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EXECUTIVE SUMMARY

In Q2 10, the Government experienced a fiscal surplus of B\$703.8 million due to a significant decline in Total Expenditure of 46.9 percent to B\$1,286.0 million. However, Total Revenue also decreased slightly by 3.2 percent q-o-q to B\$1,989.7 million. The Oil and Gas Sector remained as the main contributor towards Total Revenue. However, revenue from the Non-Oil and Gas Sector grew significantly by 167.5 percent q-o-q to B\$370.7 million.

In continuing its efforts to develop the capital market in Brunei Darussalam, the Government of His Majesty issued series 43 to 46 of its Government Short Term Sukuk Al-Ijarah (91 days maturity) valued at B\$158.0 million. This brings the aggregate amount of Sukuk Al-Ijarah issued since the maiden offering in April 2006 to B\$2.304 billion. On the foreign exchange front, the Brunei Dollar strengthened against most of the major global and Asian currencies. On the other hand, it weakened against the Japanese Yen and the Indonesian Rupiah.

On the monetary front, Currency in Circulation decreased marginally by 1.12 percent q-o-q to B\$937.84 million. Broad Money decreased by 1.59 percent q-o-q due to a fall in Quasi Money.

In the Financial Sector, Total Financial System Assets increased by 1.9 percent to B\$19.8 billion whereby Total Banking Assets increased by 2.2 percent q-o-q to B\$16.9 billion supported by an increase in deposits by 1.7 percent and in capitals & reserves by 6.1 percent. Total Credit/Financing portfolio increased by 1.4 percent q-o-q to B\$5.3 billion. Asset quality improved marginally this quarter shown by a decrease in the Gross Non-Performing Assets ratio by 0.5 percentage point q-o-q to 10.3 percent. The Insurance and Takaful Industry showed a slight decline in Total Assets from B\$1,038.7 million to B\$1,038.5 million. Gross Premiums and Gross Claims also saw a reduction by 0.4 and 4.8 percent q-o-q respectively.

GLOBAL ECONOMIC REVIEW

In Q2 10, the global economy continued to recover in an uneven pace due to the variation in the monetary and fiscal policy stimuli undertaken to improve global economic activity. However several risks to recovery have emerged particularly due to the prolonged implementation of the fiscal stimulus. Inflationary pressures have remained stable overall in advanced economies, while they have gained momentum in dynamic emerging market regions. Brent Crude Oil prices stood at USD 72.0 per barrel in June, an 8 percent decrease q-o-q.

Economic growth in the United States further moderated to 1.7 percent q-o-q from 3.7 percent in the previous quarter. The decline in real GDP in the second quarter mainly reflected the sharp acceleration in imports and significant decline in inventory investment that were partly offset by an upturn in residential fixed investment and government spending. The Annual Consumer Price Index (CPI) inflation fell from 2.0 percent in May to 1.1 percent in June, which can be attributed to the slowdown in annual energy price inflation. The US Federal Open Market Committee maintained its overnight target range at 0 to 25 bps, with the view that resource utilisation and inflation trends are low and stable.

The Eurozone grew by 1 percent q-o-q despite the growing sovereign debt crisis. This growth was mainly contributed by strong growth in Germany of 2.2 percent q-o-q and also other large economies in the Euro which offset the slower growth in countries affected by the sovereign debt problem namely Greece (-1.5 percent q-o-q), Spain (0.2 percent q-o-q) and Ireland (-1.2 percent q-o-q). The main driver of growth are improvements in investments and household expenditure. Annual Harmonized Index of Consumer prices (HICP) in Q1 10 rose to 1.4 percent from 1.1 percent reflected by the rise in food and energy prices. Since slashing its rate by 25 bps in May 09, the European Central Bank (ECB) maintained its overnight rates at 1.0 percent.

In Q2 10, the British economy grew by 1.2 percent q-o-q after expanding by 0.4 percent in Q1 10. Economic recovery was mainly driven by the positive contribution from household inventories and strong industrial production but was partly offset by declining net trade. Annual CPI inflation on the other hand marginally fell to 3.2 percent in June from 3.4 percent in May. The downward inflationary pressure was mainly driven by falling petrol and diesel prices followed by a decline in clothing and footwear prices. The Bank of England maintained its policy stance, with its official bank rate at 0.5 percent.

The Japanese economy grew at a much slower pace of 0.1 percent q-o-q, which was solely contributed by the improvements in net exports. By contrast, sluggish domestic demand, slower industry output and the sharp decline in public investment of 3.4 percent q-o-q, weighed negatively on the Real GDP. Deflationary pressures in Japan have moderated, with annual overall CPI inflation declining to -0.9 percent in July compared with -0.7 percent in June, reflecting extensive economic slack in the preceding months. The Bank of Japan decided to leave its target for the

uncollateralised overnight call rate unchanged at around 0.1 percent.

China, the fastest growing economy in the world, grew at a slower pace of 10.3 percent y-o-y in Q2 10 compared to 11.9 percent in the first quarter. The cooling down signals of the economy can be attributed to effective administrative measures of the Government such as an increase in deposit reserve requirement to avoid a property market bubble. China's CPI inflation decline to 2.9 percent y-o-y in June from 3.1 percent y-o-y in May. In accordance with the overall arrangements of the State Council, the People's Bank of China (PBC) continued to implement a moderately easy monetary policy in Q2 2010 by having a more flexible open market operation. At the end of June, the interest rates of, 3-month central bank bills, and 1-year central bank bills were raised to 1.57 percent, 2.09 percent respectively.

The ASEAN-4 nations namely Thailand, Philippines, Indonesia and Malaysia registered strong GDP growth of 9.1 percent, 7.9 percent, 6.2 percent and 8.9 percent y-o-y, respectively. These growth rates were attributed to strong domestic demand and a rebound in export performance across the region. Headline inflation rate rose across the region in Q2 10 but continued to be relatively low and manageable, registering an average of 2.4 percent y-o-y.

In the Newly Industrialized Economies, namely Singapore, Taipei, Republic of Korea and Hong Kong, grew at an average aggregate rate of 11.5 percent y-o-y. Strong domestic demand remained as the main contributing factor to the economic growth. However Fixed Investments moderated to 12.5 percent y-o-y from its peak of 14.8 percent y-o-y in the previous quarter due to diminishing impact of earlier fiscal and monetary stimulus.

Table 1.1: Real Gross Domestic Product (GDP)

| | 2009 | | | 2010 | |
|----------------|------|------|------|------|------|
| | Q2 | Q3 | Q4 | Q1 | Q2 |
| United States | -0.7 | 1.6 | 5.0 | 3.7 | 1.7 |
| Euro | -0.1 | 0.4 | 0 | 0.2 | 1.0 |
| United Kingdom | -0.6 | -0.3 | 0.1 | 0.4 | 1.2 |
| Japan | 0.7 | -0.1 | 1.1 | 1.1 | 0.1 |
| China | 7.9 | 9.1 | 10.7 | 11.9 | 10.3 |

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

FISCAL SECTOR DEVELOPMENTS

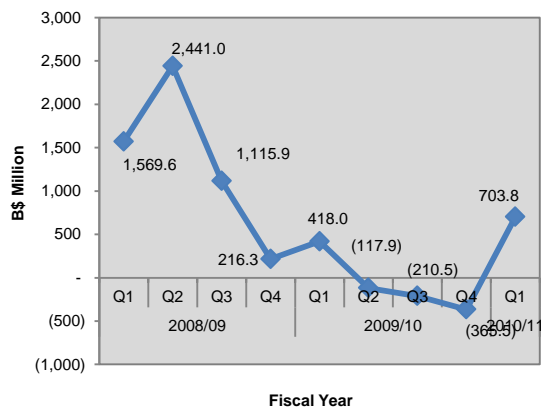
OVERVIEW

- Fiscal surplus was recorded at B\$703.8 million in Q1 FY 2010/11.
- Total Government Revenue decreased to B\$1,989.7 million.
- 81.4 percent of Total Government Revenue was generated from Oil & Gas sector and 18.6 percent from Non-Oil sector.
- Total Government Expenditure decreased to B\$1,286.0 million

FISCAL POSITION

In Q1 FY10/11, the Government registered a fiscal surplus of B\$703.8 million due to a significant decline in Total Expenditure of 46.9 percent to B\$1,286.0 million.

Figure 2.1: Surplus/ Deficit Balances

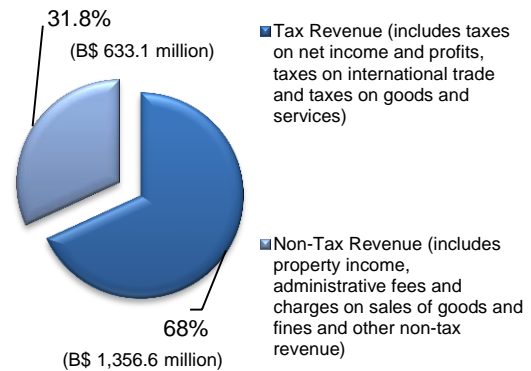


Source: Treasury Department, Ministry of Finance

GOVERNMENT REVENUE

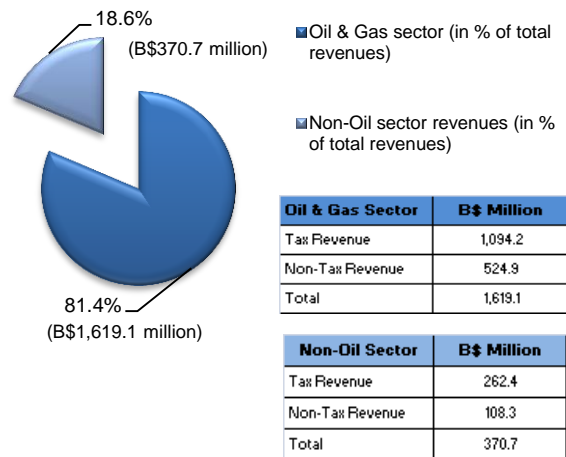
Total Government Revenue for Q1 FY10/11 amounted to B\$1,989.7 million, a decrease of 3.2 percent q-o-q which can be attributed to the decline in Non-Tax Revenue by 29.6 percent q-o-q to B\$633.1 million.

Figure 2.2: Breakdown of Total Government Revenue, Q1 FY2010/11



Source: Treasury Department, Ministry of Finance

Figure 2.3: Sectoral Contribution to Total Government Revenues, Q1 FY 2010/11



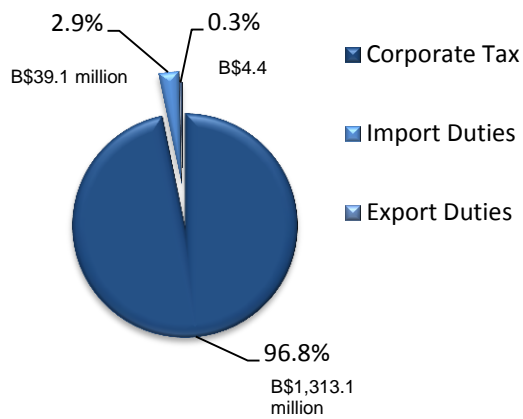
Source: Treasury Department, Ministry of Finance

As shown in figure 2.3, the Oil and Gas sector continues to be the main source of the Government's revenue stream. In Q1 FY10/11, the sector contributed B\$1,619.1 million, representing 81.4 percent of Total Government Revenue. However, revenue growth from the Non-Oil sector increased significantly by 167.5 percent q-o-q to B\$370.7 million.

Tax Revenue

As shown in figure 2.4, the largest source of Tax Revenue was from corporate tax which stood at 96.8 percent followed by import duties at 2.9 percent and export taxes at 0.3 percent.

Figure 2.4: Composition of Tax Revenue, Q1 FY 2010/11

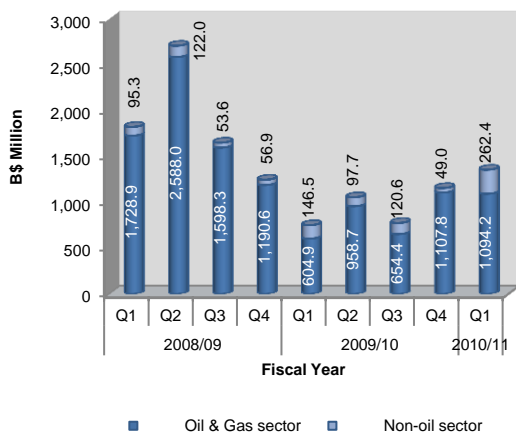


Source: Treasury Department, Ministry of Finance

In Q1 FY 2010/11, Tax Revenue increased by 17.3 percent q-o-q to B\$1,356.6 million from B\$1,156.8 million, mainly driven by the increase in tax collection from the Non-Oil sector which recorded an increase of 435.5 percent to B\$262.4 million despite the reduction of corporate tax rate from 25.5 percent to 23.3 percent.

Tax collected from the Oil and Gas sector decreased marginally by 1.2 percent to B\$1,094.2 million.

Figure 2.5: Tax Revenues from Oil & Gas and Non-Oil Sector, FY2008/09 – Q1 FY2010/11

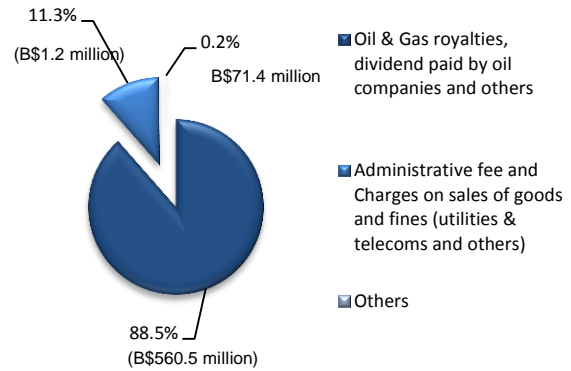


Source: Treasury Department, Ministry of Finance

Non-Tax Revenue

Non-tax Revenue were mostly contributed by Oil & Gas royalties and dividend paid by oil companies which stood at 88.5 percent of Non-Tax Revenue collected. Administrative fee and charges on sales and fines such as utilities & telecoms contributed 11.3 percent whilst Others contributed 0.2 percent.

Figure 2.6: Composition of Non Tax Revenue Q1 FY2010/11

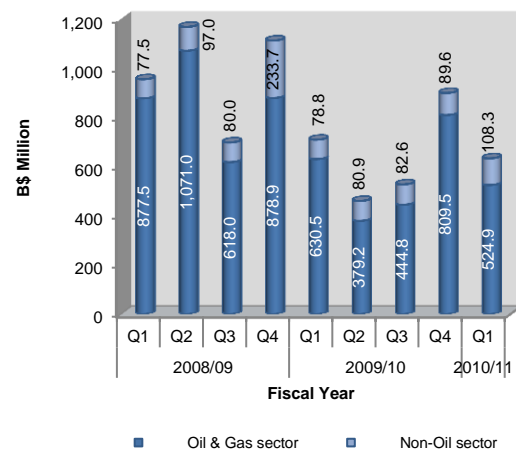


Source: Treasury Department, Ministry of Finance

In Q1 FY 2010/11, Non-Tax Revenue decreased by 29.6 percent q-o-q to B\$633.1 million. This decline was due to the decline in Non-Tax Revenue collected from the Oil and Gas sector by 35.2 percent q-o-q.

However, Non-Tax Revenue from Non-Oil sector recorded an increase of 20.9 percent q-o-q to B\$108.3 million.

Figure 2.7: Non-Tax Revenues from Oil & Gas and Non-Oil Sector, Q1 FY2008/09 – Q1 FY2010/11



Source: Treasury Department, Ministry of Finance

| | Budgeted Current Revenue per quarter (B\$ million) | Actual Current Revenue (B\$ million) Q1 FY 2010/11 | Proportion of Revenue Collected (%) |
|-----------------|--|--|-------------------------------------|
| Total Revenue | 1,157.6 | 1,989.7 | 171.9 |
| Tax Revenue | 710.1 | 1,356.6 | 191.0 |
| Non-Tax Revenue | 447.5 | 633.1 | 141.5 |

| | Budgeted Revenue (B\$ million) FY 2010/11 | Actual Revenue (B\$ million) Q1 FY 2010/11 | Proportion of Revenue Collected (%) |
|-----------------|---|--|-------------------------------------|
| Total Revenue | 4,630.5 | 1,989.7 | 43.0 |
| Tax Revenue | 2,840.6 | 1,356.6 | 47.8 |
| Non-Tax Revenue | 1,789.9 | 633.1 | 35.4 |

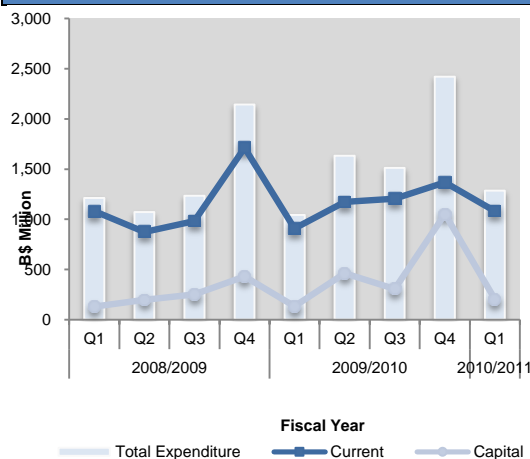
Source: Treasury Department, Ministry of Finance

Total Government Revenue collected in Q1 FY 10/11 is 71.9 percent higher than the budgeted amount.

GOVERNMENT EXPENDITURE

In Q1 FY 10/11, Total Government Expenditure decreased by 46.9 percent q-o-q from B\$2,421.4 million to B\$1,286.0 million. However, it has increased by 23.3 percent y-o-y. The quarterly decline was attributed by the significant decline in Capital Expenditure by 80.7 percent q-o-q.

Figure 2.8: Government Expenditure, Q1 FY08/09 – Q1 FY10/11



Source: Treasury Department, Ministry of Finance

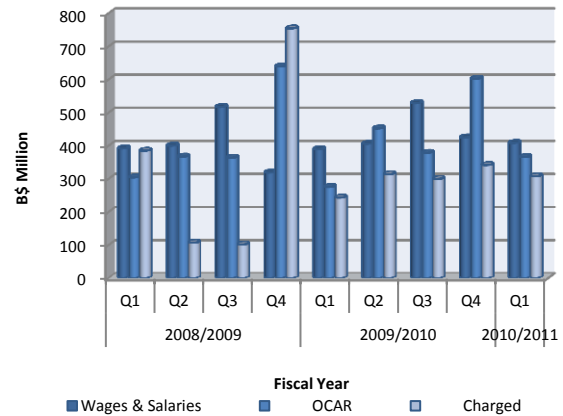
Current Expenditure

Current Expenditure was amounted to B\$1,082.4 million, a decreased of 20.9 percent q-o-q. However, on an annual basis, it has increased by 19.1 percent.

The major components of Current Expenditure that have shown significant decrease are:

- Wages & Salaries decreased by 3.9 percent q-o-q from B\$425.2 million to B\$408.7 million.
- Other Charges Annually Recurrent (OCAR) decreased by 39.2 percent q-o-q from B\$602.2 million to B\$366.0 million.
- Charged Expenditure declined by 9.9 percent q-o-q from B\$341.8 million to B\$307.8 million.

Figure 2.9: Actual Current Expenditure, Q1 FY08/09 – Q1 FY10/11



Source: Treasury Department, Ministry of Finance

Table 2.2: Budgeted & Actual Current Expenditure Comparison

| | Budgeted Current Exp FY 10/11 (million) | Actual Current Exp Up to Q1 10/11 (million) | Proportion of Budget Utilised (%) |
|---------------------|---|---|-----------------------------------|
| Current Expenditure | 4,073.9 | 1,082.4 | 22.7 |
| Wages & Salaries | 1,819.1 | 408.7 | 22.5 |
| OCAR | 1,585.6 | 366.0 | 23.1 |
| Charged | 669.2 | 307.8 | 46.0 |
| | Q1 10/11 | Q1 10/11 | (in percent) |
| Current Expenditure | 1,018.5 | 1,082.4 | 106.3 |
| Wages & Salaries | 454.8 | 408.7 | 89.9 |
| OCAR | 396.4 | 366.0 | 92.3 |
| Charged | 167.3 | 307.8 | 184.0 |

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

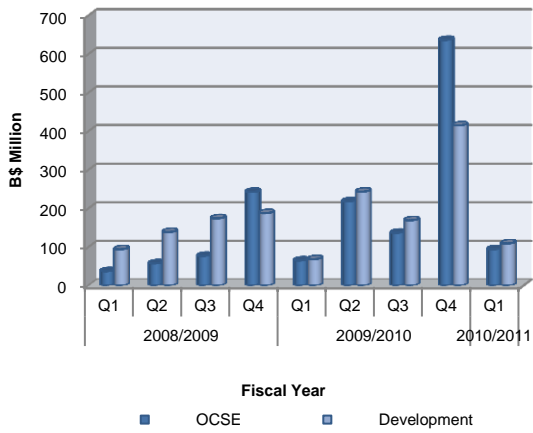
From Table 2.1, B\$4,073.9 million has been allocated for Current Expenditure in FY 10/11, of which 22.7 percent had already been utilised by the end of first quarter of the financial year.

Capital Expenditure

Capital Expenditure decreased by 80.7 percent q-o-q from B\$1,052.2 million to B\$203.6 million due to decreased spending in both Other Charges Special Expenditure (OCSE) and Development Expenditure by 85.2 percent and 73.7 percent q-o-q, respectively as

most projects and procurements are still at the early stages of tendering process.

Figure 2.10: Actual Capital Expenditure, Q1 FY08/09 – Q1 FY10/11



Source: Treasury Department, Ministry of Finance

Table 2.3: Budgeted & Actual Capital Expenditure Comparison

| | Budgeted Capital Exp | Actual Capital Exp | Proportion of Budget Utilised |
|---------------------|----------------------|--------------------|-------------------------------|
| | FY 10/11 | Up to Q1 10/11 | (in percent) |
| Capital Expenditure | 1,581.1 | 203.6 | 12.9 |
| OCSE | 531.1 | 94.3 | 17.8 |
| Development | 1,050.00 | 109.3 | 10.4 |
| | Q1 10/11 | Q1 10/11 | (in percent) |
| Capital Expenditure | 395.3 | 203.6 | 51.5 |
| OCSE | 132.8 | 94.3 | 71.0 |
| Development | 262.5 | 109.3 | 41.6 |

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

Overall, approximately 12.9 percent of the budgeted Capital Expenditure of B\$1,581.1 million for FY 10/11 has been utilised.

MONETARY & FINANCIAL SECTOR DEVELOPMENTS

OVERVIEW

- Total Sukuk Al-Ijarah issued since April 2006 stands at B\$2.304 billion.
- Broad Money decreased by 1.59 percent due to the decrease in Quasi Money.
- Total Financial System Assets increased by 1.9 percent to B\$19.8 billion.
- Total Banking Assets increased by 2.2 percent q-o-q to B\$16.9 billion.
- Total Deposits increased by 1.7 percent.
- Average NPA ratio is 10.3.
- Total Assets in the Insurance and Takaful Industry decreased by 0.02 percent q-o-q.

MONETARY DEVELOPMENTS

i. Government Short Term Sukuk Al-Ijarah

Four Government Short Term Sukuk Al-Ijarah with a total value of B\$158 million and a maturity of 91 days was issued in Q2 10. The aggregate amount of the Sukuk Al-Ijarah issued since the maiden offering in April 2006 up to Q2 10 was B\$2.304 billion.

| Series | Issuance (B\$m) | Terms (days) | Issuance Date | Maturity Date | Rental Yield (p.a) |
|--------|-----------------|--------------|---------------|---------------|--------------------|
| 43 | 30 | 91 | 1 Apr 10 | 1 Jul 10 | 0.35% |
| 44 | 25 | 91 | 29 Apr 10 | 29 Jul 10 | 0.30% |
| 45 | 33 | 91 | 20 May 10 | 19 Aug 10 | 0.30% |
| 46 | 70 | 91 | 17 Jun 10 | 16 Sep 10 | 0.32% |

Source: Brunei Currency and Monetary Board, Ministry of Finance

ii. Foreign exchange

Table 3.1: Brunei Dollar Against Selected Currencies

| | Q2 2009 End Of Period | Q1 2010 End Of Period | Q2 2010 End Of Period |
|--|-----------------------------|-----------------------------|-----------------------------|
| B\$ to 1 unit of Foreign Currency | | | |
| US Dollar | 1.4498 | 1.4028 | 1.4013 |
| Pound Sterling | 2.4129 | 2.1143 | 2.1108 |
| Euro | 2.0464 | 1.8789 | 1.7113 |
| Australian Dollar | 1.1761 | 1.2544 | 1.1928 |
| B\$ to 100 unit of Foreign Currency | | | |
| Hong Kong Dollar | 18.71 | 18.08 | 18.00 |
| Indonesian Rupiah | 0.014182 | 0.015002 | 0.015435 |
| Japanese Yen | 1.5115 | 1.5016 | 1.5822 |
| Philippine Peso | 3.0091 | 3.096 | 3.0174 |
| Thai Baht | 4.2616 | 4.333 | 4.319 |

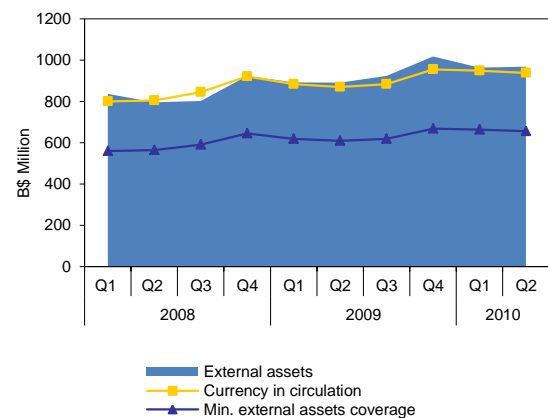
Source: The Brunei Association of Banks

On foreign exchange, the Brunei Dollar strengthened against the US Dollar (0.11 percent), Pound Sterling (0.17 percent), Euro (8.92 percent) and Australian Dollar (4.91 percent).

The Brunei dollar also strengthened against major Asian currencies such as the Philippine peso (3.02 percent), Thai Baht (0.32 percent), and Hong Kong dollar (0.44 percent). However, it weakened against the Japanese yen (5.37 percent), and the Indonesian Rupiah (2.89 percent).

iii. Monetary Aggregates

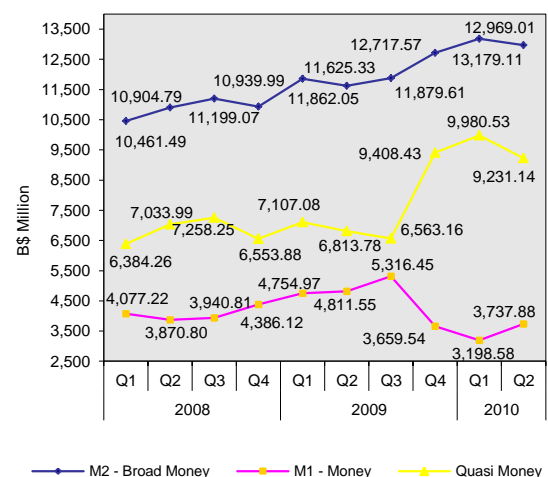
Figure 3.1: Currency in Circulation (M0) and External Assets Back-up



Source: Brunei Currency and Monetary Board, Ministry of Finance

Currency in Circulation (M0)¹ decreased marginally by 1.12 percent to B\$937.84 million. The External assets of \$968.54 million provided 103.27 percent coverage to the currency in circulation. At the same time, liquid assets coverage was at 46.9 percent, which is also well above the statutory requirement of 30 percent.

Figure 3.2: Monetary Aggregates



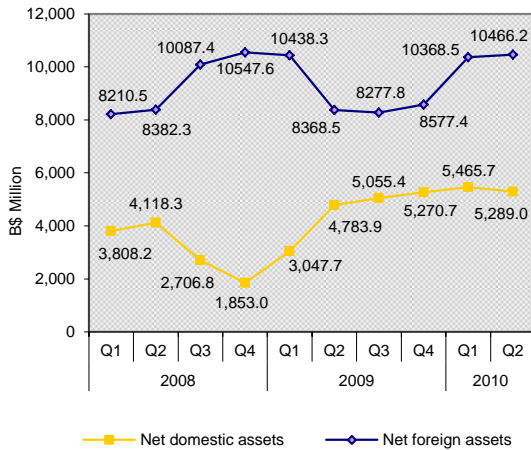
Source: Brunei Currency and Monetary Board & Financial Institutions Division, Ministry of Finance

¹ M0 = Currency in circulation outside BCMB

Net Foreign Assets² increased by 0.94 percent q-o-q to B\$10,466.20 million corresponding to a decrease in the Domestic Claims³ by 3.23 percent q-o-q.

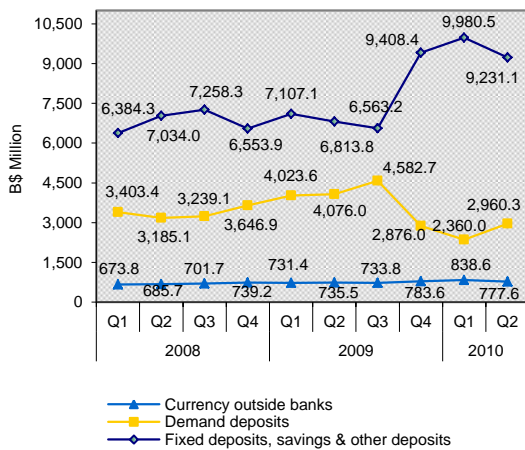
Claims on Other Sectors, Claims on Other Financial Corporations and Claims on Private Sector have increased by 0.97 percent, 4.5 percent and 2.1 percent respectively. Meanwhile, Claims on Public Non-Financial Corporations have decreased by 22.9 percent.

Figure 3.3: Net Foreign Assets and Domestic Claims



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

Figure 3.4: Components of Money and Quasi Money



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

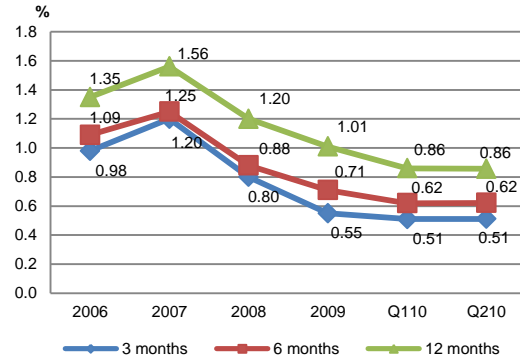
Broad Money has decreased by 1.59 percent q-o-q to B\$12,969.11 million contributed by the corresponding decrease of Quasi Money by 7.51 percent q-o-q.

² Net foreign assets = BCMB net claims on non-residents + Commercial banks net claims on non-residents
³ Domestic claims = Net claims on Government + Claims on Public Nonfinancial Corporations + Claims on Private Sector

Deposit Rates

The 3, 6 and 12 months rates stood at 0.51 percent, 0.62 percent and 0.86 percent, respectively.

Figure 3.5: Deposit Rates Trends



Source: Financial Institutions Division, Ministry of Finance

FINANCIAL SECTOR DEVELOPMENTS AND SYSTEM STABILITY

FINANCIAL SYSTEM - GROWTH TREND

In Q2 10, the Total Financial System Assets increased by 1.9 percent to B\$19.8 billion. Overall, the financial institution segments showed a positive and stable trend during the period under review (see Table 3.2).

Table 3.2 : The structure of the financial system

| FINANCIAL INSTITUTIONS | | | | | | |
|--|---------------|------------------|---------------|------------------|---------------|------------------|
| INSTITUTIONS REGULATED BY MOF | 2009 | | Q1 2010 | | Q2 2010 | |
| | Amt (B\$ Mil) | % share of Total | Amt (B\$ Mil) | % share of Total | Amt (B\$ Mil) | % share of Total |
| Deposit Taking Institutions | 17,274 | 94.2 | 18,278 | 93.8 | 18,644 | 94.0 |
| Licensed Banks inc TAIB | 15,524 | 84.6 | 16,491 | 84.7 | 16,855 | 84.9 |
| Conventional | 9,362 | 51.0 | 10,391 | 53.3 | 10,713 | 54.0 |
| Islamic | 6,162 | 33.6 | 6,101 | 31.3 | 6,142 | 30.9 |
| Licensed Finance Companies | 1,602 | 8.7 | 1,659 | 8.5 | 1,651 | 8.3 |
| Licensed International (Off-shore) Banks | 148 | 0.8 | 128 | 0.7 | 139 | 0.7 |
| Other Financial Institutions | 1,067 | 5.8 | 1,201 | 6.2 | 1,200 | 6.0 |
| Insurance Companies & Takaful | 909 | 5.0 | 1,039 | 5.3 | 1,038 | 5.2 |
| Conventional | 805 | 4.4 | 839 | 4.3 | 834 | 4.2 |
| Takaful | 104 | 0.6 | 200 | 1.0 | 204 | 1.0 |
| International Insurance Companies | 158 | 0.9 | 162 | 0.8 | 162 | 0.8 |
| Total Assets | 18,341 | 100.0 | 19,479 | 100.0 | 19,844 | 100.0 |

Source: Financial Institutions Division, Ministry of Finance

FINANCIAL SYSTEM STABILITY

Overall, the key financial soundness indicators in the Banking and Finance Company sector, which accounts for over 94.0 per cent of financial system assets, were maintained at healthy levels. Strong capital and liquidity levels, together with improved risk management systems, resulted in sustained system stability.

Table 3.3: Selected Financial Soundness Indicators

| Financial Institutions and Indicators in Percent | 2009 | Q1 2010 | Q2 2010 |
|--|-------|---------|---------|
| Licensed Banks | | | |
| Regulatory Capital to Risk Weighted Assets | 17.9 | 17.9 | 18.7 |
| Tier 1 Capital to Risk Weighted Assets | 18.8 | 18.8 | 19.7 |
| Non Performing Loans (Net of Specific Provisions) to Capital Funds | 11.3 | 9.0 | 8.4 |
| Non Performing Loans to Gross Loans | 11.0 | 10.8 | 10.6 |
| Net Non Performing Loans (Net of Provisions) to Gross Loans | 3.2 | 2.9 | 2.8 |
| Return on Assets (Before Tax) | 1.5 | 1.6 | 1.7 |
| Return on Equity (After Tax) | 13.7 | 12.9 | 13.6 |
| Interest Margin to Total Average Assets | 2.3 | 2.5 | 2.6 |
| Non-Interest Expenses to Gross Income | 46.1 | 48.2 | 45.8 |
| Liquid Assets to Total Assets | 60.8 | 58.9 | 59.7 |
| Liquid Assets to Total Deposit (Non Bank Customers) | 73.6 | 71.9 | 73.6 |
| Liquid Assets to Demand and Savings Deposits (Non Bank Customers) | 149.7 | 160.0 | 149.3 |
| Loans to Deposits Ratio | 39.0 | 36.3 | 35.1 |
| Licensed Finance Companies | | | |
| Total Capital Funds to Total Assets | 9.2 | 9.5 | 9.8 |
| Non Performing Loans (Net of Specific Provisions) to Capital Funds | 7.6 | 5.6 | 5.4 |
| Non Performing Loans to Gross Loans | 2.1 | 2.0 | 1.9 |
| Net Non Performing Loans (Net of Provisions) to Gross Loans | 0.9 | 0.7 | 0.6 |
| Return on Assets (Before Tax) | 4.2 | 3.9 | 3.8 |
| Return on Equity (After Tax) | 38.2 | 33.6 | 32.4 |
| Interest Margin to Total Assets | 6.2 | 5.8 | 5.7 |
| Non-Interest Expense to Gross Income | 27.6 | 27.6 | 29.5 |
| Liquid Assets to Total Assets | 17.0 | 16.0 | 12.9 |
| Liquid Assets to Total Deposits (Non Bank Customers) | 40.3 | 37.5 | 30.0 |

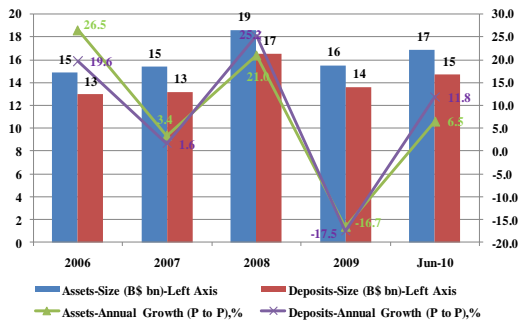
Source: Financial Institutions Division, Ministry of Finance

BANKING SYSTEM

Overall Growth

Banking Assets expanded further in Q2 10, but at a slower pace. The asset base of the banking system grew by 2.2 percent q-o-q to B\$16,885 million. This growth was well supported by an increase in deposits by B\$237 million (1.7 percent) and in capital & reserves by B\$103 million (6.1 percent). The increase in the asset base was largely contributed by investments in foreign government securities and Brunei Government Sukuk. A negative growth in assets in 2009 (-16.7 percent) has been reversed in 2010 with a positive annual growth of 6.5 percent. (see Figure 3.6).

Figure 3.6: Assets and Deposits: Size and Growth

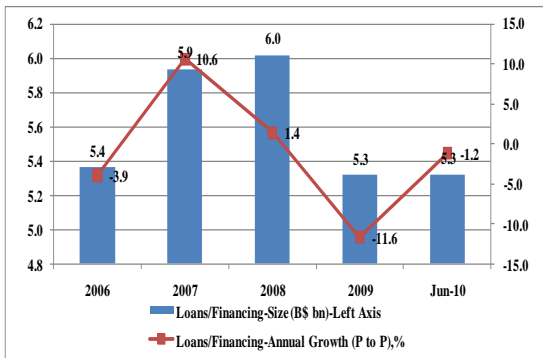


Source: Financial Institutions Division, Ministry of Finance

Credit/ Financing growth increasing

The Total Credit/ Financing portfolio stood at B\$5.3 billion as at end June 2010, recording a growth of 1.4 percent q-o-q. The positive growth has largely contributed to narrowing the negative annual growth to -1.2 percent after the deceleration in credit growth in 2009 by -11.6 percent (see Figure 3.7). Despite the positive growth in credit, financing operations still account for only 31.1 percent of Bank Assets.

Figure 3.7: Loans/ Financing: Size and Growth

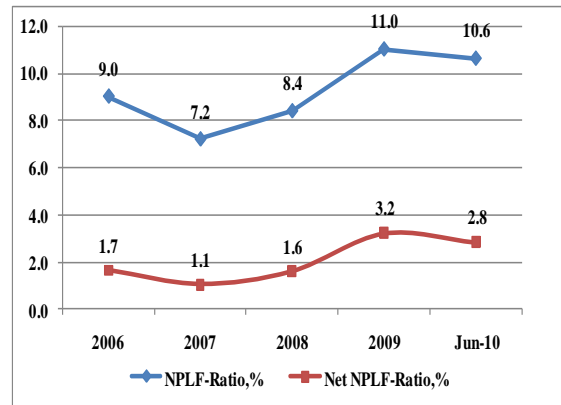


Source: Financial Institutions Division, Ministry of Finance

Asset Quality: Non-Performing Advances/ Financing

Credit risk which remains the core risk in the banking system saw some easing in the backdrop of a modest increase in advances and a marginal decrease in Non-Performing Loans/ Financing. The Total Loans and Advances/ Finance that were non-current (90 days or more past due) decreased marginally to B\$565 million from B\$566 million. This contributed to improving asset quality for the banking industry, with the Gross Non-Performing ratio decreasing to 10.3 percent from 10.8 percent in the previous quarter and from 11.0 percent at end 2009. The overall net non-performing ratio (less specific provision) improved further to 2.8 percent from 2.9 percent in Q1 10 (see Figure 3.8).

Figure 3.8: Trend in Gross NPLFs and Net NPLFs



Source: Financial Institutions Division, Ministry of Finance

Liquidity

A significant increase in liquid assets in Q2 10 has improved all key liquidity indicators reflecting excessive liquidity within the banking system (see Table 3.4). Asset based liquidity increased significantly as a result of deposit growth which largely went into cash and quasi cash assets such as interbank placements and investments in government securities. Deposits witnessed a healthy growth of 8.1 percent. However, advances showed a moderate growth of 1.0 percent which was reflected in a decline of the loan to deposit ratio to 34.8 percent from 39.0 percent as at end 2009.

Table 3.4: Trend in Liquid Assets and Indicators

| ITEMS | 2009 | Q1 2010 | Q2 2010 |
|--|-------|---------|---------|
| Liquid Assets, B\$ bn | 9.4 | 9.7 | 10.1 |
| Liquid Assets to Total Assets, % | 60.8 | 58.9 | 59.7 |
| Liquid Assets to Total Deposits (Non Bank Customers), % | 73.6 | 71.9 | 73.6 |
| Liquid Assets to Demand and Savings Deposits (Non Bank Customers), % | 149.7 | 160.0 | 149.3 |
| Loan to Deposits Ratio, % | 39.0 | 36.3 | 34.8 |

Source: Financial Institutions Division, Ministry of Finance

Profitability

The banking system experienced declined earnings for the Q2 10. Profit before tax of B\$133 million for the first half of 2010 was less than in the corresponding period of the previous year of B\$148 million. The low growth in net-interest/ profit income is attributed to the significant increase in low risk and low yielding liquid assets, increased loan loss provisions and in provisions for decline in value of investments. Due to an increase in operating expenses, profitability before tax in the second quarter declined by 10.1 percent (see Table 3.5). However, strong growth in non interest income, particularly in commission and fee income, contributed to slowing the declining rate of profit of the banking industry.

The industry's Return on Assets (ROA) for the second quarter of 1.7 percent continued to be maintained at corresponding period of 2009 levels despite a decline in profits. A higher increase in capital funds and the subsequent decline in profits resulted in a decline in Return on Equity (ROE) to 13.6 percent from 13.9 percent in 2009.

Table 3.5: Profitability Indicators

| ITEMS | 2009 | Q2 2009 | Q2 2010 | Change Q1 of 2009 & 2010 | |
|---|------|---------|---------|--------------------------|-------|
| | | | | Amount | % |
| Interest Income | 500 | 264 | 239 | -25 | -9.6 |
| Interest Expenses | 108 | 51 | 35 | -15 | -30.1 |
| Net Interest Income | 393 | 214 | 203 | -10 | -4.7 |
| Non Interest Income | 131 | 58 | 69 | 11 | 18.9 |
| Operating Expenses | 220 | 104 | 114 | 10 | 9.5 |
| Loan Loss Provisions (Net) | 47 | 20 | 23 | 3 | 16.7 |
| Provision for Decline in Value of Investments (Net) | 0 | 0 | 3 | 3 | - |
| Profit Before Tax | 257 | 148 | 133 | -15 | -10.1 |
| Net Interest Margin Ratio, % | 2.3 | 2.5 | 2.6 | 0.1 | - |
| Return on Assets-Before Tax, % | 1.5 | 1.7 | 1.7 | 0.0 | - |
| Return on Equity-After Tax, % | 13.4 | 17.9 | 13.6 | -4.3 | - |

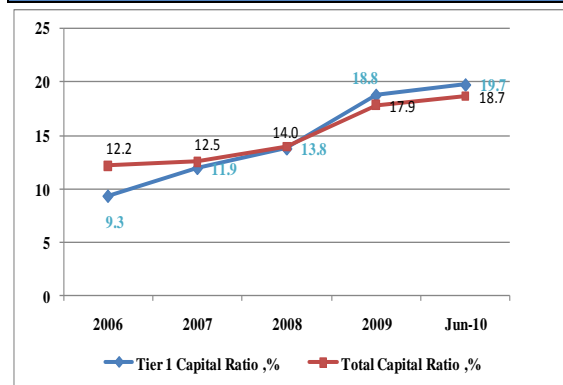
Source: Financial Institutions Division, Ministry of Finance

Capital

The Capital Adequacy position of the banking system improved in Q2 10 as a result of the comparative increase in the capital base of the banking system on account of capital injections, against a marginal increase in Risk Weighted Assets (RWA). This marginal increase in RWA is attributed to zero risk asset financing in gilt edged securities and in low risk interbank placements, enhancing the Capital Adequacy Ratio (CAR) of banks by 80 bps to 18.7 percent for Q2 10 from previous quarter (see Figure 3.9).

An analysis of the components of the CAR shows that Total Regulatory Capital increased by B\$68 million or 4.7 percent in Q2 10. The total RWA saw a marginal increase of B\$17 million (0.2 percent q-o-q) despite an increase in Total Assets by B\$363 million (2.2 percent q-o-q). According to the overall growth trend of the financial system, a substantial redistribution of assets took place in domestic and foreign government securities investments. Consequently, Credit Risk Weighted Assets (CRWA), which constituted 90.4 percent of Total Risk Weighted Assets, saw a marginal increase of 0.4 percent during the period.

Figure 3.9: Capital Adequacy Ratios

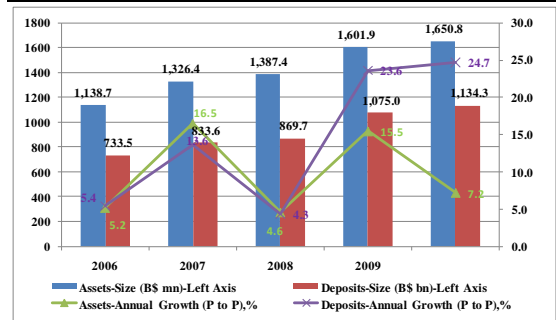


Source: Financial Institutions Division/Ministry of Finance

LICENSED FINANCE COMPANIES

Assets growth of the finance companies declined by 0.5 percent q-o-q to B\$1,650.8 million as a result of lower growth in deposits and settlement of tax liabilities. Deposits posted a slower growth of 0.1 percent q-o-q (B\$1.2 million). Annual asset growth recorded a slower rate by 7.2 percent compared to a 15.5 percent growth in 2009 (see Figure 3.10).

Figure 3.10: Assets and Deposits: Size and Growth

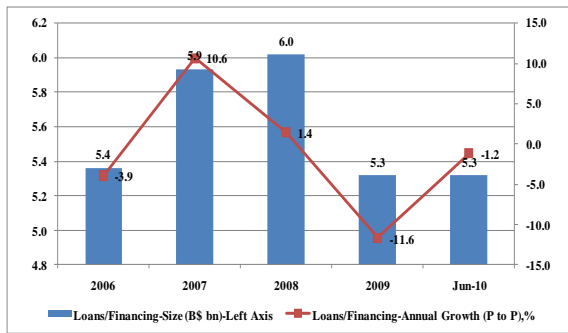


Source: Financial Institutions Division, Ministry of Finance

Credit/ Financing growth moderate

Despite the slower growth in deposits, the Credit/ Financing growth in the Licensed Financed Companies (LFCs) has increased by B\$3.6 million (2.7 percent q-o-q). The existing resource base of the LFCs has been utilized for the expansion of credit which is reflected in a reduction of their balances with banks. Both demand and time deposits with banks declined by B\$40 million (75.4 percent q-o-q) and B\$12 million (5.9 percent q-o-q), respectively.

Figure 3.11: Total Loans Advances/ Financing Size & Growth



Source: Financial Institutions Division, Ministry of Finance

Asset Quality

The gross and net Non-Performing Loans (NPL)/ Financing Ratios are both maintained at acceptable levels and improved marginally during Q2 10. The industry Non-Performing Assets ratio for Q2 10 was 1.9 percent, declining from 2.0 percent in previous quarter. The net NPL to capital ratio depicting the actual credit risk exposure of the industry also improved from 0.7 percent in Q1 10 to 0.6 percent in Q2 due to a relative decline in NPL.

LICENSED OFFSHORE BANKS

Total Assets of Licensed Offshore Banks recorded an increase of 17 percent q-o-q supported by an increase of deposits by 21 percent q-o-q. The Total Assets of the Offshore Banks stood at US\$104 million in Q2 10. The positive growth has largely contributed to narrowing the negative annual growth (p to p) to -3.7 percent after the deceleration in credit growth in 2009 by -34 percent. However, loans and advances have decreased by 1.5 percent q-o-q in the same period (see Table 3.6).

Table 3.6: Total Loans Advances/ Financing-Size Growth

| Items | 2007 | 2008 | 2009 | Q2 2010 |
|---------------------------|------|-------|-------|---------|
| Asset | | | | |
| Size (US\$ mn) | 255 | 161 | 106 | 104 |
| Annual Growth (P to P), % | - | -37.0 | -34.4 | -3.7 |
| Deposits | | | | |
| Size (US\$ mn) | 239 | 143 | 90 | 91 |
| Annual Growth (P to P), % | - | -40.2 | -36.8 | -0.7 |

Source: Financial Institutions Division, Ministry of Finance

INSURANCE AND TAKAFUL INDUSTRY

The Total Assets for the Insurance and Takaful industry marginally declined by 0.02 percent q-o-q to B\$1,038.5 million partly due to the decrease in the Life Assets by 0.6 percent q-o-q.

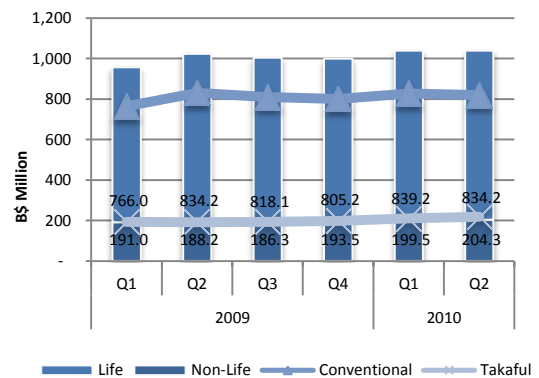
Table 3.7: Insurance & Takaful Highlights

| (in B\$ Million) | Q2 2009 | Q1 2010 | Q2 2010 | y-o-y % | q-o-q % |
|-----------------------|---------|---------|---------|---------|---------|
| ASSETS | 1022.4 | 1038.7 | 1038.5 | 1.6 | (0.0) |
| GROSS PREMIUMS | 45.1 | 66.5 | 66.2 | 46.7 | (0.4) |
| GROSS CLAIMS | 23.3 | 23.8 | 22.7 | (2.5) | (4.8) |

Source: Financial Institutions Division, Ministry of Finance

Industry Gross Premiums and Gross Claims decreased by 0.4 percent and 4.8 percent q-o-q respectively. Gross Premium declined from B\$66.5 million to B\$66.2 million due to the decrease in Life Business by 6.0 percent q-o-q, whereas the Gross Claims fell due to a significant decline in Non-Life Business by 18.2 percent q-o-q.

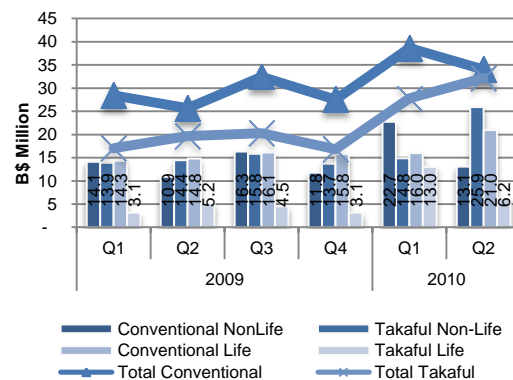
Figure 3.12: Total Assets, Q1 2009 – Q2 2010



Source: Financial Institutions Division, Ministry of Finance

Life Gross Premiums decreased by 6.0 percent q-o-q from B\$28.9 million to B\$27.2 million due to a significant reduction in collections from family takaful (takaful life) of 52.0 percent q-o-q from B\$13.0 million to B\$6.2 million.

Figure 3.13: Gross Premiums, Q1 2009 – Q2 2010



Source: Financial Institutions Division, Ministry of Finance

In the Non-Life Business, Gross Premiums increased by 3.9 percent q-o-q from B\$37.6 million to B\$39.0 million contributed by higher premium collection in Motor Business, Marine, Aviation and Transit, Workmen Compensation and Fire Business.

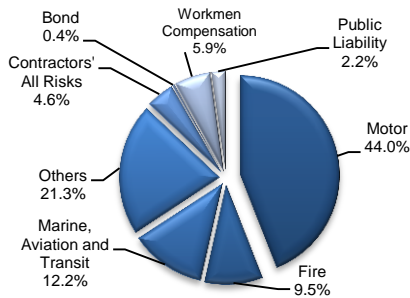
Table 3.8: Non-Life Gross Premiums, Q2 2009 – Q2 2010

| Class of Non-Life Business | Q2 2009 | Q1 2010 | Q2 2010 | % of Total | y-o-y % | q-o-q % |
|--------------------------------------|-------------|-------------|-------------|--------------|-----------|------------|
| Motor | 14.2 | 15.4 | 17.2 | 44.0 | 21.3 | 11.4 |
| Fire | 3.6 | 3.7 | 3.7 | 9.5 | 3.5 | 0.4 |
| Marine, Aviation & Transit | 1.7 | 1.1 | 4.8 | 12.2 | 177.3 | 336.4 |
| Others | 2.0 | 8.5 | 8.3 | 21.3 | 320.5 | -1.9 |
| Contractors' All Risks | 0.5 | 4.0 | 1.8 | 4.6 | 265.8 | -55.1 |
| Bond | 0.1 | 0.2 | 0.15 | 0.4 | 2.6 | -10.5 |
| Workmen Compensation | 1.8 | 2.2 | 2.3 | 5.9 | 30.6 | 3.7 |
| Public Liability | 1.5 | 2.5 | 0.8 | 2.2 | -44.4 | -66.9 |
| Total Non-Life Gross Premiums | 25.3 | 37.6 | 39.0 | 100.0 | 54 | 3.9 |

Source: Financial Institutions Division, Ministry of Finance

Motor business, which is dominated by the Takaful operators, represented 44.0 percent of Total Non-Life Gross Premiums for the year, followed by Marine, Aviation and Transit with 12.2 percent, Workmen compensation with 5.9 percent and Fire at 9.5 percent.

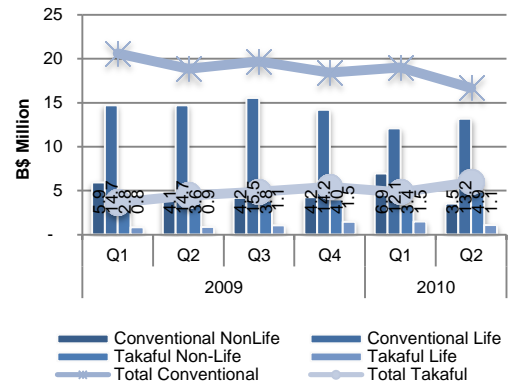
Figure 3.14: Non-Life Premiums, Q2 2010



Source: Financial Institutions Division, Ministry of Finance

Figure 3.15 shows Industry Gross Claims from Q1 09 to Q2 10. Industry Gross Claims decreased by 4.8 percent q-o-q to B\$22.7 million. Non-Life Claims decreased by 18.2 percent q-o-q while Life claims increased by 5.3 percent q-o-q.

Figure 3.15: Gross Claims, Q1 2009 – Q2 2010



Source: Financial Institutions Division, Ministry of Finance

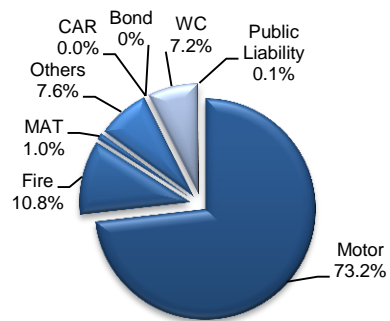
Gross Claims for the Non-Life business decreased by 18.2 percent q-o-q from B\$10.3 million to B\$8.4 million due to decrease claims recorded for Contractors' All Risk (CAR), Public Liability, Bond, Fire, Others and Marine, Aviation and Transit. A record payment of B\$6.2 million was made for motor claims during the quarter.

Table 3.9 : Non-Life Gross Claims, Q1 2009 – Q2 2010

| Class of Non-Life Business | Q2 2009 | Q1 2010 | Q2 2010 | % of Total | y-o-y % | q-o-q % |
|--------------------------------------|------------|-------------|------------|--------------|------------|--------------|
| Motor | 4.8 | 5.5 | 6.2 | 73.3 | 27.4 | 12.1 |
| Fire | 2.0 | 2.6 | 0.9 | 10.8 | -54.4 | -65.6 |
| Marine, Aviation & Transit | 0.1 | 0.1 | 0.1 | 1.0 | -44.3 | -18.8 |
| Others | 0.4 | 1.0 | 0.6 | 7.6 | 51.9 | -38.7 |
| Contractors' All Risks | 0.0 | 0.1 | n/a | 0.0 | -100 | -100 |
| Bond | 0.0 | 0.0 | 0.0 | -0.1 | 113.5 | -82.8 |
| Workmen Compensation | 0.2 | 0.4 | 0.6 | 7.2 | 165.4 | 37.8 |
| Public Liability | 0.0 | 0.5 | 0.0 | 0.1 | -77.6 | -97.9 |
| Total Non-Life Gross Premiums | 7.7 | 10.3 | 8.4 | 100.0 | 9.0 | -18.2 |

Source: Financial Institutions Division, Ministry of Finance

Figure 3.16 : Non-Life Gross Claims, Q2 2010



Source: Financial Institutions Division, Ministry of Finance

In Life Business, Gross Claims recorded an increase of 5.3 percent q-o-q from B\$13.5 million to B\$14.3 million.

Table 3.10 : Life Gross Claims, Q2 2009 – Q2 2010

| Class of Life Business | Q2 2009 | Q1 2010 | Q2 2010 | % of Total | y-o-y % | q-o-q % |
|----------------------------|-------------|-------------|-------------|--------------|-------------|------------|
| Maturities | 9.7 | 8.2 | 9.6 | 67.2 | -1.0 | 17.1 |
| Death | 0.8 | 1.2 | 0.6 | 4.5 | -24.3 | -47.6 |
| Surrenders | 3.9 | 2.9 | 2.6 | 18.3 | -32.5 | -9.5 |
| Annuities | 0.0 | 0.0 | 0.0 | 0.0 | n/a | n/a |
| Others | 1.2 | 1.2 | 1.4 | 10.0 | 22.5 | 14.4 |
| Total Life Benefits | 15.6 | 13.5 | 14.3 | 100.0 | -8.3 | 5.3 |

Source: Financial Institutions Division, Ministry of Finance

MONEY REMITTANCE

A total of B\$106.0 million was recorded as outward remittances in Q2 10. An increase of 1.3 percent q-o-q and 20.2 percent decrease y-o-y.

Table 3.11 : Outward Remittance

| Remittance Destination | Q2 2009 (B\$ million) | Q1 2010 (B\$ million) | Q2 2010 (B\$ million) | + / - (%) (y-o-y) | + / - (%) (q-o-q) |
|--------------------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------|
| Total | 132.80 | 104.23 | 106.00 | -20.18 | +1.27 |
| Indonesia | 39.27 | 42.63 | 44.31 | +12.83 | +3.92 |
| Singapore | 33.87 | 4.23 | 0.81 | -97.61 | -80.84 |
| Philippines | 26.64 | 25.56 | 27.16 | +1.95 | +5.90 |
| Others | 15.79 | 17.10 | 17.10 | +8.30 | +10.10 |
| Malaysia | 8.79 | 8.44 | 8.36 | -4.89 | -0.91 |
| Thailand | 8.36 | 8.00 | 8.10 | -3.11 | +1.15 |
| United States of America | 0.04 | 0.08 | 0.08 | +100.00 | 0 |
| Australia | 0.04 | 0.06 | 0.05 | +25.00 | -15.19 |

Source: Financial Institutions Division, Ministry of Finance

FOREIGN CURRENCY EXCHANGE

The total amount of foreign currencies bought in Q2 10 was B\$23.4 million recording an increase of 6.8 percent q-o-q and 0.7 percent y-o-y.

Table 3.12 : Purchase of Foreign Currencies

| Foreign Currency (Buying) | Q2 2009 (B\$ million) | Q1 2010 (B\$ million) | Q2 2010 (B\$ million) | + / - (%) (y-o-y) | + / - (%) (q-o-q) |
|---------------------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------|
| Total | 23.21 | 21.89 | 23.37 | +0.69 | +6.77 |
| Malaysian Ringgit | 9.90 | 9.21 | 9.48 | -4.24 | +2.96 |
| Indonesian Rupiah | 3.47 | 3.25 | 3.61 | +4.03 | +11.2 |
| Others | 3.06 | 2.67 | 3.00 | -1.96 | +12.35 |
| United States Dollar | 2.47 | 2.46 | 2.81 | +13.77 | +14.18 |
| Sterling Pound | 1.22 | 1.27 | 1.68 | +37.70 | +31.94 |
| Thai Baht | 1.17 | 1.19 | 0.86 | -26.50 | -27.46 |
| Philippine Peso | 0.79 | 0.63 | 0.68 | -13.92 | +7.91 |
| Australian Dollar | 0.71 | 0.77 | 0.80 | +12.68 | +4.54 |
| Saudi Arabian Riyal | 0.34 | 0.28 | 0.29 | -14.71 | +4.06 |
| Indian Rupee | 0.09 | 0.12 | 0.10 | +11.11 | -12.65 |

Source: Financial Institutions Division, Ministry of Finance

The foreign currencies sold amounted to B\$23.1 million in Q2 10, an increase of 2.9 percent q-o-q and 5.2 percent y-o-y.

Table 3.13 : Sale of Foreign Currencies

| Foreign Currency (Selling) | Q2 2009 (B\$ million) | Q1 2010 (B\$ million) | Q2 2010 (B\$ million) | + / - (%) (y-o-y) | + / - (%) (q-o-q) |
|----------------------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------|
| Total | 22.00 | 22.48 | 23.14 | +5.18 | +2.90 |
| Malaysian Ringgit | 9.70 | 9.50 | 9.51 | -1.96 | +0.10 |
| Indonesian Rupiah | 3.05 | 3.19 | 3.32 | +8.85 | +4.02 |
| Others | 2.78 | 2.86 | 2.93 | +5.40 | +2.45 |
| United States Dollar | 2.46 | 2.44 | 2.78 | +13.01 | +13.74 |
| Sterling Pound | 1.19 | 1.35 | 1.77 | +48.74 | +30.91 |
| Thai Baht | 1.06 | 1.26 | 0.82 | -22.6 | -34.58 |
| Philippine Peso | 0.70 | 0.62 | 0.75 | +7.14 | +20.31 |
| Australian Dollar | 0.68 | 0.83 | 0.84 | +23.53 | +1.51 |
| Saudi Arabian Riyal | 0.30 | 0.27 | 0.28 | -7.14 | +1.14 |
| Indian Rupee | 0.09 | 0.12 | 0.10 | +11.11 | -13.59 |

Source: Financial Institutions Division, Ministry of Finance

| TABLE A: Brunei Darussalam - FISCAL INDICATORS (Fiscal Position) | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | BND\$ millions | | | | | | | | |
| | 2008/09 | | | | 2009/10 | | | | 2010/11 |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Total Revenue | 2,779.2 | 3,878.0 | 2,349.9 | 2,360.1 | 1,460.6 | 1,516.5 | 1,302.3 | 2,055.9 | 1,989.7 |
| Tax Revenue | 1,824.1 | 2,710.0 | 1,651.9 | 1,247.5 | 751.4 | 1,056.4 | 775.0 | 1,156.8 | 1,356.6 |
| Oil & Gas sector | 1,728.9 | 2,588.0 | 1,598.3 | 1,190.6 | 604.9 | 958.7 | 654.4 | 1,107.8 | 1,094.2 |
| Non-oil sector | 95.3 | 122.0 | 53.6 | 56.9 | 146.5 | 97.7 | 120.6 | 49.0 | 262.4 |
| Non-tax revenue | 955.0 | 1,168.0 | 698.0 | 1,112.5 | 709.2 | 460.1 | 527.4 | 899.1 | 633.1 |
| Oil & Gas sector | 877.5 | 1,071.0 | 618.0 | 878.9 | 630.5 | 379.2 | 444.8 | 809.5 | 524.9 |
| Non-oil sector | 77.5 | 97.0 | 80.0 | 233.7 | 78.8 | 80.9 | 82.6 | 89.6 | 108.3 |
| Total Expenditure | 1,209.6 | 1,437.0 | 1,234.1 | 2,143.8 | 1,042.6 | 1,634.4 | 1,512.8 | 2,421.4 | 1,286.0 |
| Current Expenditure | 1,078.8 | 1,075.0 | 982.6 | 1,713.0 | 909.0 | 1,172.2 | 1,206.7 | 1,369.2 | 1,082.4 |
| Wages and salaries | 392.0 | 384.0 | 517.2 | 319.0 | 389.9 | 406.0 | 528.7 | 425.2 | 408.7 |
| OCAR | 301.9 | 349.0 | 363.8 | 639.5 | 275.7 | 452.4 | 378.4 | 602.2 | 366.0 |
| Charged | 385.0 | 342.0 | 101.7 | 754.5 | 243.4 | 313.9 | 299.7 | 341.8 | 307.8 |
| Capital Expenditure | 130.8 | 362.0 | 251.5 | 430.8 | 133.6 | 462.2 | 306.1 | 1,052.2 | 203.6 |
| OCSE | 37.4 | 228.0 | 77.1 | 242.9 | 65.1 | 218.6 | 136.9 | 636.8 | 94.3 |
| Development | 93.3 | 134.0 | 174.4 | 187.9 | 68.6 | 243.6 | 169.2 | 415.4 | 109.3 |
| Investments in Public Enterprises | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Surplus or deficit (-), excl. transfer | 1,569.6 | 2,441.0 | 1,115.9 | 216.3 | 418.0 | -117.9 | -210.5 | -365.5 | 703.8 |
| Memorandum Items | | | | | | | | | |
| Oil & gas sector revenues | 2606.4 | 3659.0 | 2216.3 | 2069.5 | 1235.4 | 1337.9 | 1099.2 | 1917.3 | 1619.1 |
| Non-oil sector revenues | 172.8 | 219.0 | 133.7 | 290.5 | 225.3 | 178.6 | 203.2 | 138.6 | 370.6 |
| Oil & gas sector (in % of total revenues) | 93.8 | 94.4 | 94.3 | 87.7 | 84.6 | 88.2 | 84.4 | 93.3 | 81.4 |
| Non-oil sector revenues (in % of total revenues) | 6.2 | 5.6 | 5.7 | 12.3 | 15.4 | 11.8 | 15.6 | 6.7 | 18.6 |

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

| Table B: Central Bank Survey (Brunei Currency and Monetary Board) | | | |
|--|----------|----------|----------|
| <i>Millions of Brunei Dollars</i> | Apr-10 | May-10 | Jun-10 |
| Net Foreign Assets | 1531.136 | 1418.958 | 1447.213 |
| Claim On Nonresidents | 1981.683 | 1879.095 | 1908.382 |
| Liabilities To Nonresidents | -450.548 | -460.137 | 461.1691 |
| Claim On Other Depository Corporations | 572.4312 | 572.6979 | 574.7304 |
| Net Claim On Central Government | -271.502 | -271.766 | -268.096 |
| Claims On Central Government | 0.791982 | 0.792742 | 0.799173 |
| Liabilities To Central Government | -272.294 | -272.559 | 268.8956 |
| Claims On Other Sectors | 0.000 | 0.000 | 0.000 |
| Claims On Other Financial Corporation | 0.000 | 0.000 | 0.000 |
| Claims On State and Local Government | 0.000 | 0.000 | 0.000 |
| Claims On Public Nonfinancial Corporations | 0.000 | 0.000 | 0.000 |
| Claims On Private Sector | 0.000 | 0.000 | 0.000 |
| Monetary Base | 1579.826 | 1626.267 | 1619.722 |
| Currency In Circulation | 916.003 | 943.6158 | 939.3041 |
| Liabilities To Other Depository Corporations | 663.8231 | 682.6513 | 680.4176 |
| Liabilities To Other Sectors | 0.000 | 0.000 | 0.000 |
| Other Liabilities To Other Depository Corporations | 0.000 | 0.000 | 0.000 |
| Deposit and Securities Other Than Shares Excluded From Monetary Base | 0.000 | 0.000 | 0.000 |
| Deposits Included In Broad Money | 0.000 | 0.000 | 0.000 |
| Securities Other Than Shares Included In Broad | 0.000 | 0.000 | 0.000 |
| Deposits Excluded From Broad Money | 0.000 | 0.000 | 0.000 |
| Securities Other Than Shares Excluded From Broad Money | 0.000 | 0.000 | 0.000 |
| Loans | 0.000 | 0.000 | 0.000 |
| Financial Derivatives | 0.000 | 0.000 | 0.000 |
| Shares and Other Equity | 134.8664 | 145.9964 | 154.0934 |
| Other Items (Net) | -19.9589 | -20.1265 | -19.9685 |

Source: Brunei Currency and Monetary Board, Ministry of Finance

| Table C: Depository Corporations Survey | | | |
|--|------------|------------|------------|
| <i>Millions of Brunei Dollars</i> | Apr-10 | May-10 | Jun-10 |
| Net Foreign Assets | 9,337.11 | 8,507.59 | 10,466.20 |
| Claims On Nonresidents | 10,210.06 | 9,331.35 | 11,308.33 |
| Liabilities To Nonresidents | -872.947 | -823.75503 | -842.13194 |
| Domestic Claims | 5,867.217 | 6274.1166 | 5289.047 |
| Net Claims On Central Government | -1,106.404 | -741.94195 | -1762.7151 |
| Claims On Central Government | 176.267 | 209.42085 | 216.54527 |
| Liabilities To Central Government | -1282.67 | -951.36 | -1979.26 |
| Claims On Other Sectors | 6,898.047 | 6947.2884 | 6986.8424 |
| Claims On Other Financial Corporations | 18.159 | 17.98014 | 18.22769 |
| Claims On State and Local Government | 0.000 | 0.000 | 0.000 |
| Claims On Public Nonfinancial Corporations | 57.414 | 50.79 | 46.692 |
| Claims On Private Sector | 6,898.047 | 6947.2884 | 6986.8424 |
| Broad Money Liabilities | 12,576.949 | 12139.489 | 12969.014 |
| Currency Outside Depository Corporations | 764.890 | 781.30039 | 777.59838 |
| Transferable Deposits | 2,800.506 | 2775.3893 | 2960.2775 |
| Other Deposits | 9,011.553 | 8582.7995 | 9231.1382 |
| Securities Other Than Shares | 0.000 | 0.000 | 0.000 |
| Deposits Excluded From Broad Money | 0.000 | 0.000 | 0.000 |
| Securities Other Than Shares Excluded From Broad Money | 0.000 | 0.000 | 0.000 |
| Loans | 0.000 | 0.000 | 0.000 |
| Financial Derivatives | 0.000 | 0.000 | 0.000 |
| Insurance Technical Reserves | 0.000 | 0.000 | 0.000 |
| Shares and Other Equity | 2,010.055 | 2039.6061 | 2123.2613 |
| Other Items (Net) | 609.657 | 595.11043 | 655.77711 |

Source: Brunei Currency and Monetary Board, Ministry of Finance

| Table D: Monetary Aggregates and Broad Money Components | | | |
|--|---------------|---------------|---------------|
| <i>Millions of Brunei Dollars</i> | Apr-10 | May-10 | Jun-10 |
| M0 | 916.003 | 943.616 | 939.304 |
| Money | 3565.396 | 3556.690 | 3737.876 |
| Quasi Money | 9011.553 | 8582.799 | 9231.138 |
| Broad Money | 12576.949 | 12139.489 | 12969.014 |
| Broad Money Components | | | |
| Currency outside banks | 764.890 | 781.300 | 777.598 |
| Demand deposits | 2800.506 | 2775.389 | 2960.278 |
| Money | 3565.396 | 3556.690 | 3737.876 |
| Fixed deposits, savings & other deposits | 9011.553 | 8582.799 | 9231.138 |

Source: Brunei Currency and Monetary Board, Ministry of Finance

GLOSSARY

Broad Money: Comprises of money and quasi money.

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

Depository Corporation (DC): Comprises of central bank and other depository corporations.

MO: Comprises of currency in circulation.

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

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

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

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

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

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

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