



Basel III Regulatory Capital Disclosures

*(For the period ended
30 September 2023)*

1 Statement of Financial Position under the Regulatory Scope of Consolidation

All figures in BD millions

The table below shows the link between the consolidated 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
Assets			
Cash and balances with central banks	573.3	573.3	
Treasury bills	349.5	349.5	
Deposits and amounts due from banks and other financial institutions	306.6	306.6	
Loans and advances to customers	1,587.2	1,587.2	
Of which Expected Credit Loss (1.25% of Credit risk weighted assets)		25.3	a
Of which net loans and advances (gross of Expected Credit Loss)		1,561.9	
Investment securities	894.6	894.6	
Of which investments in financial entities under CET1		27.4	b
Of which related to other investments		867.2	
Interest receivable, derivative and other assets	171.1	169.9	
Of which deferred tax assets due to temporary differences		0.8	c
Of which intangibles		6.7	d
Of which interest receivable and other assets		162.4	
Investments in associated companies and joint ventures	54.6	56.9	
Of which Investment in own shares		1.0	e
Of which equity investments in financial entities		36.3	f
Of which other investments		19.6	
Premises and equipment	37.4	36.9	
Total assets	3,974.3	3,974.9	
Liabilities and equity			
Liabilities			
Deposits and amounts due to banks and other financial institutions	381.3	381.3	
Borrowings under repurchase agreement	343.9	343.9	
Term borrowings	301.6	301.6	
Customers' current, savings and other deposits	2,229.1	2,232.5	
Interest payable, derivative and other liabilities	128.5	126.4	
Total liabilities	3,384.4	3,385.7	
Equity			
Share capital	173.0	173.0	g
Treasury stock	(4.1)	(4.1)	h
Perpetual tier 1 convertible capital securities		-	
Share premium	105.6	105.6	i
Statutory reserve	78.5	78.5	j
General reserve	64.2	64.2	k
Cumulative changes in fair values	19.0	19.0	
of which cumulative changes in fair values on bonds and equities		18.6	l
of which fair value changes in cash flow hedges		0.5	m
Foreign currency translation adjustments	(15.9)	(15.9)	
Of which related to unconsolidated subsidiary		-	n
Of which related to Parent		(15.9)	o
Retained earnings	167.0	166.3	
Of which employee stock options		3.0	p
Of which related to modification loss net of government assistance		(14.5)	q
Of which retained earnings		177.8	r
Attributable to the owners of the Bank	587.3	586.6	
Non-controlling interests	2.6	2.6	
Total equity	589.9	589.2	
Total liabilities and equity	3,974.3	3,974.9	

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

Name	Principle activities	Total Assets	Total Equity
Invita Company W.L.L.	Business processing and outsourcing services	6.0	3.9

2 Regulatory Capital Components - Consolidated (continued)

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.

All figures in BD millions

	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	274.5	g+h+i
Retained earnings	177.8	n+r+s
Accumulated other comprehensive income and losses (and other reserves)	145.9	j+k+l+m+o
Common Equity Tier 1 capital before regulatory adjustments	598.2	
Common Equity Tier 1 capital: regulatory adjustments		
Other intangibles other than mortgage servicing rights (net of related tax liabilities)	6.7	d
Cash flow hedge reserve	0.5	m
Investments in own shares	1.0	e
Total regulatory adjustments to Common equity Tier 1	8.2	
Common Equity Tier 1 capital (CET1)	590.0	
Tier 1 capital (T1 = CET1 + AT1)	590.0	
Tier 2 capital: instruments and provisions		
Provisions	25.3	a
Tier 2 capital before regulatory adjustments	25.3	
Tier 2 capital: regulatory adjustments		
Total regulatory adjustments to Tier 2 capital	-	
Tier 2 capital (T2)	25.3	
Total capital (TC = T1 + T2)	615.3	
Total risk weighted assets	2,295.9	
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of risk weighted assets)	25.7%	
Tier 1 (as a percentage of risk weighted assets)	25.7%	
Total capital (as a percentage of risk weighted assets)	26.8%	
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)	10.5%	
of which: capital conservation buffer requirement	2.5%	
of which: bank specific countercyclical buffer requirement	N/A	
of which: D-SIB buffer requirement	1.5%	
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	25.7%	
National minima (where different from Basel III)		
CBB Common Equity Tier 1 minimum ratio	10.5%	
CBB Tier 1 minimum ratio	12.0%	
CBB total capital minimum ratio	14.0%	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	27.4	b
Significant investments in the common stock of financials	36.3	f
Deferred tax assets arising from temporary differences (net of related tax liability)	0.8	c
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)	37.5	
Cap on inclusion of provisions in Tier 2 under standardised approach	25.3	a

3 . Leverage Ratio

In November 2018, CBB issued its final Leverage Regulation, with an effective date of 30 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 30 September 2023, the leverage ratio for Bank of Bahrain and Kuwait B.S.C. stood at 13.58% on consolidated level.