

## Financial leverage Ratio

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. Derivative exposures
3. off-balance sheet exposures

At 30<sup>th</sup> June 2015, the financial leverage ratio is 11.26% compared to the ratio required by regulatory authorities of 3%, Tier (1) Capital of KD 229,447 thousand and total exposures is KD 2,037,590 thousand.

Disclosure of financial leverage standard is as follow:

30 June 2015  
KD'000

S. No.	Item	Amount
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,728,574
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>1,728,574</b>
<b>Derivative exposures</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>Other off-balance sheet exposures</b>		
10	Off-balance sheet exposure at gross notional amount	405,170
11	(Adjustments for conversion to credit equivalent amounts)	(96,154)
12	<b>Off-balance sheet items (sum of lines 10 and 11)</b>	<b>309,016</b>
<b>Capital and total exposures</b>		
13	<b>Tier 1 capital</b>	<b>229,447</b>
14	<b>Total exposures (sum of lines 3, 9, 12)</b>	<b>2,037,590</b>
<b>Leverage ratio</b>		
15	<b>Basel III leverage ratio (13/14)</b>	<b>11.26%</b>