

PILLAR 3 DISCLOSURE

UNAUDITED AS AT 30 JUNE 2020

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 2020 B\$'000	2019 B\$'000	June 2020 B\$'000	2019 B\$'000
Capital				
Core Capital (Tier I Capital)	401,355	394,811	503,002	496,653
Supplementary Capital (Tier II Capital)	19,101	19,631	25,972	23,955
Less: Investment in Subsidiaries	(47,949)	(47,949)	-	-
Total Capital base	372,507	366,493	528,974	520,608
Risk-weighted amount				
Risk-Weighted amount for Credit Risk	1,528,066	1,570,495	2,182,962	2,212,715
Risk-Weighted amount for Operational Risk	265,271	265,271	324,674	324,674
Risk-Weighted amount for Market Risk	4,827	1,802	4,776	1,779
Total Risk-weighted amount	1,798,164	1,837,568	2,512,412	2,539,168
Capital Ratios				
Core Capital (Tier I) Ratio, %	22.32%	21.49%	20.02%	19.56%
Total Capital Ratio, %	20.72%	19.94%	21.05%	20.50%

COMPOSITION OF CAPITAL

	Bank
	June 2020
	B\$'000
Tier 1 Capital	401,355
Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	180,000
Statutory Reserve Fund	136,355
Published Retained Profits/(Accumulated Losses)	77,974
General Reserves	5,154
Prudential Reserve for Credit Losses	1,872
Tier 2 Capital	19,101
Collective Impairment/Allowance – Allowable (Capped at 1.25% of Credit Risk)	19,101
Sub-Total of Tier 1 and Tier 2 Capital	420,456
Deduction for Significant Investments in Insurance Entities & Subsidiary	(47,949)
Total Regulatory Capital (Capital Base)	372,507
	Group
	June 2020
	B\$'000
Tier 1 Capital	503,002
Paid-up Ordinary Shares/Assigned Capital (after deduction of holdings of own capital)	180,000
Statutory Reserve Fund	174,169
Published Retained Profits/(Accumulated Losses)	141,059
General Reserves	5,154
Prudential Reserve for Credit Losses	2,620
Tier 2 Capital	25,972
Collective Impairment/Allowance – Allowable (Capped at 1.25% of Credit Risk)	25,972
Sub-Total of Tier 1 and Tier 2 Capital	528,974
Total Regulatory Capital (Capital Base)	528,974

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

	Bank B\$'000	Group B\$'000	B\$'000	Bank and Group		
				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	569,484	625,065	-	-	-	-
Public Sector Entities (PSE)	-	-	-	-	-	-
Banks	1,277,393	1,284,448	-	-	-	-
Corporate	691,293	735,480	110,535	-	110,764	-
Regulatory Retail (including claims on SMEs eligible for 75% risk weight)	218,187	973,172	4,893	-	5,069	-
Residential Retail (Qualifying for 35% risk weight only)	16,532	16,532	394	-	394	-
Equity	-	-	-	-	-	-

CAPITAL REQUIREMENTS FOR STANDARD PORTFOLIOS

	Bank B\$'000	Group B\$'000
<u>Capital requirements for:</u>		
Sovereign	-	-
Public Sector Entities (PSE)	-	-
Banks	32,720	33,426
Corporate	63,006	67,402
Regulatory Retail (including claims on SMEs eligible for 75% risk weight)	16,281	72,892
Residential Retail (Qualifying for 35% risk weight only)	565	565
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	482.7	477.6
Commodity Risk	-	-
Total	482.7	477.6

CAPITAL REQUIREMENTS FOR OPERATIONAL RISK

	Bank B\$'000	Group B\$'000
<u>Capital Requirements for:</u>		
Operational Risk	26,527	32,467

GEOGRAPHIC DISTRIBUTION OF CREDIT PORTFOLIO

	Brunei B\$'000	Singapore B\$'000	United States of America B\$'000	Malaysia B\$'000	Others B\$'000	Total B\$'000
<u>Bank</u>						
Cash and Short Term Funds	215,516	1,248,380	2,944	41	21,999	1,488,880
Derivative Assets	76	-	-	-	-	76
Investment Securities	-	421,245	-	-	315	421,560
Loans and Advances	1,149,528	-	-	1,303	27,533	1,178,364
On-Balance Sheet Total	1,365,120	1,669,625	2,944	1,344	49,847	3,088,880
<u>Group</u>						
Cash and Short Term Funds	225,344	1,248,380	2,944	41	21,999	1,498,708
Derivative Assets	76	-	-	-	-	76
Investment Securities	-	421,245	-	-	315	421,560
Loans and Advances	1,952,435	-	-	1,303	27,533	1,981,271
On-Balance Sheet Total	2,177,815	1,669,625	2,944	1,344	49,847	3,901,615

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 2020	2019	June 2020	2019	June 2020	2019
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Agriculture	3,859	3,997	3,799	3,381	7,658	7,378
Constructions and Property Financing	461,712	464,690	63,092	82,231	524,804	546,921
Financial	-	-	41,908	64,857	41,908	64,857
Infrastructure	5,803	5,186	41,547	3,842	47,350	9,028
Manufacturing	45,880	49,839	86,628	81,990	132,508	131,829
Personal and Consumption Loans	183,327	206,523	5,960	9,802	189,287	216,325
Services	205,697	176,039	225,599	361,479	431,296	537,518
Telecommunication and Information Technology	3,937	6,916	10,636	6,190	14,573	13,106
Tourism	19,923	20,248	11,824	3,563	31,747	23,811
Traders	162,649	174,794	152,661	137,762	315,310	312,556
Transportation	159,289	172,168	240,666	172,201	399,955	344,369
Total	1,252,076	1,280,400	884,320	927,298	2,136,396	2,207,698

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 2020	2019	June 2020	2019	June 2020	2019
	B\$'000	B\$'000	B\$'000	B\$'000		
Agriculture	7,658	7,378	-	-	0.00%	0.00%
Constructions and Property Financing	524,804	546,921	26,565	28,066	5.06%	5.13%
Financial	41,908	64,857	-	-	0.00%	0.00%
Infrastructure	47,350	9,028	-	-	0.00%	0.00%
Manufacturing	132,508	131,829	1,561	1,558	1.18%	1.18%
Personal and Consumption Loans	189,287	216,325	10,562	16,908	5.58%	7.82%
Services	431,296	537,518	2,630	7,012	0.61%	1.30%
Telecommunication and Information Technology	14,573	13,106	560	723	3.84%	5.52%
Tourism	31,747	23,811	476	542	1.50%	2.28%
Traders	315,310	312,556	25,209	29,646	7.99%	9.49%
Transportation	399,955	344,369	495	492	0.12%	0.14%
Total	2,136,396	2,207,698	68,058	84,947		

BREAKDOWN OF LOANS AND ADVANCES INCLUDING IFRS9 STAGING

Bank	June 30, 2020				
	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Non past due	1,150,068	15,828	4,063	2,265	1,172,224
Month-in-arrear 1	-	6,688	1,226	38	7,952
Month- in- arrear 2	-	11,434	319	-	11,753
Month- in-arrear 3 and above	-	-	56,262	3,885	60,147
Total gross carrying amount	1,150,068	33,950	61,870	6,188	1,252,076
Loss allowances	(24,131)	(9,295)	(39,807)	(479)	(73,712)
Net carrying amount	1,125,937	24,655	22,063	5,709	1,178,364

Bank	December 31, 2019				
	Stage 1 B\$'000	Stage 2 B\$'000	Stage 3 B\$'000	POCI B\$'000	Total B\$'000
Non past due	1,172,480	15,426	5,044	2,409	1,195,359
Month-in-arrear 1	-	4,425	1,467	21	5,913
Month- in- arrear 2	-	3,123	885	-	4,008
Month- in-arrear 3 and above	-	-	71,420	3,700	75,120
Total gross carrying amount	1,172,480	22,974	78,816	6,130	1,280,400
Loss allowances	(23,065)	(8,833)	(54,230)	(661)	(86,789)
Net carrying amount	1,149,415	14,141	24,586	5,469	1,193,611

LOSS ALLOWANCE BY EXPOSURE CLASS

	Bank	
	June 2020 B\$'000	2019 B\$'000
Loan and Advances	72,202	85,184
Loan Commitments	1,277	1,439
Financial Guarantee Contracts	233	166
Total	73,712	86,789

RECONCILIATION OF CHANGES IN CARRYING AMOUNT

Loan and Advances

Bank	Stage 1	Stage 2	Stage 3	POCI	Total
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Gross carrying amount as at January 1, 2020	1,172,480	22,974	78,816	6,130	1,280,400
Changes in the Gross carrying amount					
- Transfer to stage 1	3,778	(2,991)	(787)	-	-
- Transfer to stage 2	(21,724)	21,756	(32)	-	-
- Transfer to stage 3	(980)	(2,322)	3,302	-	-
- Increase/(Decrease) during the year	(48,097)	(2,562)	(910)	(469)	(52,038)
- Change due to modifications that did not result in derecognition	(260)	(418)	452	402	176
New financial assets originated or purchased	220,015	1,955	1,219	-	223,189
Financial assets that have been derecognised	(175,144)	(4,442)	(2,023)	195	(181,414)
Write offs	-	-	(18,167)	(70)	(18,237)
Gross carrying amount as at June 30, 2020	1,150,068	33,950	61,870	6,188	1,252,076
Loss allowances as at June 30, 2020	(22,746)	(9,196)	(39,781)	(479)	(72,202)

Bank	Stage 1	Stage 2	Stage 3	POCI	Total
	B\$'000	B\$'000	B\$'000	B\$'000	B\$'000
Gross carrying amount as at January 1, 2019	1,239,686	17,751	104,010	9,681	1,371,128
Changes in the Gross carrying amount					
- Transfer to stage 1	3,349	(2,894)	(455)	-	-
- Transfer to stage 2	(15,803)	15,809	(6)	-	-
- Transfer to stage 3	(5,135)	(5,444)	10,579	-	-
- Increase/(Decrease) during the year	(145,300)	(1,260)	996	(1,703)	(147,267)
- Change due to modifications that did not result in derecognition	(3,829)	213	3,833	222	439
New financial assets originated or purchased	298,335	3,850	598	-	302,783
Financial assets that have been derecognised	(198,809)	(5,051)	(1,588)	(357)	(205,806)
Write offs	(14)	-	(39,151)	(1,713)	(40,878)
Gross carrying amount as at December 31, 2019	1,172,480	22,974	78,816	6,130	1,280,400
Loss allowances as at December 31, 2019	(21,471)	(8,822)	(54,230)	(661)	(85,184)

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, 2020	481,806	233	-	-	482,039
Changes in amount committed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(52)	52	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(11,342)	129	-	-	(11,213)
- Change due to modifications that- did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	74,763	518	89	-	75,370
Loan commitments that have been derecognised	(66,461)	(211)	-	-	(66,672)
Total amount committed as at June 30, 2020	478,714	721	89	-	479,524
Loss allowances as at June 30, 2020	(1,181)	(96)	-	-	(1,277)

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	(167)	167	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(14,617)	18	-	-	(14,599)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	128,745	48	-	-	128,793
Loan commitments that have been derecognised	(64,745)	-	-	-	(64,745)
Total amount committed as at December 31, 2019	481,806	233	-	-	482,039
Loss allowances as at December 31, 2019	(1,427)	(12)	-	-	(1,439)

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, 2020	19,300	-	-	-	19,300
Changes in amount guaranteed					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	(10)	10	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(177)	-	-	-	(177)
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	5,667	2	53	-	5,722
Financial guarantees that have been derecognised	(2,456)	-	-	-	(2,456)
Total amount guaranteed as at June 30, 2020	22,324	12	53	-	22,389
Loss allowances as at June 30, 2020	(204)	(3)	(26)	-	(233)

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	455	-	-	-	455
- Change due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	2,777	-	-	-	2,777
Financial guarantees that have been derecognised	(6,785)	-	-	-	(6,785)
Total amount guaranteed as at December 31, 2019	19,300	-	-	-	19,300
Loss allowances as at December 31, 2019	(166)	-	-	-	(166)

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, 2020	21,471	8,822	54,230	661	85,184
Write offs	-	-	(18,167)	(70)	(18,237)
<u>Increase/(Decrease) in allowance recognised in Profit or Loss-</u>					
Changes in Loss allowances					
- Transfer to stage 1	2,144	(2,056)	(88)	-	-
- Transfer to stage 2	(336)	349	(13)	-	-
- Transfer to stage 3	(14)	(454)	468	-	-
- Increase/(Decrease) due to change in credit risk	(2,653)	3,729	3,014	(182)	3,908
- Changes due to modifications that did not result in derecognition	(4)	(16)	509	97	586
New financial assets originated or purchased	7,956	1,167	1,197	-	10,320
Financial assets that have been derecognised	(5,818)	(2,345)	(1,369)	(27)	(9,559)
Loss allowances as at June 30, 2020	22,746	9,196	39,781	479	72,202

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	(14)	-	(38,300)	(1,713)	(40,027)
<u>Increase/(Decrease) in allowance recognised in Profit or Loss</u>					
Changes in Loss allowances					
- Transfer to stage 1	2,144	(1,800)	(344)	-	-
- Transfer to stage 2	(269)	274	(5)	-	-
- Transfer to stage 3	(84)	(3,126)	3,210	-	-
- Increase/(Decrease) due to change in credit risk	(4,543)	4,646	12,792	2,317	15,212
- Changes due to modifications that did not result in derecognition	(61)	(73)	2,222	-	2,088
New financial assets originated or purchased	7,830	1,605	307	-	9,742
Financial assets that have been derecognised	(3,560)	(2,867)	(1,558)	43	(7,942)
Loss allowances as at December 31, 2019	21,471	8,822	54,230	661	85,184

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, 2020	1,427	12	-	-	1,439
<i><u>Increase/(Decrease) in allowance recognised in Profit or Loss</u></i>					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	(7)	2	-	-	(5)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	486	93	-	-	579
Loan commitments that have been derecognised	(725)	(11)	-	-	(736)
Loss allowances as at June 30, 2020	1,181	96	-	-	1,277

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
<i><u>Increase/(Decrease) in allowance recognised in Profit or Loss</u></i>					
Changes in Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase/(Decrease) during the year	(59)	11	-	-	(48)
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New loan commitments originated or purchased	528	1	-	-	529
Loan commitments that have been derecognised	(607)	-	-	-	(607)
Loss allowances as at December 31, 2019	1,427	12	-	-	1,439

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, 2020	166	-	-	-	166
<i><u>Increase/(Decrease) in allowance recognised in Profit or Loss</u></i>					
Changes in the Loss allowances					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
- Increase during the year	8	3	-	-	11
- Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial guarantees originated or purchased	50	-	26	-	76
Financial guarantees that have been derecognised	(20)	-	-	-	(20)
Loss allowances as at June 30, 2020	204	3	26	-	233

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
<i><u>Increase/(Decrease) in allowance recognised in Profit or Loss</u></i>					
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	24	-	-	-	24
Financial guarantees that have been derecognised	(60)	-	-	-	(60)
Loss allowances as at December 31, 2019	166	-	-	-	166

LOANS AND ADVANCES SUBJECT TO FORBEARANCE

	Bank	
	June 2020 B\$'000	2019 B\$'000
Renegotiated loans and advances	4,064	4,671

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 2020</u>				
Agriculture	Cash / Mortgage	3,859	3,859	-
Constructions and Property Financing	Mortgage / Property	461,712	426,084	35,628
Financial	-	-	-	-
Infrastructure	Cash / Debentures	5,803	4,975	828
Manufacturing	Debentures / Cash	45,880	36,568	9,312
Personal and Consumption Loans	Mortgage / Cash	183,327	25,808	157,519
Services	Cash / Debentures	205,697	75,832	129,865
Telecommunication and Information Technology	Cash / Mortgage	3,937	2,278	1,659
Tourism	Property / Cash	19,923	13,557	6,366
Traders	Cash / Property	162,649	102,134	60,515
Transportation	Cash / Debentures	159,289	41,208	118,081
Total		1,252,076	732,303	519,773

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>2019</u>				
Agriculture	Cash	3,997	3,997	-
Constructions and Property Financing	Mortgage / Property	464,690	430,758	33,932
Infrastructure	Cash / Debenture	5,186	4,310	876
Manufacturing	Mortgage / Cash	49,839	39,840	9,999
Personal and Consumption Loans	Cash / Mortgage	206,523	25,839	180,684
Services	Cash / Mortgage	176,039	76,363	99,676
Telecommunication and Information Technology	Cash / Property	6,916	2,550	4,366
Tourism	Cash / Property	20,248	13,199	7,049
Traders	Cash / Property	174,794	103,257	71,537
Transportation	Cash / Debentures	172,168	74,561	97,607
Total		1,280,400	774,764	505,726

DERIVATIVE FINANCIAL INSTRUMENTS

	Bank		
	Notional B\$'000	Asset B\$'000	Liability B\$'000
<u>June 2020</u>			
Foreign Exchange Contracts	14,496	76	234
<u>2019</u>			
Foreign Exchange Contracts	29,696	596	36

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 2020</u>								
<u>Non-Derivative Assets</u>								
Cash	38,040	38,040	38,040	-	-	-	-	-
Due from Banks / AMBD	1,450,840	1,455,635	1,195,093	62,215	78,833	100,913	18,581	-
Government Sukuk	72,857	73,080	35,000	15,000	23,080	-	-	-
Investment Securities	421,559	437,800	211,082	109,600	35,695	21,482	44,655	15,286
Loans and Advances	1,178,364	1,372,897	149,527	107,212	98,090	480,408	198,082	339,578
Other On Balance Sheet Assets	14,959	14,959	-	-	14,584	375	-	-
Other Off Balance Sheet Assets	50,856	50,856	27,113	13,659	7,599	2,485	-	-
Total	3,227,475	3,443,267	1,655,855	307,686	257,881	605,663	261,318	354,864
<u>Non-Derivative Liabilities</u>								
Deposits	2,760,537	2,768,598	873,517	398,169	694,754	802,158	-	-
Lease liabilities	2,693	2,693	172	261	612	1,339	299	10
Group Balances Payable	8,000	8,000	8,000	-	-	-	-	-
Other On Balance Sheet Liabilities	63,513	63,513	304	-	-	63,153	-	56
Other Off Balance Sheet Liabilities	50,856	50,856	27,113	13,659	7,599	2,485	-	-
Undrawn Credit Lines	708,019	708,019	-	-	708,019	-	-	-
Total	3,593,618	3,601,679	909,106	412,089	1,410,984	869,135	299	66
Net cash Inflow/(Outflow)	(366,143)	(158,412)	746,749	(104,403)	(1,153,103)	(263,472)	261,019	354,798
<u>Derivative Financial Instruments</u>								
- Inflow	-	14,496	7,419	5,045	2,032	-	-	-
- Outflow	-	(14,647)	(7,630)	(5,002)	(2,015)	-	-	-
Total	-	(151)	(211)	43	17	-	-	-

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
2019								
<u>Non-Derivative Assets</u>								
Cash	38,875	38,875	38,875	-	-	-	-	-
Due from Banks / AMBD	1,640,405	1,648,440	1,423,190	43,224	83,931	73,918	24,177	-
Government Sukuk	75,553	76,010	38,900	7,110	30,000	-	-	-
Investment Securities	80,061	92,218	675	10,968	1,004	36,830	42,436	305
Loans and Advances	1,193,611	1,384,652	168,040	104,196	99,830	480,182	225,932	306,472
Group Balances								
Receivable	341	341	341	-	-	-	-	-
Other On Balance Sheet Assets	6,983	6,983	72	-	6,537	374	-	-
Other Off Balance Sheet Assets	89,138	89,138	89,138	-	-	-	-	-
Total	3,124,967	3,336,657	1,759,231	165,498	221,302	591,304	292,545	306,777
<u>Non-Derivative Liabilities</u>								
Deposits	2,627,333	2,636,572	960,936	391,524	523,180	737,798	23,134	-
Lease Liabilities	3,139	3,139	249	253	515	1,638	419	65
Other On Balance Sheet Liabilities	63,400	63,400	676	-	-	54,329	-	8,395
Other Off Balance Sheet Liabilities	89,138	89,138	89,138	-	-	-	-	-
Undrawn Credit Lines	704,904	704,904	704,904	-	-	-	-	-
Total	3,487,914	3,497,153	1,755,903	391,777	523,695	793,765	23,553	8,460
Net cash Inflow/(Outflow)	(362,947)	(160,496)	3,328	(226,279)	(302,393)	(202,461)	268,992	298,317
<u>Derivative Financial Instruments</u>								
- Inflow	-	29,696	5,182	23,351	1,163	-	-	-
- Outflow	-	(29,089)	(5,062)	(22,869)	(1,158)	-	-	-
Total	-	607	120	482	5	-	-	-

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 2020								
Financial Assets								
Cash	38,040	38,040	-	-	-	-	-	-
Due from Banks / AMBD	1,450,840	214,424	1,079,415	41,049	46,107	53,993	15,852	-
Derivative Assets	76	76	-	-	-	-	-	-
Government Sukuk	72,857	-	34,950	14,929	22,978	-	-	-
Investment Securities	421,559	-	209,898	109,076	34,432	10,207	43,165	14,781
Loans and Advances	1,178,364	-	125,115	95,227	80,767	438,725	161,037	277,493
Other Assets	14,959	14,959	-	-	-	-	-	-
Total	3,176,695	267,499	1,449,378	260,281	184,284	502,925	220,054	292,274
Financial Liabilities								
Deposits	2,760,537	898,427	661,949	320,692	462,523	416,946	-	-
Borrowings	-	-	-	-	-	-	-	-
Derivative liabilities	234	234	-	-	-	-	-	-
Group Balances Payable	8,000	8,000	-	-	-	-	-	-
Other Liabilities	63,513	63,513	-	-	-	-	-	-
Total	2,832,284	970,174	661,949	320,692	462,523	416,946	-	-
2019								
Financial Assets								
Cash	38,875	38,875	-	-	-	-	-	-
Due from Banks / AMBD	1,640,405	201,747	1,219,766	42,945	82,726	71,107	22,114	-
Government Sukuk	75,553	-	38,814	7,058	29,681	-	-	-
Investment Securities	80,061	-	-	10,375	-	34,489	34,892	305
Loans and Advances	1,193,611	-	151,560	91,524	79,697	420,274	189,265	261,291
Group Balances Receivable	341	341	-	-	-	-	-	-
Other Assets	6,983	6,983	-	-	-	-	-	-
Total	3,035,829	247,946	1,410,140	151,902	192,104	525,870	246,271	261,596
Financial Liabilities								
Deposits	2,627,333	810,316	769,792	321,444	314,022	390,098	21,661	-
Borrowings	-	-	-	-	-	-	-	-
Group Balances Payable	-	-	-	-	-	-	-	-
Lease Liabilities	3,139	-	249	253	515	1,638	419	65
Other Liabilities	63,400	63,400	-	-	-	-	-	-
Total	2,693,872	873,716	770,041	321,697	314,537	391,736	22,080	65

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, 2020	270	(270)
As at December 31, 2019	301	(301)

FOREIGN EXCHANGE RISK

Bank	USD B\$'000	GBP B\$'000	AUD B\$'000	Others B\$'000
<u>June 2020</u>				
<u>Financial Assets</u>				
Cash	812	401	128	673
Due from Banks / AMBD	5,728	14,656	31,086	27,825
Derivative assets	64	3	1	7
Investment Securities	315	-	9,483	-
Loans and Advances	144,810	-	-	(216)
Other Assets	5	-	-	-
Total	151,734	15,060	40,698	28,289
<u>Financial Liabilities</u>				
Deposits	146,756	15,231	40,297	20,715
Derivative liabilities	23	-	6	205
Borrowings	-	-	-	-
Others	1,611	-	(3)	(11)
Total	148,390	15,231	40,300	20,909
Off Balance Sheet Derivative Financial Instruments	(7,273)	(90)	(201)	(7,082)
<u>2019</u>				
<u>Financial Assets</u>				
Cash	588	270	202	1,496
Due from Banks / AMBD	24,493	16,058	50,941	27,496
Investment Securities	305	-	-	-
Loans and Advances	119,563	-	-	(154)
Other Assets	327	-	-	270
Total	145,276	16,328	51,143	29,108
<u>Financial Liabilities</u>				
Deposits	129,764	16,231	51,194	20,011
Others	1,454	3	(1)	22
Total	131,218	16,234	51,193	20,033
Off Balance Sheet Derivative Financial Instruments	(18,949)	762	(112)	(9,667)

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, 2020	(393)	(26)	20	30
As at December 31, 2019	(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 2020	2019		
	B\$'000	B\$'000		
<u>Assets</u>				
Investment Securities – Index Linked Notes	-	10,375	2	Reuters Quote
Investment Securities – Structured Deposits	4,012	4,042	2	Reuters Quote
Investment Securities – Corporate Bonds	-	3	2	Quoted Prices
Investment Securities – Equity	315	305	3	Net Asset Value
Derivative Assets	76	596	2	Reuters Quote
Total	4,403	15,321		
<u>Liabilities</u>				
Deposits from Customers – Structured Deposits	4,116	14,540	2	Reuters Quote or Adjusted Quoted Prices
Derivative liabilities	234	36	2	Reuters Quote
Total	4,350	14,576		

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 2020	2019
	B\$'000	B\$'000
<u>Investment Securities</u>		
Opening balance as at January 1	305	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 during the year	10	(3)
Balance as at June 30 / December 31	315	305

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 2020		2019	
	Carrying Amount B\$'000	Fair Value B\$'000	Carrying Amount B\$'000	Fair Value B\$'000
Financial Assets				
Investments at amortised cost				
-Government Sukuk	72,857	72,857	75,553	75,553
-Investment Securities	417,232	418,005	65,336	65,765
Total	490,089	490,862	140,889	141,318
	Fair Value Hierarchy			
	Level 1 B\$'000	Level 2 B\$'000	Level 3 B\$'000	Total B\$'000
June 2020				
Financial Assets				
Investments at amortised cost				
-Government Sukuk	-	-	72,857	72,857
-Investment Securities	418,005	-	-	418,005
Total	418,005	-	72,857	490,862
2019				
Financial Assets				
Investments at amortised cost				
-Government Sukuk	-	-	75,553	75,553
-Investment Securities	65,765	-	-	65,765
Total	65,765	-	75,553	141,318

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.