

**Kuwait Finance House (Bahrain) B.S.C.(c)**  
**Composition of Capital,  
Leverage & Liquidity Disclosures**

31 March 2024



## 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   | 8,790          |
| 3  | Accumulated other comprehensive income (and other reserves)                           | 35,484         |
| 4  | <i>Not applicable</i>   |                |
| 6  | <b>Common Equity Tier 1 Capital Before Regulatory Adjustments</b>                     | <b>176,793</b> |
| Common Equity Tier 1 Capital: Regulatory Adjustments   |   |                |
| 9  | Other intangibles other than mortgage-servicing rights (net of related tax liability) | 1,473          |
| 28   | <b>Total Regulatory Adjustments to Common Equity Tier 1</b>                           | <b>1,473</b>   |
| 29   | <b>Common Equity Tier 1 Capital (CET1)</b>  | <b>175,320</b> |
| Additional Tier 1 Capital: Instruments                 |   |                |
| 36   | <b>Additional Tier 1 Capital Before Regulatory Adjustments</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>175,320</b> |
| <b>Tier 2 Capital: Instruments and Provisions</b>                             |   |                |
| 50  | Provisions  | 6,562          |
| 51  | <b>Tier 2 Capital Before Regulatory Adjustments</b>   | <b>6,562</b>   |
| <b>Tier 2 Capital: Regulatory Adjustments</b>                                 |   |                |
| 58  | <b>Tier 2 Capital (T2)</b>  | <b>6,562</b>   |
| 59  | <b>Total Capital (TC = T1 + T2)</b>   | <b>181,882</b> |
| 60  | <b>Total Risk Weighted Assets</b>   | <b>670,168</b> |
| <b>Capital Ratios and Buffers</b>   |   |                |
| 61  | Common Equity Tier 1 (as a percentage of risk weighted assets)  | 26.16%         |
| 62  | Tier 1 (as a percentage of risk weighted assets)  | 26.16%         |
| 63  | Total capital (as a percentage of risk weighted assets)   | 27.14%         |
| 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))   | 17.16%         |



| 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) | 11,571    |
| 77   | Cap on inclusion of provisions in Tier 2 under standardised approach   | 6,562     |
| 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<br>as Published in<br>Financial<br>Statements | Consolidated<br>PIRI Data | Reference -<br>Common<br>Disclosure<br>Template for<br>Capital |
|--|---|---------------------------|--|
|  | As at Period<br>End   | As at Period<br>End       |  |
|  | (BD '000)   | (BD '000)                 |  |
| <b>Assets</b>  |   |                           |  |
| Cash and balances with banks and Central Bank of Bahrain | 28,436  | 20,692                    |  |
| Due from banks   | 48,583  | 56,528                    |  |
| Financing contracts                                      | 1,025,523   | 1,036,872                 |  |
| Investments in equity                                    | 3,056   | 3,056                     |  |
| Investment Properties                                    | -   | 21,082                    |  |
| Investment in sukuk                                      | 231,569   | 231,566                   |  |
| Receivables and other assets                             | 175,204   | 154,129                   |  |
| Premises and equipments                                  | 4,182   | 4,182                     |  |
| - of which other intangibles                             |   | 1,473                     | 9  |
| <b>Total assets</b>                                      | <b>1,516,553</b>  | <b>1,528,107</b>          |  |
| <b>Liabilities</b>                                       |   |                           |  |
| Customers' current accounts                              | 120,788   | 120,788                   |  |
| Due to banks   | 1,676   | 1,676                     |  |
| Due to non-banks   | 85,741  | 85,741                    |  |
| Other liabilities  | 20,636  | 20,619                    |  |
| Equity of Investment Account Holders                     | 1,115,183   | 1,115,183                 |  |
| <b>Total liabilities</b>                                 | <b>1,344,024</b>  | <b>1,344,007</b>          |  |
| <b>Shareholders' Equity</b>                              |   |                           |  |
| Share capital *  | 132,519   | 132,519                   | 1  |
| Retained earnings and unrealized gains *                 | 8,791   | 8,791                     | 2, 3   |
| Other reserves *   | 31,219  | 31,219                    | 2, 3   |
| Expected Credit Losses (ECL) Stages 1 & 2                | -   | 11,571                    |  |
| - of which cap on inclusion of provision in Tier 2       |   | 6,562                     | 50, 77   |
| <b>Total Shareholders' Equity</b>                        | <b>172,529</b>  | <b>184,100</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<br>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 175,320 (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 31 March 2024

| S.No. | Description   | (BD '000)      |
|-------|---|----------------|
| 1     | Total Self Financed assets (1)  | 412,924        |
| 2     | Total URIA Financed Assets (2)  | 1,115,183      |
| 3     | Off Balance Sheet items - with relevant Credit conversion factors (3) | 17,446         |
|       | <b>Leverage ratio exposure <math>[(1)+0.3(2) +(3)]</math></b>         | <b>764,925</b> |
|       | <b>Tier 1 Capital</b>   | <b>175,320</b> |
|       | <b>Leverage ratio</b>   | <b>22.92%</b>  |
|       | <b>Minimum leverage ratio as required by CBB</b>                      | <b>3.00%</b>   |

## Liquidity Coverage Ratio as of 31 March 2024

| Description                           | %              |
|---------------------------------------|----------------|
| <b>LCR</b>                            | <b>152.97%</b> |
| <b>Minimum LCR as required by CBB</b> | <b>100.00%</b> |

