

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

Financial Leverage Ratio

For the year ended 31 December 2020

The Group's financial leverage ratio comprises of Tier (1) capital (As defined in the instructions on capital of Islamic banks Standard) divided by total exposures which consists of:

1. On-balance sheet exposures
2. Exposures of hedging contracts compliant with Islamic Sharia'a Standards.
3. off-balance sheet exposures

At 31 December 2020, the financial leverage ratio is 11.06% (31 December 2019: 11.79%) compared to the ratio required by regulatory authorities of 3%, Tier (1) Capital of KD 356,347 thousand (31 December 2019: KD 365,435 thousand) and total exposures is KD 3,220,817 thousand (31 December 2019: KD 3,099,449 thousand).

Summary comparison of accounting assets vs leverage ratio exposure measure:

S. No.	Item	(KD' 000)	
		2020	2019
1.	Total consolidated assets as per published financial statements	2,854,317	2,734,462
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3.	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4.	Adjustments for derivative financial instruments	-	-
5.	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	366,500	364,987
6.	Other adjustments	-	-
7.	Leverage ratio exposure	3,220,817	3,099,449

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Leverage ratio common disclosure template:

		(KD' 000)	
S. No.	Item	2020	2019
On-balance sheet exposures			
1.	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,854,317	2,734,462
2.	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2,854,317	2,734,462
Exposures of hedging contracts compliant with Islamic Sharia'a Standards			
4.	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-	-
5.	Add-on amounts for PFE associated with all derivatives transactions	-	-
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7.	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8.	(Exempted CCP leg of client-cleared trade exposures)	-	-
9.	Total derivative exposures (sum of lines 4 to 8)	-	-
Other off-balance sheet exposures			
10.	Off-balance sheet exposure at gross notional amount	524,673	524,433
11.	(Adjustments for conversion to credit equivalent amounts)	(158,173)	(159,446)
12.	Off-balance sheet items (sum of lines 10 and 11)	366,500	364,987
Capital and total exposures			
13.	Tier 1 capital	356,347	365,435
14.	Total exposures (sum of lines 3, 9, 12)	3,220,817	3,099,449
Financial leverage ratio			
15.	Basel III leverage ratio (13/14)	11.06%	11.79%