

# **Basel III Regulatory Capital Disclosures**

*(For the three months period  
ended 30 September 2016)*

## 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 |
|--|--|---|-----------|
|  | BD '000  | BD '000   |           |
| <b>Assets</b>  |  |   |           |
| Cash and balances with central banks                                 | 199,040  | 199,040   |           |
| Treasury bills   | 453,412  | 453,412   |           |
| Deposits and amounts due from banks and other financial institutions | 337,727  | 337,727   |           |
| Loans and advances to customers                                      | 1,754,797  | 1,795,853   |           |
| Of which general provisions  | (41,056)   |   |           |
| Of which net loans and advances (gross of general provisions)        | 1,795,853  | 1,795,853   |           |
| Non-trading investment securities                                    | 783,836  | 783,836   |           |
| Of which investments in financial entities under CET1                |  | 25,676  | b         |
| Of which investments in financial entities under Tier 1              |  | -   | c         |
| Of which investments in financial entities under Tier 2              |  | 9,076   | d         |
| Of which related to other investments                                |  | 749,084   |           |
| Investments in associated companies and joint ventures               | 45,692   | 48,202  |           |
| Of which equity investments in financial entities                    | 27,982   | 27,982  | e         |
| Of which other investments   | 17,710   | 20,220  |           |
| Interest receivable and other assets                                 | 57,128   | 55,862  |           |
| Of which deferred tax assets due to temporary differences            | 2,262  | 2,262   | f         |
| Of which Interest receivable and other assets                        | 54,866   | 53,600  |           |
| Premises and equipment   | 24,101   | 23,882  |           |
| <b>Total assets</b>  | <b>3,655,733</b>   | <b>3,697,814</b>  |           |
| <b>Liabilities and Equities</b>                                      |  |   |           |
| <b>Liabilities</b>   |  |   |           |
| Deposits and amounts due to banks and other financial institutions   | 140,855  | 140,855   |           |
| Borrowings under repurchase agreement                                | 184,016  | 184,016   |           |
| Term borrowings  | 205,750  | 205,750   |           |
| Customers' current, savings and other deposits                       | 2,556,638  | 2,558,517   |           |
| Interest payable and other liabilities                               | 108,437  | 107,975   |           |
| <b>Total liabilities</b>   | <b>3,195,696</b>   | <b>3,197,113</b>  |           |
| <b>Equity</b>  |  |   |           |
| Share capital  | 108,165  | 108,165   | g         |
| Treasury stock   | (1,206)  | (1,206)   | h         |
| Perpetual Tier 1 Convertible Capital Securities                      | 86,098   | 86,098  | i         |
| Share premium  | 39,919   | 39,919  | j         |
| Statutory reserve  | 54,082   | 54,082  | k         |
| General reserve  | 54,082   | 54,082  | l         |
| Cumulative changes in fair values                                    | (17,983)   | (17,983)  | m         |
| Of which cumulative changes in fair values on bonds and equities     | (8,781)  | (8,781)   |           |
| Of which Fair value changes in cash flow hedges                      | (494)  | (494)   |           |
| Foreign currency translation adjustments                             | (10,238)   | (10,238)  | n         |
| Retained earnings  | 145,429  | 145,429   |           |
| Of which employee stock options                                      | 2,132  | 2,132   |           |
| Of which Retained earnings   | 143,297  | 143,297   | o         |
| Appropriations   |  | -   |           |
| General provisions   |  | 41,056  |           |
| Of which amount eligible for Tier 2 (1.25% of RWA)                   |  | 30,606  | a         |
| Of which amount Ineligible   |  | 10,450  |           |
| Attributable to the Owners of the Bank                               | 458,348  | 499,404   |           |
| Non-controlling interest   | 1,689  | 1,297   |           |
| <b>Total equity</b>  | <b>460,037</b>   | <b>500,701</b>  |           |
| <b>Total Liabilities and equities</b>                                | <b>3,655,733</b>   | <b>3,697,814</b>  |           |

• 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 | 3,364        | 2,902          |

**BBK B.S.C.**
**Basel III Pillar III Disclosure**
**(For the three months period ended 31 March 2016)**
**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 | Amounts subject to pre-2015 treatment | Source based on reference letters of the statement of financial positions under the regulatory scope of consolidation |
|--|---------------------------------|---------------------------------------|---|
| <b>Common Equity Tier 1: Instruments and reserves</b>  |                                 |                                       |   |
| Directly issued qualifying common share capital plus related stock surplus   | 146,878                         |                                       | g+h+j   |
| Retained earnings  | 143,296                         |                                       | o   |
| Accumulated other comprehensive income and losses (and other reserves)   | 79,943                          |                                       | k+l+m+n   |
| <b>Common Equity Tier 1 capital before regulatory adjustments</b>  | <b>370,117</b>                  | -                                     |   |
| <b>Common Equity Tier 1 capital :regulatory adjustments</b>  |                                 |                                       |   |
| Cash flow hedge reserve  | (568)                           |                                       |   |
| Investments in own shares  | 661                             |                                       |   |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)                          | -                               | 25,676                                | b   |
| Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions  | -                               |                                       | c   |
| <b>Total regulatory adjustments to Common equity Tier 1</b>  | <b>93</b>                       | <b>25,676</b>                         |   |
| <b>Common Equity Tier 1 capital (CET1)</b>   | <b>370,024</b>                  | -                                     | <b>25,676</b>   |
| <b>Additional Tier 1 capital: instruments</b>  |                                 |                                       |   |
| Directly issued qualifying Additional Tier 1 instruments plus related stock surplus  | 86,098                          |                                       |   |
| of which: classified as equity under applicable accounting standards   | 86,098                          |                                       |   |
| <b>Additional Tier 1 capital before regulatory adjustments</b>   | <b>86,098</b>                   | -                                     |   |
| <b>Additional Tier 1 capital: regulatory adjustments</b>   |                                 |                                       |   |
| <b>Total regulatory adjustments to Additional Tier 1 capital</b>   | <b>-</b>                        | <b>-</b>                              |   |
| <b>Additional Tier 1 capital (AT1)</b>   | <b>86,098.00</b>                | <b>-</b>                              |   |
| <b>Tier capital (T1 = CET1 + AT1)</b>  | <b>456,122</b>                  | <b>(25,676.00)</b>                    |   |
| <b>Tier 2 capital: instruments and provisions</b>  |                                 |                                       |   |
| Provisions   | 30,606                          |                                       |   |
| <b>Tier 2 capital before regulatory adjustments</b>  | <b>30,606</b>                   |                                       |   |
| <b>Tier 2 capital: regulatory adjustments</b>  |                                 |                                       |   |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | -                               | 9,076.00                              | d   |
| Total regulatory adjustments to Tier 2 capital   | -                               | 9,076.00                              |   |
| <b>Tier 2 capital (T2)</b>   | <b>30,606</b>                   | -                                     | <b>9,076.00</b>   |
| <b>Total capital (TC = T1 + T2)</b>  | <b>486,728</b>                  | -                                     | <b>34,752.00</b>  |
| <b>Total risk weighted assets</b>  | <b>2,688,221</b>                |                                       | <b>-</b>  |
| <b>Capital ratios and buffers</b>  |                                 |                                       |   |
| Common Equity Tier 1 (as a percentage of risk weighted assets)   | 13.76%                          |                                       |   |
| Tier 1 (as a percentage of risk weighted assets)   | 16.97%                          |                                       |   |
| Total capital (as a percentage of risk weighted assets)  | 18.11%                          |                                       |   |
| 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)  | 9.00%                           |                                       |   |
| of which: capital conservation buffer requirement  | 2.50%                           |                                       |   |
| of which: bank specific countercyclical buffer requirement   | N/A                             |                                       |   |
| of which: G-SIB buffer requirement   | N/A                             |                                       |   |
| Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)   | 13.76%                          |                                       |   |
| <b>National minima (where different from Basel III)</b>  |                                 |                                       |   |
| CBB Common Equity Tier 1 minimum ratio   | 6.50%                           |                                       |   |
| CBB Tier 1 minimum ratio   | 8.00%                           |                                       |   |
| CBB total capital minimum ratio  | 10.00%                          |                                       |   |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b>  |                                 |                                       |   |
| Non-significant investments in the capital of other financials   | 34,752                          |                                       |   |
| Significant investments in the common stock of financials  | 27,982                          |                                       | e   |
| Mortgage servicing rights (net of related tax liability)   |                                 |                                       |   |
| Deferred tax assets arising from temporary differences (net of related tax liability)  | 2,262                           |                                       | f   |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>  |                                 |                                       |   |
| Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)   | 41,056                          |                                       | a   |
| Cap on inclusion of provisions in Tier 2 under standardised approach   | 30,606                          |                                       |   |