

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

Composition of Capital Disclosures

30th June 2017



Appendix PD - 2: Three Step Approach to Reconciliation

(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	51,769	50,622	
Due from banks	77,454	77,454	
Financing contracts with customers	693,716	693,716	
Financing contracts with customers - collective impairment provision	(26,241)	(26,241)	50
Investments	7,806	6,211	
Investment in sukuk	139,303	139,303	
Investments in unconsolidated subsidiaries	-	58,625	
Investment in joint ventures and associates	11,954	3,236	
Investment in real estate	-	-	
Receivables, prepayments and other assets	285,420	246,123	
Premises and equipments	8,662	8,647	
Assets classified as held for sale	20,209	-	
Total assets	1,270,052	1,257,696	
Liabilities			
Customers' current accounts	138,163	141,045	
Due to banks	119,781	119,781	
Due to non-banks	212,359	212,359	
Other liabilities	42,814	30,582	
Subordinated murabaha payable	92,034	92,034	
Liabilities classified as held for sale	2,729	-	
Equity of Investment Account Holders	492,511	500,760	
Total liabilities	1,100,391	1,096,561	
Shareholders' Equity			
Share capital *	132,519	132,519	1
Share Premium *	-	-	1
Treasury shares *	-	-	1
Retained earnings and unrealized gains *	10,892	10,892	2 & 3
Assets revaluation reserve - property, plant and equipment	-	-	50
Other reserves *	17,724	17,724	3
Non-controlling shareholders	8,526	-	
Total Shareholders' Equity	169,661	161,135	

* These amounts are eligible for CET1



Appendix PD - 3: Main Features of Regulatory Capital Instruments

S.No.	Description	Tier 1	Tier 2
1	Issuer	Kuwait Finance House (Bahrain) B.S.C. (c)	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	1. Central Bank of Bahrain.
	<i>Regulatory treatment</i>		
4	Transitional CBB rules	Common Equity Tier 1	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Ineligible (Post 2019)
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Paid Up Capital, Reserves and Retained Earning	Subordinated Murabaha
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 161,135 (thousands)	BD 37,274 (thousands)
9	Par value of instrument	BD 0.100	N/A
10	Accounting classification	Shareholders' Equity	Liability - Amortised
11	Original date of issuance	January-02	September-09
12	Prepetual or date	Perpetual	Dated
13	Original maturity date	No Maturity	September-19
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Call date is any date falling not less than 5 years from the original date of issuance specified above. The prepayment may be done partially or in full.
16	Subsequent call dates, if applicable	N/A	same as above (note15)
	<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Based on the performance of the Bank and approval of the AGM.	Floating
18	Coupon rate and any related index	N/A	6 Month KIBOR + 2% per annum
19	Existence of a dividend stopper	No	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non - Cumulative	Cumulative



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

23	Convertible or non-convertible	N/A	Nonconvertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	No	No
32	If write-down, full or partial	No	No
33	If write-down, permanent or temporary	No	No
34	If temporary write-down, description of write-up mechanism	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual Claim. All Liabilities (including Tier 2 instrument) 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.	Subordinated. All other Liabilities are senior to this instrument.
36	Non-compliant transitioned features	No	Yes
37	If yes, specify non-compliant features	N/A	CBB's Tier 2 Capital Requirements including specification of write-down or conversion triggers and type of eligible instruments.



Appendix PD - 4: Capital disclosures during the transition phase

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	36,841
3	Accumulated other comprehensive income (and other reserves)	- 8,225
4	<i>Not applicable</i>	
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	161,135
Common Equity Tier 1 Capital: Regulatory Adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-
14	<i>Not applicable</i>	
15	Defined-benefit pension fund net assets	-
16	Investments in own shares	-
17	Reciprocal cross-holdings in common equity	-
18	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)	-
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)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financials	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	CBB specific regulatory adjustments	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total Regulatory Adjustments to Common Equity Tier 1	-
29	Common Equity Tier 1 Capital (CET1)	161,135
Additional Tier 1 Capital: Instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
36	Additional Tier 1 Capital Before Regulatory Adjustments	-



Appendix PD - 4: Capital disclosures during the transition phase(Continued)

Common Equity Tier 1 Capital: Instruments and Reserves		
S.No.	Description	(BD '000)
Additional Tier 1 Capital: Regulatory Adjustments		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	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 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	CBB specific regulatory adjustments	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	Total Regulatory Adjustments to Additional Tier 1 Capital	-
44	Additional Tier 1 Capital (AT1)	-
45	Tier 1 Capital (T1 = CET1 + AT1)	161,135
Tier 2 Capital: Instruments and Provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	37,274
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
50	Provisions	13,422
51	Tier 2 Capital Before Regulatory Adjustments	50,696
Tier 2 Capital: Regulatory Adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	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)	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	CBB specific regulatory adjustments	-
57	Total Regulatory Adjustments to Tier 2 Capital	-
58	Tier 2 Capital (T2)	50,696
59	Total Capital (TC = T1 + T2)	211,831
60	Total Risk Weighted Assets	1,295,332
Capital Ratios and Buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.44%
62	Tier 1 (as a percentage of risk weighted assets)	12.44%
63	Total capital (as a percentage of risk weighted assets)	16.35%
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))	3.44%



Appendix PD - 4: Capital disclosures during the transition phase(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	6,211
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)	26,241
77	Cap on inclusion of provisions in Tier 2 under standardised approach	13,422
78	N/A	
79	N/A	
Capital Instruments Subject to Phase-Out Arrangements (Only applicable between 1 Jan 2019 and 1 Jan 2023)		
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	

