Bermuda Commercial Bank Limited

Basel II Pillar III Disclosure, September 30, 2014

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Background

Introduction
The disclosure and analysis provided in this document relate to Bermuda Commercial Bank Limited ("BCB" or "the Bank") which is incorporated in the island of Bermuda as a limited liability company. It is intended to be read in conjunction with the relevant Annual Audited Financial Report which includes important details about the Bank's capital adequacy, risk management, and other information. The disclosures are prepared on a consolidated group basis.

BCB's accounting policies conform to International Financial Reporting Standards (IFRS).

These disclosures are solely in the context of the local regulatory requirements and guidelines outlined by the Bermuda Monetary Authority under Pillar 3 "Market Discipline of New Capital Adequacy Framework (commonly referred to as Basel II, Pillar 3). The Pillar 3 disclosures have been designed to complement the minimum capital requirements in Pillar 1 as well as the Supervisory Review and Evaluation Process in Pillar 2. The accepted aim of Pillar III is to promote market discipline by allowing market participants access to information of risk exposures and risk management policies and process adopted by Bermuda Commercial Bank Limited.

Frequency
The disclosures in this report are required to be updated on a semi-annual basis and more frequently if significant changes to policies are made. This report has been updated as at September 30, 2014 and policies disclosed within are effective at this time. All disclosures are published semi-annually in conjunction with BCB's half year (March 31) and annual (September 30) reporting processes.

Report Conventions
The disclosures in this report are not required to be audited by an external auditor. However, the disclosures have been prepared on a basis consistent with information submitted to the Bermuda Monetary Authority (BMA).

Basel II
Bermuda has implemented the Basel II framework for capital assessment, of which this disclosure forms a part. Bermuda Commercial Bank has adopted the Basic Indicator Approach as being most appropriate for the scale and scope of the Bank's operations. Accordingly the Bank has agreed its Capital Adequacy and Risk Profile (CARP) document with the Bermuda Monetary Authority.

Overview of the Bank

Bermuda Commercial Bank was founded more than 40 years ago, when a group of Bermudians formed a local savings and loan institution. The Bank has evolved to become the only Bermudian Bank focused on servicing the local and international corporate and commercial business communities as well as high net worth clients. The Bank has mastered the art of banking providing the highest standards of service to clients worldwide. Bermuda Commercial Bank has been guided by a corporate philosophy centred on the provision of innovative, quality service with minimal risk tailored to the specific needs of its clients.

The management of risk is an important criterion to all users of financial services. The Bank has established a policy of minimizing its own corporate risk by following a conservative policy in balance sheet management. The Bank maintains an extremely conservative leverage ratio and follows other principles and policies on risk management which are aligned to local Bermuda Monetary Authority regulations as required.

Scope of Application

The capital adequacy framework implemented in Bermuda applies to Bermuda Commercial Bank Limited and its subsidiaries.

BCB is incorporated in Bermuda with limited liability. Bermuda Commercial Bank Limited has a number of wholly-owned and controlled subsidiaries. These subsidiaries are subject to consolidation requirements under IFRS and under the capital adequacy framework.

Subsidiary Undertakings

Name	Location
BCB Charter Corporate Services Limited	Bermuda
BCB Nominee Services Limited	Bermuda
BCB Paragon Trust Company Limited	Bermuda
BCB Luxembourg S.A.R.L.	Luxembourg
BCB Asset Management Limited	Bermuda
BCB Resource Fund Limited	Bermuda
BCB Management Limited	Bermuda
BCB Management Services Limited	Bermuda
Bercom Nominees Limited	Bermuda
VT Strategies Holdings Limited	Bermuda

As at September 30, 2014, all subsidiaries were wholly-owned by BCB. All of the above subsidiaries are included in the Bank's consolidated financial statements.

The Bank and its subsidiaries are subject to annual audit, on a consolidated basis, by an external audit firm and the Annual Consolidated Financial Report is published in hard copy and is also available on the BCB website. Further, the Bank and its subsidiaries are subject to supervisory oversight and onsite inspection by the BMA.

Capital Structure

The capital structure of the Bank comprises of (a) Tier 1 capital which includes Share Capital, Retained Earnings, Share Premium, less goodwill and intangibles and (b) Tier 2 general provisions/ general loan-loss reserves.

Composition of Capital as at September 30, 2014 (in $US thousands)

Tier 1 & 2 Regulatory Capital	
Ordinary shares/common stock (issued and paid up)	16,808
Share premium account	22,131
Reserves	62,213
Goodwill and other intangible assets	(5,646)
Total Tier 1 & 2 Capital	**95,506**
Investments in other commercial entities	5,814
Other	961
Total Capital Deductions	**6,775**
Total Eligible Capital Base	**88,731**

2012 Restructuring

Effective October 1, 2012, BCB became a wholly owned subsidiary of Somers Limited (“Somers”), formerly known as Bermuda National Limited. BCB delisted from the Bermuda Stock Exchange and Somers became the listed entity on the Bermuda Stock Exchange. Pillar 3 disclosures are reported at the BCB level.

Capital Adequacy

Sufficient capital must be in place to support business activities, according to both the Bank’s internal assessment and the requirements of the Bermuda Monetary Authority. The key to capital adequacy management is to ensure the compliance with the minimum regulatory capital requirements and targeted capital ratios.

Bermuda Commercial Bank’s goal is to maintain sound and optimal capital ratios at all times. The Bank constantly reviews the present situation and projected developments in both its capital base and capital requirements. The main source of the Bank’s supply of capital is shareholder investment and retained earnings.

The capital management process is based on the following steps:

- The monitoring of the regulatory capital and ensuring that the minimum regulatory requirements and the established internal targets are met.
- The estimation of the capital requirements based on ongoing forecasting and strategic planning.
- The reporting of the regulatory capital situation to both the Senior Management Group and the Bermuda Monetary Authority.

Responsibility for overseeing these steps is vested with the Asset and Liability Committee (ALCO).

Ratios for Tier 1 and Total capital of BCB as at September 30, 2014 are set out below.

BCB Tier 1 capital ratio	25.03%
BCB Total capital ratio	23.18%

BCB's capital ratios are above both the regulatory minimum capital ratios required by the BMA, and the Board imposed internal minimum capital requirement.

Risk Weighted Assets (RWA)

RWA are a risk based measure of exposures used in assessing overall capital usage of the Bank. When applied against eligible regulatory capital the Bank's overall capital adequacy is determined. RWA are calculated in accordance with BMA Prudential Standards. The Bank's total RWA as at March 31, 2014 is set out below.

BCB risk weighted assets	$381.42 million

The following table shows BCB's overall minimum Pillar I capital requirement for credit, operational, and market risk, based on 8% of risk weighted assets:

Minimum Capital Requirement based on 8%	Sep 30, 2014 ($'000)
Cash	0
Claims on Sovereigns	24
Claims on Corporates	8,792
Claims on Banks and Securities Firms	7,567
Securitisations	3,310
Past Due Loans	39
Residential Mortgages	17
Other Balance Sheet Exposures	8,258
Non-market Related Off Balance Sheet Credit Exposures	0
Total Credit Risk Capital Requirement	**28,030**
Operational and Market Risk Capital Requirements	2,483
Total Pillar 1 Capital Requirement	**30,513**
Eligible Capital	88,731
Excess over capital requirement	58,218
% Capital excess	191%

Basel III

On January 1, 2013, reforms to the Basel II capital adequacy framework came into effect (the Basel III framework). These reforms are designed to strengthen global capital rules with the goal of promoting a more resilient banking sector. The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

In line with its implementation of Basel II, the BMA is not seeking to be amongst the first wave of countries implementing Basel III. The BMA does however, want to ensure that implementation in Bermuda is not unduly delayed.

BCB monitors its capital position against the Basel III framework and all businesses are operating cognisant of Basel III. New transactions at BCB are also now evaluated on a fully implemented Basel III basis. BCB's position at March 31, 2014 already substantially exceeds the Basel Committee's 2019 fully implemented Basel III requirements, i.e. minimum ratios plus capital conservation buffer.

Risk Management and Control Framework Overview

Risk Management and Control Principles

There are five key principles that govern Bermuda Commercial Bank's risk management and control framework.

1. Each Manager of the various business units is accountable for operational risk within their unit
2. There is an independent review and reporting of risk through the Internal Audit function
3. There is adequate disclosure of risk
4. Protection of earnings, capital, and deposits
5. Protection of the Bank's reputation

Risk Management and Control Responsibilities

The Board Risk Committee and the ALCO is tasked with determining Bermuda Commercial Bank's fundamental approach to market, credit, interest rate, and liquidity risk. ALCO also has a strategic and supervisory function within the organization when it comes to management and control of such risk at the Bank. ALCO is also responsible for Balance sheet management.

The Internal Audit function provides an independent review, testing, and reporting function for all types of risk. This function reports to the Audit Committee of the Board of Directors.

The head of each business division is accountable for their financial results and the risk for their division as well as ensuring that the Bank's policies and procedures related to risk are maintained.

The Management Risk Committee is primarily concerned with operational risk which encompasses operational controls, data systems integrity, and incident management. The members of the Management Risk Committee include the Chief Executive Officer, Chief Risk Officer, Chief Financial Officer and the Client Relationship Director. This committee reports to the Board of Directors through the Chief Executive Officer.

The Compliance function manages the development, implementation, and maintenance of policy and procedure for the relevant regulatory and legislative controls, including Anti-Money Laundering and Know Your Client (KYC) requirements.

The Chief Executive Officer and the Executive Committee are responsible for the overall development and implementation of appropriate control frameworks with support from the business divisions.

The Chief Executive Officer and the Executive Committee are responsible for ensuring that all financial data concerning the performance of the various divisions and subsidiaries are disclosed in a clear and transparent manner and that the methodology for reporting adheres to the established regulatory requirements and corporate governance standards as required by the laws and practices of Bermuda. They are responsible for the implementation of the Bank's agreed risk management and control framework in the areas of capital management and liquidity funding if applicable.

The following table shows the respective responsibilities of each person at BCB.

Board and CEO	Governs and oversees the BCB Risk Management and Compliance Framework. This includes reviewing & evaluating the framework bi-annually and measuring its success against corporate objectives and strategies. This review is coordinated with BCB's annual strategic planning cycle.
Audit Committee	Monitors the activities of the Internal Audit department and reviews their reports to ensure that where deficiencies or breakdowns in controls or procedures have been identified that appropriate and timely action has been taken by Management to rectify the deficiency or breakdown.
Risk Management Committee	Steers the BCB Risk Management and Compliance Framework, including receiving risk and compliance reports and deciding the resolution of key issues.
Chief Risk Officer	Drives the BCB Risk Management and Compliance Framework, including establishing the strategic, organisational and risk management contexts in which the framework will take place.
Risk Management Team and Compliance Team	Assists department Managers and their teams to continually complete and review the Risk Management Process to ensure it remains effective. Within the capacity of a consultancy role it pro-actively administers and implements the BCB Risk Management and Compliance Framework. This includes reporting to the Board, establishing and maintaining the policies, processes and procedures, reviewing the adequacy of risk and compliance controls and ensuring that risk management and compliance is an iterative process of continual improvement.
Staff	Is knowledgeable of and competent in, the application of Risk Management and Compliance principles and practices, and applies them within their areas of responsibility. Also identifies and reports risks, incidents and breaches to Management.

Internal Audit	Monitors and measures the BCB Risk Management and Compliance Framework to ensure that it is working effectively within the business and report the outcome to the Audit Committee. Also identifies any staff training needs and where possible, ensures the Department Manager carries out staff coaching to correct or improve the manner in which the task is performed.
Management	Applies the BCB Risk Management and Compliance Framework in overall business management, including decision making from a risk / return perspective. Regular risk forecasting and effectiveness reviews of current Risk Management and Compliance strategies. Ensures that all staff understands and fully accept their risk and compliance identification and control responsibilities by including these in job descriptions and key performance indicators, regular communications and continuing training programs. Identifies and manages the risks and compliance obligations within their department. Ensures that controls are monitored and reviewed frequently. Maintains the Risk Control Table and controls for their department. Ensures that staff is familiar with their risk management register and controls and are notified of any changes.

Risk Management and Control Framework

Bermuda Commercial Bank's risk management and control objectives are implemented within the organization using policies and quantitative components. This framework is dynamic and is continuously enhanced and adapted as the Bank's business, the market and the general banking environment evolves.

There are five established key elements in the Bank's independent risk control framework.

1. Risk policies and procedures
2. Risk identification
3. Risk evaluation
4. Risk control and mitigation
5. Risk and incident reporting

Credit Risk

Credit or Counterparty Risk refers to the risk that a counterparty might fail to discharge their contractual obligations causing a loss of the Bank's assets. This risk exists where there is any transfer of value from the bank to other parties, be it in the shape of a loan or a deposit. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank offers minimal loan and other credit facilities to clients. The Bank offers a Letter of Credit product that is fully cash collateralised and is processed through the Bank's correspondent relationship.

The Bank is exposed to credit risk when it places funds with other banks or when it purchases investment instruments such as bonds or places funds with money market funds. The size of these deposits is limited and controlled by both the Bank's internal risk policies and by the Large Exposure limits stipulated by the BMA.

The Bank's internal policies create a well diversified and controlled balance sheet by limiting investments or placement by counterparty, currency, geography and industry. The Bank remains compliant with the Large Exposure limits required by the BMA for money market funds and places no more than the equivalent of 25% of its capital in any single fund or instrument. All counterparty banks and money market funds must be approved by the Bank's ALCO. The maximum amount that may be deposited with any single bank or money market fund is governed by a number of controlling variables including the S&P, Fitch and Moody's ratings for that bank or money market fund. Counterparty banks and money market funds with a rating lower than "A" are not used to place deposits. These limits will be reviewed periodically and will be adjusted as the capital of the Bank changes or the rating of a counterparty bank or money market fund goes below the "A" level.

The table below details BCB's consolidated regulatory credit risk exposures based on the BMA's Revised Framework for Regulatory Capital Assessment guidance:

Analysis of Exposures Class	Exposure Position as at Sep 30, 2014 ($'000)
Cash	660
Claims on Sovereigns	65,590
Claims on Corporates	109,866
Claims on Banks and Securities Firms	254,280
Securitisations	43,092
Retail Loans	676
Past Due Loans	484
Other Balance Sheet Exposures	117,922
Balance Sheet Exposures	**592,570**
Non-market Related Off Balance Sheet Credit Exposures	**0**
Total Credit Risk Exposures	**592,570**

Market Risk

Market risk is the risk of loss emanating from changes in market price of securities investments that reduce the value of those investments. The traditional four areas of market risk are Equity Price Risk (adverse price movement in equity holdings), Interest Rate Risk (adverse movement in interest rates), Currency Risk (adverse movements in foreign exchange rates), and Commodity Price Risk (adverse changes in commodities holdings).

Currency Risk: The Bank holds a substantial portion of it Investments in currencies other than USD. These investments are principally hedged back into US dollars. Our currency hedging strategy and process is reviewed regularly to test the results and fit of hedges in place.

Commodities Risk: The Bank holds no commodities on its own behalf.

Interest Rate Risk: This risk occurs from a mismatch of interest rate exposures tied to the Bank's assets and liabilities. Adverse movements in interest rates can result in a reduction in the Bank's net interest margin. The Bank invests a portion of its balance sheet in a diversified fixed income securities portfolio. Duration is the price sensitivity of a fixed income security to changes in interest rate. The Bank manages the duration of its bond portfolio to mitigate interest rate risk.

Interest Rate Re-Pricing Risk: Like many banks, BCB is exposed to price in terms of the changes to the interest rates earned on its short term deposits placed with other banks and money market funds. These cash holdings generate interest income for the Bank and historically have been a significant source of the Bank's income. Currently, however, rates for short term (1 to 7 days) deposits placed with other banks in the USD, GBP, and EUR money markets are earning less than 0.25%, on average.

These historically low deposit rates are expected to remain the status quo for the short term future. Thus they will impact on the Bank's earnings (please refer to the 2014 Annual Financial Report for details).

Equity Risk: The Bank holds a limited number of equities within its financial investments portfolio. The total value of these securities at September 30, 2014 is $32,620,343. The Bank uses fair market values to value these available-for-sale holdings.

Stress and Scenario Testing

The purpose of stress and scenario testing is to quantify exposure to extreme and unusual market risk occurrences. The Bank's objectives in stress and scenario testing are to review probable outcomes of plausible scenarios. The Bank's program will also assess credit and market risks to understand specific weaknesses in the solvency of the Bank. The feedback and output, aid the modelling of a comprehensive control framework that is transparent and responsive to rapidly changing market conditions. The Bank performs stress and scenario testing on a quarterly basis.

Liquidity Risk

Liquidity Risk exists where demand from clients to withdraw funds from their accounts exceeds the cash available to fund those withdrawals. For example, a liquidity mismatch would exist if the Bank locked up too much of its capital and reserves in illiquid long-term assets that were not useful for funding of any increase in short-term deposit withdrawals.

The Bank manages its liquidity risk through cash and liquidity management techniques that maximize its liquidity, and through controls on the percentage of its balance sheet that can be converted to cash within specific short term bands. At September 30, 2014, cash and cash equivalents represented 33.58% of total assets and the Bank is committed to maintaining a prudent level of liquid assets which will be managed in parallel with the Bank's liability profile.

Concentration Risk

Concentration risk arises in various parts of the Bank's balance sheet and revenue stream. Examples of concentration risk include;

- Reliance on too few or closely related forms of revenue that expose the profitability of the Bank to risk from adverse movement in income
- Reliance on a few, large obligors from a common industry sectors, which expose the balance sheet to the risk of material and disproportionate loss should an event of default occur.
- Relatively small deposit and client base leaves the Bank vulnerable to losing deposit funding due to reputation risk

Given the small size of the Bank there is concentration risk in the client portfolio. Concentration risk for revenues is discussed in the section on Price Risk.

Industry concentration risk exists in that the Bank serves primarily the corporate and commercial sectors. While the client mix is generally diverse the large balances tend to be held by investment fund clients. During the recent global recession these clients all experienced reduced subscription and higher levels of redemptions that drove down the fund asset base (reducing fee income in some cases) and banking deposit levels.

The Bank calculates the Herfindahl-Hirschman Index (HHI) on client deposit concentration by client group. Client Group is used rather than individual accounts as the risk is more properly assigned to the controlling entity. As the Bank serves commercial, corporate, and high-net worth clients it is common for a controlling entity to have control over multiple legal entities and accounts.

The Herfindahl-Hirschman Index (HHI) is a simple approach for quantifying undiversified idiosyncratic risk. The HHI is defined as the sum of the squares of the relative portfolio shares of all groups. Well-diversified portfolios with a large number of small entities have an HHI value close to zero whereas heavily concentrated portfolios can have a considerably higher HHI value. In the extreme case of a single entity, the HHI takes the value of one.

BCB uses both the raw Herfindahl Index (HI) and its reciprocal. The formula is;

HI: $$H = \sum_{i=1}^{N} s_i^2$$

Reciprocal: $$H_r = {}^{1}\!/_{H}$$

The calculation is run against the aggregate balances of client groups (where a client controls multiple accounts) or individual clients that do not hold more than one account.

The following table explains how the HHI score is related to concentration and is derived from generally accepted definitions of concentration;

H is below 0.01 indicates a highly unconcentrated index.
H is below 0.1 indicates an unconcentrated index.
H is between 0.1 to 0.18 indicates moderate concentration.
H is above 0.18 indicates high concentration

As of September 30, 2014, the HHI for BCB's client portfolio is;

Herfindahl-Hirschman Index (HHI):	0.042
Equivalent Number of Groups:	23.83

A HHI score of 0.042 indicates that BCB's client concentration risk is 'unconcentrated', but not 'highly unconcentrated'. However in practice this level tends to result in a 'lumpy' dispersion of balances with resulting volatility in balance levels.

Compliance Risk

Like all banks, BCB is a regulated entity that is supervised by the Bermuda Monetary Authority (BMA). The activity of the Bank is subject to limits imposed through regulations and through legislation. The Bank must comply with these regulations and legislation or face sanction, fines, loss of license or restrictions on operations.

BCB is also indirectly impacted by the regulatory regimes of other countries with which it transacts business and to a degree is obligated to comply with those regulations. For example while BCB has no operations in the US it does use US banks for its deposits and US Dollar clearing. As such the US counterparty banks make requirements of BCB, such as completion of Patriot Act forms, compliance with periodic reviews, and compliance with US prohibition of transactions with entities sanctioned by the US (known terrorists and other Specially Designated Nationals or SDN list).

BCB actively manages compliance risk through a dedicated Compliance Department that ensures that all business transacted by the bank meets domestic requirements, internal policy, and international requirements. The Compliance Department monitors changes in legislation and updates Bank policy and operations as needed. The Bank maintains compliance though a number of programs that includes;

- Real-time automated scrubbing of all wire transactions against official watch lists to detect potential activity with known sanctioned entities
- Review of all new business for risk and approval as well as continuous periodic review of all existing business on a risk-basis for compliance with regulations
- Activity monitoring using automated systems to detect patterns of suspicious activity
- Periodic training and update for all staff for anti-money laundering, anti-fraud, and internal policy & procedure

The Compliance function reports to the Chief Executive Officer and submits quarterly reports to the Board of Directors.

Additionally the Bank is subject to supervisory review and on-site inspection from the BMA, and elements of the compliance function are subject to audit by both the Bank’s internal auditor and its external auditor.

Operational Risk

Operational risk is deemed as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external causes, whether deliberate, accidental or natural.” Operational risk by its nature cannot be entirely eliminated but it can be managed and mitigated to levels that are deemed acceptable by management.

Operational risk is the responsibility of the Management Risk Committee and includes business process controls, data systems, and compliance (anti-money laundering). The Committee meets at least quarterly or more frequently as needed to review controls, incidents, and work underway to manage risk. Incident management team meetings are held as and when needed. The Committee:

- Reviews and challenge risk information received from the Group’s risk functions to ensure that the Group is not exceeding the risk appetite set by the Board;
- Ensures rigorous stress and scenario testing of the Group’s business and receive reports that explain the impact of crystallisation of identified risks and threats to the Group to ensure that a sufficient level of risk mitigation is in place;
- Reviews and take appropriate steps to satisfy itself that the due diligence process followed for proposed strategic acquisitions or disposals is thorough;
- Considers the adequacy and effectiveness of the technology infrastructure supporting the risk management framework.

The Bank’s control environment includes non-automated risk management such as a program of continuous audit review and risk-based in depth client review. A series of daily reporting is delivered electronically to senior management to ensure that the management team is informed and take action if needed on operational and financial status.

The Bank also utilises automated systems to mitigate risk associated with criminal activity through the Bank’s products and services. These systems include application risk scoring systems for new business uptake, real-time wire activity scrubbing against official watch-lists.

The key operational risk for banks tends to be fraud (internal or external), errors, and problems related to data systems. Compliance risk is a rapidly rising area of concerns for banks.

A core element of an operational risk mitigation program for the Bank includes data security.
Banks by their nature are heavily data-dependant and the requirements for protecting the confidentiality, integrity, and availability of data are critical. BCB does not outsource its technical operations and data remains in Bermuda. The Bank maintains business recovery architecture with a fail-over time of a few minutes. The backup site readiness is monitored continuously and tested at least annually. The recovery site is in Bermuda and is considered by the Bank as a practical commercially reasonable approach.

BCB has implemented PC Desktop End Point Security that centrally disables access to any portable device, guarding against data theft and the introduction of data or software that could be harmful to the network.

Logical access control is in place at the individual application level as well as at the network level. Password complexity and mandatory changes are enforced programmatically. User profiles limit what a user can access, see or change. Application database systems are also locked down and strictly controlled.

Anti-virus software protects all desktop machines and servers, and where applicable application and systems updates and patches are applied automatically.

Operational Risk Assessment

The fundamental process of assessing operational risk relies on the identification and measurement of risks, the mitigation of risks, and an evaluation of the efficacy of the mitigation. These risks can be inherent in a process, represent vulnerabilities, or manifest themselves through actual incidents.

The risk event is evaluated in terms of probability and severity. It is tied to a reporting code that is used by the internal web-based reporting tool, and the adequacy of the controls is evaluated.

As noted above the potential risk events are linked via codes to an internal web-based reporting tool that captures the details of incidents. These reports are used to assign mitigation work, track the progress of responses to incidents and to feed into the Management Risk Committee.

Under the Basic Indicator Approach, the Bank's capital charge for operational risk is calculated using gross income data derived from the last three completed financial years for which audited financial statements have been prepared.

Basic Indicator Approach ($'000)			
as at September 30, 2014			
Item	**Last year**	**1 year prior**	**2 years prior**
Gross Income			
Net interest income	15,977	15,220	9,535
Net non-interest income	704	(647)	(1,355)
Total	16,681	14,573	8,180
Average of positive total annual incomes	13,145		
Alpha	15%		
BIA Requirement			
- Capital Charge	1,972		
- Risk Weighted Asset Equivalent	24,646		