

PILLAR 3 DISCLOSURE

UNAUDITED AS AT JUNE 30, 2019

CAPITAL ADEQUACY

The Group's regulator, Autoriti Monetari Brunei Darussalam sets and monitors capital requirements for the Group.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group's overall strategy remains unchanged from the previous financial year.

The capital structure of the Group consists of equity of the Bank (comprising issued capital, reserves, and retained earnings).

The Group has complied with all imposed capital requirements at all times during the reporting period.

	Bank		Group	
	June 2019 B\$'000	2018 B\$'000	June 2019 B\$'000	2018 B\$'000
Capital				
Core Capital (Tier I Capital)	363,281	374,329	448,443	475,877
Supplementary Capital (Tier II Capital)	18,885	21,174	26,800	22,752
Less: Investment in Subsidiaries	(47,949)	(47,949)	-	-
Total Capital base	334,217	347,554	475,243	498,629
Risk-weighted amount				
Risk-Weighted amount for Credit Risk	1,510,778	1,693,901	2,143,961	2,333,188
Risk-Weighted amount for Operational Risk	249,633	250,534	307,852	308,754
Risk-Weighted amount for Market Risk	923	1,904	951	2,023
Total Risk-weighted amount	1,761,334	1,946,339	2,452,764	2,643,965
Capital Ratios				
Core Capital (Tier I) Ratio, %	20.63%	19.23%	18.28%	18.00%
Total Capital Ratio, %	18.98%	17.86%	19.38%	18.86%

COMPOSITION OF CAPITAL

	Bank
	June 2019
	B\$'000
Tier 1 Capital	363,281
Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	180,000
Statutory Reserve Fund	121,705
Published Retained Profits/(Accumulated Losses)	56,422
General Reserves	5,154
Tier 2 Capital	18,885
Collective Impairment/Allowance – Allowable (Capped at 1.25% of Credit Risk)	18,885
Sub-Total of Tier 1 and Tier 2 Capital	382,166
Deduction for Significant Investments in Insurance Entities & Subsidiary	(47,949)
Total Regulatory Capital (Capital Base)	334,217

	Group
	June 2019
	B\$'000
Tier 1 Capital	448,443
Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	180,000
Statutory Reserve Fund	156,214
Published Retained Profits/(Accumulated Losses)	107,075
General Reserves	5,154
Tier 2 Capital	26,800
Collective Impairment/Allowance – Allowable (Capped at 1.25% of Credit Risk)	26,800
Sub-Total of Tier 1 and Tier 2 Capital	475,243
Total Regulatory Capital (Capital Base)	475,243

GROSS EXPOSURE AND TOTAL EXPOSURE THAT IS COVERED BY ELIGIBLE FINANCIAL COLLATERAL AND GUARANTEES FOR STANDARD PORTFOLIOS

	Bank	Group	B\$'000	Bank and Group		B\$'000
	B\$'000	B\$'000		B\$'000	B\$'000	
	Total Exposure that is covered by:					
	Gross Exposure		Eligible financial collateral	Gov't Guarantees	Eligible financial collateral	Gov't Guarantees
Sovereign	250,347	305,488	-	-	-	-
Public Sector Entities (PSE)	-	-	-	-	-	-
Banks	1,244,644	1,244,566	-	-	-	-
Corporate	711,683	753,010	128,740	4,686	128,918	4,686
Regulatory Retail (including claims on SMEs eligible for 75% risk weight)	242,611	979,679	4,609	-	4,805	-
Residential Retail (Qualifying for 35% risk weight only)	24,704	24,704	263	-	263	-
Equity						

CAPITAL REQUIREMENTS FOR STANDARD PORTFOLIOS

	Bank	Group
	B\$'000	B\$'000
Capital requirements for:		
Sovereign	-	-
Public Sector Entities (PSE)	-	-
Banks	13,379	13,375
Corporate	60,809	64,923
Regulatory Retail (including claims on SMEs eligible for 75% risk weight)	18,138	73,403
Residential Retail (Qualifying for 35% risk weight only)	855	855
Equity	-	-

CAPITAL REQUIREMENTS FOR MARKET RISK

	Bank B\$'000	Group B\$'000
<u>Market Risk Capital Requirements for:</u>		
Interest Rate Risk	-	-
Equity Position Risk	-	-
Foreign Exchange Risk	92.4	95.1
Commodity Risk	-	-
Total	92.4	95.1

CAPITAL REQUIREMENTS FOR OPERATIONAL RISK

	Bank B\$'000	Group B\$'000
<u>Capital Requirements for:</u>		
Operational Risk	24,963	30,785

GEOGRAPHIC DISTRIBUTION OF CREDIT PORTFOLIO

	Bank B\$'000	Group B\$'000
<u>Loans and advances</u>		
Brunei Darussalam	1,328,479	2,161,235
Other Asia	13,476	13,476
<u>Investment Securities</u>		
Singapore	89,855	89,855

CONCENTRATION OF CREDIT RISK BY SECTOR

An analysis of concentrations of credit risk from loans and advances and other commitments is shown below.

Bank	Loans and Advances		Contingencies and Other Commitments		Total	
	June 2019	2018	June 2019	2018	June 2019	2018
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Agriculture	4,403	4,884	3,707	3,694	8,110	8,578
Constructions and Property Financing	459,821	493,069	73,946	63,417	533,767	556,486
Financial	-	9	69,812	67,257	69,812	67,266
Infrastructure	8,802	6,792	1,266	671	10,068	7,463
Manufacturing	63,629	78,946	27,549	86,675	91,178	165,621
Personal and Consumption Loans	216,214	227,358	174,695	10,636	390,909	237,994
Services	187,428	136,486	331,498	271,498	518,926	407,984
Telecommunication and Information Technology	4,205	9,337	5,550	3,871	9,755	13,208
Tourism	21,099	21,703	1,422	2,375	22,521	24,078
Traders	165,838	174,750	129,823	139,258	295,661	314,008
Transportation	210,516	236,968	14,670	181,097	225,186	418,065
Total	1,341,955	1,390,302	833,938	830,449	2,175,893	2,220,751

NON-PERFORMING LOANS

The Bank regards a loan and advance as non-performing if it is in arrears for more than 3 months.

Bank	Total Credit Exposure		Non-Performing Loans		%	
	June 2019	2018	June 2019	2018	June 2019	2018
	B\$'000	B\$'000	B\$'000	B\$'000		
Agriculture	8,110	8,578	-	-	0.00%	0.00%
Constructions and Property Financing	533,767	556,486	23,500	30,729	4.40%	5.52%
Financial	69,812	67,266	-	-	0.00%	0.00%
Infrastructure	10,068	7,463	-	-	0.00%	0.00%
Manufacturing	91,178	165,621	323	310	0.35%	0.19%
Personal and Consumption Loans	390,909	237,994	23,938	26,569	6.12%	11.16%
Services	518,926	407,984	18,944	31,783	3.65%	7.79%
Telecommunication and Information Technology	9,755	13,208	100	-	1.03%	0.00%
Tourism	22,521	24,078	-	-	0.00%	0.00%
Traders	295,661	314,008	28,198	29,291	9.54%	9.33%
Transportation	225,186	418,065	-	-	0.00%	0.00%
Total	2,175,893	2,220,751	95,003	118,682		

BREAKDOWN OF LOANS AND ADVANCES INCLUDING IFRS9 STAGING

Bank	June 30, 2019				
	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Non past due	1,234,798	3,389	1,435	2,577	1,242,199
Month-in-arrear 1	-	5,503	650	34	6,187
Month- in- arrear 2	-	3,262	1,181	-	4,443
Month- in-arrear 3 and above	-	-	84,155	4,971	89,126
Total gross carrying amount	1,234,798	12,154	87,421	7,582	1,341,955
Loss allowances	(29,652)	(9,495)	(52,528)	(25)	(91,700)
Net carrying amount	1,205,146	2,659	34,892	7,558	1,250,255

Bank	December 31, 2018				
	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Non past due	1,239,686	6,574	1,587	3,421	1,251,268
Month-in-arrear 1	-	9,513	5,336	118	14,967
Month- in- arrear 2	-	1,664	2,154	-	3,818
Month- in-arrear 3 and above	-	-	94,933	6,142	101,075
Total gross carrying amount	1,239,686	17,751	104,010	9,681	1,371,128
Loss allowances	(21,791)	(10,163)	(75,906)	(14)	(107,874)
Net carrying amount	1,217,895	7,588	28,104	9,667	1,263,254

LOSS ALLOWANCE BY EXPOSURE CLASS

	Bank	
	June 2019 B\$'000	2018 B\$'000
Loan and Advances	87,429	106,111
Loan Commitments	4,061	1,565
Financial Guarantee Contracts	210	198
Total	91,700	107,874

RECONCILIATION OF CHANGES IN CARRYING AMOUNT

Loan and Advances

Bank	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Gross carrying amount as at January 1, 2019	1,239,686	17,751	104,010	9,667	1,371,114
Changes in the Gross carrying amount					
- Transfer to stage 1	3,787	(3,716)	(71)	-	-
- Transfer to stage 2	(4,772)	5,198	(426)	-	-
- Transfer to stage 3	(2,605)	(4,566)	7,171	-	-
- Increase/(Decrease) during the year	(80,985)	(685)	2	(1,837)	(83,505)
- Change due to modifications that did not result in derecognition	(141)	-	(317)	-	(458)
New financial assets originated or purchased	235,509	2,083	542	-	238,134
Financial assets that have been derecognised	(155,681)	(3,910)	(12,481)	-	(172,073)
Write offs	-	-	(11,009)	(248)	(11,257)
Gross carrying amount as at June 30, 2019	1,234,798	12,154	87,421	7,582	1,341,955
Loss allowances as at June 30, 2019	(29,652)	(9,495)	(52,528)	(25)	(91,700)
Bank	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Gross carrying amount as at January 1, 2018	1,183,173	54,289	96,237	27,302	1,361,001
Changes in the Gross carrying amount					
- Transfer to stage 1	24,410	(24,196)	(214)	-	-
- Transfer to stage 2	(12,480)	12,486	(6)	-	-
- Transfer to stage 3	(7,308)	(21,525)	28,833	-	-
- Increase/(Decrease) during the year	(115,377)	(2,514)	(198)	(1,188)	(119,277)
- Change due to modifications that did not result in derecognition	(194)	-	87	-	(107)
New financial assets originated or purchased	383,699	5,785	8,597	-	398,081
Financial assets that have been derecognised	(216,237)	(6,180)	(7,564)	(16,433)	(246,414)
Write offs	-	(394)	(21,762)	-	(22,156)
Gross carrying amount as at December 31, 2018	1,239,686	17,751	104,010	9,681	1,371,128
Loss allowances as at December 31, 2018	(20,028)	(10,163)	(75,906)	(14)	(106,111)

Loan commitments

Bank	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Total amount committed as at January 1, 2019	432,590	-	-	-	432,590
Changes in amount committed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(6,719)	6,719	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(16,823)	193	-	-	(16,630)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	88,079	134	-	-	88,213
Loan commitments that have been derecognised	(92,099)				(92,099)
Total amount committed as at June 30, 2019	405,028	7,046	-	-	412,074
Loss allowances as at June 30, 2019	1,469	2,592	-	-	4,061
Bank	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Total amount committed as at January 1, 2018	418,037	133	-	-	418,170
Changes in amount committed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	27,075	-	-	-	27,075
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	36,685	-	-	-	36,685
Loan commitments that have been derecognised	(49,207)	(133)			(49,340)
Total amount committed as at December 31, 2018	432,590	-	-	-	432,590
Loss allowances as at December 31, 2018	1,565	-	-	-	1,565

Financial guarantees

Bank	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Total amount guaranteed as at January 1, 2019	22,853	-	-	-	22,853
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	598	-	-	-	598
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	3,682	-	-	-	3,682
Financial guarantees that have been derecognised	(2,431)	-	-	-	(2,431)
Total amount guaranteed as at June 30, 2019	24,702	-	-	-	24,702
Loss allowances as at June 30, 2019	210	-	-	-	210

Financial guarantees

Bank	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Total amount guaranteed as at January 1, 2018	24,243	-	-	-	24,243
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(3)	-	-	-	(3)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	7,546	-	-	-	7,546
Financial guarantees that have been derecognised	(8,933)	-	-	-	(8,933)
Total amount guaranteed as at December 31, 2018	22,853	-	-	-	22,853
Loss allowances as at December 31, 2018	198	-	-	-	198

Loss allowances – Loans and advances

Bank	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	lifetime ECL		
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Loss allowances as at January 1, 2019	20,028	10,163	75,906	14	106,111
Write offs	-	-	(10,187)	(19)	(10,206)
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in Loss allowances					
- Transfer to stage 1	2,316	(2,260)	(56)	-	-
- Transfer to stage 2	(77)	435	(358)	-	-
- Transfer to stage 3	(41)	(2,531)	2,572	-	-
- Increase/(Decrease) due to change in credit risk	(3,652)	2,109	(2,911)	30	(4,424)
- Changes due to modifications that did not result in derecognition	(2)	-	(242)	-	(244)
New financial assets originated or purchased	12,259	1,164	51	-	13,474
Financial assets that have been derecognised	(2,858)	(2,177)	(12,247)	-	(17,282)
Loss allowances as at June 30 2019	27,973	6,903	52,528	25	87,429

Bank	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	lifetime ECL		
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Loss allowances as at January 1, 2018	19,553	24,642	69,687	28	113,910
Write offs	-	(222)	(19,232)	-	(19,454)
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in Loss allowances					
- Transfer to stage 1	11,176	(11,003)	(173)	-	-
- Transfer to stage 2	(235)	240	(5)	-	-
- Transfer to stage 3	(133)	(9,933)	10,066	-	-
- Increase/(Decrease) due to change in credit risk	(13,110)	5,551	17,331	214	9,986
- Changes due to modifications that did not result in derecognition	(3)	-	23	-	20
New financial assets originated or purchased	6,571	3,456	5,375	109	15,511
Financial assets that have been derecognised	(3,791)	(2,568)	(7,166)	(337)	(13,862)
Loss allowances as at December 31, 2018	20,028	10,163	75,906	14	106,111

Loss allowances – Loan commitments

Bank	Stage 1 12-month ECL B\$'000	Stage 2 Lifetime ECL B\$'000	Stage 3 lifetime ECL B\$'000	POCI B\$'000	Total B\$'000
Loss allowances as at January 1, 2019	1,565	-	-	-	1,565
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(143)	143	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	(61)	2,411	-	-	2,350
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	479	38	-	-	517
Loan commitments that have been derecognised	(371)				(371)
Loss allowances as at June 30, 2019	1,469	2,592	-	-	4,061

Bank	Stage 1 12-month ECL B\$'000	Stage 2 Lifetime ECL B\$'000	Stage 3 lifetime ECL B\$'000	POCI B\$'000	Total B\$'000
Loss allowances as at January 1, 2018	1,520	11	-	-	1,531
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	124	-	-	-	124
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	336	-	-	-	336
Loan commitments that have been derecognised	(415)	(11)			(426)
Loss allowances as at December 31, 2018	1,565	-	-	-	1,565

Loss allowances – Financial guarantees

Bank	Stage 1 12-month ECL B\$'000	Stage 2 Lifetime ECL B\$'000	Stage 3 lifetime ECL B\$'000	POCI B\$'000	Total B\$'000
Loss allowances as at January 1, 2019	198	-	-	-	198
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in the Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	5	-	-	-	5
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	29	-	-	-	29
Financial guarantees that have been derecognised	(22)	-	-	-	(22)
Loss allowances as at June 30, 2019	210	-	-	-	210

Bank	Stage 1 12-month ECL B\$'000	Stage 2 Lifetime ECL B\$'000	Stage 3 lifetime ECL B\$'000	POCI B\$'000	Total B\$'000
Loss allowances as at January 1, 2018	218	-	-	-	218
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in the Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Decrease during the year	(4)	-	-	-	(4)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	68	-	-	-	68
Financial guarantees that have been derecognised	(84)	-	-	-	(84)
Loss allowances as at December 31, 2018	198	-	-	-	198

LOANS AND ADVANCES SUBJECT TO FORBEARANCE

	Bank	
	June 2019 B\$'000	2018 B\$'000
Renegotiated loans and advances	2,302	2,361

COLLATERAL HELD AND OTHER CREDIT ENHANCEMENTS

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Bank		
		Loans and Advances	Financial Effect of Collateral Held	Net Exposure from Loans and Advances
		B\$'000	B\$'000	B\$'000
<u>June 2019</u>				
Agriculture	Cash / Mortgage	4,403	4,403	-
Constructions and Property Financing	Mortgage / Property	459,821	427,214	32,607
Financial	Cash	-	-	-
Infrastructure	Cash	8,802	6,688	2,114
Manufacturing	Cash / Debenture	63,629	43,586	20,043
Personal and Consumption Loans	Mortgage / Cash	216,214	30,674	185,540
Services	Cash / Mortgage	187,428	84,898	102,530
Telecommunication and Information Technology	Cash / Property	4,205	3,047	1,158
Tourism	Cash / Debentures	21,099	13,760	7,339
Traders	Cash / Property	165,838	110,061	55,777
Transportation	Cash / Debentures	210,516	98,267	112,249
Total		1,341,955	822,598	519,357

Type of Credit Exposure	Principal Type of Collateral Held for Secured Lending	Bank		
		Loans and Advances	Financial Effect of Collateral Held	Net Exposure from Loans and Advances
		B\$'000	B\$'000	B\$'000
<u>2018</u>				
Agriculture	Cash / Mortgage	4,884	4,884	-
Constructions and Property Financing	Mortgage / Property	493,069	438,350	54,719
Financial	Cash	9	9	-
Infrastructure	Cash	6,792	5,343	1,449
Manufacturing	Cash / Debenture	78,946	45,819	33,127
Personal and Consumption Loans	Mortgage / Cash	227,358	31,585	195,773
Services	Cash / Mortgage	136,486	76,985	59,501
Telecommunication and Information Technology	Cash / Property	9,337	4,555	4,782
Tourism	Cash / Debentures	21,703	8,965	12,738
Traders	Cash / Property	174,750	96,528	78,222
Transportation	Cash / Debentures	236,968	103,703	133,265
Total		1,390,302	816,726	573,576

DERIVATIVE FINANCIAL INSTRUMENTS

	Bank		
	Notional B\$'000	Asset B\$'000	Liability B\$'000
<u>June 2019</u>			
Foreign Exchange Contracts	26,075	108	209
<u>2018</u>			
Foreign Exchange Contracts	19,137	179	124

MATURITY ANALYSIS FOR FINANCIAL ASSETS AND LIABILITIES

Bank	Carrying Amount B\$'000	Gross Nominal Inflow/ (Outflow) B\$'000	Less than 3 months B\$'000	3-6 months B\$'000	6-12 months B\$'000	1-3 years B\$'000	3-5 years B\$'000	Over 5 years B\$'000
<u>June 2019</u>								
<u>Non-Derivative Assets</u>								
Cash	27,300	27,300	27,300	-	-	-	-	-
Due from Banks / AMBD	1,409,284	1,409,284	1,211,733	51,873	50,261	79,995	15,422	-
Government Sukuk	71,305	71,744	34,661	14,991	22,092	-	-	-
Investment Securities	89,855	100,074	30,700	280	11,249	35,805	21,734	306
Loans and Advances	1,250,256	1,353,222	121,197	92,637	105,416	487,229	243,039	303,704
Other On Balance Sheet Assets	6,272	6,272	16	-	5,893	363	-	-
Other Off Balance Sheet Assets	94,601	94,601	94,601	-	-	-	-	-
Total	2,948,873	3,062,497	1,520,208	159,781	194,911	603,392	280,195	304,010
<u>Non-Derivative Liabilities</u>								
Deposits	2,448,979	2,459,570	744,387	387,339	576,358	728,329	23,157	-
Borrowings	-	-	-	-	-	-	-	-
Group Balances Payable	10,080	10,080	10,080	-	-	-	-	-
Other On Balance Sheet Liabilities	72,280	82,485	1,125	-	-	73,906	-	7,454
Other Off Balance Sheet Liabilities	94,601	94,601	94,601	-	-	-	-	-
Undrawn Credit Lines	599,785	599,785	599,785	-	-	-	-	-
Total	3,225,725	3,246,521	1,449,978	387,339	576,358	802,235	23,157	7,454
Net cash Inflow/(Outflow)	(276,852)	(184,024)	70,228	(227,558)	(381,447)	(198,842)	257,039	296,556
<u>Derivative Financial Instruments</u>								
- Inflow	-	26,075	5,721	19,488	866	-	-	-
- Outflow	-	(25,949)	(5,720)	(19,369)	(860)	-	-	-
Total	-	126	1	119	6	-	-	-

Bank	Carrying Amount B\$'000	Gross Nominal Inflow/ (Outflow) B\$'000	Less than 3 months B\$'000	3-6 months B\$'000	6-12 months B\$'000	1-3 years B\$'000	3-5 years B\$'000	Over 5 years B\$'000
2018								
<u>Non-Derivative Assets</u>								
Cash	37,832	37,832	37,832	-	-	-	-	-
Due from Banks / AMBD	1,910,232	1,918,182	1,709,087	76,614	53,726	61,591	17,164	-
Government Sukuk	24,660	25,000	-	-	25,000	-	-	-
Investment Securities	63,033	70,893	15,186	10,388	13,467	15,329	16,215	308
Loans and Advances	1,263,254	1,469,336	163,797	115,724	161,450	475,193	255,639	297,533
Other On Balance Sheet Assets	8,805	8,805	1,088	-	7,319	398	-	-
Other Off Balance Sheet Assets	80,761	80,761	80,761	-	-	-	-	-
Total	3,388,577	3,610,809	2,007,751	202,726	260,962	552,511	289,018	297,841
<u>Non-Derivative Liabilities</u>								
Deposits	2,870,481	2,881,388	1,194,847	367,201	558,500	737,463	23,377	-
Borrowings	54,641	54,745	54,745	-	-	-	-	-
Group Balances Payable	5,222	5,222	5,222	-	-	-	-	-
Other On Balance Sheet Liabilities	54,122	59,303	180	-	-	51,880	-	7,243
Other Off Balance Sheet Liabilities	80,761	80,761	80,761	-	-	-	-	-
Undrawn Credit Lines	606,754	606,754	606,754	-	-	-	-	-
Total	3,671,981	3,688,173	1,942,509	367,201	558,500	789,343	23,377	7,243
Net cash Inflow/(Outflow)	(283,404)	(77,364)	65,242	(164,475)	(297,538)	(236,832)	265,641	290,598
<u>Derivative Financial Instruments</u>								
- Inflow	-	19,137	915	16,010	2,212	-	-	-
- Outflow	-	(19,099)	(906)	(16,001)	(2,192)	-	-	-
Total	-	38	9	9	20	-	-	-

Bank	Carrying Amount	Non-Interest Bearing	Interest Bearing					
			Less than 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
June 2019								
Financial Assets								
Cash	27,300	27,300	-	-	-	-	-	-
Due from Banks / AMBD	1,409,284	223,894	987,839	51,873	50,261	79,995	15,422	-
Government Sukuk	71,305	-	34,609	14,884	21,812	-	-	-
Investment Securities	89,855	-	30,140	-	10,297	34,584	14,528	306
Loans and Advances	1,250,256	-	135,734	90,242	68,197	425,510	215,247	315,326
Other Assets	6,272	6,272	-	-	-	-	-	-
Total	2,854,272	257,466	1,188,322	156,999	150,567	540,089	245,197	315,632
Financial Liabilities								
Deposits	2,448,979	747,645	568,139	322,459	382,653	406,612	21,471	-
Borrowings	-	-	-	-	-	-	-	-
Group Balances Payable	10,080	10,080	-	-	-	-	-	-
Other Liabilities	72,280	72,280	-	-	-	-	-	-
Total	2,531,339	830,005	568,139	322,459	382,653	406,612	21,471	-
2018								
Financial Assets								
Cash	37,832	37,832	-	-	-	-	-	-
Due from Banks / AMBD	1,910,232	208,686	1,498,498	76,091	53,020	58,729	15,208	-
Government Sukuk	24,660	-	-	-	24,660	-	-	-
Investment Securities	63,033	-	15,070	9,950	13,048	14,264	10,393	308
Loans and Advances	1,263,254	-	139,087	91,450	83,994	427,870	215,678	305,175
Other Assets	8,805	8,805	-	-	-	-	-	-
Total	3,307,816	255,323	1,652,655	177,491	174,722	500,863	241,279	305,483
Financial Liabilities								
Deposits	2,870,481	764,818	1,010,386	301,665	361,541	410,605	21,466	-
Borrowings	54,641	-	54,641	-	-	-	-	-
Group Balances Payable	5,222	5,222	-	-	-	-	-	-
Other Liabilities	54,122	54,122	-	-	-	-	-	-
Total	2,984,466	824,162	1,065,027	301,665	361,541	410,605	21,466	-

INCREASE (DECREASE) IN EARNINGS FOR UPWARD OR DOWNWARD INTEREST RATE MOVEMENTS

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Bank's projected net interest income would increase/(decrease) by:

	Bank	
	+0.10%	-0.10%
	B\$'000	B\$'000
As at June 30, 2019	278	(278)
As at December 31, 2018	321	(321)

FOREIGN EXCHANGE RISK

Bank	USD B\$'000	GBP B\$'000	AUD B\$'000	Others B\$'000
<u>June 2019</u>				
<u>Financial Assets</u>				
Cash	976	274	162	1,508
Due from Banks / AMBD	10,493	15,757	54,118	31,307
Investment Securities	306	-	-	-
Loans and Advances	146,269	-	-	-
Total	158,044	16,031	54,280	32,815
<u>Financial Liabilities</u>				
Deposits	141,977	16,499	54,587	18,571
Borrowings	-	-	-	-
Others	1,440	-	33	25
Total	143,417	16,499	54,620	18,596
Off Balance Sheet Derivative Financial Instruments	(11,781)	(132)	(153)	(13,847)
<u>2018</u>				
<u>Financial Assets</u>				
Cash	917	472	192	1,222
Due from Banks / AMBD	90,654	16,788	52,692	23,813
Investment Securities	13,885	-	-	-
Loans and Advances	101,885	-	-	-
Total	207,341	17,260	52,884	25,035
<u>Financial Liabilities</u>				
Deposits	143,415	16,334	50,058	20,282
Borrowings	54,604	-	-	-
Others	78	72	-	25
Total	198,097	16,406	50,058	20,307
Off Balance Sheet Derivative Financial Instruments	(10,565)	(1,013)	(3,186)	(4,324)

The estimated impact on the Bank's and the Group's profit or loss for a 10% change in the foreign exchange rates (USD, GBP, AUD and others) against BND is shown below:

Bank	USD	GBP	AUD	Others
	+/- 10%	+/- 10%	+/- 10%	+/- 10%
	B\$'000	B\$'000	B\$'000	B\$'000
As at June 30, 2019	285	(60)	(49)	37
As at December 31, 2018	(132)	(16)	(36)	40

FAIR VALUES OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Bank	Fair Value as at		Level of the Fair Value Hierarchy	Valuation Technique(s) & Key input(s)
	June 2019	2018		
	B\$'000	B\$'000		
<u>Assets</u>				
Investment Securities – Index Linked Notes	10,297	18,275	2	Reuters Quote
Investment Securities – Structured Deposits	4,011	4,042	2	Reuters Quote
Investment Securities – Corporate Bonds	333	333	2	Quoted Prices
Investment Securities – Equity	306	308	3	Net Asset Value
Derivative Assets	108	179	2	Reuters Quote
Total	15,055	23,137		
<u>Liabilities</u>				
Deposits from Customers – Structured Deposits	10,355	22,112	2	Reuters Quote or Adjusted Quoted Prices
Derivative liabilities	209	124	2	Reuters Quote
Total	10,564	22,236		

Reconciliation of Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	Bank	
	June 2019	2018
	B\$'000	B\$'000
<u>Investment Securities</u>		
Opening balance as at January 1	308	-
Total Gains or Losses included in Profit or Loss for the year:		
- Net income from other Financial instruments at Fair value through Profit or Loss	-	-
Revaluation	(2)	-
Purchases during the year	-	308
Balance as at June 30 / December 31	306	308

Derivative financial instruments

The fair values of derivative financial instruments such as foreign exchange contracts are based on quoted market prices at the end of the reporting period.

Summary

The fair value of certain financial assets and liabilities approximate their carrying values at the end of the reporting period. Accordingly, the Bank has not disclosed the fair value and their levels in the fair value hierarchy for financial assets and liabilities carried at amortised cost.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Bank			
	June 2019		2018	
	Carrying Amount B\$'000	Fair Value B\$'000	Carrying Amount B\$'000	Fair Value B\$'000
Financial Assets				
Investments at amortised cost				
-Government Sukuk	71,305	71,305	24,660	24,660
-Investment Securities	74,908	75,262	40,075	40,297
Total	146,213	146,567	64,735	64,957
	Fair Value Hierarchy			
	Level 1 B\$'000	Level 2 B\$'000	Level 3 B\$'000	Total B\$'000
June 2019				
Financial Assets				
Investments at amortised cost				
-Government Sukuk	-	-	71,305	71,305
-Investment Securities	75,262	-	-	75,262
Total	75,262	-	71,305	146,567
2018				
Financial Assets				
Investments at amortised cost				
-Government Sukuk	-	-	24,660	24,660
-Investment Securities	40,297	-	-	40,297
Total	40,297	-	24,660	64,957

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.