

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

## **Composition of Capital, Leverage & Liquidity Disclosures**

30 June 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	6,320
3	Accumulated other comprehensive income (and other reserves)	38,935
4	<i>Not applicable</i>	
6	<b>Common Equity Tier 1 Capital Before Regulatory Adjustments</b>	<b>177,774</b>
Common Equity Tier 1 Capital: Regulatory Adjustments		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	842
28	<b>Total Regulatory Adjustments to Common Equity Tier 1</b>	<b>842</b>
29	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>176,932</b>
Additional Tier 1 Capital: Instruments		
36	<b>Additional Tier 1 Capital Before Regulatory Adjustments</b>	<b>-</b>



Capital disclosures during the transition phase (Appendix PD - 1) (Continued)		
Common Equity Tier 1 Capital: Instruments and Reserves		
S.No.	Description	(BD '000)
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>		
45	<b>Tier 1 Capital (T1 = CET1 + AT1)</b>	<b>176,932</b>
<b>Tier 2 Capital: Instruments and Provisions</b>		
50	Provisions	6,446
51	<b>Tier 2 Capital Before Regulatory Adjustments</b>	<b>6,446</b>
<b>Tier 2 Capital: Regulatory Adjustments</b>		
58	<b>Tier 2 Capital (T2)</b>	<b>6,446</b>
59	<b>Total Capital (TC = T1 + T2)</b>	<b>183,378</b>
60	<b>Total Risk Weighted Assets</b>	<b>665,420</b>
<b>Capital Ratios and Buffers</b>		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	26.59%
62	Tier 1 (as a percentage of risk weighted assets)	26.59%
63	Total capital (as a percentage of risk weighted assets)	27.56%
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))	17.59%



Capital disclosures during the transition phase (Appendix PD - 1) (Continued)		
Common Equity Tier 1 Capital: Instruments and Reserves		
S.No.	Description	(BD '000)
<b>National Minima Including CCB (Where Different from Basel III)</b>		
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%
<b>Amounts Below the Thresholds for Deduction (Before Risk Weighting)</b>		
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)	-
<b>Applicable Caps on the Inclusion of Provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	15,606
77	Cap on inclusion of provisions in Tier 2 under standardised approach	6,446
78	N/A	
79	N/A	
<b>Capital Instruments Subject to Phase-Out Arrangements (Only applicable between 1 Jan 2019 and 1 Jan 2023)</b>		
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)	
<b>Assets</b>			
Cash and balances with banks and Central Bank of Bahrain	99,670	86,574	
Due from banks	18,471	31,718	
Financing contracts	1,015,026	1,030,432	
Investments in equity	3,405	3,405	
Investment Properties	-	21,957	
Investment in sukuk	280,588	280,598	
Receivables and other assets	121,408	99,465	
Premises and equipments	3,142	3,142	
- of which other intangibles		842	9
<b>Total assets</b>	<b>1,541,710</b>	<b>1,557,292</b>	
<b>Liabilities</b>			
Customers' current accounts	121,174	121,174	
Due to banks	38,967	38,967	
Due to non-banks	85,102	85,102	
Other liabilities	23,576	23,552	
Equity of Investment Account Holders	1,103,647	1,103,647	
<b>Total liabilities</b>	<b>1,372,466</b>	<b>1,372,442</b>	
<b>Shareholders' Equity</b>			
Share capital *	132,519	132,519	1
Retained earnings and unrealized gains *	6,320	6,320	2, 3
Other reserves *	30,405	30,405	2, 3
Expected Credit Losses (ECL) Stages 1 & 2	-	15,606	
- of which cap on inclusion of provision in Tier 2		6,446	50, 77
<b>Total Shareholders' Equity</b>	<b>169,244</b>	<b>184,850</b>	

\* 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 176,932 (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 June 2023

S.No.	Description	(BD '000)
1	Total Self Financed assets (1)	453,644
2	Total URIA Financed Assets (2)	1,103,647
3	Off Balance Sheet items - with relevant Credit conversion factors (3)	20,624
	<b>Leverage ratio exposure <math>[(1)+0.3(2) +(3)]</math></b>	<b>805,362</b>
	<b>Tier 1 Capital</b>	<b>176,932</b>
	<b>Leverage ratio</b>	<b>21.97%</b>
	<b>Minimum leverage ratio as required by CBB</b>	<b>3.00%</b>

## Liquidity Coverage Ratio as of 30 June 2023

Description	%
<b>LCR</b>	<b>150.90%</b>
<b>Minimum LCR as required by CBB</b>	<b>100.00%</b>

