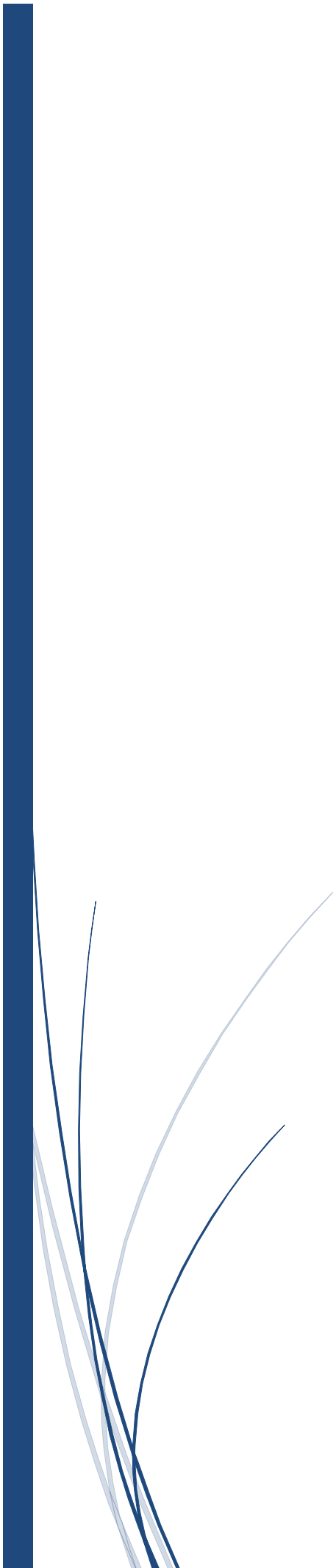




Pillar III Disclosures

Basel III disclosure

Period Ended 30 June 2021



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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

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.

First: Group Structure

KIB is engaged in providing Islamic banking, finance and investment services that comply with Islamic Shariaa. Al Dawli Takaful Insurance Company KSCC ("KIB Takaful") (formerly known as Ritaj Takaful Insurance Company KSCC) is a consolidated subsidiary. KIB owns 73.60% (30 June 2020: 73.60%) of the issued share capital of KIB Takaful, which is an Islamic insurance company registered in Kuwait. Its main activity is to provide Takaful insurance (co-operative insurance). In addition, the bank owns 100% of issued share capital of KIB Tier 1 Sukuk Limited and KIB Sukuk Limited, incorporated as a special purpose company 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 Shariaa principles.

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

Particulars	June 2021	June 2020
	(KD'000)	(KD'000)
	Amount	Amount
<u>Common Equity (CET 1)</u>		
Share capital	113,275	113,275
of which: proposed bonus shares	-	-
Share premium	49,480	49,480
Revaluation reserve	14,037	14,581
Fair Value reserve	18,960	14,041
Statutory Reserve	38,737	38,736
Voluntary Reserve	32,654	32,653
Treasury share reserve	4,846	4,846
Retained earnings	35,947	42,316
Foreign currency translation reserve	-	1,305
<u>Less:</u>		
Treasury shares	(45,234)	(45,234)
Proposed Dividends	-	-
Goodwill and other intangibles	-	-
Foreign currency translation reserve	(720)	-
Investments in FIs with ownership of less than 10% and above the threshold	-	-
Investments in FIs with ownership of more than 10% and above the threshold	-	-
Total Common Equity Tier (1)	261,982	265,999
<u>AT (1)</u>		
<i>Additional Tier 1 instruments</i>	91,035	91,035
Eligible NCI in consolidated subsidiaries	407	413
<u>Less:</u>		
Reciprocal cross-holdings in Additional Tier 1 instruments	(19,616)	-
Total Tier (1)	333,808	357,447
<u>Tier (2)</u>		
General provision (up to 1.25% of the total credit risk weighted assets)	26,167	24,855
Eligible NCI in consolidated subsidiaries	74	75
Additional Tier II instruments	89,942	-
Total Tier (2)	116,183	24,930
Total eligible capital	449,991	382,377

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Basel III - Pillar III disclosures

For the period ended 30 June 2021

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:

		June 2021 (KD'000)	June 2020 (KD'000)
Common Equity Tier 1 capital: instruments and reserves		Amount	Amount
1	Directly issued qualifying common share capital plus related stock surplus	162,755	162,755
2	Retained earnings	35,947	42,316
3	Accumulated other comprehensive income (and other reserves)	108,514	106,162
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	307,216	311,233
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)	(45,234)	(45,234)
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)	-	-
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	-	-
28	Total regulatory adjustments to Common equity Tier 1	-	-
29	Common Equity Tier 1 capital (CET1)	261,982	265,999

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Basel III - Pillar III disclosures

For the period ended 30 June 2021

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)	407	413
35	of which: instruments issued by subsidiaries subject to phase-out	-	-
36	Additional Tier 1 capital before regulatory adjustments	91,442	91,448
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	19,616	-
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	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)	71,826	91,448
45	Tier 1 capital (T1 = CET1 + AT1)	333,808	357,447
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	89,942	-
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)	74	75
49	of which: instruments issued by subsidiaries subject to phase-out	-	-
50	General provisions included in Tier 2 capital	26,167	24,855
51	Tier 2 capital before regulatory adjustments	116,183	24,930
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	National specific regulatory adjustments	-	-
57	Total regulatory adjustments to Tier 2 capital	-	-

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

58	Tier 2 capital (T2)	116,183	24,930
59	Total capital (TC = T1 + T2)	449,991	382,377
60	Total risk weighted assets (after applying 50% additional weighting)	2,192,126	2,096,987
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.95%	12.68%
62	Tier 1 (as a percentage of risk weighted assets)	15.23%	17.05%
63	Total capital (as a percentage of risk weighted assets)	20.53%	18.23%
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)	7.00%	7.00%
65	of which: capital conservation buffer requirement	-	-
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)	4.95%	5.68%
National minima			
69	National Common Equity Tier 1 minimum ratio	7.00%	7.00%
70	National Tier 1 minimum ratio	8.50%	8.50%
71	National total capital minimum ratio excluding CCY and DSIB	10.50%	10.50%
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)	53,378	46,794
77	Cap on inclusion of provisions in Tier 2 under standardized approach	26,167	24,855
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	-	-

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

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	June 2021 (KD'000)	
		Under regulatory scope of consolidation	Ref.
<u>Asset</u>			
Cash	9,531	9,531	
Cash and bank balances at central banks	247,509	247,509	
Items in the course of collection from other banks and FIs	145,311	145,311	
Trading portfolio assets	-	-	
Financial assets at fair value through statement of income	13,699	13,699	
Shariaà compliant hedging contracts	-	-	
Financing and advances to banks	14,974	14,974	
Financing and advances to customers	2,108,910	2,108,910	
of which general provisions (netted above) capped for Tier 2 inclusion	26,167	26,167	(a)
Financial assets at fair value through other comprehensive income	227,039	227,039	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	29,938	29,938	
Investment properties	53,719	53,719	
Investments in associates and joint ventures	1,634	1,634	
Goodwill and other intangible assets (a) + (b)	-	-	
- Goodwill	-	-	
- Intangible assets	-	-	
Property, plant and equipment	36,542	36,542	
<u>Total assets</u>	2,888,806	2,888,806	
<u>Liabilities</u>			
Deposits from banks and FIs	617,940	617,940	
Items in the course of collection due to other banks	-	-	
Customer accounts	1,777,291	1,777,291	
Trading portfolio liabilities	-	-	
Financial liabilities at fair value through statement of income	-	-	
Shariaà compliant hedging contracts	-	-	
Financing securities (Sukuk)	89,942	89,942	(q)
Accruals, deferred income and other liabilities	45,536	45,536	
Current and deferred tax liabilities (c) + (d)	-	-	
- Deferred tax liabilities related to goodwill	-	-	
- Deferred tax liabilities related to intangible assets	-	-	
Provisions (non-cash)	4,675	4,675	
Retirement benefit liabilities	-	-	
<u>Total liabilities</u>	2,535,384	2,535,384	

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

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

Item	Balance sheet as in published financial statements	June 2021 (KD'000)	
		Under regulatory scope of consolidation	Ref.
<u>Equity</u>			
Share capital	113,275	113,275	(b)
Share premium	49,480	49,480	(c)
Proposed Bonus share	-	-	
Treasury shares	(45,234)	(45,234)	(d)
Revaluation reserve	14,037	14,037	(e)
Fair Value reserve	18,960	18,960	(f)
Statutory Reserve	38,737	38,737	(g)
Voluntary Reserve	32,654	32,654	(h)
Treasury share reserve	4,846	4,846	(i)
Retained earnings	32,762	35,947	(j)
of which: proposed dividends	-	-	(k)
Foreign currency translation reserve	(720)	(720)	(l)
Attributable to Bank's equity shareholders	258,797	261,982	
Perpetual Tier 1 sukuk	91,035	91,035	(m)
Non-controlling interests	3,590	482	
- Common Equity Tier (1)	-	-	
- Additional Tier (1)	-	407	(n)
- Tier (2)	-	74	(o)
Total equity	353,422	353,499	
Total liabilities and equity	2,888,806	2,888,883	

Item	Balance sheet as in published financial statements	June 2020 (KD'000)	
		Under regulatory scope of consolidation	Ref.
<u>Asset</u>			
Cash	18,558	18,558	
Cash and bank balances at central banks	184,263	184,263	
Items in the course of collection from other banks and FIs	302,778	302,778	
Trading portfolio assets	-	-	
Financial assets at fair value through statement of income	13,303	13,303	
Shariaà compliant hedging contracts	-	-	
Financing and advances to banks	6,116	6,116	
Financing and advances to customers	1,949,020	1,949,020	
of which general provisions (netted above) capped for Tier 2 inclusion	24,855	24,855	(a)
Financial assets at fair value through other comprehensive income	165,950	165,950	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	16,074	16,074	
Investment properties	58,093	58,093	
Investments in associates and joint ventures	1,549	1,549	
Goodwill and other intangible assets (a) + (b)	-	-	
- Goodwill	-	-	
- Intangible assets	-	-	
Property, plant and equipment	30,494	30,494	
Total assets	2,746,198	2,746,198	

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Basel III - Pillar III disclosures

For the period ended 30 June 2021

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

June 2020
(KD'000)

Item	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref.
<u>Liabilities</u>			
Deposits from banks and FIs	779,274	779,274	
Items in the course of collection due to other banks	-	-	
Customer accounts	1,570,126	1,570,126	
Trading portfolio liabilities	-	-	
Financial liabilities at fair value through statement of income	-	-	
Shariaà compliant hedging contracts	-	-	
Financing securities (Sukuk)	-	-	
Accruals, deferred income and other liabilities	38,497	38,497	
Current and deferred tax liabilities (c) + (d)	-	-	
- Deferred tax liabilities related to goodwill	-	-	
- Deferred tax liabilities related to intangible assets	-	-	
Provisions (non-cash)	4,721	4,721	
Retirement benefit liabilities	-	-	
<u>Total liabilities</u>	2,392,618	2,392,618	
<u>Equity</u>			
Share capital	113,275	113,275	(b)
Share premium	49,480	49,480	(c)
Proposed Bonus share	-	-	(p)
Treasury shares	(45,234)	(45,234)	(d)
Revaluation reserve	14,581	14,581	(e)
Fair Value reserve	14,041	14,041	(f)
Statutory Reserve	38,736	38,736	(g)
Voluntary Reserve	32,653	32,653	(h)
Treasury share reserve	4,846	4,846	(i)
Retained earnings	35,216	42,316	(j)
of which: proposed dividends	-	-	(k)
Foreign currency translation reserve	1,305	1,305	(l)
<u>Attributable to Bank's equity shareholders</u>	258,899	265,999	
Perpetual Tier 1 Sukuk	91,035	91,035	(m)
Non-controlling interests	3,646	488	
- Common Equity Tier (1)	-	-	
- Additional Tier (1)	-	413	(n)
- Tier (2)	-	75	(o)
<u>Total equity</u>	353,580	357,222	
<u>Total liabilities and equity</u>	2,746,198	2,750,140	

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

Step 3:

June 2021

(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	162,755	(b)+(c)
2	Retained earnings	35,947	(j) + (k)
3	Accumulated other comprehensive income (and other reserves)	108,514	(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	307,216	
Common Equity Tier 1 capital: regulatory adjustments			
6	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(45,234)	(d)
7	Common Equity Tier 1 capital (CET1)	261,982	
Additional Tier 1 capital: instruments			
8	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	(m)
9	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)	407	(n)
10	Reciprocal cross-holdings in Additional Tier 1 instruments	(19,616)	
11	Additional Tier 1 capital (AT1)	71,826	
12	Tier 1 capital (T1)	333,808	
Tier 2 capital: instruments and provisions			
13	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)
14	General provisions included in Tier 2 capital	26,167	(a)
15	Additional Tier II instruments	89,942	(q)
16	Tier 2 capital (T2)	116,183	
17	Total capital (T1+T2)	449,991	

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June 2020

(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	162,755	(b)+(c)+(p)
2	Retained earnings	42,316	(j) + (k)
3	Accumulated other comprehensive income (and other reserves)	106,162	(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	311,233	
Common Equity Tier 1 capital: regulatory adjustments			
6	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(45,234)	(d)
7	Common Equity Tier 1 capital (CET1)	265,999	
Additional Tier 1 capital: instruments			
8	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	(m)
9	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)	413	(n)
10	Additional Tier 1 capital (AT1)	91,448	
11	Tier 1 capital (T1)	357,447	
Tier 2 capital: instruments and provisions			
12	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)	75	(o)
13	General provisions included in Tier 2 capital	24,855	(a)
14	Tier 2 capital (T2)	24,930	
15	Total capital (T1+T2)	382,377	

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

Basel III - Pillar III disclosures

For the period ended 30 June 2021

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	113,275	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.

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Basel III - Pillar III disclosures

For the period ended 30 June 2021

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 30 June 2021 the total Capital Adequacy Ratio is 20.53% (30 June 2020: 18.23%) compared to the ratio required by regulatory authorities of 10.50% (30 June 2020: 10.50%), Tier 1 Capital of 15.23% (30 June 2020: 17.05%) and Tier 2 Capital of 5.30% (30 June 2020: 1.19%).

- 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 30 June 2021, the minimum capital requirement for the credit risk weighted exposure is KD 216,943 thousand (30 June 2020: KD 206,479 thousand), market risk weighted exposure is KD 171 thousand (30 June 2020: KD 620 thousand) and the operational risk weighted exposure is KD 13,059 thousand (30 June 2020: KD 13,085 thousand).

The day 1 loss impact will be considered for CAR computation over four years at straight line (25%) commencing from 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.