

Basel III Regulatory Capital Disclosures

*(For the year ended
ended 31 December 2020)*

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 financial 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
	<i>BD millions</i>	<i>BD millions</i>	
Assets			
Cash and balances with central banks	256.5	256.5	
Treasury bills	487.8	487.8	
Deposits and amounts due from banks and other financial institutions	318.9	318.6	
Loans and advances to customers	1,555.8	1,555.8	
Of which Expected Credit Loss (1.25% of Credit risk weighted assets)	27.6	27.6	a
Of which net loans and advances (gross of collective impairment provisions)	1,528.2	1,528.2	
Investment securities	957.3	957.3	
Of which equity investments in financial entities under CET1		26.0	b
Of which equity investments in financial entities under Tier 2		2.4	c
Of which related to other investments		928.9	
Investments in associated companies and joint ventures	65.5	68.4	
Of which Investment in own shares	0.9	0.9	d
Of which equity investments in financial entities	39.4	39.4	e
Of which other investments	25.2	28.1	
Interest receivable, derivative and other assets	83.1	81.0	
Of which deferred tax assets due to temporary differences	1.6	1.6	f
Of which Intangibles	4.8	4.8	g
Of which Interest receivable and other assets	76.7	74.6	
Premises and equipment	35.5	34.7	
Total assets	3,760.4	3,760.1	
Liabilities and Equities			
Liabilities			
Deposits and amounts due to banks and other financial institutions	330.3	330.3	
Borrowings under repurchase agreement	399.2	399.2	
Term borrowings	188.5	188.5	
Customers' current, savings and other deposits	2,167.4	2,170.9	
Interest payable, derivative and other liabilities	160.5	158.1	
Total liabilities	3,245.9	3,247.0	
Equity			
Share capital	136.2	136.2	h
Treasury stock	(5.2)	(5.2)	i
Share premium	105.6	105.6	j
Statutory reserve	66.8	66.8	k
General reserve	61.6	61.6	l
Cumulative changes in fair values	(11.4)	(11.4)	
of which cumulative changes in fair values on bonds and equities	(10.2)	(10.2)	m
of which Fair value changes in cash flow hedges	(1.2)	(1.2)	n
Foreign currency translation adjustments	(12.8)	(12.8)	
Of which related to unconsolidated subsidiary		(0.1)	o
Of which related to Parent		(12.7)	p
Retained earnings	125.6	124.8	
Of which employee stock options	3.4	3.4	q
Of which related to modification loss net of government assistance	-	(20.9)	r
Of which Retained earnings	122.2	142.3	s
Proposed appropriations	45.4	45.4	t
Attributable to the Owners Of the Bank	511.8	511.0	
Non-controlling interests	2.7	2.1	
Total equity	514.5	513.1	
Total Liabilities and equities	3,760.4	3,760.1	

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

Name	Principle activities	Total Assets	Total Equities
Invita B.S.C. (c)	Business process outsourcing services	6.6	4.2

2. Regulatory Capital Components - Consolidated

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		
Directly issued qualifying common share capital plus related stock surplus	236.6	h+i+j
Retained earnings	187.2	o+s+t
Accumulated other comprehensive income and losses (and other reserves)	104.3	k+l+m+n+p
Common Equity Tier 1 capital before regulatory adjustments	528.1	
Common Equity Tier 1 capital :regulatory adjustments		
Other intangibles other than mortgage servicing rights (net of related tax liabilities)	4.8	g
Cash flow hedge reserve	(1.2)	n
Investments in own shares	0.9	d
Total regulatory adjustments to Common equity Tier 1	4.5	
Common Equity Tier 1 capital (CET1)	523.5	
Tier 1 capital (T1 = CET1 + AT1)	523.5	
Tier 2 capital: instruments and provisions		
Provisions	27.6	
Tier 2 capital before regulatory adjustments	27.6	
Tier 2 capital: regulatory adjustments		
Total regulatory adjustments to Tier 2 capital	-	
Tier 2 capital (T2)	27.6	
Total capital (TC = T1 + T2)	551.1	
Total risk weighted assets	2,528.1	
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of risk weighted assets)	20.71%	
Tier 1 (as a percentage of risk weighted assets)	20.71%	
Total capital (as a percentage of risk weighted assets)	21.80%	
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	10.50%	
of which: capital conservation buffer requirement	2.50%	
of which: bank specific countercyclical buffer requirement	N/A	
of which: G-SIB buffer requirement	1.50%	
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	20.71%	
National minima (where different from Basel III)		
CBB Common Equity Tier 1 minimum ratio	10.50%	
CBB Tier 1 minimum ratio	12.00%	
CBB total capital minimum ratio	14.00%	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	28.4	b+c
Significant investments in the common stock of financials	39.4	e
Deferred tax assets arising from temporary differences (net of related tax liability)	1.6	f
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	30.7	
Cap on inclusion of provisions in Tier 2 under standardised approach	27.6	a

3 . Leverage Ratio

In November 2018, the Central Bank of Bahrain (CBB) issued its final Leverage regulation, which 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 31st December 2020, the leverage ratio for BBK stood at 12.79%.