

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

### Financial Leverage Ratio

For the year ended 31 December 2015

The Group's financial leverage ratio comprises of Tier (1) capital (As defined in the instructions 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 Shari'ah Standards.
3. off-balance sheet exposures

At 31<sup>st</sup> December 2015, the financial leverage ratio is 10.80% (2014: 11.56%) compared to the ratio required by regulatory authorities of 3%, Tier (1) Capital of KD 236,621 thousand (2014: KD 229,647 thousand) and total exposures is KD 2,191,507 thousand (2014: KD 1,987,225 thousand). Disclosure of financial leverage ratio is as follow:

		(KD' 000)	
S. No.	Item	Amount 2015	Amount 2014
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,832,831	1,700,500
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>1,832,831</b>	<b>1,700,500</b>
<b>Exposures of hedging contracts compliant with Islamic Shari'ah Standards</b>			
4	Replacement cost associated with all derivatives transactions (ie 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	<b>Total derivative exposures (sum of lines 4 to 8)</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
10	Off-balance sheet exposure at gross notional amount	472,168	362,895
11	(Adjustments for conversion to credit equivalent amounts)	(113,492)	(76,170)
12	<b>Off-balance sheet items (sum of lines 10 and 11)</b>	<b>358,676</b>	<b>286,725</b>
<b>Capital and total exposures</b>			
13	<b>Tier 1 capital</b>	<b>236,621</b>	<b>229,647</b>
14	<b>Total exposures (sum of lines 3, 9, 12)</b>	<b>2,191,507</b>	<b>1,987,225</b>
<b>Financial leverage ratio</b>			
15	<b>Basel III leverage ratio (13/14)</b>	<b>10.80%</b>	<b>11.56%</b>