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EXECUTIVE SUMMARY

In Q3 09, the Government experienced a fiscal deficit of B\$117.9 million due to a significant increase in Total Expenditure of 56.8 percent q-o-q to B\$1,634.4 million which offset the increase in Total Government Revenue of 3.9 percent q-o-q. The Oil & Gas Sector continued to be the main source of income for the nation, contributing B\$1,337.9 million to Total Government Revenue while revenue from the Non-Oil & Gas Sector stood at B\$178.5 million.

On the monetary front, Brunei Darussalam continued its endeavour to develop its capital market by further issuing five series of Sukuk Al-Ijarah. As of Q3 09, the aggregate amount of Sukuk Al-Ijarah issued since the maiden offering in April 2006 was B\$1.880 billion. On foreign exchange, the Brunei Dollar remained strong against the US Dollar as well as other major Asian currencies and recovered against the Pound Sterling. However, it weakened against other currencies namely, the Euro, the Australian Dollar, the Japanese Yen and the Indonesian Rupiah. Currency in circulation increased marginally by 1.5 percent to B\$883.3 million. Broad money increased by 2.2 percent while quasi money decreased by 3.7 percent.

In the banking sector, Total Banking Assets fell by 1.1 percent q-o-q to B\$16.4 billion with Total Deposits also declining by 1.2 percent to B\$13.0 billion. Total Loans remained unchanged q-o-q. In terms of asset quality, Total Non-Performing Loans ratio stood at 10.72. The Insurance and Takaful industry saw a marginal decrease in Total Assets of 1.8 percent q-o-q, whereas Total Gross Premiums and Total Gross Claims increased by 16.4 percent and 5.5 percent q-o-q respectively.

GLOBAL ECONOMIC REVIEW

There was a marked improvement in sentiment over the quarter as brighter economic data showed a slower pace of contraction across many regions. Evidence of spikes in private spending in developed economies became apparent as the effects of various fiscal measures come into play. Capital expenditure has remained subdued whilst exerting sustained and significant downward pressure on costs and prices. Oil prices rebounded to an average of US\$68.14 per barrel thereby counteracting, to some extent, the downward inflationary pressures.

The United States economy grew by 2.2 percent q-o-q due to major improvements in production. Overseas sales lifted as a result of global stimulus of more than \$2 trillion and a cheaper dollar. The housing market gave out mixed signals over the quarter. On the positive side, pending sales of existing homes picked up in September as Americans rushed to meet deadlines for home-buyer tax credits, before it expired on 20th November 2009. Labour market remained bleak as the unemployment rate escalated to 9.8 percent. Consumer Price Index (CPI) inflation rate increased marginally to -1.3 percent. Consumer activity remained anaemic, whereby consumer credit fell as banks tightened lending standards and consumers continued to deleverage. The ongoing weak environment did not see the Federal Reserve rushing to tighten policy as they maintained overnight rates at the 0 - 25 bps range.

The Eurozone emerged from recession with a modest growth of 0.4 percent q-o-q. There were further improvements in the services and manufacturing industries. Consumer spending remained weak and bank lending continued to tighten. Unemployment registered a record high at 9.7 percent. The Eurozone inflation rate measured in Annualised Harmonised Index of Consumer Prices fell further to - 0.55 percent. The European Central Bank maintained its overnight rates at 1.0 percent.

The UK economy contracted at a slower rate of -0.3 percent q-o-q due to a rise in construction and fixed investment. Private consumption came in flat from the previous quarter, while net exports continued to subtract from growth as the hike in imports exceeded a small rise in exports. The improvement in consumption and investment was largely at the back of its fiscal stimulus and Government outlays. The car scrappage scheme had its biggest impact in Q3 09. Fundamentally, household balance sheets were still strained. Job losses continued its upturn. The Bank of England maintained the £200bn Quantitative Easing programme in this quarter.

	2008			2009		
	Q2	Q3	Q4	Q1	Q2	Q3
United States	1.5	-2.7	-5.4	-6.4	-0.7	2.2
Euro	-0.3	-0.4	-1.9	-2.5	-0.1	0.4
United Kingdom	-0.1	-0.7	-1.8	-2.5	-0.6	-0.3
Japan	-2.1	-1.0	-2.7	-3.1	0.7	-0.1

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

The Japanese economy contracted by 0.1 percent q-o-q despite the positive q-o-q growths of exports by 6.4 percent and private consumption by 0.7 percent arising primarily from the fiscal stimulus. Japan's CPI continued to register deflation of -2.2 percent y-o-y in September, reflecting the widening output gap and base effects related to energy prices. The Bank of Japan (BoJ) maintained its target for overnight rates at 0.1 percent.

China's GDP grew by 8.9 percent y-o-y in Q3 09. Consumer spending picked up, with demand for items such as cars booming as a result of tax breaks on automobile sales. Industrial production growth accelerated to 13.9 percent y-o-y. Output was bolstered by real demand instead of restocking as the fixed assets investment and retail numbers picked up. The decline in CPI moderated to -0.8 percent y-o-y in September. The Chinese Government has emphasized that real austerity measures will be introduced to control investment growth and credit expansion.

Slight improvements were observed in the ASEAN region. In Thailand, the y-o-y private consumption index displayed moderation in its decline and its manufacturing production index expanded for the first time in 11 months by 0.4 percent y-o-y. The decline in external trade also appeared to have eased somewhat. This optimism led the Bank of Thailand to raise its growth forecast for growth in 2010 to between 3.3 - 5.3 percent from a previous 3.0-5.0 percent. Bank Negara Malaysia remained cautious and kept their rate at a record low of 2 percent in order to support growth as the Malaysian government plans to cut spending to reduce its budget deficit. On its external front, trade slumped towards the end of Q3 09, partially spared by exports to China. In the Philippines, the resilience of overseas remittances and Foreign Direct Investments continued to support growth. However, budget strains became more of a concern as the deficit reached Peso 27.5 billion, exceeding the Government's expectations.

In the Newly Industrialized Economies, namely Hong Kong, Singapore and Taiwan, economic data highlighted further green shoots of recovery. Q3 09 advance estimates showed growth of 0.8 percent y-o-y in Singapore, however there was apparent softness in industrial production and exports. Both Taiwan and Hong Kong grew more solidly due to active domestic activity amid improving labour market and inbound tourism.

FISCAL SECTOR DEVELOPMENTS

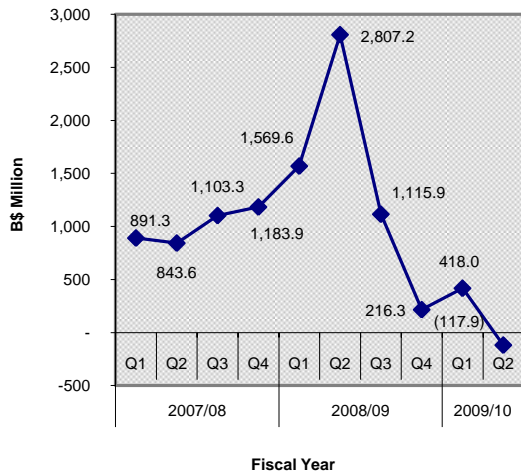
OVERVIEW

- Fiscal deficit was recorded at B\$117.9 million.
- Total Government Revenue increased by 3.9 percent q-o-q to B\$1,516.5 million.
- Total Government Expenditure increased by 56.8 percent q-o-q to B\$1,634.4 million.
- Tax Revenue increased by 40.8 percent q-o-q.
- Non-Tax Revenue decreased by 35.1 percent q-o-q.
- Current Expenditure increased by 29 percent q-o-q to B\$1,172.2 million.
- Capital Expenditure increased by 245.8 percent q-o-q to B\$462.2 million.

FISCAL POSITION

In Q2 FY 09/10, the Government experienced a fiscal deficit of B\$117.9 million as a result of an increase in Total Expenditure by 56.8 percent q-o-q which offset the increase in Total Revenue of 3.9 percent q-o-q.

Figure 2.1: Surplus/Deficit Balances

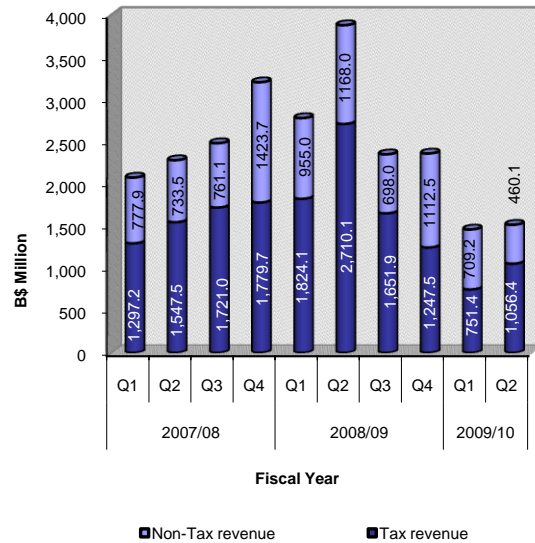


Source: Treasury Department, Ministry of Finance

GOVERNMENT REVENUE

In Q2 FY 09/10, Total Government Revenue recorded at B\$1,516.5 million, an increase of 3.9 percent q-o-q. Tax Revenue increased by 40.8 percent q-o-q while Non-Tax Revenue decreased by 35.1 percent q-o-q. As shown in Figure 2.2, Tax Revenue collected amounted to B\$1,056.4 million while B\$460.1 million was collected for Non-Tax Revenue.

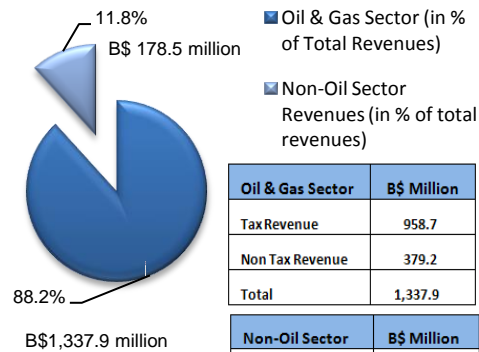
Figure 2.2: Tax Revenue & Non-Tax Revenue, Q1 FY2007/08 – Q2 FY2009/10



Source: Treasury Department, Ministry of Finance

As shown in Figure 2.3, the Oil & Gas Sector continued to play a major role in generating income registering at B\$1,337.9 million, 88.2 percent q-o-q of Total Government Revenue. The Non-Oil Sector contributed 11.8 percent q-o-q of the Total Government Revenue amounting to B\$178.5 million.

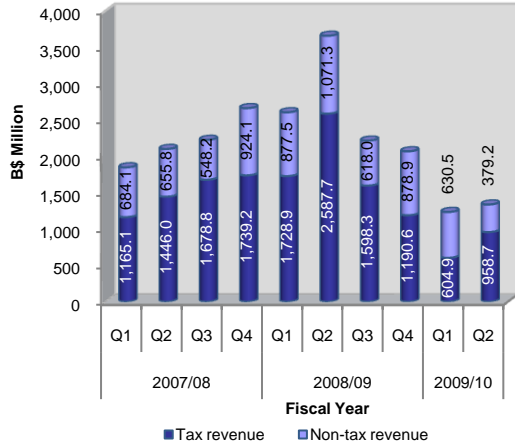
Figure 2.3 Percentage Proportion of Total Revenue Q2 2009/10



Source: Treasury Department, Ministry of Finance

In Figure 2.4, Tax Revenue from the Oil & Gas Sector increased by 58.5 percent q-o-q to B\$958.7 million while Non-Tax Revenue from the said sector fell by 39.9 percent q-o-q to B\$379.2 million.

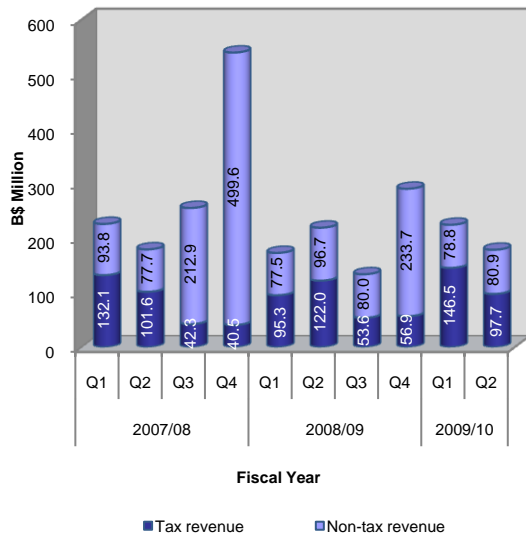
Figure 2.4: Tax and Non-Tax Revenue from the Oil & Gas Sector, Q1 FY2007/08- Q2 FY2009/10



Source: Treasury Department, Ministry of Finance

Tax Revenue from the Non-Oil Sector decreased by 32.9 percent q-o-q amounting to B\$97.7 million while Non-Tax Revenue collected increased by 2.5 percent q-o-q amounting to B\$80.9 million.

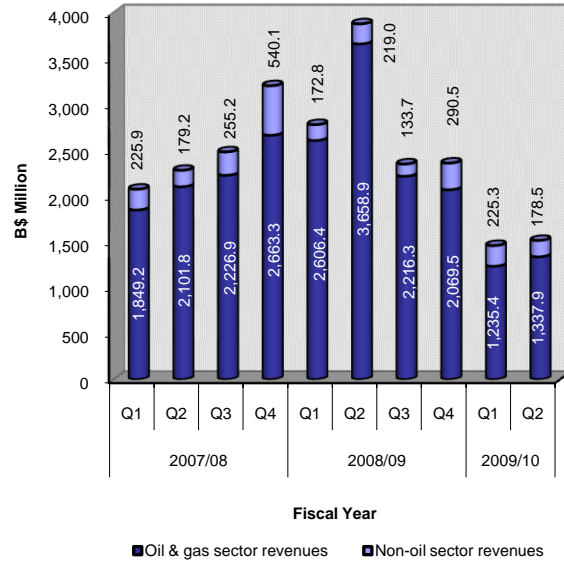
Figure 2.5: Tax & Non-Tax Revenue from Non-Oil Sector Revenue, Q1 FY2007/08s – Q2 FY2009/10



Source: Treasury Department, Ministry of Finance

As shown in Figure 2.6, revenue from the Oil and Gas Sector increased by 8.3 percent from B\$1,235.4 million to B\$1,337.9 million while the Non-Oil Sector decreased by 20.7 percent from B\$225.3 million to B\$178.5 million.

Figure 2.6: Oil & Non-Oil Sector Revenues, Q1 FY2007/08 – Q2 FY2009/10



Source: Treasury Department, Ministry of Finance

Overall, Total Government Revenue collected for Q2 FY 09/10 was higher by 51.6 percent than estimated.

Table 2.1 : Budgeted & Actual Revenue Comparison

	Budgeted Revenue per quarter (B\$ million)	Actual Revenue (B\$ million)	Proportion of Revenue Collected
			Q2 09/10 (%)
Total Revenue	1,000.1	1,516.5	151.6
Tax Revenue	628.0	1,056.36	168.2
Non-Tax Revenue	372.1	460.09	123.9

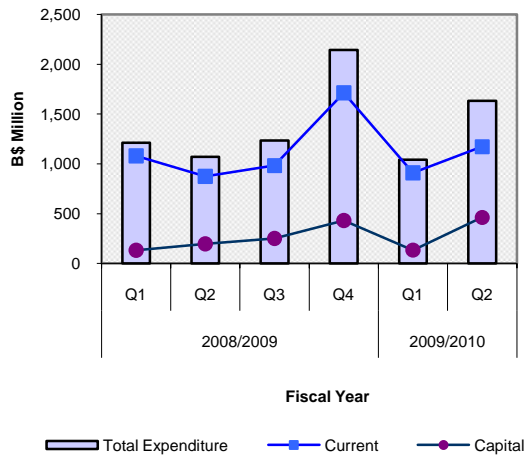
	Budgeted Revenue (FY 09/10)	Actual Revenue (Q2 2009/10)	Proportion of Revenue Collected
			(%)
Total Revenue	4,000.4	1,516.5	37.9
Tax Revenue	2,512.0	1,056.4	42.1
Non-Tax Revenue	1,488.4	460.1	30.9

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

GOVERNMENT EXPENDITURE

Total Government Expenditure increased by 56.8 percent q-o-q to B\$1,634.4 million in Q2 FY 09/10. All components of Total Government Expenditure recorded significant increases, in particular, the Capital Expenditure.

Figure 2.6: Government Expenditure, Q1 FY08/09 – Q3 FY09/10



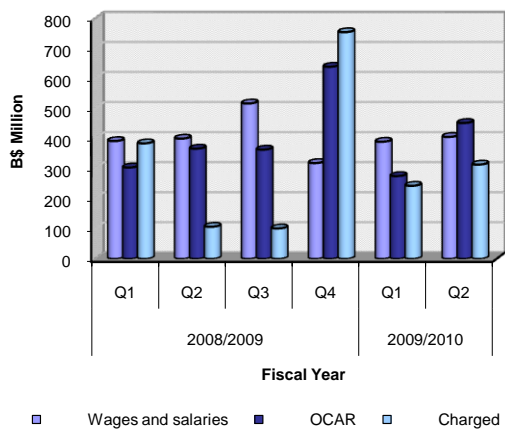
Source: Treasury Department, Ministry of Finance

Current Expenditure

Current Expenditure registered an increase of 29.0 percent q-o-q to B\$1,172.2 million. Other Charges Annually Recurrent (OCAR) represented the largest portion of Total Current Expenditure at 38.6 percent amounting to B\$452.4 million, an increase of 64.1 percent q-o-q.

Wages and Salaries contributed 34.6 percent of the Total Current Expenditure showing an increase of 4.1 percent q-o-q. Charged Expenditure amounted to 26.8 percent of the Total Current Expenditure, an increase of 29.0 percent to B\$313.9 million from B\$243.4 million in Q1 FY 09/10.

Figure 2.7: Actual Current Expenditure (Wages & Salaries, OCAR & Charged) Q1 FY08/09 – Q2 FY09/10



Source: Treasury Department, Ministry of Finance

Table 2.2: Budgeted & Actual Current Expenditure Comparison

	Budgeted Current Exp	Actual Current Exp	Proportion of Budget Utilised (in Percent)
Q2 09/10			
Current Expenditure	1,003.2	1,172.2	116.8
Wages & Salaries	446.8	406.0	90.9
OCAR	389.1	452.4	116.3
Charged	167.3	313.9	187.6

Source: Expenditure Division and Treasury Department, Ministry of Finance

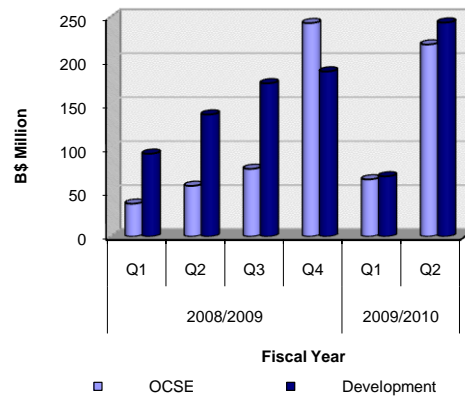
B\$4,012.8 million was allocated for FY 09/10 of which 51.9 percent was already utilised in the first half of the fiscal year. Current Expenditure for Q2 FY09/10 is as shown in Table 2.2.

Capital Expenditure

Capital Expenditure increased by more than two-fold to B\$462.2 million reflected by the significant increases in Other Charges Special Expenditure (OCSE) and Development Expenditure by 235.8 percent and 255.3 percent respectively (Figure 2.8). These increases were mainly due to payments made for completed Government projects that were executed in the previous quarter.

Overall, approximately 36.3 percent of the budgeted Capital Expenditure of B\$1,642.2 million for FY 09/10 has been utilised as of end of Q2 FY 09/10.

Figure 2.8: Actual Capital Expenditure (OCSE & Development) Q1 FY08/09 – Q2 FY09/10



Source: Treasury Department, Ministry of Finance

Table 2.3: Budgeted & Actual Capital Expenditure Comparison

	Budgeted Capital Exp	Actual Capital Exp	Proportion of Budget Utilised (in Percent)
Q2 09/10			
Capital Expenditure	410.5	462.2	112.6
Development	262.5	243.6	92.8
OCSE	148.0	218.6	147.7

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

MONETARY & FINANCIAL SECTOR DEVELOPMENTS

OVERVIEW

- The aggregate amount of Sukuk Al-Ijarah issued since April 2006 was B\$1.880 billion.
- Broad money increased by 2.2 percent.
- Narrow money expanded by 10.5 percent.
- Quasi money declined by 3.7 percent.
- Total Banking Assets declined 1.1 percent.
- Total Deposits decreased by 1.2 percent.
- Average NPL ratio is 10.7 percent.
- Total Assets in the Insurance and Takaful Industry decreased by 1.8 percent.

MONETARY DEVELOPMENTS

i. Government Short Term Sukuk Al-Ijarah

Five series of Government Short Term Sukuk Al-Ijarah were issued in Q3 09 of which four had a maturity of 91 days, and one had a maturity of 364 days. The aggregate amount of the Sukuk Al-Ijarah issued since the maiden offering in April 2006 up to Q3 09 stood at B\$1.880 billion.

Table 3.1: Issuance of Government Sukuk Al-Ijarah

Series	Issuance (B\$m)	Terms (days)	Issuance Date	Maturity Date	Rental Yield (p.a)
33	45	91	9 Jul 09	8 Oct 09	0.30%
34	50	364	30 Jul 09	29 Jul 10	0.45%
35	25	91	13 Aug 09	12 Nov 09	0.33%
36	32	91	27 Aug 09	26 Nov 09	0.30%
37	38	91	17 Sep 09	17 Dec 09	0.35%

Source: Brunei Currency and Monetary Board, Ministry of Finance

ii. Foreign exchange

Table 3.2: Brunei Dollar Against Selected Currencies

	Q3 2008 End Of Period	Q2 2009 End Of Period	Q3 2009 End Of Period
B\$ to 1 unit of Foreign Currency			
US Dollar	1.4314	1.4498	1.4141
Pound Sterling	2.5775	2.4129	2.2662
Euro	2.0558	2.0464	2.0674
Australian Dollar	1.1445	1.1761	1.2431
B\$ to 100 unit of Foreign Currency			
Hong Kong Dollar	18.43	18.71	18.25
Indonesian Rupiah	0.015179	0.014182	0.014608
Japanese Yen	1.3732	1.5115	1.5752
Philippine Peso	3.0288	3.0091	2.9833
Thai Baht	4.2044	4.2616	4.2168

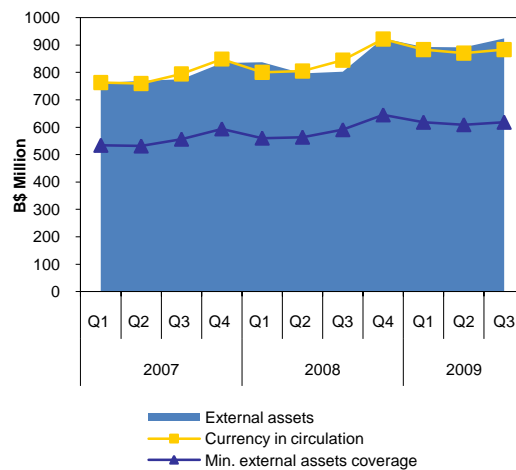
Source : The Brunei Association of Banks

The Brunei Dollar continued to strengthen against the US Dollar (2.5 percent) and it also picked up against the Pound Sterling (6.1 percent). The Euro and the Australian Dollar, however, continued to appreciate against the Brunei Dollar (-1 percent and -5.7 percent respectively). The Japanese Yen also posted signs of strengthening against the Brunei Dollar (-4.2 percent).

Against the regional currencies, the Brunei Dollar strengthened against the Hong Kong Dollar (2.46 percent), the Philippine Peso (0.9 percent), and the Thai Baht (1.1 percent). On the other hand, it weakened against the Indonesian Rupiah (-3 percent).

iii. Monetary Aggregates

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

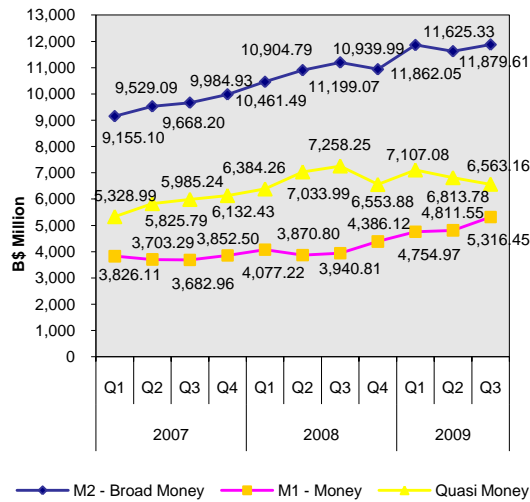


Source: Brunei Currency and Monetary Board, Ministry of Finance

Currency in Circulation (M0)¹ went up slightly by 1.5 percent q-o-q to B\$883.3 million. This was due to the increased spending during the festive season celebrating the birthday of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in the month of July as well as the Eid celebration in September after the fasting month of Ramadan. The External Assets of B\$923.8 million provided more than 100 percent coverage to the Currency in Circulation. At the same time, Liquid Assets coverage of 47.6 percent was also above the statutory requirement of 30.0 percent.

¹ M0 = Currency in circulation outside BCMB

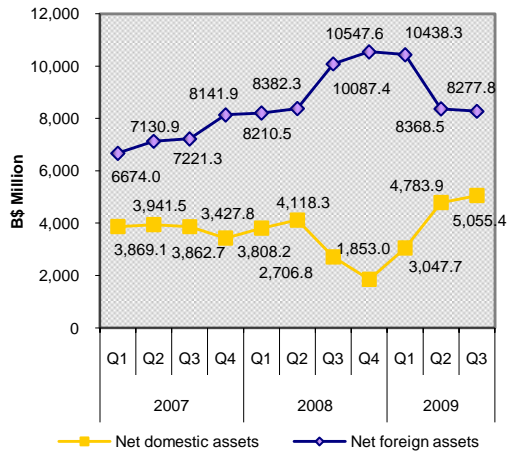
Figure 3.2: Monetary Aggregates



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

Net Foreign Assets² of the Depository Corporations³ declined slightly by 1.1 percent q-o-q to B\$8,277.8 million. Domestic Claims⁴, on the other hand, increased by 5.7 percent q-o-q which was due to the decline of Government Deposits in commercial banks by 8 percent q-o-q, thus resulting in the decrease of liabilities to the Government (Government Deposits) by 8 percent. Claims on private sector posted a marginal increase of 0.12 percent.

Figure 3.3: Net Foreign Assets and Domestic Claims



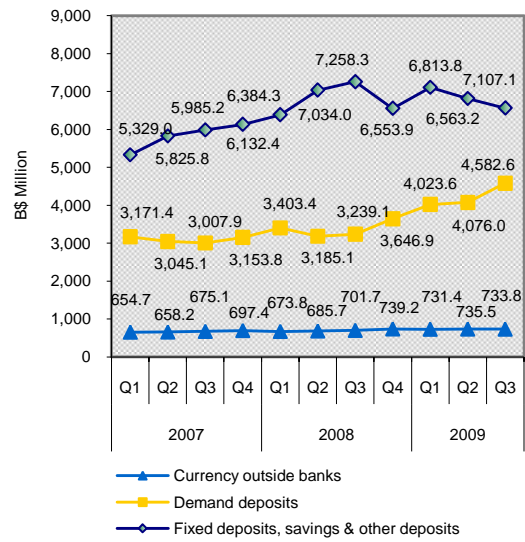
Source: Financial Institutions Division & Brunei Currency and Monetary Board, Ministry of Finance

² Net foreign assets = BCMB net claims on non-residents + Commercial banks net claims on non-residents

³ Depository Corporations = BCMB + Banks + Finance Companies + Trust Fund

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

Figure 3.4: Components of Money and Quasi Money



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

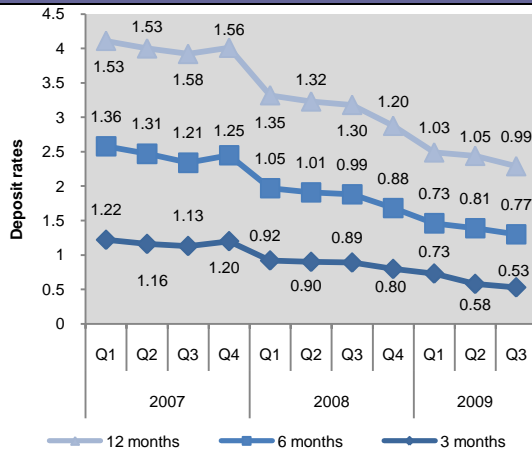
Broad money (M2) has increased by 2.2 percent q-o-q. This was largely contributed to by the increase of Money Supply (M1) by 10.5 percent despite the decline in Quasi Money by 3.7 percent.

DEPOSIT RATES

The Deposit Interest Rates showed a marked decline y-o-y especially for the 3-months term deposit rates. Despite the slight increase of 6-months and 12-months term deposit rates in Q2 09, these rates were lower for Q3 09.

Table 3.3 : % change in Brunei Fixed-Deposit Rates

Months	Q3 2008	Q4 2008	Q2 2009	Q3 2009
3	0.89	0.80	0.58	0.53
6	0.99	0.88	0.81	0.77
12	1.30	1.20	1.05	0.99

Figure 3.5 : Brunei Fixed-Deposit Rates Trends


Source: Financial Institutions Division, Ministry of Finance

FINANCIAL SECTOR DEVELOPMENT

The Authority had issued a notice under Section 66 of the Islamic Banking Order (IBO), 2008 as follows:-

- i) Notice No.2/2009 (IBO) on Maintenance of Statutory Reserve Fund and Distribution of Profits whereby the rationale of this notice is to serve as a capital buffer in addition to paid up and assigned capital of banks to cover potential loss in the Islamic banking business.

BANKING SYSTEM⁵

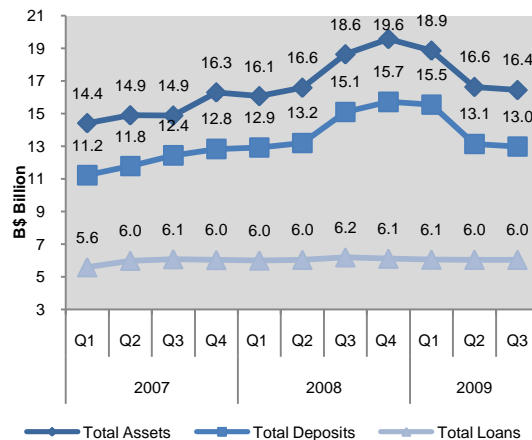
Total Banking Assets declined by 1.1 percent q-o-q from B\$16.6 billion to B\$16.4 billion. The decline was due to the decrease in assets of the foreign banks by 5.3 percent q-o-q although there was an increase recorded by local banks by 3.4 percent q-o-q.

The decrease in Total Assets was represented by a proportionate decrease in Total Deposits of the banking industry by 1.2 percent q-o-q, from B\$13.1 billion to B\$13.0 billion. This was reflected primarily in the foreign bank segment which recorded a decrease of 6.5 percent q-o-q from B\$6.8 billion to B\$6.4 billion, while the local banks recorded an increase of 4.5 percent q-o-q from B\$6.3 billion to B\$6.6 billion.

Total Offshore Deposits also reported a decreasing trend q-o-q of 4.0 percent from B\$7.3 billion to B\$7.0 billion. This was reflected primarily in the foreign bank segment which recorded a decrease of 8.3 percent q-o-q from B\$5.3 billion to B\$4.8 billion.

There was no significant change in the loan trend q-o-q with only a decrease of 0.1 percent to B\$6.04 billion but over the first 9-month period, there was a decrease of 1.1 percent.

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

Figure 3.6: Total Assets, Total Deposits and Total Loans


Source: Financial Institutions Division, Ministry of Finance

The industry's loan to deposit ratio stood at 46.6 percent. However, the local banks have a higher loan to deposit ratio of 60.5 percent which is a decrease from 63.6 percent in Q2 09. The banking sector remained highly liquid, especially the foreign banks which accounted for 65.9 percent of Total Liquid Assets and 69.6 percent of Total Offshore Deposits in the industry.

DIRECTION OF LENDING

Personal Loans remained the highest proportion of Total Loans at 38.2 percent q-o-q. However, this figure has followed a downward trend of 2.0 percent q-o-q and 7.6 percent y-o-y as a result of the Ministry of Finance's loan-capping ratio directive in May 2005.

Table 3.4: Direction of Lending

DIRECTION OF LENDING	Q3 2008	Q2 2009	Q3 2009	y-o-y	
	(in B\$ millions)			(in percent)	
Agricultural	35.2	37.9	37.0	5.1	-2.4
Credit & Financial Institutions	27.6	31.4	32.9	19.2	4.8
Manufacturing	277.8	176.3	176.0	-36.6	-0.2
Transportation	1,007.8	1,063.9	1,066.4	5.8	0.2
Construction	504.1	493.5	512.8	1.7	3.9
General Commerce	593.5	591.5	587.4	-1.0	-0.7
Professional Services	88.8	92.6	92.5	4.2	-0.1
Mortgage/property financing	1,168.1	1,204.0	1,226.7	5.0	1.9
Personal	2,496.6	2,354.6	2,308.0	-7.6	-2.0
Total Loans	6,199.5	6,045.0	6,039.7	-2.6	-0.1

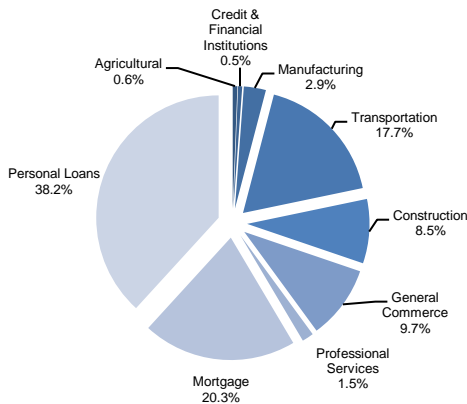
Source: Financial Institutions Division, Ministry of Finance

Property financing against mortgage lending continued to become the second largest loan portfolio which accounted for 20.3 percent of Total Loans. This was mainly attributed by the increase in Home Improvement Loans by 2.7 percent q-o-q. The third largest portfolio was the transportation sector which accounted for 17.7 percent of Total Loans as a result of the increase in automobiles loans.

Credit and Financial Institutions loans showed the highest increase of 19.2 percent y-o-y and 4.8 percent q-o-q. On the other hand, the manufacturing sector showed the steepest decline y-o-y, declining by 36.6 percent. The same trend could be observed q-o-q for the agricultural sector, albeit at a slower rate of 2.4 percent due to the decline in loans to the forestry and lumber sub sector by 45.7 percent q-o-q.

Figure 3.7: Direction of Lending in percent

Direction of Lending as at Q3 2009



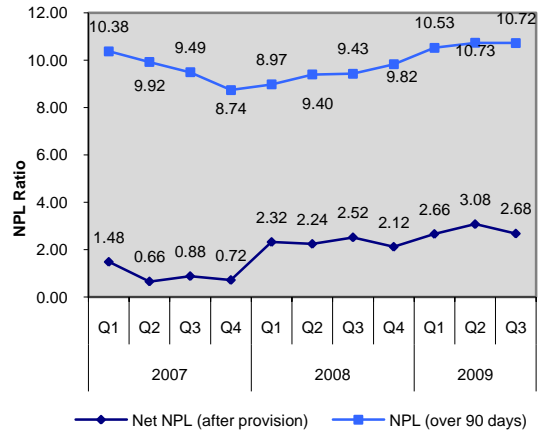
Source: Financial Institutions Division, Ministry of Finance

NON-PERFORMING LOANS

The overall NPL of the Banking industry stood at B\$648.1 million translating to a NPL to total advances ratio of 10.7 percent. There was no material change on quarterly basis and even for the first 9 months period, the increase was only minimal at 0.8 percent. Provision cover for NPL, however, stood at 75.0 percent, an increase of 5 percent from Q2 09. This was due to the introduction of guidelines on the provision of bad and doubtful debts by the Ministry of Finance.

The sectoral concentration of NPL was mainly in the personal loans portfolio which accounted for 84.2 percent of the number of accounts in past due loans over 90 days.

Figure 3.8: NPL percentage



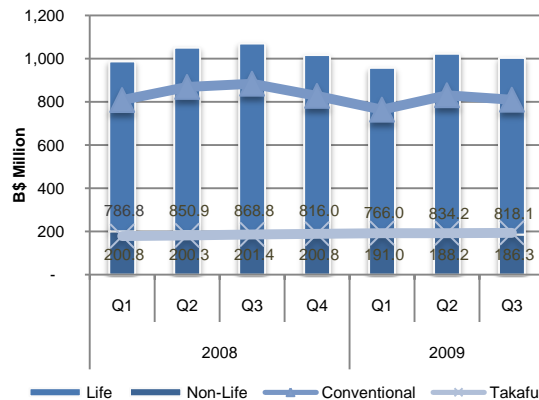
Source: Financial Institutions Division, Ministry of Finance

INSURANCE AND TAKAFUL INDUSTRY

In Q3 09, the Insurance and Takaful industry saw a marginal q-o-q decrease in Total Assets of 1.8 percent, Total Gross Premiums growth of 16.4 percent and an increase of Total Gross Claims of 5.5 percent.

Industry Assets stood at B\$1,004.3 million which was a decrease of 1.8 percent from B\$1,022.4 million in Q2 09. Life Assets represented 81.5 percent of Total Industry Assets and had decreased by 1.9 percent from B\$834.2 million to B\$818.1 million in Q3 09.

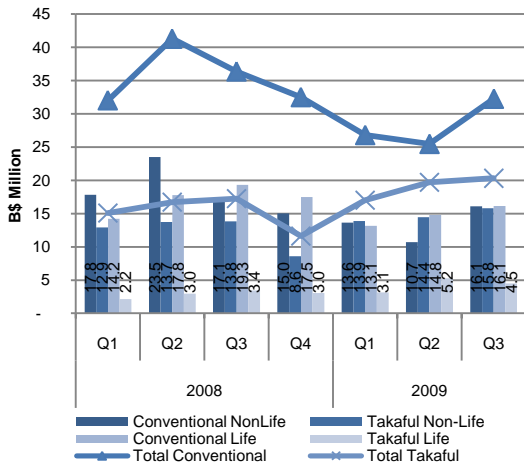
Figure 3.9: Total Assets, Q1 2008 – Q3 2009



Source: Financial Institutions Division, Ministry of Finance

Industry Gross Premiums grew by 16.4 percent from B\$45.1 million in Q2 09 to B\$52.6 million in Q3 09. Non-Life Premiums and Life Premiums increased by 27.0 percent and 3.2 percent respectively.

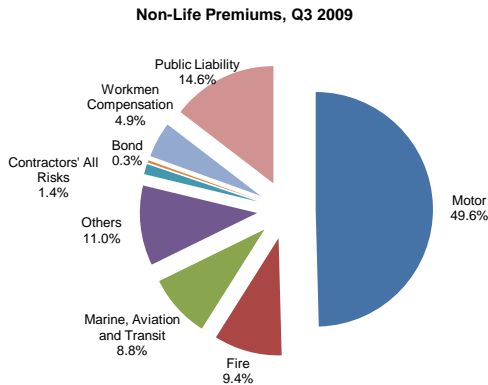
Figure 3.10: Gross Premiums, Q1 2008 – Q3 2009



Source: Financial Institutions Division, Ministry of Finance

Public Liability and Others Business segment written during the period recorded the highest increases at 207.9 percent and 80.9 percent respectively. The Motor business segment accounted for nearly half of the entire Non-Life Premiums at B\$15.8 million (49.6 percent) followed by Public Liability at B\$4.6 million (14.6 percent); Others at B\$3.5 million (11.0 percent); Fire at B\$2.8 million (9.4 percent); and Marine, Aviation and Transit at B\$2.8 million (8.8 percent).

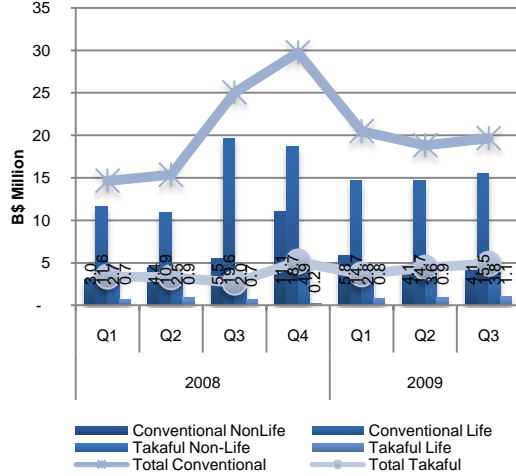
Figure 3.11: Non-Life Gross Premiums Percentage, Q3 2009



Source: Financial Institutions Division, Ministry of Finance

Industry Gross Claims recorded an increase of 5.5 percent from B\$23.2 million to B\$24.5 million in Q3 09. Non-Life Claims and Life Claims increased by 3.2 percent and 6.7 percent, respectively.

Figure 3.12: Gross Claims, Q1 2008 – Q3 2009

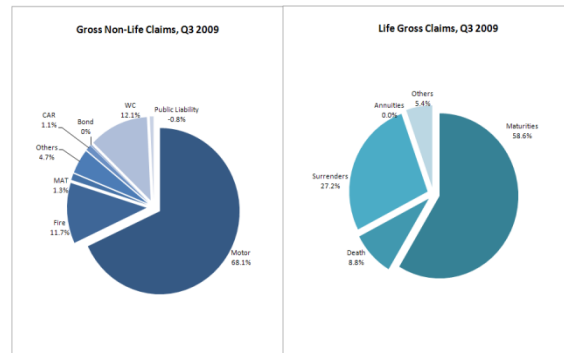


Source: Financial Institutions Division, Ministry of Finance

Motor Claims represented the majority of Non-Life Claims at 69.2 percent and it increased by 13.5 percent q-o-q from B\$4.8 million in Q2 09 to B\$5.4 million in Q3 09. This was followed by Workmen Compensation Claims at B\$0.97 million (12.3 percent) which had increased by 326.4 percent from B\$0.23 million in Q2 09. Fire Claims stood at B\$0.94 million (11.9 percent), a decrease of 52.2 percent from B\$ 1.9 million in Q2 09.

Meanwhile in Life Business, Maturities continued to be the main bulk of Total Life Claims at B\$9.7 million (58.6 percent); followed by Surrenders at B\$4.5 million (27.2 percent); Death at B\$1.5 million (8.8 percent); and Others at B\$0.9 million (5.4 percent).

Figure 3.13: Gross Claims Percentage, Q3 2009



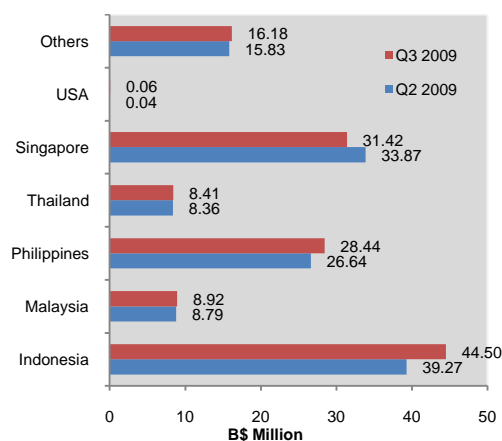
Source: Financial Institutions Division, Ministry of Finance

MONEY REMITTANCE

Total outward remittance in Q3 09 amounted to B\$137.80 million, an increase of 3.8 percent q-o-q. The increase was due to the rise in remittances made to the United States of America (53.8 percent); Australia (28.2 percent); Indonesia (13.3 percent); Philippines (6.8 percent); Others (2.2 percent); Malaysia (1.5 percent); and Thailand (0.6 percent). However, the remittances made to Singapore fell by -7.2 percent.

The top destination for outward remittance continued to be Indonesia followed by Singapore and the Philippines.

Figure 3.14: Total Money Remitted



MONEY REMITTED	Q3 2008	Q2 2009	Q3 2009
Total (in B\$m)	127.3	132.8	137.8
% Change	8.2% (y-o-y)	-	3.8% (q-o-q)

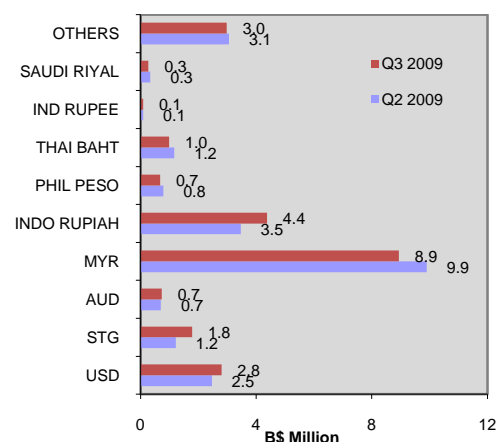
Source: Financial Institutions Division, Ministry of Finance

FOREIGN CURRENCY EXCHANGE

The total amount of Foreign Currency bought in Q3 09 was B\$23.7 million recording an increase of 2.2 percent q-o-q, but a decrease of 14.7 percent y-o-y. Such increase was caused by the increase in the purchase of Pound Sterling (46.8 percent); Indonesian Rupiah (26.0 percent); United States Dollar (13.8 percent); and Australian Dollar (4.5 percent).

Although such increases were recorded in the major currencies purchased, decreases were observed in Saudi Riyal (19.3 percent); Thai Baht (15.6 percent); Philippine Peso (13.8 percent); Malaysian Ringgit (9.7 percent); Others (2.6 percent).

Figure 3.15: Buying of Foreign Currencies



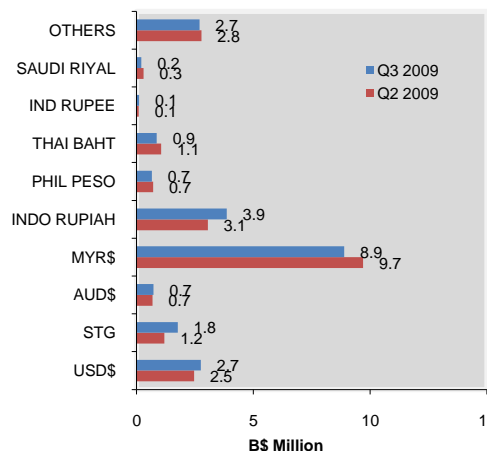
BUYING	Q3 2008	Q2 2009	Q3 2009
Total (in B\$m)	27.8	23.2	23.7
% Change	-14.7% (y-o-y)	-	2.2% (q-o-q)

Source: Financial Institutions Division, Ministry of Finance

Foreign currencies sold amounted to B\$22.5 million in Q3 09, an increase of 2.3 percent q-o-q. Only marginal increases were observed for foreign currencies sold in this quarter due to the decline in sales of the Saudi Riyal (32.5 percent); Thai Baht (18.0 percent); Malaysian Ringgit (8.4 percent); Philippine Peso (7.2 percent), and Others (3.1 percent).

Despite the slowdown in sales of some currencies, a number of foreign currencies still recorded an increase in sales namely the Pound Sterling (48.2 percent); Indonesian Rupiah (26.3 percent); Indian Rupee (20.2 percent); United States Dollar (11.8 percent) and also Australian Dollar (5.6 percent).

Figure 3.16: Selling of Foreign Currencies



SELLING	Q3 2008	Q2 2009	Q3 2009
Total (in B\$m)	26.7	22.0	22.5
% Change	-15.7% (y-o-y)	-	2.3% (q-o-q)

Source: Financial Institutions Division, Ministry of Finance

TABLE A : Brunei Darussalam - FISCAL INDICATORS (Fiscal Position)										
	2007/08				2008/09				2009/10	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
(B\$ MILLION)										
Total Revenue	2,075.1	2,281.0	2,482.1	3,203.4	2,779.2	3,878.1	2,349.9	2,360.1	1,459.7	1,516.5
<i>Tax Revenue</i>	1,297.1	1,547.5	1,721.0	1,779.7	1,824.1	2,710.1	1,651.9	1,247.4	751.4	1,056.4
Oil & Gas sector	1,165.1	1,446.0	1,678.8	1,739.2	1,728.9	2,587.7	1,598.3	1,190.6	604.9	958.7
Non-oil sector	132.0	101.6	42.3	40.5	95.3	122.5	53.6	56.9	146.5	97.7
<i>Non-tax revenue</i>	777.9	733.5	761.1	1,423.7	955.0	1,168.0	698.0	1,112.5	709.2	460.1
Oil & Gas sector	684.1	655.8	548.2	924.1	877.5	1,071.3	618.0	878.9	630.5	379.2
Non-oil sector	93.8	77.7	212.9	499.6	77.5	96.7	80.0	233.7	78.8	80.9
Total Expenditure	1,183.8	1,437.5	1,378.8	2,019.5	1,212.8	1,070.9	1,234.1	2,143.8	1,042.6	1,634.4
<i>Current Expenditure</i>	1,029.8	1,075.8	1,187.6	1,584.3	1,081.1	874.4	982.6	1,713.0	909	1,172.2
Wages and salaries	388.1	384.4	510.7	399.9	392.2	400.3	517.2	319.0	389.9	406.0
OCAR	332.8	349.1	326.6	767.3	304.3	367.0	363.8	639.5	275.7	452.4
Charged	308.9	342.3	350.3	417.1	384.6	107.1	101.7	754.5	243.4	313.9
<i>Capital Expenditure</i>	154.0	361.6	191.2	435.2	131.7	196.6	251.5	430.8	133.6	462.2
OCSE	45.7	228.0	61.3	198.6	37.4	57.7	77.1	242.9	65.1	218.6
Development	108.2	133.7	130.0	236.6	94.24	138.9	174.4	187.9	68.6	243.6
<i>Investments in Public Enterprises</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Surplus or deficit (-), excl. transfer	891.3	843.6	1,103.3	1,183.9	1,566.4	2,807.2	1,115.9	216.3	418.0	(117.9)
Memorandum items										
Oil & gas sector revenues	1,849.2	2,101.8	2,226.9	2,663.3	2,606.4	3,658.9	2,216.3	2,069.5	1,235.4	1,337.9
Non-oil sector revenues	225.9	179.2	255.2	540.1	172.8	219.2	133.7	290.5	225.3	178.6
Oil & gas sector (in % of total revenues)	89.1	92.1	89.7	83.1	93.8	94.4	94.3	87.7	84.6	88.2
Non-oil sector revenues (in % of total revenues)	10.9	7.9	10.3	16.9	6.2	5.6	5.7	12.3	15.4	11.8

Source: Expenditure Division, Treasury Department, Ministry of Finance

Table B: Central Bank Survey				
	<i>Millions of Brunei Dollars</i>	Jul-09	Aug-09	Sept-09
Net Foreign Assets		1,255.492	1,335.487	1,361.809
Claim On Nonresidents		1,285.092	1,797.522	1,753.690
Liabilities To Nonresidents		-29.600	-462.035	-391.881
Claim On Other Depository Corporations		701.473	535.093	540.298
Net Claim On Central Government		-269.905	-268.820	-268.639
Claims On Central Government		0.700	0.889	0.844
Liabilities To Central Government		270.605	269.709	269.483
Claims On Other Sectors		0.000	0.000	0.000
Claims On Other Financial Corporation		0.000	0.000	0.000
Claims On State and Local Government		0.000	0.000	0.000
Claims On Public Nonfinancial Corporations		0.000	0.000	0.000
Claims On Private Sector		0.000	0.000	0.000
Monetary Base		1,597.910	1,511.349	1,546.071
Currency In Circulation		885.287	871.474	883.246
Liabilities To Other Depository Corporations		712.624	639.875	662.825
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		108.773	109.761	111.804
Other Items (Net)		-19.624	-19.350	-24.408

Source: Brunei Currency and Monetary Board, Ministry of Finance

Table C: Depository Corporations			
<i>Millions of Brunei Dollars</i>	Jul-09	Aug-09	Sept-09
Net Foreign Assets	7,843.037	7,306.684	8,277.834
Claims On Nonresidents	8,315.664	8,210.579	9,088.491
Liabilities To Nonresidents	-472.627	-903.895	-810.656
Domestic Claims	5,442.531	5,626.413	5,055.377
Net Claims On Central Government	-1,772.041	-1,571.951	-2,147.332
Claims On Central Government	197.412	235.633	236.611
Liabilities To Central Government	-1,969.453	-1,807.584	-2,383.943
Claims On Other Sectors	7,214.572	7,198.364	7,202.709
Claims On Other Financial Corporations	0.077	0.068	0.158
Claims On State and Local Government	0.000	0.000	0.000
Claims On Public Nonfinancial Corporations	77.462	77.142	69.079
Claims On Private Sector	7,137.033	7,121.154	7,133.472
Broad Money Liabilities	11,733.063	11,438.768	11,879.605
Currency Outside Depository Corporations	728.833	731.142	733.774
Transferable Deposits	4,428.978	4,433.436	4,582.673
Other Deposits	6,574.570	6,273.459	6,562.857
Securities Other Than Shares	0.681	0.731	0.300
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	1,973.499	1,945.283	1,956.854
Other Items (Net)	-420.994	-450.954	-503.247

Source: Brunei Currency and Monetary Board, Ministry of Finance

Table D: Monetary Aggregates and Broad Money Components			
<i>Millions of Brunei Dollars</i>	Jul-09	Aug-09	Sept-09
M0	885.29	871.47	883.25
Money	5,157.81	5,164.58	5,316.45
Quasi Money	6,575.25	6,274.19	6,563.16
Broad Money	11,733.06	11,438.77	11,879.60
Broad Money Components			
Currency outside banks	728.83	731.14	733.77
Demand deposits	4,428.98	4,433.44	4,582.67
Money	5,157.81	5,164.58	5,316.45
Fixed deposits, savings & other deposits	6,575.25	6,274.19	6,563.16

Source: Brunei Currency and Monetary Board, Ministry of Finance

GLOSSARY

Broad Money: Comprises of money and quasi money.

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

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

MO: Comprises of currency in circulation.

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

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

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

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

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

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

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