Basel III RegulatoryCapital Disclosures

(For the nine month period ended 30 September 2019)

1. Statement of financial position under the Regulatory Scope of Consolidation

The table below shows the link between the statement of financial position in the published financial statements (accounting statement of financnial position) and the regulatory statement of financial position.

	Statement of financial position as in published financial statements	Statement of financial position as per Regulatory Reporting	Reference
	BD '000	*BD '000*	
Assets			
Cash and balances with central banks	**316,540**	**316,540**	
Treasury bills	**413,450**	**413,450**	
Deposits and amounts due from banks and other financial institutions	**243,330**	**243,284**	
Loans and advances to customers	**1,714,360**	**1,714,360**	
Of which Expected Credit Loss (1.25% of Credit risk weighted assets)	29,047	29,047	a
Of which net loans and advances (gross of Expected Credit Loss)	1,685,313	1,685,313	
Investment securities	**881,330**	**881,330**	
Of which investments in financial entities under CET1		25,059	b
Of which investments in financial entities under Tier 2		2,379	c
Of which related to other investments		853,892	
Investments in associated companies and joint ventures	**63,550**	**66,753**	
Of which Investment in own shares	842	842	d
Of which equity investments in financial entities	40,084	40,084	e
Of which other investments	22,624	25,827	
Interest receivable and other assets	**74,380**	**72,974**	
Of which deferred tax assets due to temporary differences	1,349	1,349	f
Of which Intangibles	3,596	3,596	g
Of which Interest receivable and other assets	73,031	71,625	
Premises and equipment	**34,000**	**33,769**	
Total assets	**3,740,940**	**3,742,460**	
Liabilities and Equities			
Liabilities			
Deposits and amounts due to banks and other financial institutions	**368,440**	**368,440**	
Borrowings under repurchase agreement	**199,000**	**199,000**	
Term borrowings	**333,040**	**333,040**	
Customers' current, savings and other deposits	**2,206,840**	**2,210,465**	
Interest payable and other liabilities	**133,030**	**131,755**	
Total liabilities	**3,240,350**	**3,242,700**	
Equity			
Share capital	**129,690**	**129,690**	h
Treasury stock	**(7,080)**	**(7,080)**	i
Perpetual Tier 1 Convertible Capital Securities	**-**	**-**	j
Share premium	**105,590**	**105,590**	k
Statutory reserve	**54,080**	**54,080**	l
General reserve	**54,080**	**54,080**	m
Cumulative changes in fair values	**(13,480)**	**(13,480)**	
Of which cumulative changes in fair values on bonds and equities	(13,138)	(13,138)	n
Of which Fair value changes in cash flow hedges	(343)	(343)	o
Foreign currency translation adjustments	**(12,170)**	**(12,170)**	
Of which related to unconsolidated subsidiary		(79)	p
Of which related to Parent		(12,091)	q
Retained earnings	**186,960**	**186,609**	
Of which employee stock options	2,903	2,903	
Of which Retained earnings	184,057	183,706	r
Attributable to the Owners of the Bank	**497,670**	**497,319**	
Non-controlling interest	**2,920**	**2,441**	
Total equity	**500,590**	**499,760**	
Total Liabilities and equities	**3,740,940**	**3,742,460**	

Legal entities included within the accounting scope of consolidation but excluded from the regulatory scope of consolidation:

Name	Principle activities	Total Assets	Total Equitites
Invita B.S.C. (c)	Business process outsourcing services	5,308	4,032

2 Regulatory Capital Components

The table below provides a detailed breakdown of the bank's regulatory capital components, including all regulatory adjustments. The table also provides reference to the comparison displayed in the previous table between accounting and regulatory statement of financial positions.

		Component of regulatory capital	Source based on reference letters of the statement of financial positions under the regulatory scope of consolidation
	Common Equity Tier 1: Instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus	228,200	h+i+k
2	Retained earnings	183,628	p+r
3	Accumulated other comprehensive income (and other reserves)	82,588	l+m+n+o+q
4	Not applicable		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**494,416**	
	Common Equity Tier 1 capital :regulatory adjustments		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,596	g
11	Cash-flow hedge reserve	(343)	m
16	Investments in own shares	842	d
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
28	**Total regulatory adjustments to Common equity Tier 1**	**4,095**	
29	**Common Equity Tier 1 capital (CET1)**	**490,321**	
	Additional Tier 1 capital: instruments		
36	**Additional Tier 1 capital before regulatory adjustments**	**-**	
	Additional Tier 1 capital: regulatory adjustments		
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	
44	**Additional Tier 1 capital (AT1)**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**490,321**	
	Tier 2 capital: instruments and provisions		
50	Provisions	29,047	a
51	**Tier 2 capital before regulatory adjustments**	**29,047**	
	Tier 2 capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	-	
58	**Tier 2 capital (T2)**	**29,047**	
59	**Total capital (TC = T1 + T2)**	**519,368**	
60	**Total risk weighted assets**	**2,633,258**	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	18.62%	
62	Tier 1 (as a percentage of risk weighted assets)	18.62%	
63	**Total capital (as a percentage of risk weighted assets)**	**19.72%**	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement, expressed as a percentage of risk weighted assets)	10.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	N/A	
67	of which: D-SIB buffer requirement	1.50%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	18.62%	
	National minima (where different from Basel III)		
69	CBB Common Equity Tier 1 minimum ratio	10.50%	
70	CBB Tier 1 minimum ratio	12.00%	
71	CBB total capital minimum ratio	14.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financials	27,438	b+c
73	Significant investments in the common stock of financials	40,084	e
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1,349	f
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	35,734	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	29,047	a
78	N/A		
79	N/A		
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)		
84	Current cap on CET1 instruments subject to phase out arrangements	N/A	
85	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
86	Current cap on AT1 instruments subject to phase out arrangements	N/A	
87	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	
88	Current cap on T2 instruments subject to phase out arrangements	N/A	
89	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	

In November 2018, the Central Bank of Bahrain (CBB) issued its final Leverage regulation, with an effective date of 30th June 2019. The leverage ratio is a simple ratio that serves as a supplementary measure to the risk-based capital requirements. It aims to constrain the build-up of leverage in banking sector, reinforce the risk-based requirements with a simple non-risk based “backstop” measure, and serve as a broad measure of both the on and off-balance sheet sources of bank leverage.

The leverage ratio is measured as Tier 1 capital divided by Total Exposures. Total exposures consist of on-balance sheet, off-balance sheet, derivatives and securities financing transactions exposures. As per CBB regulations, Bahraini banks must meet a 3% leverage ratio minimum requirement at all times, except for Domestic Systemically Important Banks (DSIBs) where the minimum ratio is higher at 3.75%. Accordingly, as a DSIB bank, the minimum ratio for BBK is 3.75%. As of 30th September 2019, the leverage ratio for BBK stood at 12.10%.