

Public Disclosure Requirements – Net Stable Funds Ratio

The qualitative and quantitative public disclosures under this section have been prepared in accordance with the Central Bank of Kuwait (CBK) Rules and Regulations concerning Net Stable Funds Ratio for Islamic Banks licensed in the State of Kuwait, vide circular reference (2/IBS /357/2015) dated 25/10/2015.

Qualitative disclosure on NSFR

The purpose of the Net Stable Funding Ratio (“NSFR”) is to ensure that banks hold a minimum amount of stable funding based on the liquidity characteristics of their assets and activities over a one year horizon. The objective is to reduce maturity mismatches between the asset and liability items on the balance sheet and thereby reduce funding risk.

The minimum requirement on NSFR is defined as follows

$$\frac{\text{Available Amount of Stable Funding}}{\text{Required Amount of Stable Funding}} \geq 100 \%$$

“Stable funding” is defined as those types and amounts of equity and liability financing expected to be reliable sources of funds over a one-year time horizon under conditions of extended stress. The amount of Available Stable Funding (ASF) is measured based on the broad characteristics of the relative stability of the bank’s funding sources, including the contractual maturity of its liabilities and the differences in the likelihood of different types of funding providers to withdraw their funding. The amount of Required Stable Funding (RSF) is measured based on the broad characteristics of the liquidity risk profile of the bank’s assets and Off Balance Sheet exposures. Assets that are more liquid and more readily available to act as a source of extended liquidity in the stressed environment identified above receive lower RSF factors (and require less stable funding) than assets considered less liquid in such circumstances and, therefore, require more stable funding.

Warba Bank’s strategy has been to ensure that there is adequate available stable funding to match its required stable funding at all times. In ensuring this the Bank has focused on increasing its funding from long term sources.

As of 31 March 2020 the bank’s NSFR was at 102 % compared to the minimum requirement of 100%.The total ASF after assigning weights (ASF Factors) was KD 1,843 Million while the RSF after applying weights was KD 1,813 Million.

Quantitative information on Net Stable Funding Ratio (NSFR) is given below:

NSFR common disclosure template as at 31 March 2020

Sr.	Item	Unweighted Values (i.e. before applying relevant factors)				Value in KWD '000s
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):						
1	Capital					
2	• Regulatory Capital	290,507	-	-	-	290,507
3	• Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits and investment accounts from small business customers:						
4	Stable deposits	-	-	-	-	-
5	• Less stable deposits	-	363,545	65,452	18,796	404,894
Wholesale funding:						
6	Operational deposits and investment accounts	-	-	-	-	-
7	• Other wholesale funding	-	1,837,461	413,311	217,152	1,147,908
Other liabilities:						
8	NSFR Shariah-compliant hedging contract liabilities	-	-	-	-	-
9	• All other liabilities not included in the above categories	44,236	98,827	-	-	-
10	Total ASF					1,843,309
Required Stable Funding (RSF):						
11	Total NSFR Shariah-compliant high-quality liquid assets (HQLA)	300,301	-	-	-	27,024
12	Deposits and investment accounts held at other financial institutions for operational purposes	-	-	-	-	-
Performing financing and securities:						
13	• Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
14	• Performing financing to financial institutions secured by non-Level 1 HQLA and unsecured performing financing to financial institutions	90,909	217,272	4,402	7,783	42,574
15	• Performing financing to non-financial corporate clients, loans to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	15,492	1,591,560	205,152	403,763	1,302,119
16	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio	-	-	-	-	-
17	- Basel 3 guidelines	-	-	-	-	-
18	• Performing residential financing, of which:	-	-	-	-	-
19	- With a risk weight of less than or equal to 35% under the CBK Capital Adequacy Ratio	-	-	-	-	-
20	- Basel III Guidelines	-	-	-	-	-
21	• Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	86,082	73,170
Other assets:						
22	• Physical traded commodities, including gold	-	-	-	-	-
23	• Assets posted as initial margin for Sharīah-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
24	• NSFR Sharīah-compliant hedging contract assets	-	-	-	-	-
25	• NSFR Sharīah-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
26	• All other assets not included in the above categories	308,748	103,497	-	23,592	335,239
27	Off Balance Sheet Items	484,133	84,631	29,691		32,570
28	Total RSF					1,812,697
29	NSFR (%)					102%