

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 30 September 2022, the bank’s NSFR was at 106% compared to the minimum requirement of 90%. The total ASF after assigning weights (ASF Factors) was KD 2,469 Million while the RSF after applying weights was KD 2,336 Million.

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

NSFR common disclosure template as of 30 September 2022

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	381,221	-	-	-	381,221
3	• Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits and investment accounts from small business customers:					
5	• Stable deposits	-	-	-	-	-
6	• Less stable deposits	-	671,561	128,605	12,348	732,497
7	Wholesale funding:					
8	• Operational deposits and investment accounts	-	-	-	-	-
9	• Other wholesale funding	-	2,091,017	434,669	388,435	1,355,496
10	Other liabilities:					
11	• NSFR Shariah-compliant hedging contract liabilities	-	-	-	-	-
12	• All other liabilities not included in the above categories	73,967	18,191	-	9,078	-
13	Total ASF					2,469,214
Stable Funding (RSF):						
14	Total NSFR Shariah-compliant high-quality liquid assets (HQLA)	428,495	-	-	-	15,530
15	Deposits and investment accounts held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing financing and securities:					
17	• Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	• Performing financing to financial institutions secured by non-Level 1 HQLA and unsecured performing financing to financial institutions	23,680	393,688	7,772	-	62,939
19	• Performing financing to non-financial corporate clients, loans to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	2,126,644	189,253	615,712	1,773,660
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio – Basel 3 guidelines	-	-	-	-	-
21	• Performing residential financing, of which:	-	-	-	-	-
22	- With a risk weight of less than or equal to 35% under the CBK Capital Adequacy Ratio – Basel III Guidelines	-	-	-	-	-
23	• Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	53,633	45,588
24	Other assets:					
25	• Physical traded commodities, including gold	-	-	-	-	-
26	• Assets posted as initial margin for Sharī'ah-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
27	• NSFR Sharī'ah-compliant hedging contract assets	-	-	-	-	-
28	• NSFR Sharī'ah-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
29	• All other assets not included in the above categories	359,949	22,821	777	43,370	396,956
30	Off Balance Sheet Items	627,914	85,775	42,809		41,392
31	Total RSF					2,336,067
32	NSFR (%)					106%