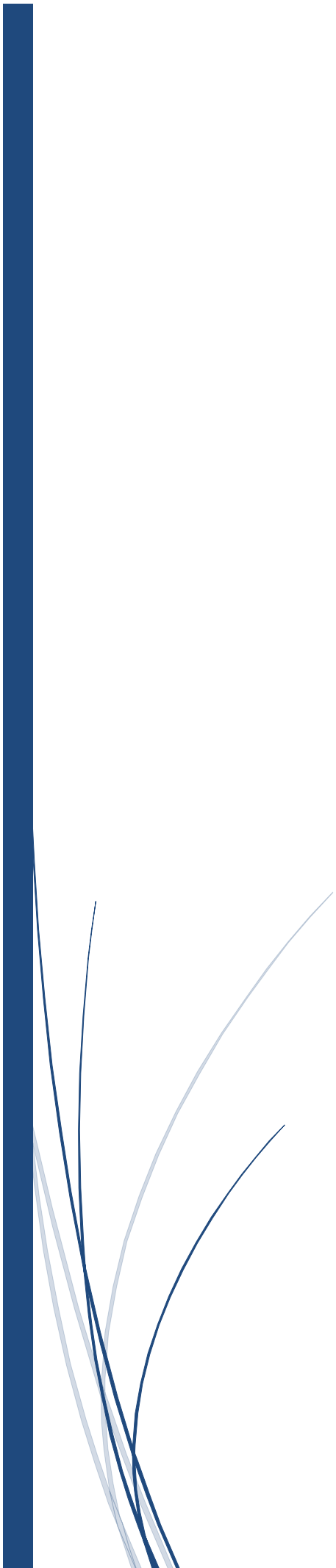




Pillar III Disclosures

Basel III disclosure

Year Ended 31 December 2023



Kuwait International Bank K.S.C.P. and Its Subsidiary

Basel III - Pillar III disclosures

For the year ended 31 December 2023

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Introduction:

The Central Bank of Kuwait (CBK) vide its circular 2/RB, RBA/336/2014 dated 24 June 2014 and its amendments dated 18 June 2019 vide circular 2/RB, RBA/438/2019, on Basel III Capital Adequacy standards requires banks to make public disclosures. The CBK Basel framework consists of three Pillars. Pillar 1 provides a framework for measuring capital requirements for credit, operational and market risks. Pillar II pertains to the Supervisory Review Process and emphasises the importance of Internal Capital Adequacy Assessment Process (ICAAP) performed by banks. These risks include credit concentration risk, CRM, residual operational risk, market risk, profit rate risk, liquidity risk, strategic risk, reputation risk, legal risk, investment risk and any other substantial risk that is not appropriately captured in Pillar 1. Bank must conduct Stress Testing (ST) of their one year forward looking (business projections) under different scenarios and assumptions and assess the impact on their capital adequacy and profitability. Pillar III requires banks to provide a consistent and understandable disclosure framework which facilitates comparison, thus enhancing the safety and soundness of the banking sector in Kuwait.

Banks have to adopt sound governance framework, improve adopt appropriate internal control systems and install sufficient modern risk management to be able to control the risks embedded in the business environment and to practice good governance.

Objective:

The main objectives of this section are:

1. To allow market participants and investors (especially investment account holders) to assess KIB's exposure to risks as per Basel III general disclosure requirements.
2. To comply with CBK instructions and regulations for Islamic Bank's general disclosures related to Capital Adequacy Standard under Basel III.

Bank's Disclosure Approach:

Consolidated basis (Kuwait International Bank KSCP ("KIB" or "the Bank") and its subsidiaries (together the Group), on a semi-annual basis, reviewed by the external auditors of the Bank. The annual disclosures are audited by external auditors of the Bank.

The disclosures are made relying on calculating the minimum capital required by applying capital adequacy instructions of CBK to cover:

- Credit and Market risks using the Standardized Approach.
- Operational risk using the Basic Indicator Approach.

Under the Framework of Capital Adequacy, Banks must provide timely, accurate, relevant and adequate disclosures of qualitative and quantitative information that enables users to assess their activities and risk profile. The following public disclosures are made in line with the requirements of CBK.

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First: Group Structure

KIB is engaged in providing Islamic banking, finance and investment services that comply with Islamic Shariah. The consolidated subsidiaries of KIB are Al Dawli Takaful Insurance Company KSCC (“KIB Takaful”), the Bank owns 73.6% of issued share capital of KIB Takaful, Kuwait. KIB Takaful is engaged in providing Shariah compliant insurance services. In addition, the Bank owns 99.9% of Al Dawli Invest Investment Company KSCC (“KIB Invest”), engaged in sharia compliant investment activities and also 100% of issued share capital of KIB Tier 1 Sukuk Limited and KIB Sukuk Limited, incorporated as special purpose vehicles with limited liability in the Cayman Islands

Second: Capital Structure

The Group’s regulatory capital comprises of Common Equity Tier 1 (CET 1) capital which demonstrates the Group’s strength and includes share capital, share premium, reserves, retained earnings less treasury shares and dividends declared. Additional Tier 1 (AT1) capital includes eligible portion of non-controlling interests and additional tier 1 sukuk. Tier 2 (T2) consists of eligible portion of non-controlling interests and general provision up to 1.25% of the total credit risk weighted assets according to rules and regulations.

The Group does not have exposure to derivatives, structured credit product and / or complex equity instruments, which are prohibited by the Islamic Shariah principles.

Particulars	2023 (KD’ 000)	2022 (KD’ 000)
<u>Common Equity (CET 1)</u>		
Share capital	170,338*	122,519*
Share premium	66,623	49,480
Revaluation reserve	12,412	12,952
Fair Value reserve	11,696	2,125
Statutory Reserve	43,374	41,339
Voluntary Reserve	37,291	35,256
Treasury share reserve	4,811	4,835
Retained earnings	32,665	33,554
Foreign currency translation reserve	990	855
<u>Less:</u>		
Treasury shares	(45,161)	(45,211)
Proposed Dividends	(7,658)	(4,242)
Goodwill and other intangibles	-	-
Foreign currency translation reserve	-	-
Investments in FIs with ownership of less than 10% and above the threshold	(1,205)	(2,407)
Investments in FIs with ownership of more than 10% and above the threshold	-	-
Total Common Equity Tier (1)	326,176	251,055
<u>AT (1)</u>		
<i>Additional Tier 1 instruments</i>	91,035	91,035
Eligible NCI in consolidated subsidiaries	2,222	349
<u>Less:</u>		
Reciprocal cross-holdings in Additional Tier 1 instruments	(3,781)	(6,076)
Investments in FIs with ownership of less than 10% and above the threshold	(1,024)	(2,059)
Total Tier (1)	414,628	334,304
<u>Tier (2)</u>		
General provision (up to 1.25% of the total credit risk weighted assets)	32,725	33,428
Eligible NCI in consolidated subsidiaries	523	74
Additional Tier II instruments	91,751	91,573
Total Tier (2)	124,999	125,074
Total eligible capital	539,627	459,378

*After proposed bonus share adjustment

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Basel III - Pillar III disclosures

For the year ended 31 December 2023

Third: Additional Capital Disclosure requirements

1. Common Disclosure Template:

The Group's regulatory capital which consists of the Common Equity Tier 1, AT1 and Tier 2 is as follows:

Common Equity Tier 1 capital: instruments and reserves		2023	2022
		(KD' 000)	(KD' 000)
1	Directly issued qualifying common share capital plus related stock surplus	236,961*	171,999*
2	Retained earnings	25,007	29,312
3	Accumulated other comprehensive income (and other reserves)	110,574	97,362
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (minority interest)	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	372,542	298,673
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	-	-
9	Other intangibles (net of related tax liability)	-	-
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	Taskeek gain on sale (as set out in para 72 of the guidelines)	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
15	Defined-benefit pension fund net assets (para 68)	-	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(45,161)	(45,211)
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 of bank's CET1 capital)	(1,205)	(2,407)
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 of bank's CET1 capital)	-	-
20	Mortgage servicing rights (amount above 10% threshold of bank's CET1 capital)	-	-
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	National specific regulatory adjustments	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-

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For the year ended 31 December 2023

28	Total regulatory adjustments to Common equity Tier 1	-	-
29	Common Equity Tier 1 capital (CET1)	326,176	251,055
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	91,035
31	of which: classified as equity under applicable accounting standards	91,035	91,035
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)	2,222	349
35	of which: instruments issued by subsidiaries subject to phase-out	-	-
36	Additional Tier 1 capital before regulatory adjustments	93,257	91,384
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	(3,781)	(6,076)
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)	(1,024)	(2,059)
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	National 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)	88,452	83,249
45	Tier 1 capital (T1 = CET1 + AT1)	414,628	334,304
Tier 2 capital: instruments			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	91,751	91,573
47	Directly issued capital instruments subject to phase-out from Tier 2	-	-
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)	523	74
49	of which: instruments issued by subsidiaries subject to phase-out	-	-
50	General provisions included in Tier 2 capital	32,725	33,428
51	Tier 2 capital before regulatory adjustments	124,999	125,074
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 (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)	-	-

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For the year ended 31 December 2023

56	National specific regulatory adjustments	-	-
57	Total regulatory adjustments to Tier 2 capital	-	-
58	Tier 2 capital (T2)	124,999	125,074
59	Total capital (TC = T1 + T2)	539,627	459,378
60	Total risk weighted assets (after applying 50% additional weighting)	2,728,217	2,767,754
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.96%	9.07%
62	Tier 1 (as a percentage of risk weighted assets)	15.20%	12.08%
63	Total capital (as a percentage of risk weighted assets)	19.78%	16.60%
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)	9.50%	8.00%
65	of which: capital conservation buffer requirement	2.50%	1.00%
66	of which: bank specific countercyclical buffer requirement	-	-
67	of which: D-SIB buffer requirement	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	4.96%	2.07%
National minima			
69	National Common Equity Tier 1 minimum ratio	9.50%	8.00%
70	National Tier 1 minimum ratio	11.00%	9.50%
71	National total capital minimum ratio excluding CCY and DSIB	13.00%	11.50%
Amounts below the thresholds for deduction (before risk weighting)			
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)	-	-
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	53,011	64,466
77	Cap on inclusion of provisions in Tier 2 under standardized approach	32,725	33,428
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

*After proposed bonus share adjustment

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For the year ended 31 December 2023

2. Reconciliation Requirement:

The Group has applied the three-step approach for the reconciliation between the Consolidated Statement of Financial Position items and the regulatory capital elements as outlined in the regulations as follows:

Step (1) and (2):

Item	Balance sheet as in published financial statements	2023 (KD'000)		Ref.
		Under regulatory scope of consolidation		
<u>Asset</u>				
Cash	15,841	15,841		
Cash and bank balances at central banks	331,143	331,143		
Items in the course of collection from other banks and FIs	273,930	273,930		
Trading portfolio assets	-	-		
Financial assets at fair value through statement of income	2,837	2,837		
Shariaà compliant hedging contracts	-	-		
Financing and advances to banks	77,088	77,088		
Financing and advances to customers	2,408,612	2,408,612		
of which general provisions (netted above) capped for Tier 2 inclusion	32,725	32,725		(a)
Financial assets at fair value through other comprehensive income	359,823	359,823		
Current and deferred tax assets	-	-		
Prepayments, accrued income and other assets	37,337	37,337		
Investment properties	63,280	63,280		
Investments in associates and joint ventures	1,839	1,839		
Goodwill and other intangible assets (a) + (b)	-	-		
- Goodwill	-	-		
- Intangible assets	-	-		
Property, plant and equipment	43,349	43,349		
<u>Total assets</u>	3,615,079	3,615,079		
<u>Liabilities</u>				
Deposits from banks and FIs	888,159	888,159		
Items in the course of collection due to other banks	-	-		
Customer accounts	2,118,871	2,118,871		
Trading portfolio liabilities	-	-		
Financial liabilities at fair value through statement of income	-	-		
Shariaà compliant hedging contracts	-	-		
Financing securities (Sukuk)	91,751	91,751		(q)
Accruals, deferred income and other liabilities	84,679	84,679		
Current and deferred tax liabilities (c) + (d)	-	-		
- Deferred tax liabilities related to goodwill	-	-		
- Deferred tax liabilities related to intangible assets	-	-		
Provisions (non-cash)	3,797	3,797		
Retirement benefit liabilities	-	-		
<u>Total liabilities</u>	3,187,257	3,187,257		

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Step (1) and (2) (continued):

Item	2023 (KD'000)		Ref.
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
<i>Equity</i>			
Share capital	165,377	165,377	(b)
Share premium	66,623	66,623	(c)
Treasury shares	(45,161)	(45,161)	(d)
Revaluation Surplus	12,412	12,412	(e)
Fair Valuation reserve	11,696	11,696	(f)
Statutory Reserve	43,374	43,374	(g)
Voluntary Reserve	37,291	37,291	(h)
Treasury share reserve	4,811	4,811	(i)
Retained earnings	35,825	35,825	
Of which Retained Earnings eligible as CET1 Capital	32,665	32,665	(j)
Of which Modification loss on deferral of financing instalments	(1,801)	(1,801)	
Of which proposed bonus share	4,961	4,961	(k)
Foreign currency translation reserve	990	990	(l)
<i>Attributable to Bank's equity shareholders</i>	333,237	333,237	
Perpetual Tier 1 sukuk	91,035	91,035	(m)
<i>Non-controlling interests</i>	3,550	2,745	
- Common Equity Tier (1)	-	-	
- Additional Tier (1)	-	2,222	(n)
- Tier (2)	-	523	(o)
<i>Total equity</i>	427,822	427,017	
<i>Total liabilities and equity</i>	3,615,079	3,614,274	

Item	2022 (KD'000)		Ref.
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
<i>Asset</i>			
Cash	8,924	8,924	
Cash and bank balances at central banks	313,301	313,301	
Items in the course of collection from other banks and FIs	207,859	207,859	
Trading portfolio assets	-	-	
Financial assets at fair value through statement of income	2,771	2,771	
Shariaà compliant hedging contracts	-	-	
Financing and advances to banks	61,370	61,370	
Financing and advances to customers	2,555,561	2,555,561	
of which general provisions (netted above) capped for Tier 2 inclusion	33,428	33,428	(a)
Financial assets at fair value through other comprehensive income	305,300	305,300	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	40,683	40,683	
Investment properties	42,709	42,709	
Investments in associates and joint ventures	1,753	1,753	
Goodwill and other intangible assets (a) + (b)	-	-	
- Goodwill	-	-	
- Intangible assets	-	-	
Property, plant and equipment	40,499	40,499	
<i>Total assets</i>	3,580,730	3,580,730	

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Basel III - Pillar III disclosures

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Step (1) and (2) (continued):

Item	Balance sheet as in published financial statements	Under regulatory scope of consolidation	2022
			(KD'000)
			Ref.
<u>Liabilities</u>			
Deposits from banks and FIs	726,356	726,356	
Items in the course of collection due to other banks	-	-	
Customer accounts	2,338,887	2,338,887	
Trading portfolio liabilities	-	-	
Financial liabilities at fair value through statement of income	-	-	
Shariaà compliant hedging contracts	-	-	
Financing securities (Sukuk)	91,573	91,573	(q)
Accruals, deferred income and other liabilities	71,414	71,414	
Current and deferred tax liabilities (c) + (d)	-	-	
- Deferred tax liabilities related to goodwill	-	-	
- Deferred tax liabilities related to intangible assets	-	-	
Provisions (non-cash)	3,809	3,809	
Retirement benefit liabilities	-	-	
<u>Total liabilities</u>	3,232,039	3,232,039	
<u>Equity</u>			
Share capital	117,807	117,807	(b)
Share premium	49,480	49,480	(c)
Treasury shares	(45,211)	(45,211)	(d)
Revaluation reserve	12,952	12,952	(e)
Fair Value reserve	2,125	2,125	(f)
Statutory Reserve	41,339	41,339	(g)
Voluntary Reserve	35,256	35,256	(h)
Treasury share reserve	4,835	4,835	(i)
Retained earnings	34,665	34,665	
Of which Retained Earnings eligible as CET1	33,554	33,554	(j)
Of which Modification loss on deferral of financing	(3,601)	(3,601)	
Of which proposed bonus share	4,712	4,712	(k)
Foreign currency translation reserve	855	855	(l)
<u>Attributable to Bank's equity shareholders</u>	254,103	254,103	
Perpetual Tier 1 Sukuk	91,035	91,035	(m)
Non-controlling interests	3,553	423	
- Common Equity Tier (1)	-	-	
- Additional Tier (1)	-	349	(n)
- Tier (2)	-	74	(o)
<u>Total equity</u>	348,691	345,561	
<u>Total liabilities and equity</u>	3,580,730	3,577,600	

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Step 3:

2023
(KD'000)

Common Equity Tier 1 capital: instruments and reserves		Component of regulatory capital	Source based on reference letters of the balance sheet under the regulatory scope of consolidation from Step 2
1	Directly issued qualifying common share capital plus related stock surplus	236,961	(b)+(c)+(k)
2	Retained earnings	32,665	(j)
3	Accumulated other comprehensive income (and other reserves)	110,574	(e)+(f)+(g)+(h)+(i)+(l)
4	Common share capital issued by subsidiaries and held by third parties (minority interest)	-	
5	Common Equity Tier 1 capital before regulatory adjustments	380,200	
Common Equity Tier 1 capital: regulatory adjustments			
6	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(45,161)	(d)
7	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 of bank's CET1 capital)	(1,205)	
8	Proposed Dividend	(7,658)	
9	Common Equity Tier 1 capital (CET1)	326,176	
Additional Tier 1 capital: instruments			
10	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	(m)
11	Additional Tier 1 instruments (and CET1 instruments not included in row 4) issued by subsidiaries and held by third parties (amount allowed in group AT1)	2,222	(n)
12	Reciprocal cross-holdings in Additional Tier 1 instruments	(3,781)	
13	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)	(1,024)	
14	Additional Tier 1 capital (AT1)	88,452	
15	Tier 1 capital (T1)	414,628	
Tier 2 capital: instruments and provisions			
16	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 4 or 10) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	523	(o)
17	General provisions included in Tier 2 capital	32,725	(a)
18	Additional Tier II instruments	91,751	(q)
19	Tier 2 capital (T2)	124,999	
20	Total capital (T1+T2)	539,627	

*After proposed bonus share adjustment

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For the year ended 31 December 2023

2022
(KD'000)

Common Equity Tier 1 capital: instruments and reserves		Component of regulatory capital	Source based on reference letters of the balance sheet under the regulatory scope of consolidation from Step 2
1	Directly issued qualifying common share capital plus related stock surplus	171,999	(b)+(c)+(k)
2	Retained earnings	33,554	(j)
3	Accumulated other comprehensive income (and other reserves)	97,362	(e)+(f)+(g)+(h)+(i)+(l)
4	Common share capital issued by subsidiaries and held by third parties (minority interest)	-	
5	Common Equity Tier 1 capital before regulatory adjustments	302,915	
Common Equity Tier 1 capital: regulatory adjustments			
6	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(45,211)	(d)
7	Investments in FIs with ownership of less than 10% and above the threshold	(2,407)	
8	Proposed Dividend	(4,242)	
9	Common Equity Tier 1 capital (CET1)	251,055	
Additional Tier 1 capital: instruments			
10	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	(m)
11	Additional Tier 1 instruments (and CET1 instruments not included in row 4) issued by subsidiaries and held by third parties (amount allowed in group AT1)	349	(n)
12	Reciprocal cross-holdings in Additional Tier 1 instruments	(6,076)	
13	Investments in FIs with ownership of less than 10% and above the threshold	(2,059)	
14	Additional Tier 1 capital (AT1)	83,249	
15	Tier 1 capital (T1)	334,304	
Tier 2 capital: instruments and provisions			
16	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 4 or 10) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	74	(o)
17	General provisions included in Tier 2 capital	33,428	(a)
18	Additional Tier II instruments	91,573	(q)
19	Tier 2 capital (T2)	125,074	
20	Total capital (T1+T2)	459,378	

*After proposed bonus share adjustment

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Basel III - Pillar III disclosures

For the year ended 31 December 2023

3. Main features disclosure

Disclosures for main features of regulatory capital instruments

1. Issuer	Kuwait International Bank K.S.C.P.	KIB Tier 1 Sukuk Limited	KIB Sukuk Limited
2. Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	KIB (KW0EQ0100069)	ISIN: XS2005148072	ISIN: XS2262982072
3. Governing laws of the instrument	Law No. 32/1968 and Law No. 1/2016	English Law	English Law
4. Type of Capital (CET1, AT1, T2)	CET1 (Share capital)	AT1	T2
5. Eligible at solo/group/group and solo	Group	Group and solo	Group and solo
6. Instrument type	Equity	Subordinated Mudaraba Sukuk	Wakala and Commodity Murabaha
7. Amount recognised in regulatory capital	165,377	USD 300 Million	USD 300 Million
8. Par value of instrument	100 fils	USD 100	USD 100
9. Accounting classification	Equity	Equity (AT1)	Liability
10. Original date of issuance	13 May 1973 (Incorporation)	10 June 2019	30 November 2020
11. Perpetual or dated	Perpetual	Perpetual	Dated
12. Original maturity date	N/A	No maturity	30 November 2030
13. Issuer call subject to prior supervisory approval	N/A	Yes	Yes
14. Optional call date, contingent call dates and redemption amount	N/A	Optional Call Date: 10 June 2024; Capital event or tax event call: principal + profit	Optional Call Date: 30 November 2025; Capital event or tax event call: principal + profit
15. Subsequent call dates, if applicable	N/A	Semi- Annually after 10 June 2024	Semi- Annually after 30 November 2025
16. Fixed or floating dividend/coupon	N/A	Fixed (Subject to profit-rate reset after every 5 years)	Fixed (Subject to profit-rate reset after every 5 years)
17. Coupon rate and any related index	N/A	5.625% per annum; 5Y UST	2.375% per annum; 5Y UST
18. Existence of a dividend stopper	N/A	Yes	No
19. Fully discretionary, partially discretionary or mandatory	N/A	Fully discretionary	Mandatory
20. Existence of step up or other incentive to redeem	N/A	No	No
21. Noncumulative or cumulative	N/A	Noncumulative	Noncumulative
22. Convertible or non-convertible	N/A	Non-convertible	Non-convertible
23. If convertible, conversion trigger	N/A	NA	NA
24. If convertible, fully or partially	N/A	NA	NA
25. If convertible, conversion rate	N/A	NA	NA
26. If convertible, mandatory or optional conversion	N/A	NA	NA
27. If convertible, specify instrument type convertible into	N/A	NA	NA
28. If convertible, specify issuer of instrument it converts into	N/A	NA	NA
29. Write-down feature	N/A	Yes	Yes
30. If write-down, write-down trigger	N/A	Determination by regulator on grounds of non-viability or an immediate injection of capital is required, by way of emergency intervention to remain viable.	Determination by regulator on grounds of non-viability or an immediate injection of capital is required, by way of emergency intervention to remain viable.

Kuwait International Bank K.S.C.P. and Its Subsidiary

Basel III - Pillar III disclosures

For the year ended 31 December 2023

31	If write-down, full or partial	N/A	Full or partial (On pro rata basis)	Full or partial (On pro rata basis)
32	If write-down, permanent or temporary	N/A	Permanent	Permanent
33	If temporary write-down, description of write-up mechanism	N/A	NA	NA
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Subordinated, senior only to ordinary shares	Subordinated, senior only to ordinary shares and qualifying Tier 1 instruments
35	Non-compliant transitioned features	N/A	None	None
36	If yes, specify non-compliant features	N/A	NA	NA

Fourth: Capital Adequacy Ratio

At 31 December 2023 the total Capital Adequacy Ratio is 19.78% (31 December 2022: 16.60%) compared to the ratio required by regulatory authorities of 13.00% (31 December 2022: 11.50%), Tier 1 Capital of 15.20% (31 December 2022: 12.08%) and Tier 2 Capital of 4.58% (31 December 2022: 4.52%).

- The percentage of the total Capital Adequacy Ratio is derived from dividing the eligible capital (CET 1 + AT 1 + Tier 2) by the total risk weighted exposure.
- The percentage of the Tier 1 Capital Adequacy Ratio is derived from dividing the Tier 1 capital (CET 1 + AT 1) by the total risk weighted exposure.
- The percentage of the Tier 2 Capital Adequacy Ratio is derived from dividing the Tier 2 capital by the total risk weighted exposure.

At 31 December 2023, the minimum capital requirement for the credit risk weighted exposure is KD 337,701 thousand (31 December 2022: KD 303,965 thousand), market risk weighted exposure is KD 558 thousand (31 December 2022: KD 444 thousand) and the operational risk weighted exposure is KD 16,409 thousand (31 December 2022: KD 13,883 thousand).

The day 1 loss impact is considered for CAR computation over four years at straight line (25%) commencing from June 2021 in accordance with CBK circular 2/RB, RBA/461/2020 dated 5 July 2020.

The Group ensures compliance with CBK requirements in relation to capital adequacy through monitoring the internal limits.