

Kuwait Finance House (Bahrain) B.S.C.(c)

Composition of Capital, Leverage & Liquidity Disclosures

30 September 2023



Capital disclosures during the transition phase (Appendix PD - 1)

Common Equity Tier 1 Capital: Instruments and Reserves		
S.No.	Description	(BD '000)
1	Directly issued qualifying common share capital plus related stock surplus	132,519
2	Retained earnings	8,004
3	Accumulated other comprehensive income (and other reserves)	37,508
4	<i>Not applicable</i>	
6	Common Equity Tier 1 Capital Before Regulatory Adjustments	178,031
Common Equity Tier 1 Capital: Regulatory Adjustments		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	888
28	Total Regulatory Adjustments to Common Equity Tier 1	888
29	Common Equity Tier 1 Capital (CET1)	177,143
Additional Tier 1 Capital: Instruments		
36	Additional Tier 1 Capital Before Regulatory Adjustments	-



Capital disclosures during the transition phase (Appendix PD - 1) (Continued)		
Common Equity Tier 1 Capital: Instruments and Reserves		
S.No.	Description	(BD '000)
Additional Tier 1 Capital: Regulatory Adjustments		
45	Tier 1 Capital (T1 = CET1 + AT1)	177,143
Tier 2 Capital: Instruments and Provisions		
50	Provisions	6,565
51	Tier 2 Capital Before Regulatory Adjustments	6,565
Tier 2 Capital: Regulatory Adjustments		
58	Tier 2 Capital (T2)	6,565
59	Total Capital (TC = T1 + T2)	183,708
60	Total Risk Weighted Assets	674,370
Capital Ratios and Buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	26.27%
62	Tier 1 (as a percentage of risk weighted assets)	26.27%
63	Total capital (as a percentage of risk weighted assets)	27.24%
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)	2.50%
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	N/A
68	(Common Equity Tier 1 available to meet buffers [as a percentage of risk weighted assets] Note 61 less note 65 less 6.5% (minimum CET1 requirement without buffer))	17.27%



Capital disclosures during the transition phase (Appendix PD - 1) (Continued)		
Common Equity Tier 1 Capital: Instruments and Reserves		
S.No.	Description	(BD '000)
National Minima Including CCB (Where Different from Basel III)		
69	CBB Common Equity Tier 1 minimum ratio	9%
70	CBB Tier 1 minimum ratio	10.50%
71	CBB total capital minimum ratio	12.50%
Amounts Below the Thresholds for Deduction (Before Risk Weighting)		
72	Non-significant investments in the capital of other financials	-
73	Significant investments in the common stock of financials	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
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)	15,088
77	Cap on inclusion of provisions in Tier 2 under standardised approach	6,565
78	N/A	
79	N/A	
Capital Instruments Subject to Phase-Out Arrangements (Only applicable between 1 Jan 2019 and 1 Jan 2023)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	



Three Step Approach to Reconciliation (Appendix PD - 2)

(PD-A.2.10, A.2.10A,)	Balance Sheet as Published in Financial Statements	Consolidated PIRI Data	Reference - Common Disclosure Template for Capital
	As at Period End	As at Period End	
	(BD '000)	(BD '000)	
Assets			
Cash and balances with banks and Central Bank of Bahrain	94,674	83,302	
Due from banks	61,791	73,596	
Financing contracts	1,014,870	1,029,492	
Investments in equity	3,144	3,144	
Investment Properties	-	22,161	
Investment in sukuk	279,043	279,051	
Receivables and other assets	123,180	101,026	
Premises and equipments	3,893	3,893	
- of which other intangibles		888	9
Total assets	1,580,595	1,595,666	
Liabilities			
Customers' current accounts	115,254	115,254	
Due to banks	38,672	38,672	
Due to non-banks	93,720	93,720	
Other liabilities	22,310	22,293	
Equity of Investment Account Holders	1,139,711	1,139,711	
Total liabilities	1,409,667	1,409,650	
Shareholders' Equity			
Share capital *	132,519	132,519	1
Retained earnings and unrealized gains *	8,004	8,004	2, 3
Other reserves *	30,405	30,405	2, 3
Expected Credit Losses (ECL) Stages 1 & 2	-	15,088	
- of which cap on inclusion of provision in Tier 2		6,565	50, 77
Total Shareholders' Equity	170,928	186,016	

* These amounts are eligible for CET1



Main Features of Regulatory Capital Instruments (Appendix PD - 3)

S.No.	Description	Tier 1
1	Issuer	Kuwait Finance House (Bahrain) B.S.C. (c)
2	Unique identifier (e.g. CUSP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	1. Central Bank of Bahrain; and 2. Ministry of Industry, Commerce and Tourism
<i>Regulatory treatment</i>		
4	Transitional CBB rules	Common Equity Tier 1
5	Post-transitional CBB rules	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Paid Up Capital, Reserves and Retained Earning
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	BD 177,143 (thousands)
9	Par value of instrument	BD 0.100
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	January-02
12	Perpetual or date	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Based on the performance of the Bank and approval of the AGM.
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non - Cumulative



Main Features of Regulatory Capital Instruments (Appendix PD - 3) (Continued)		
S.No.	Description	Tier 1
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	No
32	If write-down, full or partial	No
33	If write-down, permanent or temporary	No
34	If temporary write-down, description of write-up mechanism	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual Claim. All Liabilities and Equity of Investment Account Holders are senior to this instrument. Equity of Investment Account holders are senior to Common Equity Tier 1 in cases where the Bank is proven to be negligent to the Equity of Investment Account holders' rights. In other circumstances, Equity of Investment Account holders are pari-passu with Common Equity Tier 1. this is all subject to the actual application of relevant laws upon residual claim being made.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Consolidated Leverage Ratio as of 30 September 2023

S.No.	Description	(BD '000)
1	Total Self Financed assets (1)	455,955
2	Total URIA Financed Assets (2)	1,139,711
3	Off Balance Sheet items - with relevant Credit conversion factors (3)	19,954
	Leverage ratio exposure $[(1)+0.3(2) +(3)]$	817,822
	Tier 1 Capital	177,143
	Leverage ratio	21.66%
	Minimum leverage ratio as required by CBB	3.00%

Liquidity Coverage Ratio as of 30 September 2023

Description	%
LCR	202.71%
Minimum LCR as required by CBB	100.00%

