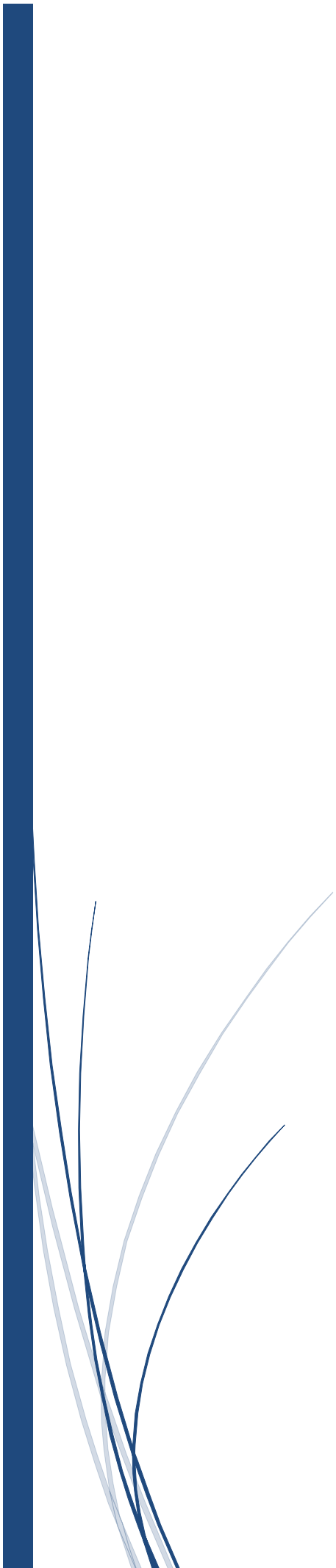




Pillar III Disclosures

Basel III disclosure

Year Ended 31 December 2021



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

Basel III - Pillar III disclosures

For the Year ended 31 December 2021

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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 Sharia. Al Dawli Takaful Insurance Company KSCC ("KIB Takaful") is a consolidated subsidiary.

KIB owns 73.60% (31 December 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 Sharia principles.

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	2021 (KD'000)	2020 (KD'000)
Particulars	Amount	Amount
<u>Common Equity (CET 1)</u>		
Share capital	117,806*	113,275
Share premium	49,480	49,480
Revaluation reserve	13,493	14,037
Fair Value reserve	17,503	16,900
Statutory Reserve	39,876	38,737
Voluntary Reserve	33,793	32,654
Treasury share reserve	4,846	4,846
Retained earnings	37,156	40,271
Foreign currency translation reserve	-	-
<u>Less:</u>		
Treasury shares	(45,234)	(45,234)
Proposed Dividends	(4,078)	-
Goodwill and other intangibles	-	-
Foreign currency translation reserve	(285)	(60)
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)	264,356	264,906
<u>AT (1)</u>		
Additional Tier 1 instruments	91,035	91,035
Eligible NCI in consolidated subsidiaries	320	406
<u>Less:</u>		
Reciprocal cross-holdings in Additional Tier 1 instruments	(17,644)	-
Total Tier (1)	338,067	356,347
<u>Tier (2)</u>		
General provision (up to 1.25% of the total credit risk weighted assets)	28,316	25,075
Eligible NCI in consolidated subsidiaries	75	74
Additional Tier II instruments	90,397	90,403
Total Tier (2)	118,788	115,552
Total eligible capital	456,855	471,899

*After proposed bonus share adjustment

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Basel III - Pillar III disclosures

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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:

		2021 (KD'000)	2020 (KD'000)
	Common Equity Tier 1 capital: instruments and reserves	Amount	Amount
1	Directly issued qualifying common share capital plus related stock surplus	167,286*	162,755
2	Retained earnings	33,078	40,271
3	Accumulated other comprehensive income (and other reserves)	109,226	107,114
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	309,590	310,140
	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)	264,356	264,906

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Basel III - Pillar III disclosures

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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)	320	406
35	of which: instruments issued by subsidiaries subject to phase-out	-	-
36	Additional Tier 1 capital before regulatory adjustments	91,355	91,441
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	17,644	-
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)	73,711	91,441
45	Tier 1 capital (T1 = CET1 + AT1)	338,067	356,347
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	90,397	90,403
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)	75	74
49	of which: instruments issued by subsidiaries subject to phase-out	-	-
50	General provisions included in Tier 2 capital	28,316	25,075
51	Tier 2 capital before regulatory adjustments	118,788	115,552
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 Subsidiaries

Basel III - Pillar III disclosures

For the Year ended 31 December 2021

58	Tier 2 capital (T2)	118,788	115,552
59	Total capital (TC = T1 + T2)	456,855	471,899
60	Total risk weighted assets (after applying 50% additional weighting)	2,377,910	2,132,346
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.12%	12.42%
62	Tier 1 (as a percentage of risk weighted assets)	14.22%	16.71%
63	Total capital (as a percentage of risk weighted assets)	19.21%	22.13%
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)	4.12%	5.42%
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)	51,233	45,822
77	Cap on inclusion of provisions in Tier 2 under standardized approach	28,316	25,075
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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Basel III - Pillar III disclosures

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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	2021 (KD'000)	
		Under regulatory scope of consolidation	Ref.
<u>Asset</u>			
Cash	8,983	8,983	
Cash and bank balances at central banks	213,329	213,329	
Items in the course of collection from other banks and FIs	223,926	223,926	
Trading portfolio assets	-	-	
Financial assets at fair value through statement of income	1,727	1,727	
Shariaà compliant hedging contracts	-	-	
Financing and advances to banks	15,045	15,045	
Financing and advances to customers	2,255,429	2,255,429	
of which general provisions (netted above) capped for Tier 2 inclusion	28,316	28,316	(a)
Financial assets at fair value through other comprehensive income	294,112	294,112	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	29,092	29,092	
Investment properties	53,545	53,545	
Investments in associates and joint ventures	1,674	1,674	
Goodwill and other intangible assets (a) + (b)	-	-	
- Goodwill	-	-	
- Intangible assets	-	-	
Property, plant and equipment	38,207	38,207	
<u>Total assets</u>	3,135,069	3,135,069	
<u>Liabilities</u>			
Deposits from banks and FIs	561,826	561,826	
Items in the course of collection due to other banks	-	-	
Customer accounts	2,061,626	2,061,626	
Trading portfolio liabilities	-	-	
Financial liabilities at fair value through statement of income	-	-	
Shariaà compliant hedging contracts	-	-	
Financing securities (Sukuk)	90,397	90,397	(q)
Accruals, deferred income and other liabilities	59,956	59,956	
Current and deferred tax liabilities (c) + (d)	-	-	
- Deferred tax liabilities related to goodwill	-	-	
- Deferred tax liabilities related to intangible assets	-	-	
Provisions (non-cash)	3,541	3,541	
Retirement benefit liabilities	-	-	
<u>Total liabilities</u>	2,777,346	2,777,346	

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

Basel III - Pillar III disclosures

For the Year ended 31 December 2021

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

Item	Balance sheet as in published financial statements	Under regulatory scope of consolidation	2021
			(KD'000)
Ref.			
Equity			
Share capital	113,275	113,275	(b)
Share premium	49,480	49,480	(c)
Treasury shares	(45,234)	(45,234)	(d)
Revaluation reserve	13,493	13,493	(e)
Fair Value reserve	17,503	17,503	(f)
Statutory Reserve	39,876	39,876	(g)
Voluntary Reserve	33,793	33,793	(h)
Treasury share reserve	4,846	4,846	(i)
Retained earnings	36,285	36,285	
Of which Retained Earnings eligible as CET1 Capital	37,156	37,156	(j)
Of which Modification loss on deferral of financing instalments	(5,402)	(5,402)	
Of which proposed bonus share	4,531	4,531	(k)
Foreign currency translation reserve	(285)	(285)	(l)
Attributable to Bank's equity shareholders	263,032	263,032	
Perpetual Tier 1 sukuk	91,035	91,035	(m)
Non-controlling interests	3,656	395	
- Common Equity Tier (1)	-	-	
- Additional Tier (1)	-	320	(n)
- Tier (2)	-	75	(o)
Total equity	357,723	354,462	
Total liabilities and equity	3,135,069	3,131,808	

Item	Balance sheet as in published financial statements	Under regulatory scope of consolidation	2020
			(KD'000)
Ref.			
Asset			
Cash	14,460	14,460	
Cash and bank balances at central banks	174,874	174,874	
Items in the course of collection from other banks and FIs	336,012	336,012	
Trading portfolio assets	-	-	
Financial assets at fair value through statement of income	13,514	13,514	
Shariaà compliant hedging contracts	-	-	
Financing and advances to banks	6,022	6,022	
Financing and advances to customers	1,979,004	1,979,004	
of which general provisions (netted above) capped for Tier 2 inclusion	25,075	25,075	(a)
Financial assets at fair value through other comprehensive income	170,848	170,848	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	19,281	19,281	
Investment properties	53,824	53,824	
Investments in associates and joint ventures	1,543	1,543	
Goodwill and other intangible assets (a) + (b)	-	-	
- Goodwill	-	-	
- Intangible assets	-	-	
Property, plant and equipment	32,213	32,213	
Total assets	2,801,595	2,801,595	

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Basel III - Pillar III disclosures

For the Year ended 31 December 2021

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

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	671,386	671,386	
Items in the course of collection due to other banks	-	-	
Customer accounts	1,644,803	1,644,803	
Trading portfolio liabilities	-	-	
Financial liabilities at fair value through statement of income	-	-	
Shariaà compliant hedging contracts	-	-	
Financing securities (Sukuk)	90,403	90,403	(q)
Accruals, deferred income and other liabilities	38,111	38,111	
Current and deferred tax liabilities (c) + (d)	-	-	
- Deferred tax liabilities related to goodwill	-	-	
- Deferred tax liabilities related to intangible assets	-	-	
Provisions (non-cash)	4,573	4,573	
Retirement benefit liabilities	-	-	
<u>Total liabilities</u>	2,449,276	2,449,276	
<u>Equity</u>			
Share capital	113,275	113,275	(b)
Share premium	49,480	49,480	(c)
Treasury shares	(45,234)	(45,234)	(d)
Revaluation reserve	14,037	14,037	(e)
Fair Value reserve	16,900	16,900	(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	33,068	33,068	
Of which Retained Earnings eligible as CET1	40,271	40,271	(j)
Of which Modification loss on deferral of financing	(7,203)	(7,203)	
Foreign currency translation reserve	(60)	(60)	(l)
<u>Attributable to Bank's equity shareholders</u>	257,703	257,703	
Perpetual Tier 1 Sukuk	91,035	91,035	(m)
Non-controlling interests	3,581	479	
- Common Equity Tier (1)	-	-	
- Additional Tier (1)	-	406	(n)
- Tier (2)	-	74	(o)
<u>Total equity</u>	352,319	349,217	
<u>Total liabilities and equity</u>	2,801,595	2,798,493	

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Step 3:

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	167,286*	(b)+(c)+(k)
2	Retained earnings	37,156	(j)
3	Accumulated other comprehensive income (and other reserves)	109,226	(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	313,668	
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	Proposed Dividend	(4,078)	
8	Common Equity Tier 1 capital (CET1)	264,356	
Additional Tier 1 capital: instruments			
9	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	(m)
10	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)	320	(n)
11	Reciprocal cross-holdings in Additional Tier 1 instruments	(17,644)	
12	Additional Tier 1 capital (AT1)	73,711	
13	Tier 1 capital (T1)	338,067	
Tier 2 capital: instruments and provisions			
14	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)
15	General provisions included in Tier 2 capital	28,316	(a)
16	Additional Tier II instruments	90,397	(q)
17	Tier 2 capital (T2)	118,788	
18	Total capital (T1+T2)	456,855	

*After proposed bonus share adjustment

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Basel III - Pillar III disclosures

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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)
2	Retained earnings	40,271	(j)
3	Accumulated other comprehensive income (and other reserves)	107,114	(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	310,140	
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	Proposed Dividend	-	
8	Common Equity Tier 1 capital (CET1)	264,906	
Additional Tier 1 capital: instruments			
9	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	91,035	(m)
10	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)	406	(n)
11	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
12	Additional Tier 1 capital (AT1)	91,441	
13	Tier 1 capital (T1)	356,347	
Tier 2 capital: instruments and provisions			
14	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)
15	General provisions included in Tier 2 capital	25,075	(a)
16	Additional Tier II instruments	90,403	(q)
17	Tier 2 capital (T2)	115,552	
18	Total capital (T1+T2)	471,899	

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Basel III - Pillar III disclosures

For the Year ended 31 December 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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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 2021 the total Capital Adequacy Ratio is 19.21% (31 December 2020: 22.13%) compared to the ratio required by regulatory authorities of 10.50% (31 December 2020: 10.50%), Tier 1 Capital of 14.22% (31 December 2020: 16.71%) and Tier 2 Capital of 5.00% (31 December 2020: 5.42%).

- ✚ 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 2021, the minimum capital requirement for the credit risk weighted exposure is KD 235,446 thousand (31 December 2020: KD 208,453 thousand), market risk weighted exposure is KD 1,165 thousand (31 December 2020: KD 2,385 thousand) and the operational risk weighted exposure is KD 13,069 thousand (31 December 2020: KD 13,059 thousand).

The day 1 loss impact is 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.