

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

Composition of Capital Disclosures

30 September 2018



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	53,640	53,008	
Due from banks	68,770	69,099	
Financing contracts	846,560	847,138	
Financing contracts - expected credit losses (stage 1 and 2)	(14,267)	(14,267)	50
Investments	7,268	6,342	
Investment in sukuk	234,392	234,392	
Investments in unconsolidated subsidiaries	-	47,393	
Investment in associates	12,960	2,652	
Receivables and other assets	261,759	229,380	
Premises and equipments	4,130	4,125	
Total assets	1,475,212	1,479,262	
Liabilities			
Customers' current accounts	137,693	139,383	
Due to banks	169,184	169,184	
Due to non-banks	380,740	380,740	
Other liabilities	20,121	19,978	
Subordinated wakala payable	94,250	94,250	
Equity of Investment Account Holders	498,532	508,762	
Total liabilities	1,300,520	1,312,297	
Shareholders' Equity			
Share capital *	132,519	132,519	1
Share Premium *	-	-	1
Treasury shares *	-	-	1
Retained earnings and unrealized gains *	14,678	14,714	2 & 3
Assets revaluation reserve - property, plant and equipment	-	-	50
Other reserves *	19,768	19,732	3
Non-controlling shareholders	7,727	-	
Total Shareholders' Equity	174,692	166,965	

* These amounts are eligible for CET1



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

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	Eligible
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 Wakala
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 166,965 (thousands)	BD 70,688 (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	July-17
12	Perpetual or date	Perpetual	Dated
13	Original maturity date	No Maturity	June-22
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	<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 LIBOR + 1.125% per annum
19	Existence of a dividend stopper	No	No
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	Non - Cumulative



Table – 6. Main Features of Regulatory Capital Instruments (Appendix PD - 3) (Continued)

S.No.	Description	Tier 1	Tier 2
23	Convertible or non-convertible	N/A	Convertible
24	If convertible, conversion trigger (s)	N/A	Common Equity Tier 1 Ratio falls below 7% or as specified by the CBB from time to time
25	If convertible, fully or partially	N/A	Partially, to restore the Common Equity Tier 1 ratio to 7%.
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	Mandatory
28	If convertible, specify instrument type convertible into	N/A	Share Premium Account
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



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	36,169
3	Accumulated other comprehensive income (and other reserves)	- 1,723
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	166,965
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)	875
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	875
29	Common Equity Tier 1 Capital (CET1)	166,090
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)	166,090
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>	70,688
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 (expected credit losses - stage 1 and 2)	11,721
51	Tier 2 Capital Before Regulatory Adjustments	82,409
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)	82,409
59	Total Capital (TC = T1 + T2)	248,499
60	Total Risk Weighted Assets	1,144,471
Capital Ratios and Buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.51%
62	Tier 1 (as a percentage of risk weighted assets)	14.51%
63	Total capital (as a percentage of risk weighted assets)	21.71%
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))	5.51%



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	6,342
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)	11,721
77	Cap on inclusion of provisions in Tier 2 under standardised approach	11,721
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>	

