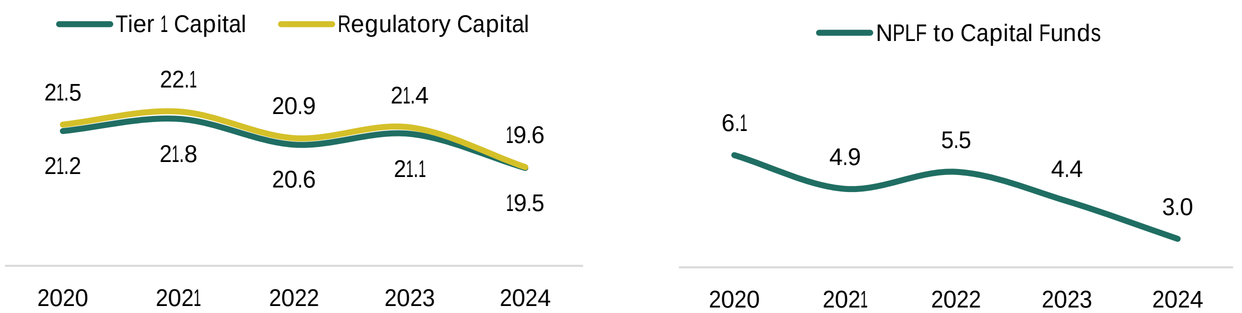


Figure 6. Trends in Capital Adequacy

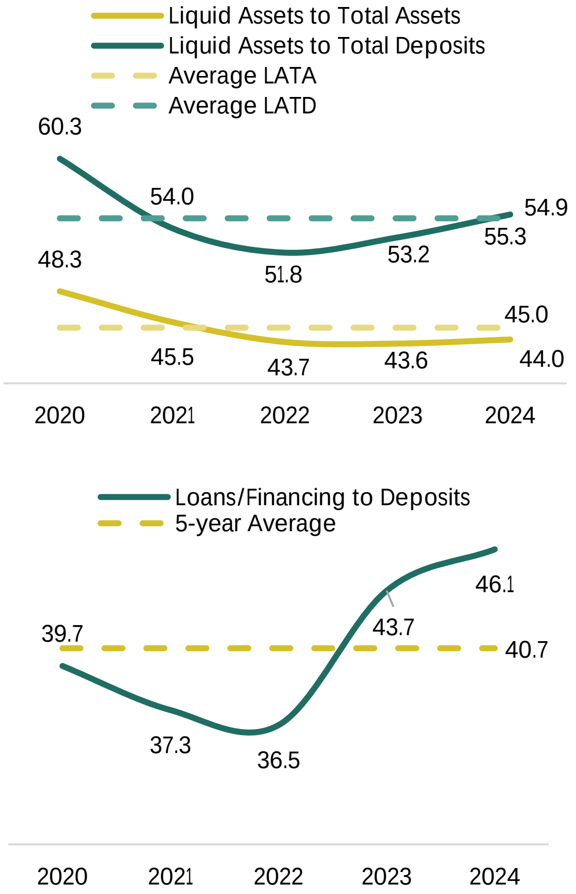


Liquidity and Funding

The banking sector maintained a strong liquidity position, holding surplus liquid assets. Over the past five-year period, the average Liquid Assets to Total Assets stood at 45.0%, while the Liquid Assets to Total Deposits ratio averaged 54.9% (Figure 7).

The strength of these liquidity indicators remained high and continued to rise compared to ASEAN peers, highlighting the banking sector's low liquidity risk due to surplus liquidity and relatively low intermediation levels.

Figure 7. Trends in Liquidity



In 2024, the loans/financing-to-deposit ratio increased to 46.1%, slightly above the five-year average of 40.7%. This suggests that banks are leveraging their deposits more effectively to generate loans/financing, potentially enhancing profitability while maintaining a prudent balance between risk and return (Figure 7).

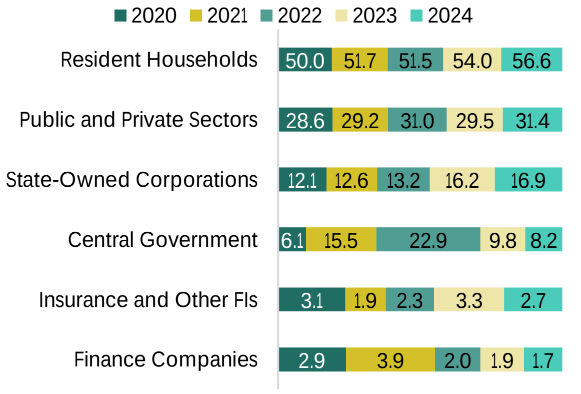
The high liquidity ratio was also supported by deposits, which remained the primary source of bank funding, accounting for 92.0% of total liabilities (excluding capital and reserves).

Deposit Structure

In 2024, deposits recorded a modest growth of 2.4%, driven primarily by a 6.5% increase in deposits from both the public and private sectors, as well as a 4.9% rise in deposits from resident households. However, deposits from the central government continued to decline, albeit at a slower pace, with the contraction easing to 16.9%.

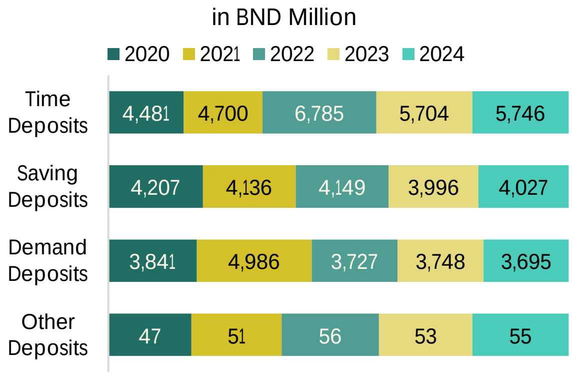
Resident household deposits remained the largest component of total banking sector deposits, accounting for 48.2%. These deposits serve as core funds, providing a stable and reliable source of funding for banks. As banks ramp up promotional efforts to retain depositors, the ongoing shift from current and savings accounts to time deposits is expected to further strengthen funding stability, ensuring a more secure liquidity position for the banking sector.

Figure 8. Trends in Residents' Deposit Structure by Ownership



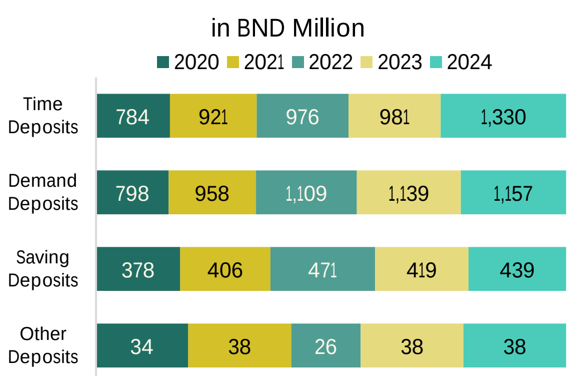
Both BND and foreign currency (FCY) deposits recorded positive growth of 0.2% and 15.0%, respectively, compared to the previous year. Time deposits remained a key component of BND deposits, accounting for 42.2% of the total, thereby providing a stable funding base for the banking system (Figure 9).

Figure 9. Trends in BND Deposits by Holders in Brunei Darussalam by Type of Deposits



Among FCY deposits, 44.9% were held in time deposits, which experienced a significant increase of 35.6% in 2024. Overall, time deposits accounted for 39.0% of total FCY deposits, reflecting a modest 1.5% growth. Meanwhile, savings deposits, which made up 14.8% of total FCY deposits, saw a 4.8% increase (Figure 10).

Figure 10. Trends in FCY Deposits by Holders in Brunei Darussalam by Type of Deposits



Loans/Financing Structure

In 2024, the banking sector's credit-to-GDP ratio rose to 38.8%, up from 37.6% in 2023. Figure 11 illustrates a consistent upward trend since 2020.

Overall, credit growth remained positive at 7.9% in 2024, although this was lower than the 11.4% recorded in the previous year (Figure 13). This moderation reflects a more measured recovery and improving business confidence, as lending to the business sector expanded by 11.0% during the year.

Meanwhile, financing to the household sector grew by 3.4% over the same period (Figure 12). Within the banking credit portfolio, business sector lending accounted for 60.5% of total loans/financing in 2024, up from 58.8% in 2023, highlighting banks' increased support for commercial activities.

Banks in Brunei Darussalam primarily extended loans/financing to residents, including local companies, which comprised 76.2% of the total lending portfolio. Non-resident lending, while comparatively smaller at 23.8%, saw substantial growth, surging by 39.8% in 2024, whereas resident loans/financing grew at a more moderate pace of 0.7%. This lending distribution reflects a strategic approach to balancing local economic support while managing risks associated with foreign exposure.

Figure 11. Credit to GDP (Banks)

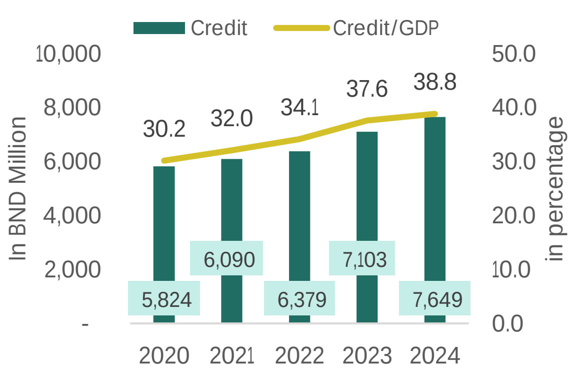
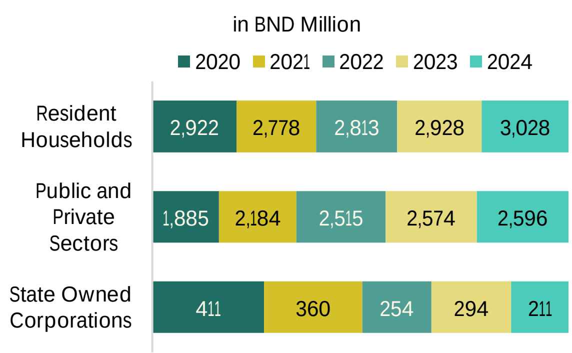
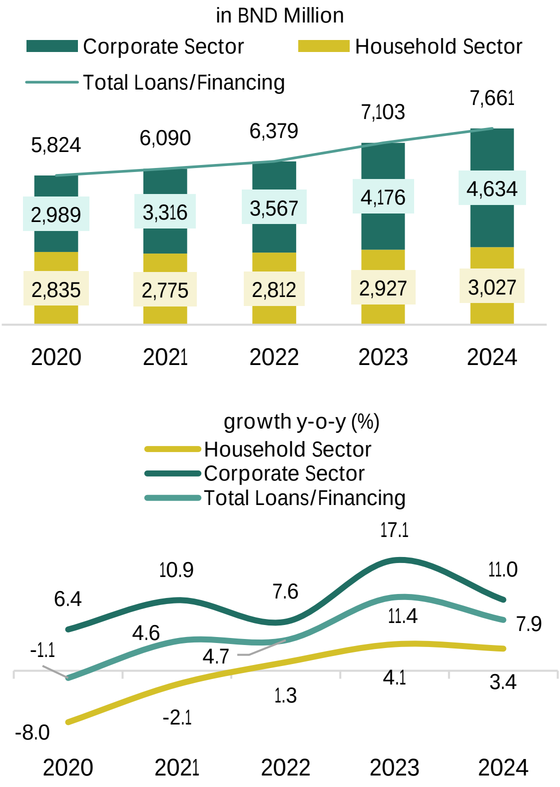


Figure 12. Trends in Residents' Loans/Financing Structure by Ownership



As of 2024, the residents banking sector's total lending portfolio stood at BND5.8 billion. Household loans/financing made up the largest share at 51.9%, followed by lending to the public and private sectors at 44.5%, and financing to state-owned enterprises at 3.6% (Figure 12). This breakdown underscores the sector's commitment to supporting economic growth while maintaining a diversified and prudent lending approach.

Figure 13. Trends and Growth of Total Loans/Financing



Credit Quality

In 2024, the banking sector's total amount of NPLFs decreased by 15.7%, falling from BND188.3 million in 2023 to BND158.7 million. This improvement was primarily driven by better credit performance in both the household and business sectors.

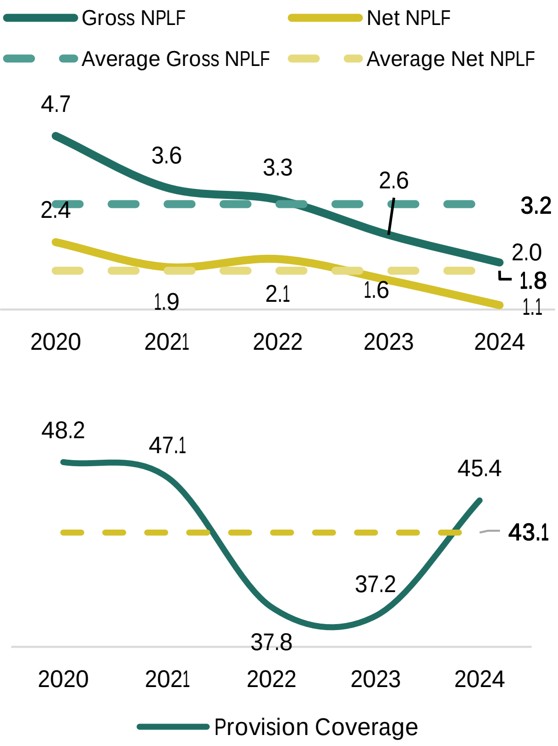
The overall credit quality of banks' loan/financing portfolios improved in 2024. The gross and net NPLF ratios stood at 2.0% and 1.1%, respectively, both of which are below their five-year averages of 3.2% and 1.8%, indicating a significant reduction in asset quality risks.

Provision coverage, defined as specific provisions relative to total NPLFs, remained robust in 2024, rising to 45.4%, slightly above the five-year average of 43.1% (Figure 14). This increase reflects the improvement in credit quality observed across the banking sector.

Despite these positive trends, the banking industry must remain vigilant in managing potential risks from a substantial increase in credit risk.

However, the continued buildup of capital buffers and the maintenance of adequate provisions position banks to effectively absorb potential shocks and manage future risks.

Figure 14. Trends in Credit Quality (Banks)



Income, Expenses and Profitability

Trends in Income and Yield

Throughout 2024, the yield on total interest/profit-related assets slightly decreased from 4.6% in 2023 to 4.3%. Despite this, total interest/profit income in the banking sector rose to BND803.9 million, reflecting a modest increase of 1.6% (Figure 15).

Interest/profit income from lending/financing activities continued to be the primary source of gross income, accounting for 47.1% of the total. However, the yield on lending saw a slight decline from 5.0% in 2023 to 4.9% in 2024, mainly due to the overall decrease in interest/profit rates. Similarly, the yield on placements also experienced a slight decrease, falling to 4.2% in 2024. This decrease reflects the broader decline in the interest/profit rate environment during the year.

On a positive note, banks saw robust growth in interest/profit income from investments, which surged by 19.1% to reach BND153.9 million. This increase led to a rise in the yield on investments to 3.7% in 2024, contributing to the overall growth in interest/profit income.

Trends in Profitability and Expenses

In 2024, the banking sector experienced a slight decline in profitability, as the return on assets (ROA) decreased to 1.9%, while the return on equity (ROE) fell to 10.8% (Figure 16).

The sector's efficiency, measured by the ratio of non-interest expenses to gross income, rose to 57.0%, reflecting a higher cost structure. This increase was largely driven by a 19.9% decline in gross income.

Given these challenges, banks are encouraged to further diversify their income streams by exploring opportunities such as expanding fee-based income and enhancing financial advisory services. These efforts will help strengthen resilience and ensure sustainable growth and stability.

Figure 15. Trends in Income and Yields by Type of Assets

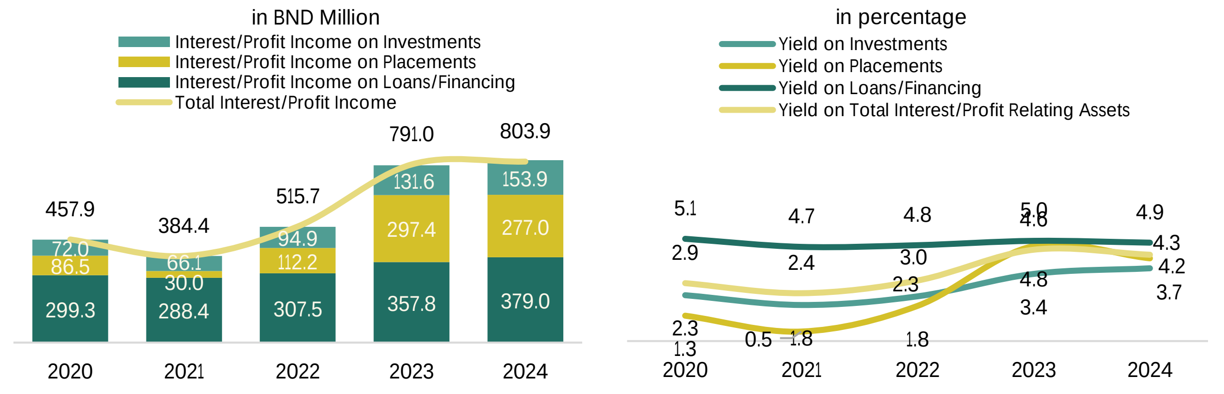
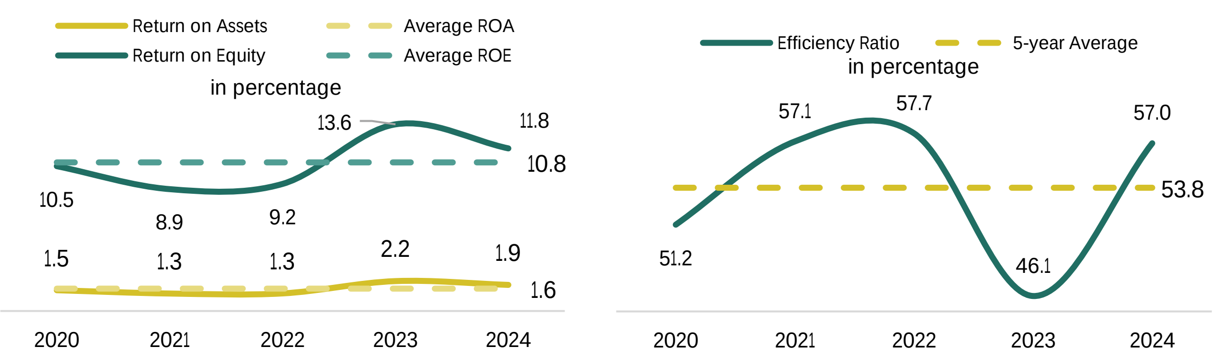


Figure 16. Trends in Profitability (Banks)



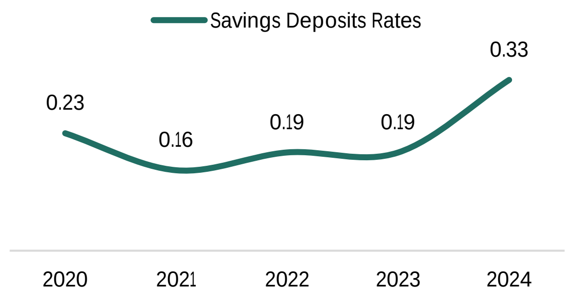
Trends in Net Interest/Profit Income

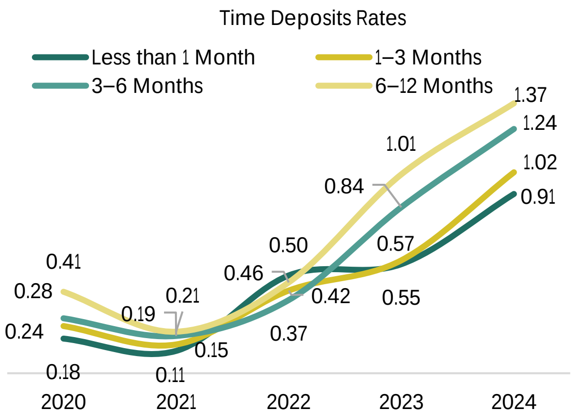
An important factor influencing a bank's profitability is the net interest margin, which reflects the difference between lending rates and deposit rates.

Since 2013, banks have been required to maintain a minimum savings deposit rate of 0.15%. In 2024, this rate saw a slight increase to 0.33%, marking an uptick from the previous year.

During the same period, interest rates on time deposits also rose across all maturity tenors, contributing to a higher cost of funds for banks.

Figure 17. Trends in Average Saving & Time Deposits (Interest/Profit Rates by Maturity)





Offshore Assets

In 2024, offshore assets represented 55.7% of total banking sector assets, reflecting a slight increase from the previous year. Although domestic lending continued to grow, bank intermediation within the country remained relatively low. Consequently, banks continued to channel their excess liquidity offshore to mitigate rising funding costs.

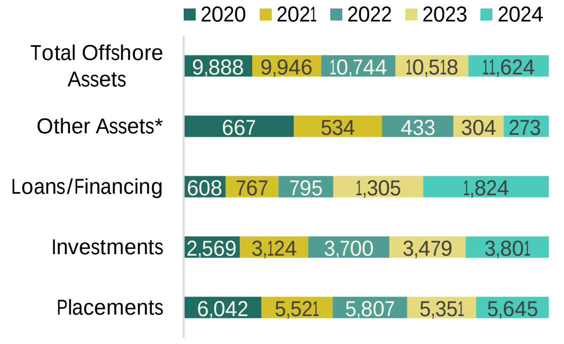
Consistent with previous years, the majority of offshore assets were in the form of placements (48.6%), followed by offshore investments (32.7%).

Offshore loans/financing saw significant growth, increasing by 39.8% compared to the previous year, further contributing to the expansion of total offshore assets (Figure 18).

Liquidity risk stemming from maturity and currency mismatches could negatively impact banks' offshore asset portfolios in Brunei Darussalam, potentially affecting overall liquidity conditions.

Meanwhile, the ratio of total offshore assets to total deposits increased from 64.8% in the previous year to 70.0%, reflecting a higher degree of offshore exposure.

Figure 18. Composition of Offshore Assets Held by Banks



Offshore Assets by Currency

Offshore placements and investments remained concentrated in two major currencies: the US Dollar (USD) and the SGD (Figure 19).

In 2024, the share of offshore placements and investments denominated in USD increased steadily to 55.9%, reflecting a continued preference for USD-denominated assets.

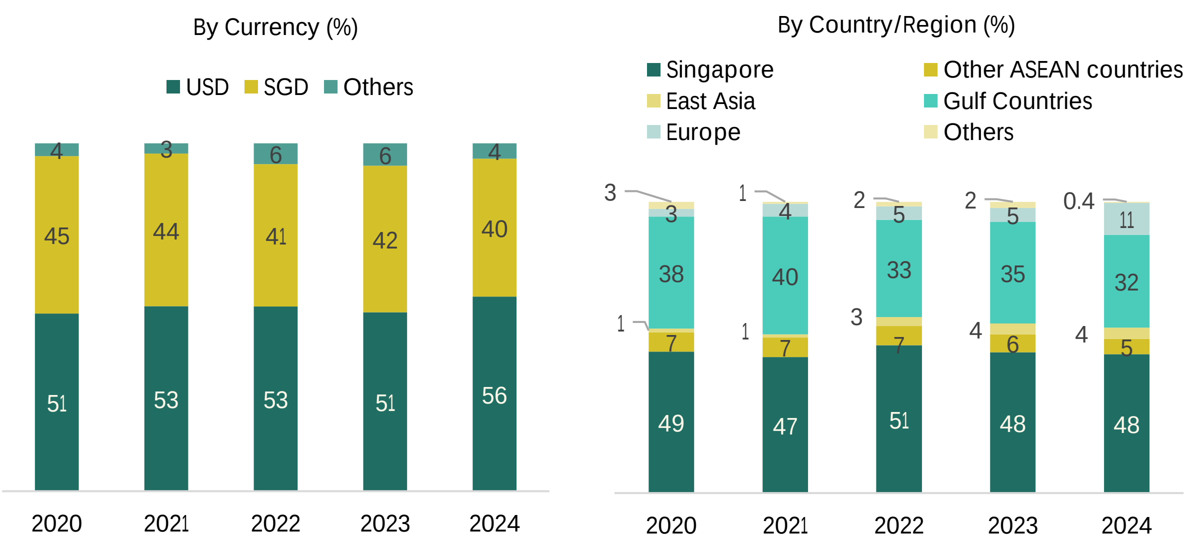
Meanwhile, the combined share of other currencies, which includes the Euro, British Pound Sterling, Malaysian Ringgit, and Australian Dollar, declined slightly to 4.4%. This indicates a reduced diversification into alternative currencies.

Offshore Assets by Country Risk

The distribution of offshore assets by country remained unchanged in 2024, with Singapore maintaining the largest share at 47.7%, followed by Gulf countries at 31.9% and other ASEAN countries at 5.2% (Figure 19).

The increased exposure to Gulf countries is primarily driven by assets in the United Arab Emirates (UAE) and Saudi Arabia, reflecting the limited global availability of Shariah-compliant investment opportunities.

Figure 19. Trends in Composition of Offshore Placements and Investments by Currency and Country/Region



Box 1: Risk Perception Survey (December 2024)

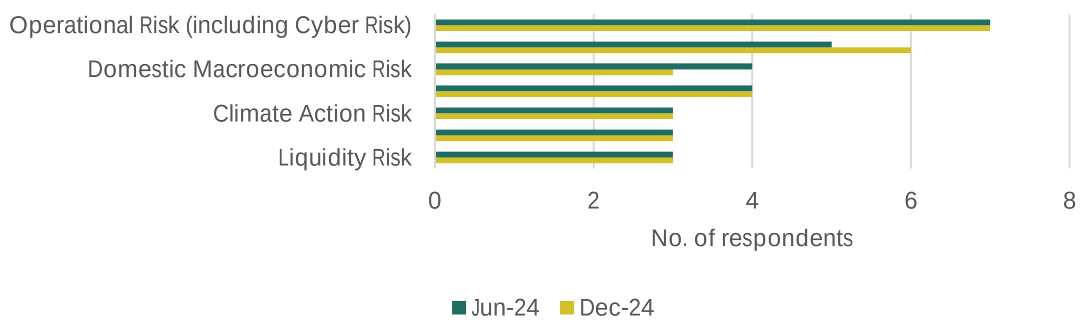
The Central Bank has conducted a biannual Risk Perception Survey (RPS) since 2019 to gather insights from licensed banks in Brunei Darussalam on key risks that may impact the banking system. The survey helps banks refine their risk assessment processes while enabling the Central Bank to identify potential vulnerabilities and formulate policies to safeguard financial stability.

Banks are asked to identify the top five risks expected to have the greatest impact on Brunei Darussalam's financial sector in the next 6 to 12 months, and the top three risks that they find most challenging to manage.

Key Emerging Risks

The findings showed that operational risk remained a key concern, followed by credit risk, domestic macroeconomic risk, and global risk, reflecting ongoing uncertainties in both local and international financial conditions.

Figure 20. Top 5 Risks Identified by Banks



Top Risk Management Challenges

Operational risk, including cyber risk, remained the most challenging risk for banks to manage, with seven out of eight banks identifying it as their top concern. Additionally, three banks cited credit risk and global risk as particularly difficult to manage.

Table 1: Top 3 Risks that Banks Find Difficult to Manage

	June 2024	Dec 2024
1	• Operational Risk (including Cyber Risk)	• Operational Risk (including Cyber Risk)
2	• Global Risk	• Credit Risk • Global Risk
3	• Domestic Macroeconomic risk • Credit Risk • Geopolitical Risk	• Domestic Macroeconomic Risk • Geopolitical Risk

Source: BDCB Risk Perception Survey

Banks assessed the severity of various risks, which were categorised into different types, including external/global risks, domestic macroeconomic risks, credit risks, liquidity risks, market risks, operational risks, and cross-border asset risks. A five-point scoring system was used to evaluate these risks, where a score of 1 indicates a considerable decrease, 2 a slight decrease, 3 no significant change, 4 a slight increase, and 5 a considerable increase.

This scoring system was applied to both the past and upcoming 6-12 months, with an average score calculated for each risk category.

The scores represent the banks' perceptions of how these risks have evolved and are expected to evolve, providing insights into the potential challenges and vulnerabilities facing the banking sector.

Figure 21. Banking Risk Perception (December 2024)

Source: BDCB Risk Perception Survey

In the next 6-12 months,

Global Risk
3.63

Global risk is expected to remain stable, with a score of 3.63, though this masks divergent trends within its components. Monetary policy tightening is anticipated to ease slightly (2.63), as central banks in the US, Europe, and Singapore respond to slowing global growth. In contrast, trade conflicts and protectionism are expected to rise slightly (4.00), amid ongoing geopolitical tensions and potential new trade barriers. Emerging market vulnerabilities and oil and gas price volatility are also likely to rise slightly, driven by economic instability in key economies and uncertainty in global energy markets.

Domestic Macroeconomic Risk
3.38

Domestic macroeconomic risk scored 3.38, signalling a slight increase in the coming months and solidifying its position as the second highest-impact risk to the banking sector. Key components driving this rise include higher inflation (3.25), lower government expenditure (3.50), and increased uncertainty in the property market (3.38), all of which are expected to intensify.

Credit Risk
3.25

Credit risk has increased slightly compared to the outlook over the past 6 to 12 months, receiving an overall score of 3.25. If these risks materialise, the impact on the banking industry could be significant. Within the components of credit risk, banks generally anticipate a slight increase in default risk within the household sector (3.00). In contrast, default risk in the business sector scored higher (3.50), reflecting greater vulnerability.

Liquidity Risk
3.25

Liquidity risk is projected to increase slightly in the near term, with a score of 3.25. However, given Brunei Darussalam's ample liquidity, this risk is expected to have a lower overall impact on the banking system.

Market Risk
3.25

Market risk was assessed as remaining unchanged, with an average score of 3.25. However, some banks indicated that interest rate fluctuations and international equity market shocks could increase slightly in the period ahead.

Operational and Non-financial Risk
3.63

Operational and non-financial risks are expected to increase, with a score of 3.63, making this risk the highest-impact risk to Brunei Darussalam's banking sector, aligning with the primary concerns identified by banks. Banks specifically highlighted cybersecurity threats, fraud, financial malpractices, and AML/CFT-related risks as key concerns, with these components being classified as high impact.

Cross-border Asset Risk
3.38

Cross-border asset risk was assigned a score of 3.38 and was viewed as having a medium impact. As of 31 December 2024, banks held 55.7% of their assets offshore. Within the components of cross-border risk, some banks indicated that short-term USD interest rate risk may increase slightly, while cross-border currency concentration risk was expected to decrease slightly.

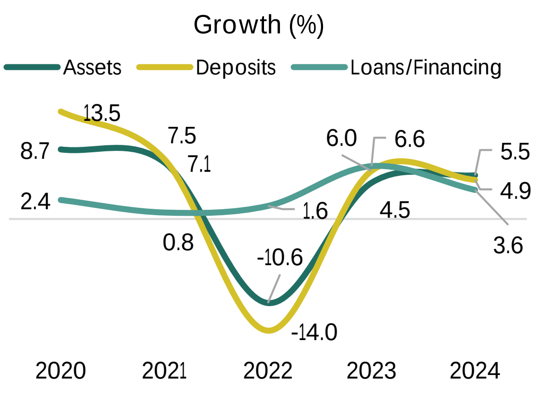
03 Non-Banking Sector Performance

Finance Companies

Finance companies, like banks, offer savings accounts and fixed deposit services while specialising in financing for automobiles and consumer durable goods through hire purchase agreements. These institutions primarily serve the financing needs of the household sector.

As of 2024, the finance company sector comprised two licensed entities, accounting for 8.7% of the total financial system assets. Total assets grew by 5.5% to BND2.2 billion, while deposits increased by 4.9% to BND1.8 billion. Similarly, total loans/financing rose by 3.6%, also reaching BND1.8 billion compared to the previous year (Figure 22).

Figure 22. Growth in Assets, Deposits and Loans/Financing (Finance Companies)

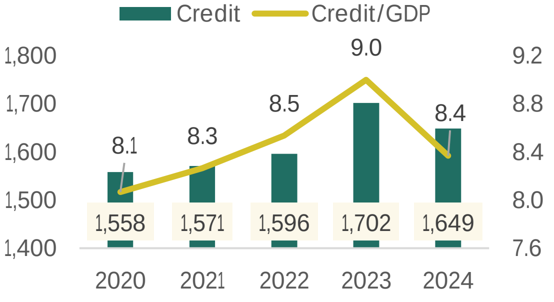


Trends in Types of Loans/Financing

In 2024, finance companies' credit-to-GDP ratio declined slightly to 8.4%, down from 9.0% in 2023 (Figure 23). Automobile loans/financing remained the dominant segment, comprising 98.7% of total loans/financing. Given Bruneians' continued reliance on personal transportation for daily commutes, total automobile loans/financing expanded by 6.9% during the year.

In contrast, financing for consumer durables declined by 0.7%, potentially due to the growing popularity of rent-to-own arrangements offered directly by retailers. This shift reflects evolving consumer preferences in financing options.

Figure 23. Credit to GDP (Finance Companies)

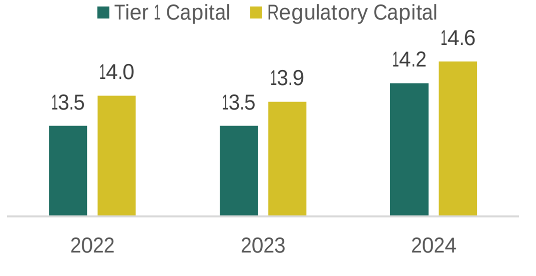


Capital Adequacy

The regulatory capital adequacy ratio (CAR) framework for finance companies was introduced in 2022, setting a minimum requirement of 10%. In 2024, the regulatory capital-to-risk-weighted assets ratio increased from 13.9% in the previous year to 14.6% (Figure 24), reflecting a strengthening capital position.

Additionally, the ratio of net non-performing loans/financing (NPLF), net of specific provisions, to capital funds improved to -1.3% in 2024, compared to -2.4% in 2023. This positive development was primarily driven by higher equity capital and reserves, reinforcing the sector's financial resilience.

Figure 24. Capital Adequacy Ratio (Finance Companies)



The overall gross non-performing loans/financing (NPLF) ratio declined marginally from 0.52% in 2023 to 0.50% in 2024, reflecting a slight improvement in asset quality. Similarly, the net NPLF ratio (net of specific provisions) improved to -0.2% in 2024, up from -0.4% in the previous year (Figure 25).

Profit before tax rose by 5.8% to BND44.8 million in 2024, supported by an 81.9% increase in total income. This growth was primarily driven by a 4.7% rise in net interest/profit income, highlighting stronger revenue generation within the sector (Figure 26).

Figure 25. Trends in Credit Quality (Finance Companies)

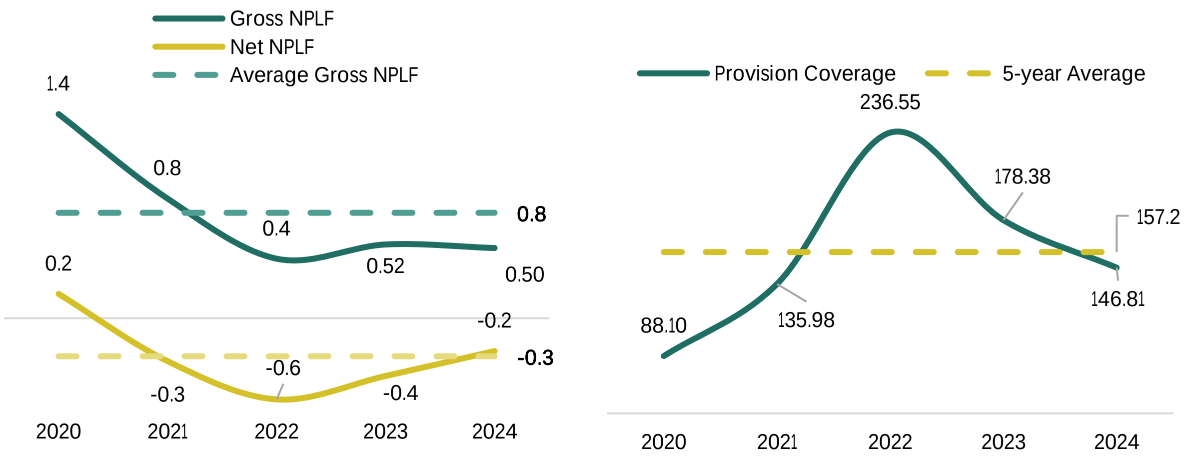
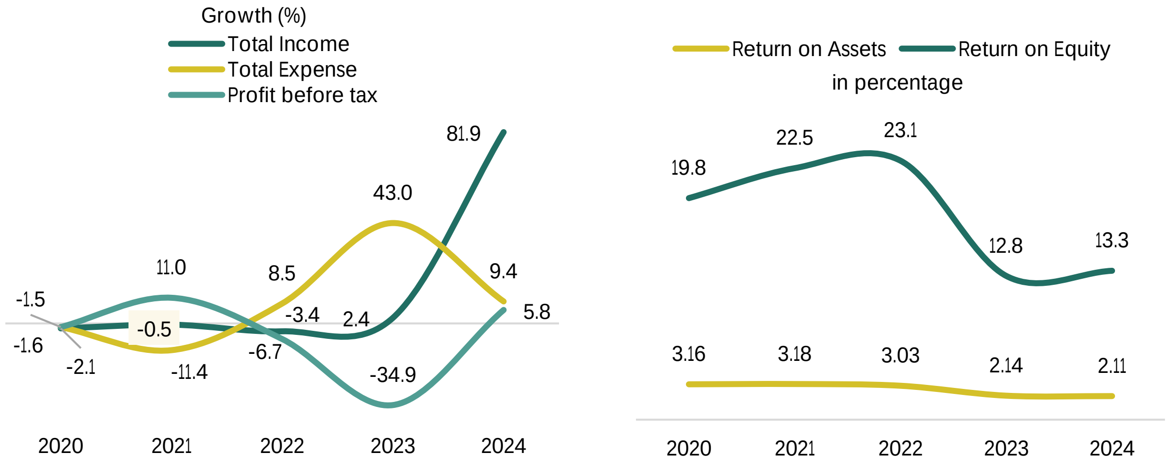


Figure 26. Trends and Growth in Profitability (Finance Companies)



Takaful and Insurance

The takaful and insurance industry in Brunei Darussalam consists of 11 licensed companies, of which five are life/family takaful operators and six are general insurance/takaful operators. Registered intermediaries comprise one insurance broker and 489 agents, of which 239 are general insurance/takaful agents and 250 are life insurance/family takaful agents. There is no reinsurer or retakaful operator operating in the market.

Takaful and insurance assets represent 8.5% of total financial assets. As of the end of 2024, the takaful market share accounted for 28.2% of total insurance and takaful assets and 47.8% of gross premiums/contributions.

Insurance Penetration

In 2024, the insurance penetration rate, as a ratio of gross premiums and contributions to GDP stood at 1.7%. Relative to the average ASEAN insurance penetration rate of 3.2% in 2023, Brunei Darussalam's modest rate is attributed to a combination of its high GDP levels, public welfare structure and social facilities for its citizens, as well as the level of awareness of the insurance benefits.

Trends in Assets

Financial assets by takaful operators and insurers have increased by 5.5% to BND2.1 billion in 2024 compared to BND2.0 billion in 2023 [Figure 27].

The majority of the asset portfolio is invested in bonds and debentures at 54.9%, followed by common shares at 30.9%, and short-term placements at 12.0%.

Investment placements are primarily held by life insurers, reflecting their long-term liability structure.

Table 2. Financial Soundness Indicators for the Takaful and Insurance Industry

Indicators	2020	2021	2022	2023	2024
Takaful/Insurance Penetration Rate	1.8	1.7	1.4	1.7	1.7
Assets Growth	+10.9	+1.1	-4.7	+7.3	+5.5
Gross Premium Growth	+3.1	+3.1	+6.5	+3.0	+2.1
Gross Claims/Benefits Growth	+10.5	-34.5	-4.4	+40.1	-8.4
Solvency margin ratio (≥120%)	NA	153.0	147.0	154.0	162.9
Claims/Loss ratio (General)	NA	37.6	34.3	50.1	41.5
Combined ratio (General)	NA	77.6	72.0	92.4	72.0

Figure 27. Total Takaful and Insurance Industry Assets

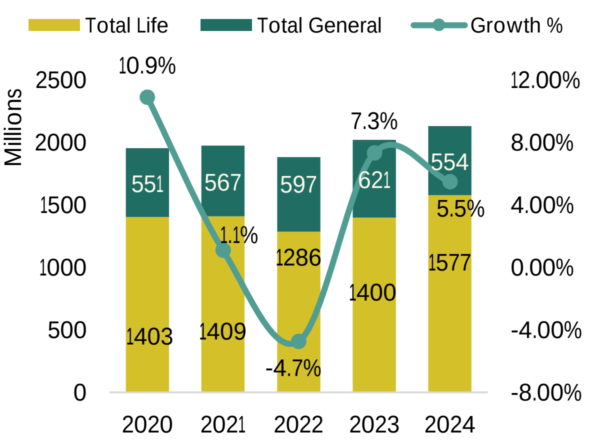
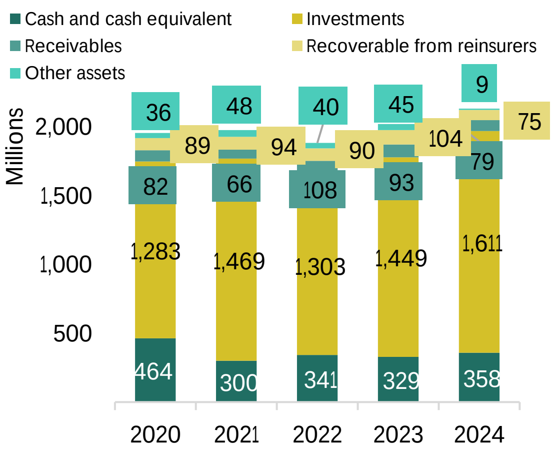


Figure 28. Assets Portfolio Mix

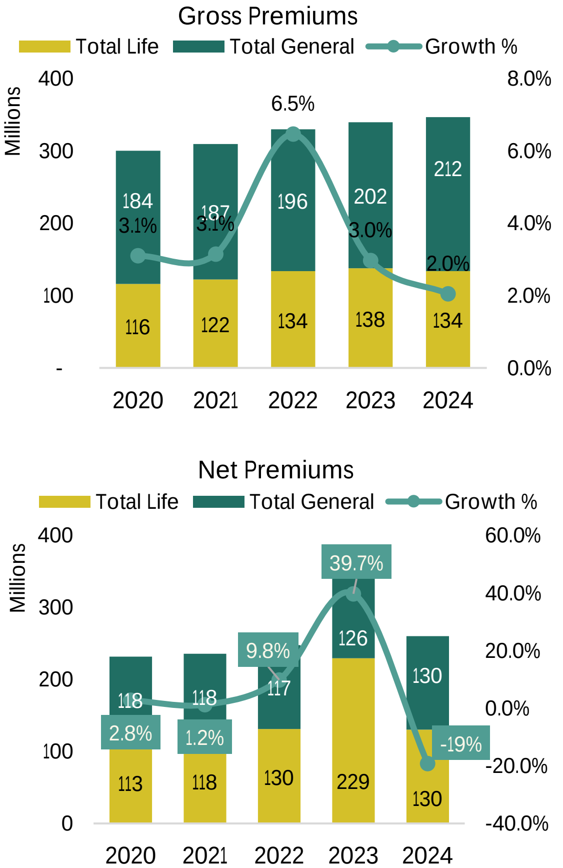


Trends in Industry Premiums/ Contributions

The total industry gross premiums increased by 2.1% to BND346.4 million in 2024 from BND339.5 million in 2023.

The life sector reported a decline of 2.7%, while the general sector grew by 5.3%. Premiums ceded to reinsurers for general business reduced from BND72.1 million in 2023 to BND52.6 million, whilst the net premiums increased by 23.2% from BND129.8 million in 2023 to BND159.9 million in 2024.

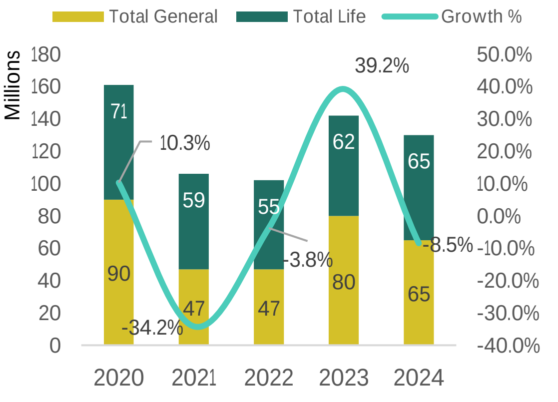
Figure 29. Total Takaful and Insurance Industry Gross Premiums and Net Premiums



Trends in Industry Claims

As of 2024, the industry recorded a decline In gross claims by 8.4% from BND142.4 million to BND130.4 million. The general sector's claims decreased by 18.4% from BND80.0 million to BND65.3 million, contributed by the decrease in engineering claims. In contrast, the life sector recorded an increase of 4.5% to BND65.2 million in 2024 from BND62.4 million in 2023, mainly contributed by the life conventional sector.

Figure 30. Insurance and Takaful Total Gross Claims/Benefits



Solvency Margin Ratio

The industry's solvency margin ratio has increased slightly from 154% in 2023 to 163% in 2024, remaining well above the regulatory requirement of 120% surplus of assets over liabilities. Additionally, the Central Bank is in the process of developing an alternative capital adequacy framework. Results from the multi-year testing indicate that each company recorded capital adequacy ratio (CAR) of well above 100%. As of 2023, the industry median stood at 257%. The Central Bank continues to monitor the industry's capital position for the financial year 2024 in relation to the existing Solvency Margin Ratio and the alternative framework.

Loss Ratio

The loss ratio for the general takaful/ insurance sector decreased from 50.1% in 2023 to 41.5% in 2024 (Table 2). This shows that the sector is paying out a smaller percentage of its premiums in claims and showing improved profitability.

Combined Ratio

With the decrease in loss ratio, the combined ratio for the general takaful/insurance sector was 72.0%, a decrease from 92.4% in 2023.

General Takaful and Insurance

General takaful and insurance business showed an increase by 5.26% in 2024 (Table 3), despite mixed performance by lines of business. Net retention stood at 75.2% as BND52.6 million was ceded outside Brunei Darussalam.

In Brunei Darussalam, motor insurance is the biggest class of general business, accounting for 42.4% of total gross premiums/ contributions as it is a mandatory insurance for all motor vehicle owners. The motor takaful and insurance business experienced a 2.6% rise in performance.

Other lines of general business, including property, marine, aviation and transit (MAT) and liability, showed positive growth due to new businesses and renewals recorded during the year. A total of 365,042 policies and certificates were issued by the general sector in 2024, compared to 439,452 issued in 2023, marking a decline of 16.9% from the previous year.

In terms of gross claims, general business recorded a decrease in claims by 18.4% to BND65.26 million in 2024 from BND80.0 million in 2023. The changes are attributed by engineering, which decreased by 156.5%; marine, aviation and transit, which increased by 135.2%; liability by 102.5%; other businesses by 57.1%; personal accident by 50.7%; and workmen compensation by 26.8%.

In 2024, net income increased for general business following the increase in underwriting income.

Table 3. Gross Premiums/Contributions for General Business

Classes of General Business	2022	2023	2024	% change	No. of policies in 2023	No. of policies in 2024
	In BND Million					
Property	19.5	27.1	28.9	+6.6	34,266	27,181
Motor	85.7	87.7	90.0	+2.6	292,502	237,822
Marine, Aviation and Transit (MAT)	13.1	12.0	15.0	+24.7	1,441	1,449
Energy	22.0	20.5	21.8	+6.0	22	18
Engineering	3.2	2.5	1.7	-33.0	1,720	1,924
Liability	8.1	8.8	11.0	+25.5	14,648	11,449
Personal Accident	15.6	14.7	16.0	+9.1	59,977	46,441
Workmen Compensation	18.4	20.2	19.4	-3.8	28,296	28,701
Others	10.3	8.4	8.7	+4.2	6,580	10,057
Total Gross Premiums/Contributions	195.9	201.9	212.5		439,452	365,042

Figure 31. Gross Claims (General Business)

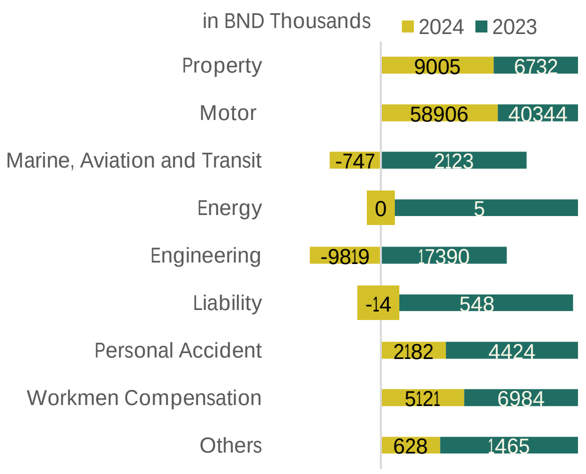
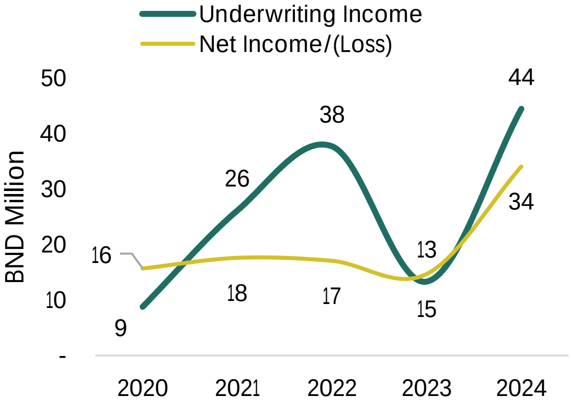


Figure 32. Composition of Operating Profit (General Insurance/Takaful)



Family Takaful and Life Insurance

Table 4. Gross Premiums/Contributions for Life/Family

Classes of Life/Family Takaful Business	2022	2023	2024	% Change y-o-y	No. of policies in 2024
	In BND Million				
Term	16.9	20.3	19.1	-5.7%	32,353
Whole Life	1.1	0.8	5.0	+531.9%	360
Endowment	5.0	4.4	6.0	+36.3%	1,134
Medical & Health	0.1	0.1	0.1	+3.6%	270
Others	0.4	0.4	0.6	+44.2%	2,211
Investment-Linked	1.9	0.7	0.6	-11.3%	166
Group	2.4	2.0	2.2	+6.6	1,292
Total Gross Premiums/Contributions	27.8	28.7	33.7		37,786

Life insurance and family takaful businesses (business in-force) recorded a decline of 2.67% to BND133.9 million in 2024. This decline was attributed by a 1.0% reduction in the conventional life sector and 8.3% decrease in the family takaful sector. Endowment policies had the biggest segment in the life/family sector which accounted for 32.5% of the life/family gross premium, followed by whole life (23.8%) and term (17.6%).

As of 2024, a total of 37,786 new policies/certificates were issued totalling to 257,003 policies/certificates being in-force.

New business premium/contribution growth was observed in whole life, endowment, group, and other sectors (Table 4).

The gross claims of the life sector recorded an increase by 4.5% to BND65.2 million, driven by increases in term (19.7%), whole life (22.5%), medical and health (125.0%) and investment (unit)-linked (31.9%) policies.

Overall, the profitability of total life insurance and family takaful decreased from BND25.3 million in 2023 to BND23.5 million in 2024. (Figure 34).

Figure 33. Gross Benefits (Life/Family)

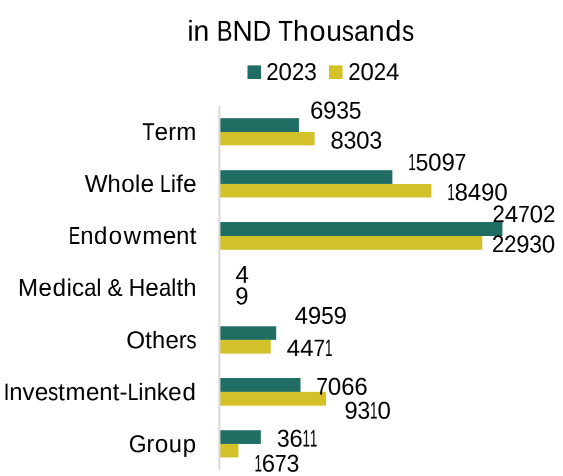
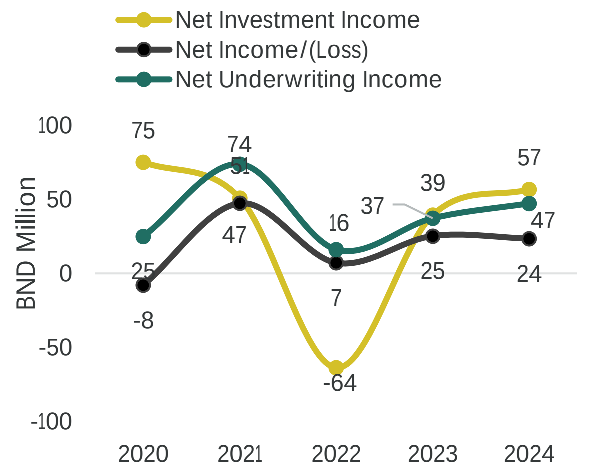


Figure 34. Composition of Income and Outgo (Family Takaful/Life Insurance)



Capital Markets

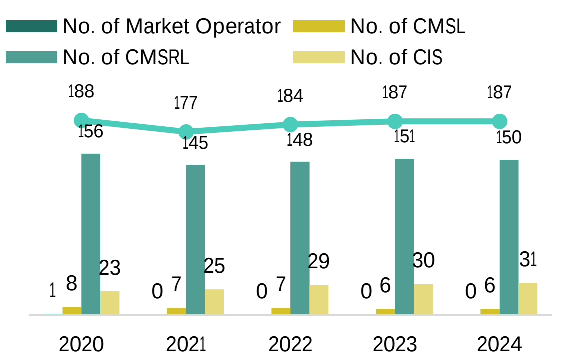
The capital markets sector in Brunei Darussalam represent a small portion of the overall financial sector in Brunei Darussalam. Under the Securities Markets Order, 2013 (SMO), there are 187 regulated persons, comprising six capital market intermediaries holding a Capital Market Services Licence (CMSL) and 150 holders of the Capital Markets Services Representative's Licence (CMSRL).

A CMRSL holder typically refers to a licensed individual representative acting on behalf of a capital market intermediary.

Licensed persons comprise investment dealers, fund managers, investment advisers and financial planners catering to institutional, accredited and retail investors, offering both Islamic and conventional capital market services and securities.

The year 2024 saw a drop in the no. of CMSRL holders compared to 2023, representing movements of new applications and cessations during the year. Meanwhile, efforts continue to be undertaken to establish a stock exchange in Brunei Darussalam – an initiative spearheaded by the Ministry of Finance and Economy.

Figure 35. Number of Regulated Persons under SMO

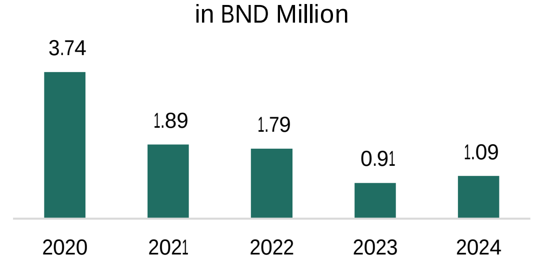


Assets Under Management

The total assets under management (AUM) managed via the CMSL holders in Brunei Darussalam increased by 19.2% to BND1.09 billion in 2024. The observed five-year trend from 2020 to 2024 reflects the impact of strategic directions and market sentiment of clients. The recent modest growth may also be driven by new mandates required.

Notably, 86.2% of the total AUM was invested into foreign bonds and sukuk in 2024. The remaining was allocated to other securities, foreign deposits, foreign equities and foreign treasury bills at 7.8%, 4.7%, 1.2% and 0.1%, respectively.

Figure 36. Total Assets Under Management

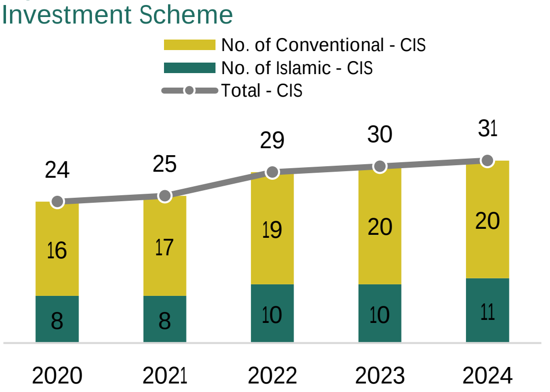


Collective Investment Schemes (CIS)

By the end of 2024, there were a total of 31 CIS, comprising 20 conventional and 11 Islamic CIS. The total 31 CIS represents foreign CIS that are recognized under the SMO currently being offered in Brunei Darussalam.
While there has been a y-o-y increase in the offering of CIS in the market, the number of sub-funds declined slightly from 137 in 2023 to 136 in 2024. Of the sub-funds in 2024, 129 are conventional and seven are Islamic.

A CIS is commonly known as a mutual fund or unit trust. It is professionally managed investment scheme, run by a licensed fund management company that brings together a collective group of investors and invests their money in stocks, bonds and other assets/securities.

Figure 37. Total Number of Collective Investment Scheme



Assets Under Distribution (AUD)

As at the end of 2024, the total Assets under Distribution (AUD) for public CIS stood at BND530.1 million, with 26.2% invested in Islamic CIS and 73.8% in conventional CIS.

As shown in Figure 38, this represents a 14.2% year-on-year increase from 2023. The slight growth in total AUD may be attributed to positive market performance and rising investor interest throughout 2024.

Profitability

The capital markets sector experienced a decline in Total Revenue, Total Net Profit and Total GVA by 11.7%, 89.1% and 29.4%, respectively, compared to the previous year. These downward trends may be attributed to significant non-recurring expenses and a reduction in total revenue in 2024.

Given the need to maintain pace with evolving market trends, the industry has begun focusing on long-term strategic investments in technologies and innovations.

This reflects a transitional period, where upfront costs outweigh short-term returns, thereby impacting the sector's overall contribution at the end of 2024.

Figure 38. Total Assets Under Distribution for Public Collective Investment Schemes

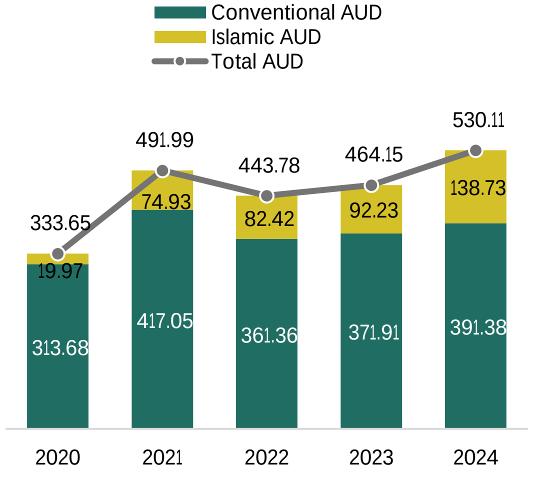
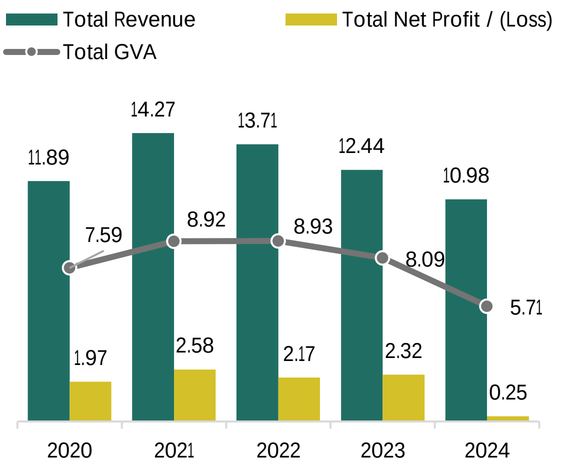


Figure 39. Total Revenue, Total Net Profit and Total Gross Value Added



*Note: The total net profit and total GVA have been revised for 2023.

Money Changing and Remittance

The money-changing and remittance sector consists of small businesses run by local entrepreneurs specialising in single business operations of either money-changing or remittance. This sector plays a crucial role in the tourism value chain as well as in the cross-border mobility of funds, particularly for foreign laborers and expatriates in the country.

Money-Changing Sector

As of year-end 2024, there were 23 businesses, including five hotels with money-changers licenses. These businesses mainly operate in the Brunei-Muara district, with one money-changer in the Belait district. One money-changer is currently closed temporarily due to relocation of business premise.

As the tourism sector continues to pick up post-COVID, the buying and selling of foreign currencies have increased in terms of value by 9.5% and 39.9%, respectively (Table 5). In terms of transactions, the buying and selling of foreign currencies rose by 17.4% (or 119,311 transactions), and 39.4% (738,464 transactions), respectively (Table 5).

Malaysian Ringgit was the top foreign currency bought, representing 27.5% or BND6.3 million of the total value in 2024. This was followed by United States Dollar and British Pounds, with 27.0% (BND6.2 million) and 7.6% (BND1.7 million), respectively.

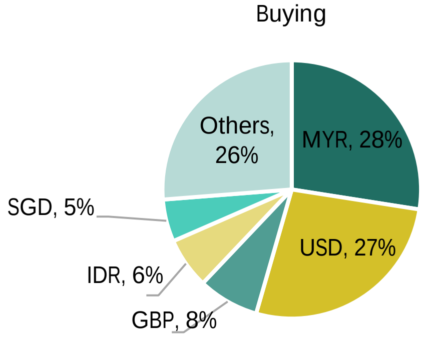
The Malaysian Ringgit also topped the foreign currency sold, representing 70.5% of the total value in 2024, followed by Saudi Arabian Riyal and Indonesian Rupiah with 5.0% and 4.5%, respectively (Figure 40).

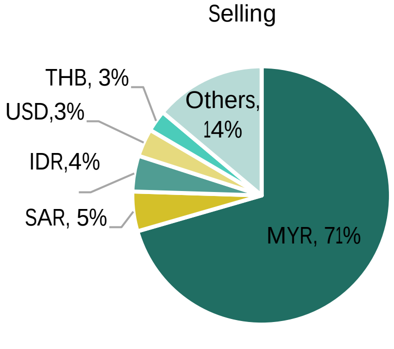
The high portion of Malaysian ringgit being bought and sold reflects the close proximity of Malaysia and Brunei Darussalam.

Table 5: Total Value of Buying and Selling of Foreign Currencies: 2020-2024

Year	2020	2021	2022	2023	2024	% Change
	Total value In BND Million					
Buying	11.5	4.3	15.2	21.7	23.2	9.5%
Selling	39.2	8.2	90.0	258.0	361.5	39.9%
	Number of transactions					
Buying	49,753	13,386	41,003	101,608	119,311	17.4%
Selling	72,764	13,078	151,540	529,659	738,464	39.4%

Figure 40. Top Foreign Currencies (Buying and Selling) of Money-Changers





Remittance Sector

There were 19 licensed remittance businesses operating in the remittance sector in Brunei Darussalam in 2024. These businesses also mainly operate in the Brunei-Muara district, with one remittance business in the Belait district.

In 2024, both the value and volume of transactions for outward remittance fell by 5.7% equivalent to BND1.0 million, and 1.0 billion transactions respectively compared to 2023 (Table 6).

Malaysia ranked first as the top remittance destination in 2024, representing 32.9% of total outward remittance. This was followed by Indonesia and the Philippines with 28.0% and 15.1%, respectively (Figure 41).

Outward remittances to Malaysia were mainly for personal purposes, which represented 85.8% of the total, or 127,079 transactions. The remaining 14.2%, representing 21,059 transactions, were for business purposes.

Figure 41. Top Outward Remittance

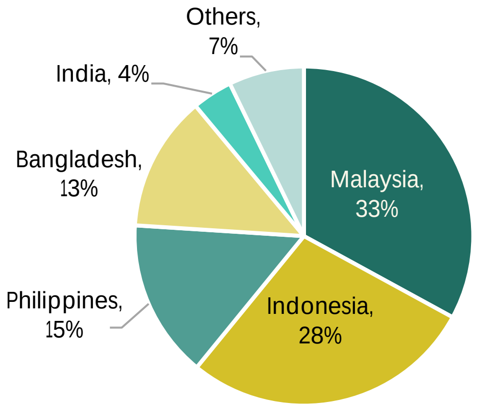


Table 6. Outward Remittance

Year	2020	2021	2022	2023	2024	% Change
Transaction Value (BND Billion)	1.1	1.3	1.3	1.2	1.0	-5.7%
No. of Transactions	1,216,804	1,219,607	1,143,066	1,093,933	1,025,416	-6.3%

04 Household and Business Sectors

In Brunei Darussalam, funds are primarily intermediated through banks and finance companies. This section focuses on the lending and financing activities directed towards households and businesses within these institutions.

The total credit (of banks and finance companies) to GDP increased from 46.6% in 2023 to 47.2% in 2024 (Figure 42). A steady increase in total credit has been recorded since 2020. As of 2024, loans/financing to the household sector account for 50.8% of the total, while the business sector accounts for 49.2% (Figure 43).

Loans/Financing by Economic Sectors

Figure 44 shows the breakdown of loans/financing granted by banks and finance companies. Household credit, which includes personal loans/financing, residential housing and personal automobiles, constitutes 50.5% of total loans/financing. This highlights the pivotal role of the household sector in driving the domestic credit market. This is followed by Commercial Property, Tourism, Services, Transportation and Manufacturing which mirrors the economic activities contributing to GDP in 2024.

Figure 42. Credit to GDP

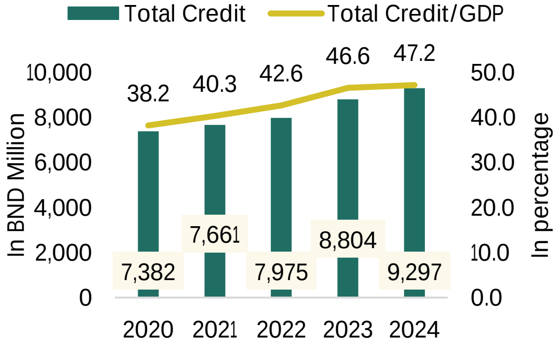


Figure 43. Trends in Loans/Financing by Sector

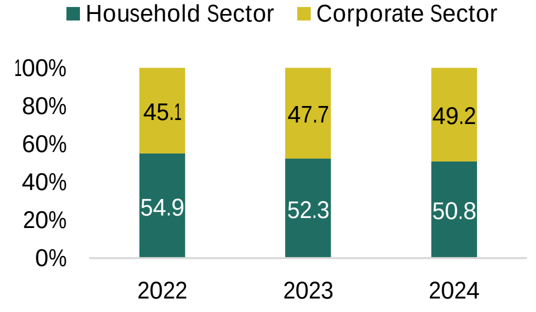
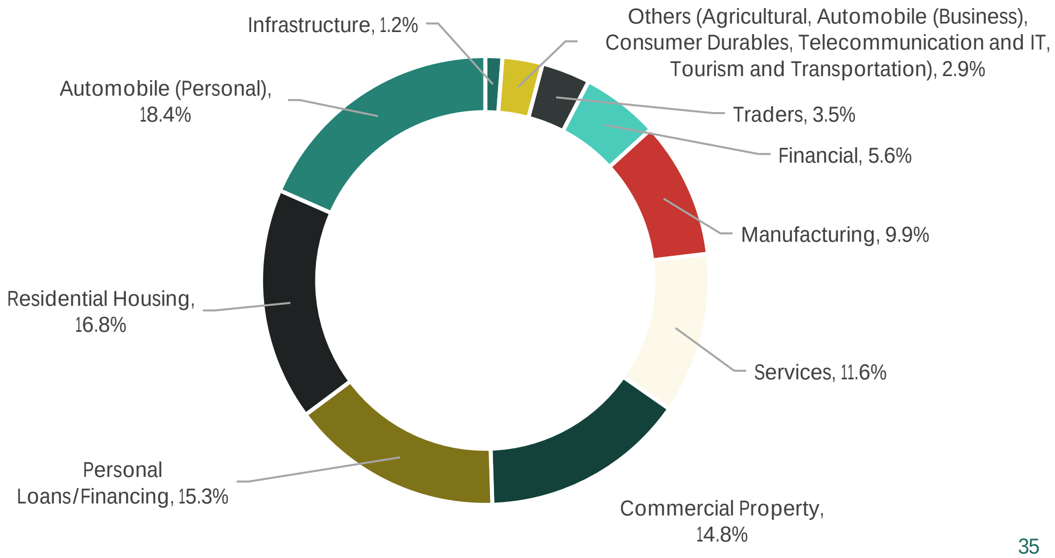


Figure 44. Proportion of Loans/Financing in Brunei Darussalam by Economic Sectors: 2024



Loans/Financing to the Household Sector

Within the household sector, loans/financing are primarily allocated towards automobiles (36.3%), residential housing (33.1%), and personal loans/financing, including credit cards (30.1%). This underscores the significant focus on automobile ownership, followed closely by the aspiration for homeownership (Figure 45). To facilitate this, a maximum financing rate for automobiles of 4.25%-4.75% flat rate per annum is in place to ensure that Bruneians can access affordable transportation options.

Figure 45. Trends of Total Loans/Financing in the Household Sector

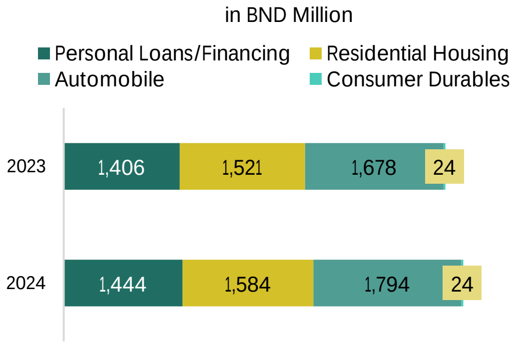
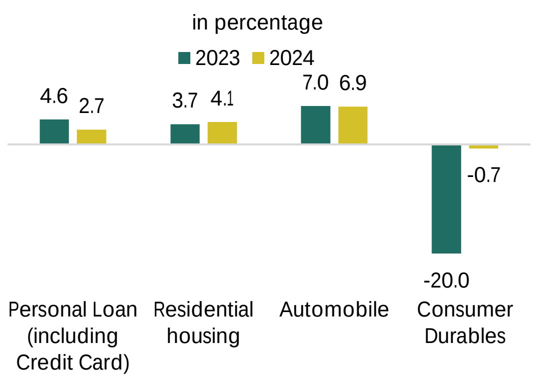


Figure 46. Growth of Total Loans/Financing in the Household Sector



In 2024, total financing in the household sector grew by 3.5%. Notably, automobile financing saw the strongest increase, rising by 3.7% to reach BND1.7 billion. On the other hand, financing for consumer durables experienced a slight decline of 0.7%, amounting to BND23.8 million (Figure 46).

Credit Risk in the Household Sector

In 2024, the overall credit quality of the household sector improved significantly, with a 6.3% reduction in the gross non-performing loans/financing (NPLF) volume. This improvement is largely due to ongoing enhancements in banks' credit risk management practices, which have helped maintain low NPLF levels.

The overall household sector NPLF ratio improved to 0.8% in 2024, down from 0.9% in 2023. The NPLF ratio for residential housing loans/financing slightly declined to 1.6% in 2024, compared to 1.8% in 2023. Similarly, the NPLF ratio for consumer durables improved marginally, from 2.2% in 2023 to 1.9% in 2024. Meanwhile, the NPLF ratio for personal loans/financing decreased slightly to 0.9% in 2024.

Figure 47. Growth of NPLF in the Household Sector

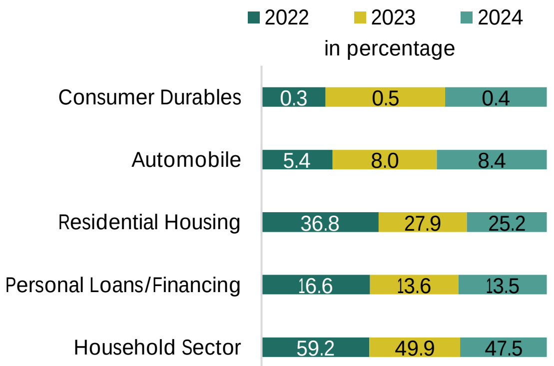
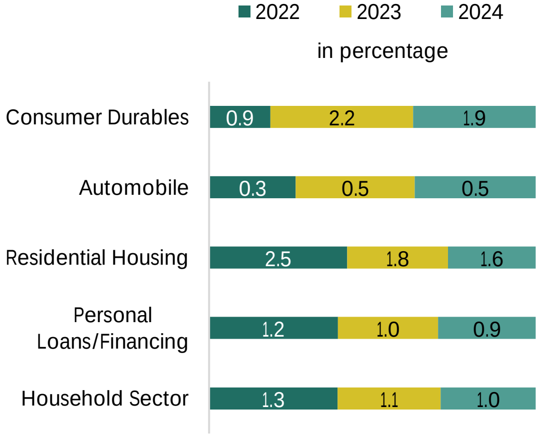


Figure 48. Trends in NPLF Ratio in the Household Sector



Loans/Financing to the Business Sector

In 2024, the key sectoral exposures in the business lending/financing portfolio were Commercial Property (30.1%), Services (23.6%), and Manufacturing (20.1%).

Lending/financing to the business sector remained strong, growing by 9.9% in 2024, though at a slower pace compared to 16.8% in the previous year. The increase in loans/financing to the business sector was primarily driven by the Telecommunications and IT, Financial, and Services sectors. These sectors saw significant expansions: Telecommunications and IT rose by 56.5% to BND75.3 million, Financial grew by 41.0% to BND527.9 million, the Services sector increased by 20.0% to BND1,095.0 million, and the Agriculture sector increased by 19.1% to BND55.6 million compared to the previous year (Figure 49).

When compared with economic activity, the rise in credit to the Telecommunications and IT sector aligns with the strong GDP growth of 6.0% in the Communications category. This suggests that banks are supporting areas of expanding digital infrastructure. Similarly, the Agriculture, Forestry, and Fishery sector, which recorded a GDP growth of 4.1%, also experienced a notable rise in credit, reflecting banks' support for food security and rural economic activity. Despite the Construction sector contracting by -3.5%, exposure to Commercial Property remained high, likely driven by ongoing or long-term projects.

Credit Risk in the Business Sector

In 2024, the overall NPLF ratio in the business sector improved, declining to 2.6% from 3.5% in 2023 (Figure 50). Notably, the NPLF ratio in the Tourism sector also saw a substantial improvement, decreasing to 17.6% from 37.8% in the previous year (Figure 50).

Despite these positive developments, the total volume of NPLF in the business sector rose by 37.4% in 2024. Sectoral analysis indicated that the increase was largely driven by sharp rises in the Commercial Property and Infrastructure sectors, which saw increases of 81.5% and 68.1%, respectively. Conversely, some sectors experienced a reduction in NPLF volumes, including Tourism, Automobiles, and Traders, which dropped by 51.9%, 20.8%, and 12.2%, respectively.

Figure 49. Trends in Business Sector Loans/Financing in Brunei Darussalam

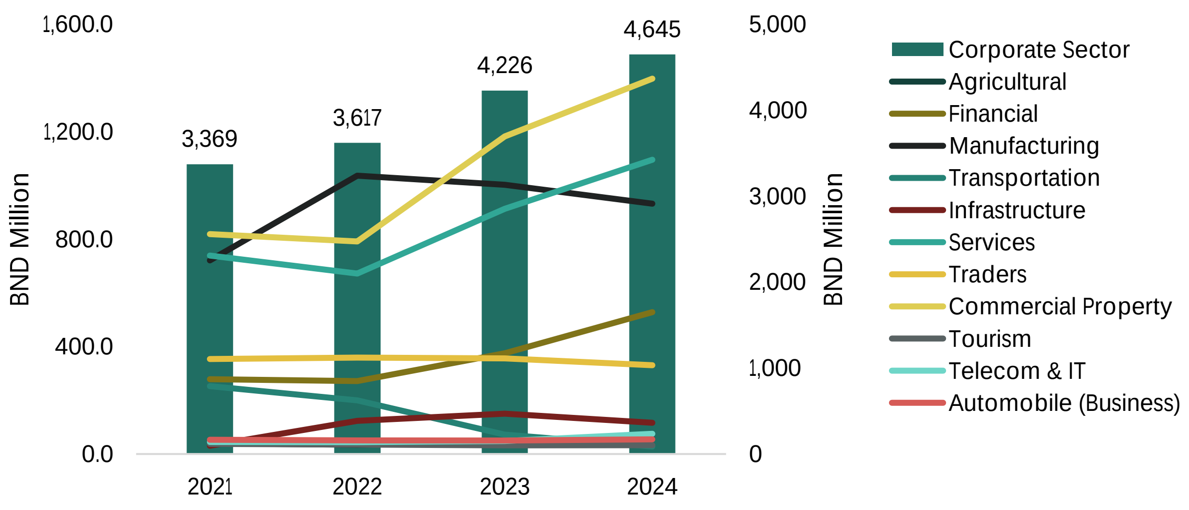


Figure 50. Trends in NPLF Ratio in Certain Business Sectors

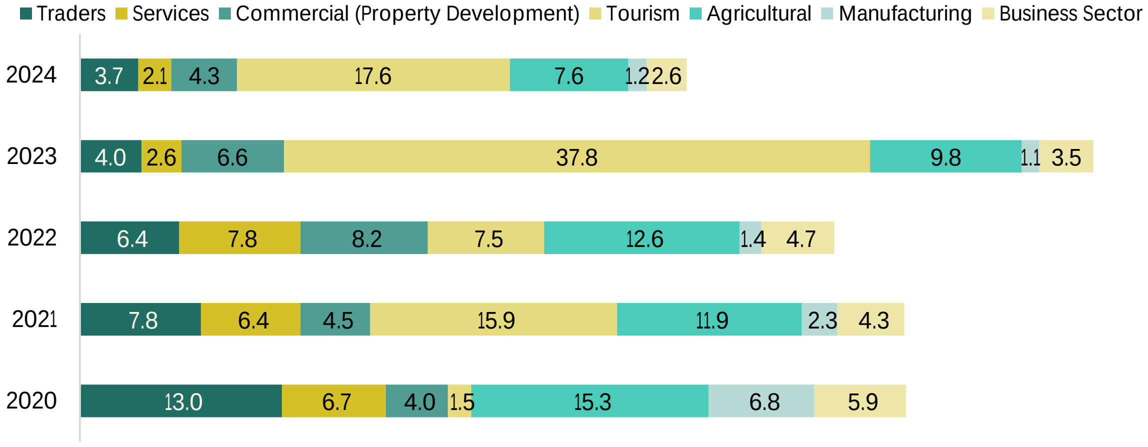
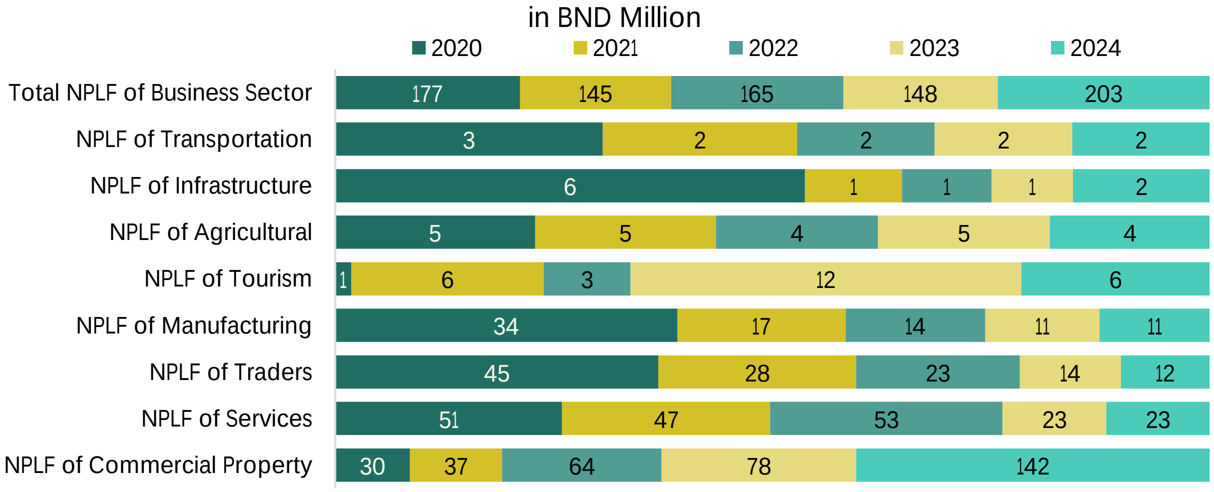


Figure 51. Trends and Growth of NPLF in Certain Business Sectors



05 Special Studies

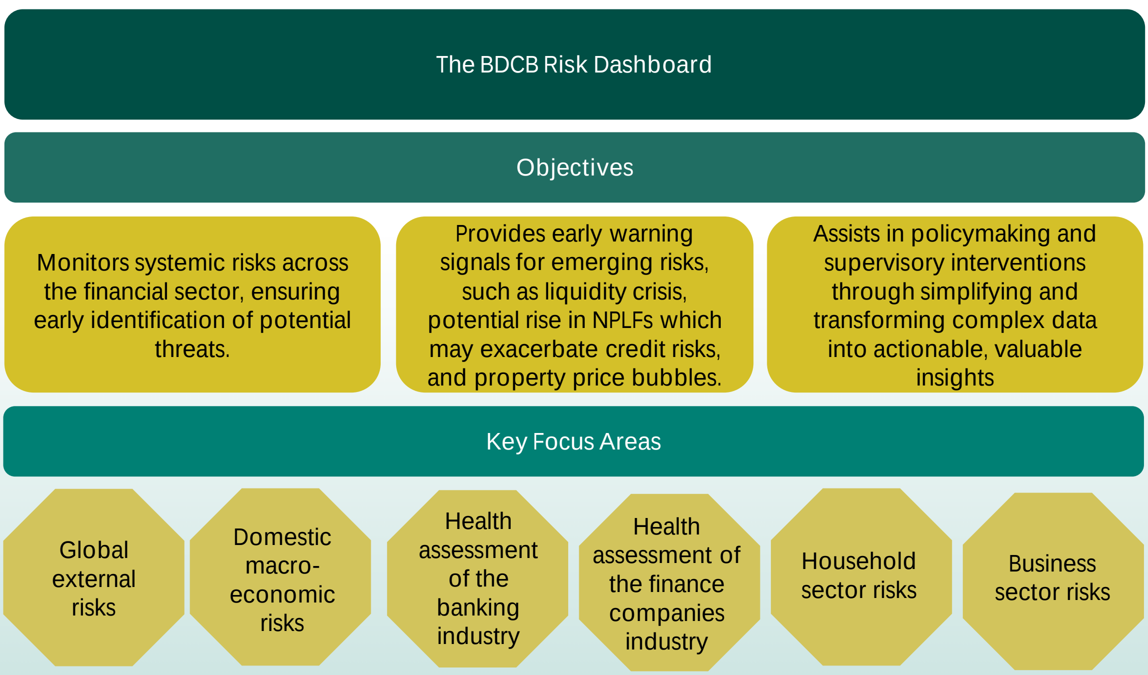
5.1. BDCB Risk Dashboard

The BDCB Risk Dashboard plays a vital role in ensuring Brunei Darussalam's financial stability, which is key to supporting the country's economic diversification. By identifying vulnerabilities within the financial system, the dashboard helps in taking pre-emptive measures to mitigate potential risks that could undermine financial stability.

As Brunei Darussalam works to reduce its reliance on the oil and gas sector, a stable and well-functioning financial system becomes even more important. The dashboard's role in macroprudential analysis is essential for detecting early signs of systemic vulnerabilities and guiding timely policy responses. It enables relevant authorities to continuously monitor key financial indicators and trends, allowing for a forward-looking approach in addressing potential threats to financial stability.

In this context, a strong financial system can help attract investment, promote entrepreneurship, and ensure that capital is efficiently allocated to emerging sectors, such as technology, tourism, and manufacturing. This helps create a resilient economy that can weather global economic changes, sustain long-term growth, and provide more opportunities outside of traditional industries.

Prior to 2024, the risk dashboard focused primarily on the health assessment of the banking industry, as it represented 82.7% of total financial sector assets. In 2024, the dashboard was expanded to include the health assessment of the finance companies' industry, recognising that its primary customer base is from the household sector. This allowed for further insights into the household sector risks.



Key Focus Areas under the BDCB Risk Dashboard

Global Economic Risk

As an export-oriented country, global developments can greatly affect our own economy, which can, in turn, impact our financial system. To understand these risks, we look at both the big picture and specific factors that could harm our economic stability. These include:

- Global economic conditions;
- International oil prices;
- Geopolitical tensions;
- International trade and tariffs; and
- Changes in financial markets.

Understanding the transmission of these risks to our economy will allow us to assess potential threats to our domestic economy and financial system.

Domestic Macroeconomic Risk

Assessing the state of our economy helps to determine whether there are risks that could lead to financial instability or crises, such as sudden economic downturn, excessive borrowing, or inflation. Key indicators used to represent the health of the economy include:

- Gross Domestic Product (GDP) growth;
- Inflation rate;
- Unemployment rate;
- Residential property price index; and
- Business sentiment index.

As regulators, the Central Bank examine these variables to spot any potential economic problems that could cause broader financial issues. For example, if unemployment rises quickly, it could make it harder for some people to repay loans. By looking at the bigger picture of these risks, the Central Bank can predict when financial stress might happen and take action to prevent it from getting worse.

Health Assessment of the Banking Industry

The banking industry in Brunei Darussalam has been very stable with strong capital and excessive liquidity. In the absence of an active capital market, business financing is mostly sourced through banks. There are 5 main risks assessed for the banking industry:

1. Capital Adequacy Risk (i.e., risk of not maintaining sufficient capital)
Capital is important to a bank as it provides a buffer to absorb losses, apart from being a permanent source of funding for business operations and growth. Capital not only reduces the risk of insolvency of a bank but can also enable the bank to continue to conduct its credit intermediation activities in times of stress, thereby reducing any propensity for the banking sector to amplify the effects of a financial and economic downturn. Regulatory capital requirements set by the Central Bank, therefore, seek to ensure that banks hold sufficient capital (and reserves) against the inherent risks in their business. It also seeks to ensure that the capital recognised is readily available to the depositors.

Indicators used include Tier 1 Capital, Total Regulatory Capital, and Net NPLF to Capital Funds.

2. Liquidity and Funding Risk (i.e., risk of being unable to meet short-term obligations)
Effective liquidity management is critical to avoid operational disruptions, loss of public confidence, or insolvency. Operational challenges may arise due to unmanaged liquidity risk, as well as other systemic issues whereby shortfalls in one financial institution may have a contagion effect on the whole financial system.

Indicators used include:
- Liquid Assets to Total Assets
- Liquid Assets to Total Deposits
- Loans/Financing to Deposit Ratio
- Loans/Financing to Deposit Ratio (excluding government deposits)
- Offshore Assets to Total Deposits
- Offshore Assets to Total Assets
- Offshore Placements to Total Assets
- Offshore Investment to Total Assets

3. Offshore Placements and Investment Risk (i.e., risk of investing in foreign markets)
This refers to the risk associated with financial institutions utilising their funds in foreign markets. This can include investments in foreign securities such as bonds/sukuk, equities, placing deposits in foreign banks, and investments in other financial instruments. While such activities are beneficial for diversification and possibilities of higher returns, they can also expose financial institutions to a range of risks that may be detrimental to financial performance, such as foreign exchange risks. A balanced approach to monitor the offshore placements and investments ensures that diversification benefits are maximised without compromising financial resilience.

Indicators used include Currency Exposure Risk and Country Exposure Risk.

4. Profitability Risk (i.e., risk of inadequate profits to meet financial objectives)
Profitability is a measure of financial performance, signifying the ability of a financial institution to generate income relative to its expenses and costs. Adequate profitability is essential not only for supporting further growth and strategies but also for ensuring long-term financial sustainability. Strong profitability contributes to the enhancement of capital buffers and liquidity, safeguarding the banks against adverse impacts. Furthermore, sustained profitability plays a pivotal role in fostering trust and confidence among key stakeholders, including investors, shareholders and regulators. This trust is integral to maintaining a stable and resilient financial system.

Indicators used include:
- Annualised Return on Assets
- Annualised Return on Equity
- Efficiency Ratio
- Yield on Placements
- Yield on Investments
- Yield on Loans/Financing

5. Credit Quality Risk (i.e., risk of losses from borrowers not meeting repayment obligations)
Credit quality is an important indicator of the health of banks' loan portfolios, reflecting the ability of borrowers to meet their obligations. A deterioration of credit quality signifies a higher amount of non-performing loans (NPL), which could lead to financial strain and potential default. This could impact a bank's profitability in the short term and erode its capital buffers over the long term.

Indirectly, credit quality also provides some insights into the robustness of lending practices and the effectiveness of the credit risk assessment framework. For example, a sharp increase in NPLs may indicate lapses in credit assessment procedures or inadequate risk mitigation strategies. External factors, such as adverse economic conditions, could also play a significant role in affecting borrowers' ability to repay their loans. By monitoring credit quality, financial institutions can proactively identify vulnerabilities and strengthen their risk management practices to mitigate systemic risks.

Indicators used include:
- Loans/Financing Growth Rate
- Gross Non-performing Loan/Financing (NPLF) Ratio
- Net NPLF Ratio
- Provision Coverage

Health Assessment of the Finance Companies' Industry

The main activity of finance companies in Brunei Darussalam is to accept deposits and provide financing through a hire purchase agreement, in particular, for the financing of motor vehicles and consumer durables. Therefore, most of their customers are from the household sector. They hold the second-largest market share of Brunei Darussalam's financial sector assets.

There are four main risks assessed for this industry:

- Capital Adequacy Risks
- Liquidity Risks
- Profitability Risks
- Credit Quality Risks

Household Sector Risks

This risk refers to the level of household indebtedness owed to banks and finance companies. When households are heavily in debt, they may reduce spending on goods and services, which can slow down economic growth. High levels of household debt can signal potential risks to the economy, especially if people struggle to repay loans. If too many households fall behind on their debt, it can lead to financial stress, affecting banks and the broader financial system.

As of Q4 2024, the household sector accounted for 50.5% of total loans/financing. 36.3% of household loans/financing was for motor vehicles, 33.1% for residential housing, and 30.1% for personal consumption.

Indicators used include Household Credit Growth and the Credit Quality of Household Loan/Financing.

Business Sector Risks

This risk focuses on the indebtedness of the business sector to banks and finance companies, where excessive leverage may lead to financial instability, particularly in times of economic downturn. Monitoring these risks is essential in identifying potential stress points in the financial system and ensuring that lending practices remain sustainable. Additionally, effective regulatory oversight can help prevent excessive credit growth and mitigate the risk of cascading defaults across sectors.

Indicators used include Business Sector Credit Growth and the Credit Quality of Business Loan/Financing.

Setting Risk Levels

For most indicators, a historical average is used to calibrate a threshold for risks based on its standard deviation. The movement of the indicators will be bucketed accordingly to its risk levels as below:

Low	Medium-Low	Medium	Medium-High	High

Supervisors are required to closely monitor the impact of risks that are deemed Medium-High to ensure that they are mitigated effectively. However, when risk levels are High, policy measures may be introduced to address or offset the build-up of risks.

After each Key Risk Indicators (KRIs) is classified, the classifications are visualised via the following table:

		2023				2024			
	Risks	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A	External Risks								
B	Macroeconomic Risks								
C1	Banks: Capital Adequacy Risks								
C2	Banks: Liquidity and Funding Risk								
C3	Banks: Offshore Placements and Investments Risks								
C4	Banks: Profitability Risks								
C5	Banks: Credit Quality Risks								
D1	Finance Companies: Capital Adequacy Risks								
D2	Finance Companies: Liquidity and Funding Risks								
D3	Finance Companies: Profitability Risks								
D4	Finance Companies: Credit Quality Risks								
E	Household Sector Risk								
F	Business Sector Risks								

Note: For illustration purposes only. The above does not reflect an accurate assessment of the KRIs.

Governance and Oversight

The Risk Dashboard operates under a robust governance and oversight framework designed to ensure its accuracy, reliability, and effectiveness as a supervisory tool. This framework is anchored in well-defined processes and clear lines of accountability among all stakeholders involved in its development and maintenance. To uphold these standards, the Central Bank has established dedicated internal committees, each with specific mandates aligned with their respective areas of expertise. These committees convene on a quarterly basis to review risk ratings, deliberate on supervisory issues, and assess emerging threats to financial stability. The meetings also serve as a vital forum for cross-departmental collaboration and information sharing, enabling a coordinated response to interconnected risks. This structured and collaborative approach promotes consistency in risk assessments and supports the effective use of the Risk Dashboard as part of the Central Bank's broader risk surveillance efforts..

Conclusion

Looking ahead, the risk dashboard will continuously undergo processes of review and refinement to ensure its relevance and adaptability to the dynamic financial landscape. This includes adopting advanced statistical techniques and incorporating feedback from stakeholders to improve its overall effectiveness. Ultimately, as the global and domestic financial landscape continues to evolve, the Central Bank remains committed to mitigating risks and vulnerabilities, fostering public confidence, and maintaining the stability of the financial system.

5.2. Fraud Incident Reporting

Introduction

Financial fraud poses a significant threat to the stability and integrity of financial systems worldwide. In Brunei Darussalam, the escalating complexity of fraudulent activities necessitate robust mechanisms for detection, reporting, and prevention. Effective fraud incident reporting is crucial for mitigating risks, protecting consumers, and maintaining public confidence in financial institutions.

As fraudsters employ increasingly sophisticated tactics, Brunei must enhance its defenses through technology, regulation, public awareness, and cross-sector collaboration. This article examines the global impact of financial fraud, emerging threats, current anti-fraud measures in Brunei, key strategies to strengthen defenses and incident reporting requirements as mandated by BDCB. Under these requirements, banks and financial institutions are obligated to report material fraud incidents to BDCB to support supervisory oversight and risk management.

The Global Impact of Frauds

Financial fraud has reached alarming levels worldwide. According to the Nasdaq Verafin Global Financial Crime Report (2024), fraud scams and bank fraud schemes accounted for projected losses of USD 485.6 billion globally. Despite the global push for tighter controls and public awareness, cybercriminals are rapidly evolving their tactics, leveraging digital tools and platforms to exploit individuals and businesses alike.

FIs are particularly vulnerable to fraudulent activities such as identity theft, internal embezzlement, and cyberattacks. These incidents can lead to significant financial losses, operational disruptions, and reputational damage. Without robust security controls, strong internal policies, and timely reporting of suspicious activities, FIs risk compromising the safety and soundness of the financial system.

5.2. Fraud Incident Reporting

Common Types of Fraud in FIs

Fraud can occur both internally and externally within financial institutions (FIs), and often exploits operational, system, or human vulnerabilities. The Association of Certified Fraud Examiners (ACFE) reported that corporate fraud is estimated to cost companies 5% of their annual revenue, which approximately **amounts to USD 5 trillion globally (ACFE, 2024).** In 2023, banks faced USD 442 billion in projected losses from payments, check and credit card fraud (Nasdaq, 2023). The following are some examples of the common types of fraud generally experienced by FIs:

Internal Employeee Fraud

Employees with access to sensitive systems may misuse their authority to commit fraud.

Example: An FI staff member manipulates internal account records to divert small amounts from multiple dormant customer accounts over several months. This type of fraud would be uncovered during routine internal audits.

Social Engineering and Impersonation

Fraudsters impersonate bank staff or regulators to gain trust and extract confidential information.

Example: A fraudster posing as a compliance officer convinces a small business owner to provide their login details for a “mandatory verification,” which leads to unauthorized fund transfers.

Investment / Takaful Claim Fraud

False or inflated claims are made to takaful or insurance companies with the intent to receive payouts.

Example: A policyholder submits a claim for a vehicle accident that never occurred, using edited photographs and a fabricated police report.

Loan / Financing Application Fraud

Fraudsters may submit falsified income documents or forged employment letters to obtain loans/financing.

Example: A customer submits a forged salary slip and fake employer reference to secure a personal loan. The deception would be discovered when repayments are not made and follow-ups reveal the employer does not exist.

Cyber-enabled Account Takeover

Through phishing emails or malware, fraudsters gain access to customer accounts and perform unauthorized transactions.

Example: A customer receives a phishing SMS impersonating their bank, leading to their login credentials being stolen. The fraudsters would quickly transfer funds to mule accounts before the customer realizes and reports it.

Emerging Scam Tactics and Trends

Although there have been many attempts to combat fraud, fraudsters are able to continuously adapt, leveraging on advancements in technology and psychological manipulation to bypass defenses. Key trends include:

Emerging Scams and Tactics

Sophisticated Phishing & Smishing Attacks

Fraudulent emails/SMS impersonating banks to steal credentials.

Synthetic Identity Fraud

Combining real and fake data to create untraceable identities.

Deepfake & AI Scams

Targeting FI databases to extort payments.

Ransomware & Cyberattacks

Using AI-generated voices/videos to impersonate trusted figures, including family members, friends, bank employees or government officials.

As fraud evolves faster than new defense mechanisms, this poses as a major challenge as it requires continuous updates to controls, staff training, and increased cybersecurity measures.

Impact on Financial Stability

The increasing prevalence of financial fraud and fraud being unchecked may pose risks to Brunei Darussalam's financial stability through the following:

Loss of Consumer Trust	Profitability and Capital Pressures	Liquidity Risks	Reputational Damage	Economic Slowdown
Fear of fraud may deter digital banking adoption, hindering the growth of Brunei's digital economy.	Financial losses from fraud results in reduced profitability and may affect capital buffers.	A loss of consumer trust may trigger precautionary withdrawals, placing pressure on banks' liquidity buffers, especially during periods of uncertainty.	Institutions linked to fraud—whether through negligence or system weaknesses—face long-term reputational harm.	Fraud can disrupt credit availability, reduce consumption, and weaken

Anti-Fraud Measures in Brunei Darussalam

Brunei Darussalam has implemented several key measures to combat financial fraud, including:

Cross-Agency Coordination
BDCB collaborates with the Royal Brunei Police Force and the Attorney General's Chambers for fraud incidents that intersect with criminal law.

Advanced Fraud Detection Systems
Financial institutions are increasingly using AI, data analytics, and real-time transaction monitoring to flag unusual activities.

Enhanced Security Protocols
Multi-factor authentication (MFA), biometric verifications, and transaction alerts are encouraged to strengthen access security.

Public Awareness Campaigns
Education campaigns aim to improve consumer understanding of common fraud techniques especially impersonation scams, phishing, and payment fraud.

Regulatory Oversight by the Central Bank
BDCB mandates risk management, internal controls, and fraud reporting mechanisms across licensed FIs. While it is not within BDCB's jurisdiction to directly take measures against criminal scams, BDCB ensures that fraud risks are managed institutionally through several notices and guidelines.

Incident Reporting Requirements
FIs must report all material fraud incidents to BDCB, enabling supervisory intervention and sector-wide monitoring. (further details are provided on the next page)

Incident Reporting Requirements

The Central Bank has issued several notices requiring banks and financial institutions to report three main types of incidents:

Cyber intrusion and incident reporting	Bank fraud incident reporting	Insurance and takaful fraud reporting

In addressing any technology incident, including cybersecurity, the Central Bank has issued the Notice on Early Detection of Cyber Intrusion and Incident Reporting. With the Notice, financial institutions are required to maintain 99.95% uptime for critical systems (such as mobile apps or websites); implement robust security controls to manage technology-related incidents; and report any suspected technology-related incidents to the Central Bank within a specified timeline. In the event of a cyber incident, the Central Bank works with several stakeholders to manage the incident so that it does not affect other financial institutions and provides guidance to the affected parties.

Fraud incident reporting is critical in maintaining a secure financial system. This allows the Central Bank to monitor and respond effectively to any fraud incidents that may occur and ensures that banks and financial institutions strengthen their measures, especially consumer protection, against financial fraud. In the case of banks, the Notice on Reporting of Fraud Incidents require banks to promptly report any fraud incidents to the Central Bank upon the discovery of any suspected or confirmed fraud incidents – whether internal (committed by employees) or external (committed by consumers or any outside party), where such incidents are material to the safety, soundness or reputation of the bank.

Meanwhile, the Notice on Reporting Insurance and Takaful Fraud requires insurance companies and takaful operators to report any suspected or confirmed fraud cases to the Central Bank immediately. In line with the notice, a guideline on Insurance Fraud Risk Management in Insurance and Takaful has also been issued to provide recommendations on proper risk management practices, highlighting measures that should be taken to detect and prevent fraud.

The incident reports provided allow the Central Bank to assess and analyse further the adequacy of the financial institutions' governance and operational risk management practices.

5.3 The Role of Alert List Committee in Detecting and Preventing Scams

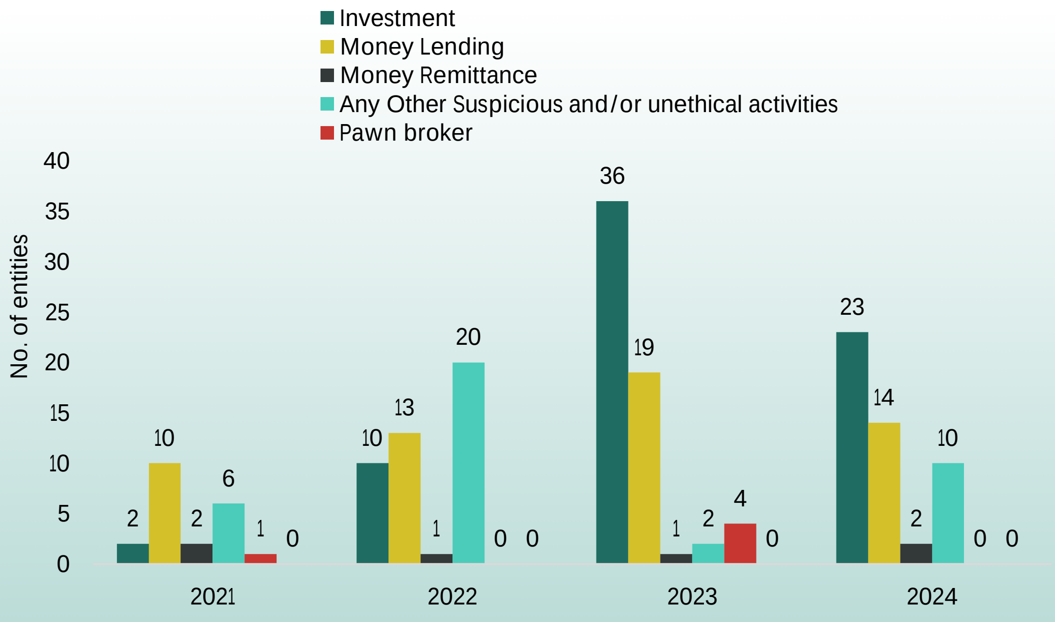
The Alert List Committee is responsible for administering the Alert List, which is a list of persons (i.e., companies and individuals) who, based on information available to the Central Bank at the time of publication, may be or may have been wrongly perceived as being licensed, authorised, or regulated by the Central Bank. The Committee also receives and assesses information regarding such activities.

Any person who is included in the Alert List may raise a dispute, which will be assessed by the Committee. If necessary, the Committee will coordinate with relevant law enforcement and government agencies for further action. In addition, the Committee also works closely with relevant stakeholders to conduct continuous public awareness. The Alert List may be obtained through the Central Bank's website.

In 2024, 49 entities were added to the Alert List, of which the majority were involved in unlicensed investment activities and money lending activities.

As of 31 December 2024, a total of 274 entities were listed in the Alert List. Relevant unlicensed and suspicious activities are also reported to the Royal Brunei Police Force (RBPF) for further investigation. Since 2015, 62 entities have been reported to the RBPF.

Figure 52. Entities Added to the Alert List



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Annex

Banks

Trends in the Financial Soundness Indicators: 2020-2024

Year	2020	2021	2022	2023	2024
Capital Adequacy	in percentage (%)				
Tier 1 Capital to Risk Weighted Assets	21.2	21.8	20.6	21.1	19.5
Regulatory Capital to Risk Weighted Assets	21.5	22.1	20.9	21.4	19.6
Non-Performing Loans/Financing (Net of Specific Provisions) to Capital Funds	6.1	4.9	5.7	4.4	3.0
Credit Quality	in percentage (%)				
Non-Performing Loans/Financing to Gross Loans/Financing	4.7	3.6	3.3	2.6	2.0
Net Non-Performing Loans/Financing to Gross Loans/Financing	2.4	1.9	2.1	1.6	1.1
Provision Coverage	48.2	47.1	37.8	37.2	45.4
Profitability	in percentage (%)				
Return on Assets (Before tax)	1.5	1.3	1.3	2.1	1.9
Return on Equity (After tax)	10.5	8.6	9.3	13.7	11.8
Efficiency Ratio	51.2	57.1	57.7	46.1	57.0
Liquidity	in percentage (%)				
Liquid Assets to Total Assets	48.3	45.5	43.7	43.6	44.0
Liquid Assets to Total Deposits	60.3	54.0	51.8	53.2	55.3
Liquid Assets to Demand and Savings Deposits (Non-bank customers)	95.9	84.0	94.9	91.9	98.2
Loans/Financing to Deposits Ratio	39.7	37.3	36.5	43.7	46.2

Banks

Aggregated Banks' Balance Sheet: 2020-2024

	2020	2021	2022	2023	2024
	Total Assets (in BND millions)				
Cash and Bank Balances	2,381	3,256	3,207	2,013	1,561
Placement with banks	6,778	6,243	6,341	6,223	6,661
Investments	2,958	3,474	4,059	3,919	4,227
Loans/Financing (Net)	5,662	5,951	6,265	7,002	7,561
Other Assets	523	442	800	661	864
Total Assets	18,303	19,365	20,672	19,817	20,874
	Total Assets (% of total)				
Cash and Bank Balances	13.0	16.8	15.5	10.2	7.5
Placement with banks	37.0	32.2	30.7	31.4	31.9
Investments	16.2	17.9	19.6	19.8	20.3
Loans/Financing (Net)	30.9	30.7	30.3	35.3	36.2
Other Assets	2.9	2.3	3.9	3.3	4.1
Total Assets	100.0	100.0	100.0	100.0	100.0
	Total Assets (% change)				
Cash and Bank Balances	-12.5	+36.7	-1.5%	-37.2	-22.3
Placement with banks	-10.6	-7.9	+1.6%	-1.9	+7.0
Investments	+39.9	+17.4	+16.9%	-3.5	+7.9
Loans/Financing (Net)	-0.9	+5.1	+5.3%	+11.8	+8.0
Other Assets	-16.4	-15.6	+81.2%	-17.4	+30.8
Total Assets	-2.4	+5.8	+6.7	-4.1	+5.4
	Total Liabilities (in BND millions)				
Deposits	14,662	16,322	17,464	16,247	16,569
Borrowing and Other Liabilities	1,327	676	820	974	1,565
Capital Funds	2,313	2,368	2,387	2,596	2,740
Total Liabilities	18,303	19,365	20,672	19,817	20,874
	Total Liabilities (% of total)				
Deposits	80.1	84.3	84.5	82.0	79.4
Borrowing and Other Liabilities	7.3	3.5	4.0	4.9	7.5
Capital Funds	12.6	12.2	11.5	13.1	13.1
Total Liabilities	100.0	100.0	100.0	100.0	100.0
	Total Liabilities (% change)				
Deposits	-7.4	+11.3	+7.0	-7.0	+2.2
Borrowing and Other Liabilities	+80.4	-49.1	+21.3	+18.7	+55.2
Capital Funds	+5.5	+2.4	+0.8	+8.8	+5.6
Total Liabilities	-2.4	+5.8	+6.7	-4.1	+5.4

Banks

Aggregated Banks' Income and Expense Statement: 2020-2024

	2020	2021	2022	2023	2024
	(in BND millions)				
Total Income	614	548	623	925	915
Total Expenses	347	329	393	527	562
Profit before tax	272	233	252	411	380
Profit after tax	236	208	218	346	323
	% of total average assets				
Total Income	3.4	3.0	3.2	4.7	3.3
Total Expenses	1.9	1.8	2.0	2.7	2.1
Profit before tax	1.5	1.3	1.3	2.1	1.4
Profit after tax	1.3	1.1	1.1	1.8	1.2
	% change				
Total Income	-13.2	-10.7	+13.8	+48.3	-1.3
Total Expenses	-11.8	-5.1	+19.4	+33.9	+7.3
Profit before tax	-12.3	-14.1	+8.0	+63.0	-7.7
Profit after tax	-11.9	-11.8	+5.0	+58.6	-5.6

Distribution of Total Offshore Assets by Type of Instruments: 2020-2024

	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
	(in millions)					(% total of assets)				
Placements	6,041.8	5,521.4	5,807.1	5,350.6	5,644.9	33.0	28.5	28.1	27.0	27.0
Investments	2,570.8	3,124.1	3,699.5	3,477.9	3,800.9	14.0	16.1	17.9	17.5	18.2
Loans/ Financing	607.9	767.2	794.9	1305.1	1824.1	3.3	4.0	3.8	6.6	8.7
Other Assets*	667.1	611.2	515.4	389.1	273.5	3.6	3.2	2.5	2.0	1.3
Total Offshore Assets	9,887.6	10,023.9	10,816.9	10,522.7	11,623.8	54.0	51.8	52.3	53.1	55.7
Total Assets	18,302.8	19,365.4	20,672.3	19,817.1	20,874.2	100.0	100.0	100.0	100.0	100.0

Finance Companies

Trends in the Financial Soundness Indicators (Finance Companies): 2020-2024

Year	2020	2021	2022	2023	2024
Capital Adequacy	in percentage (%)				
Tier 1 Capital to Risk Weighted Assets	n/a	n/a	13.5	13.5	14.2
Regulatory Capital to Risk Weighted Assets	n/a	n/a	14.0	13.9	14.6
Non-Performing Loans/Financing (Net of Specific Provisions) to Capital Funds	1.1	-1.8	-3.1	-2.4	-1.3
Credit Quality	in percentage (%)				
Non-Performing Loans/Financing to Gross Loans/Financing	1.4	0.8	0.4	0.5	0.5
Net Non-Performing Loans/Financing to Gross Loans/Financing	0.2	-0.3	-0.6	-0.4	-0.2
Provision Coverage	88.1	136.0	236.6	178.4	146.8
Profitability	in percentage (%)				
Return on Assets (Before tax)	3.2	3.2	3.0	2.1	2.1
Return on Equity (After tax)	19.8	22.5	23.1	11.2	13.3
Efficiency Ratio	41.4	39.3	43.4	56.8	60.5
Liquidity	in percentage (%)				
Liquid Assets to Total Assets	19.6	23.9	13.7	12.4	10.5
Liquid Assets to Total Deposits	22.9	27.8	16.8	15.0	15.0
Loans/Financing to Deposits	87.3	79.1	94.4	95.1	95.3

Finance Companies

Aggregated Finance Companies' Balance Sheet: 2020-2024

	2020	2021	2022	2023	2024
	Total Assets (in BND millions)				
Cash and Bank Balances	155	162	138	154	158
Placements	355	477	236	194	170
Investments	-	-	-	-	-
Loans/Financing (Net)	1,534	1,546	1,574	1.680	1,799
Other Assets	41	48	51	62	77
Total Assets	2,085	2,233	1,999	2,090	2,204
	Total Assets (% of total)				
Cash and Bank Balances	7.4	7.3	6.9	7.4	7.2
Placement with banks	17.0	21.3	11.8	9.3	7.7
Investments	-	-	-	-	-
Loans/Financing (Net)	73.6	69.2	78.7	80.4	81.6
Other Assets	2.0	2.2	2.6	3.0	3.5
Total Assets	100.0	100.0	100.0	100.0	100.0
	Total Assets (% change)				
Cash and Bank Balances	-5.6	+4.9	-15.0	+11.4	+2.8
Placement with banks	+71.0	+34.1	-50.5	-17.6	-12.7
Investments	0.0	0.0	0.0	0.0	0.0
Loans/Financing (Net)	+1.7	+0.8	+1.8	+6.7	+7.1
Other Assets	+10.2	+17.6	+5.4	+21.6	+25.5
Total Assets	+8.7	+7.1	-10.5	+4.6	+5.5
	Total Liabilities (in BND millions)				
Deposits	1,784	1,918	1,635	1,734	1,819
Borrowing and Other Liabilities	53	58	79	74	75
Capital Funds	247	259	284	282	311
Total Liabilities	2,085	2,233	1,999	2,090	2,204
	Total Liabilities (% of total)				
Deposits	85.6	85.9	81.8	82.9	82.5
Borrowing and Other Liabilities	2.6	2.5	4.0	3.5	3.4
Capital Funds	11.9	11.6	14.2	13.5	14.1
Total Liabilities	100.0	100.0	100.0	100.0	100.0
	Total Liabilities (% change)				
Deposits	+13.5	+7.5	-14.8	+6.0	+4.9
Borrowing and Other Liabilities	-41.6	+4.9	+41.1	-6.6	+4.5
Capital Funds	-2.5	+4.6	+9.9	-0.7	+8.3
Total Liabilities	+8.7	+7.1	-10.5	+4.6	+5.5

Finance Companies

Aggregated Finance Companies' Income and Expense Statement: 2020-2024

	2020	2021	2022	2023	2024
(in BND millions)					
Total Income	116.0	115.4	111.5	114.2	120.0
Total Expenses	55.7	49.3	53.5	76.5	83.7
Profit before tax	62.8	69.8	65.1	42.3	45.6
Profit after tax	50.8	57.0	59.8	31.6	39.2
% of total average assets					
Total Income	5.8	5.3	5.2	5.8	4.2
Total Expenses	2.8	2.3	2.5	3.9	2.9
Profit before tax	3.2	3.2	3.0	2.1	1.6
Profit after tax	2.6	2.6	2.8	1.6	1.4
% change					
Total Income	-2.1	-0.5	-3.4	+2.4	+5.1
Total Expenses	-1.5	-11.4	+8.5	+43.1	+9.4
Profit before tax	-1.6	+11.0	-6.7	-35.0	+7.6
Profit after tax	-2.6	+12.2	+4.9	-47.1	+8.3

Takaful & Insurance

Takaful and Insurance Industry Financial Performance

Indicator	2020	2021	2022	2023	2024
Assets	1,954.4	1,975.9	1,882.3	2,020.2	2,131.2
Gross Premium	300.2	309.6	329.7	339.4	346.4
Gross Claims/Benefits	161.8	106.3	101.6	142.4	130.5
Gross Premiums/Contributions	300.2	309.6	329.7	339.4	346.4
Net Premiums	231.3	234.0	257.0	264.3	290.1
Business Ceded Outside Brunei	68.9	75.6	72.6	75.1	56.3
Gross Reinsurance/Retakaful Recoveries	86.7	93.7	90.4	104.0	74.7
Net Investment Income	79.5	54.3	68.0	52.3	67.7
Underwriting Income	33.8	102.9	26.2	50.6	91.7
Net Income/(Loss)	7.7	64.9	24.2	40.0	57.5
Retention Ratio	77.0%	75.6%	78.0%	77.9%	83.8%
Return on Equity (General)	12.6%	11.9%	10.8%	8.9%	19.9%

Cash and Investments Ratio to Total Assets

Instrument	2020	2021	2022	2023	2024
	(in BND millions)				
Cash	464.0	299.5	341.3	329.4	359.0
Investments	1,283.4	1,469.0	1,302.7	1,448.5	1,610.9
Total Assets	1,954.4	1,975.9	1,882.3	2,020.2	2,131.1
% ratio to total assets	89.4%	89.5%	87.3%	88.0%	92.4%

Breakdown of Investments

Instrument	2020	2021	2022	2023	2024
	(in BND millions)				
Short-term investment	104.8	141.7	133.0	189.8	193.6
Bonds and debentures	724.1	866.6	779.3	842.3	885.1
Preferred shares	26.3	27.4	21.7	14.3	10.7
Common shares	401.5	417.7	336.1	371.1	497.1
Investment properties	1.4	1.1	14.5	11.3	4.3
Other loans/financing and invested assets	30.7	14.5	18.2	19.7	20.1
Total Investments	1,288.9	1,469.0	1,302.8	1,448.5	1,610.9