



بنك بروقان
BURGAN BANK

driven by you

Basel III – Capital and Leverage Disclosures

31 December 2020

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BASEL III - CAPITAL AND LEVERAGE DISCLOSURES



ADDITIONAL CAPITAL DISCLOSURE REQUIREMENTS

1. Common Disclosure Template – Composition of Regulatory Capital

All amounts are in KD 000's

| Common Equity Tier 1 capital: instruments and reserves | | |
|---|---|---------|
| 1 | Directly issued qualifying common share capital plus related stock surplus | 511,552 |
| 2 | Retained earnings | 145,408 |
| 3 | Accumulated other comprehensive income (and other reserves) | 27,452 |
| 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) | 8,297 |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 692,709 |
| Common Equity Tier 1 capital: regulatory adjustments | | |
| 7 | Prudential valuation adjustments | |
| 8 | Goodwill (net of related tax liability) | 8,974 |
| 9 | Other intangibles other than mortgage-servicing rights (net of related tax liability) | 12,141 |
| 10 | Deferred tax assets excluding those arising from temporary differences (net of related tax liability) | |
| 11 | Cash flow hedge reserve | 2,295 |
| 12 | Shortfall of provisions to expected losses (based on Internal Models Approach, if applied) | |
| 13 | Securitisation gain on sale | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | |
| 15 | Defined benefit pension fund net assets | |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | 1,742 |
| 17 | Reciprocal cross holdings in common equity of banks, Fis and insurance entities | |
| 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 capital (amount above 10% threshold of bank's CET1 capital) | 6,858 |
| 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) | |
| 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 | 32,010 |
| 29 | Common Equity Tier 1 capital (CET1) | 660,699 |
| Additional Tier 1 capital: instruments | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus | 151,625 |
| 31 | of which: classified as equity under applicable accounting standards | 151,625 |
| 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) | 1,568 |

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| | | |
|--|---|-----------|
| 35 | of which: instruments issued by subsidiaries subject to phase out | |
| 36 | Additional Tier 1 capital before regulatory adjustments | 153,193 |
| Additional Tier 1 capital: regulatory adjustments | | |
| 37 | Investments in own Additional Tier 1 instruments | |
| 38 | Reciprocal cross holdings in Additional Tier 1 instruments | |
| 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 capital (amount above 10% threshold of bank's CET1 capital) | 298 |
| 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 | 298 |
| 44 | Additional Tier 1 capital (AT1) | 152,895 |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 813,594 |
| Tier 2 capital: instruments and provisions | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | 251,625 |
| 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) | 2,191 |
| 49 | of which: instruments issued by subsidiaries subject to phase out | |
| 50 | General provisions included in Tier 2 capital | 75,161 |
| 51 | Tier 2 capital before regulatory adjustments | 328,977 |
| 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 capital (amount above 10% threshold of bank's CET1 capital) | 49 |
| 55 | Significant investments in the capital of 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 | 49 |
| 58 | Tier 2 capital (T2) | 328,928 |
| 59 | Total capital (TC = T1 + T2) | 1,142,522 |
| 60 | Total risk-weighted assets | 6,305,697 |
| Capital ratios and buffers | | |
| 61 | Common Equity Tier 1 (as percentage of risk-weighted assets) | 10.5% |
| 62 | Tier 1 (as percentage of risk-weighted assets) | 12.9% |
| 63 | Total capital (as percentage of risk-weighted assets) | 18.1% |
| 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) | 8.0% |
| 65 | of which: capital conservation buffer requirement | - |
| 66 | of which: bank specific countercyclical buffer requirement | - |
| 67 | of which: DSIB buffer requirement | 1.0% |
| 68 | Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets) | 3.5% |
| National minima | | |
| 69 | Kuwait Common Equity Tier 1 minimum ratio | 7.0% |
| 70 | National Tier 1 minimum ratio | 8.5% |
| 71 | National total capital minimum ratio excluding CCY and DSIB buffers | 10.5% |

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| Amounts below the thresholds for deduction (before risk weighting) | | |
|---|---|---------|
| 72 | Non-significant investments in the capital of other financials | 66,756 |
| 73 | Significant investments in the common stock of financials | 4,199 |
| 74 | Mortgage servicing rights (net of related tax liability) | - |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | 5,293 |
| Applicable caps on the inclusion of allowances in Tier 2 | | |
| 76 | Provision eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | 255,659 |
| 77 | Cap on inclusion of allowances in Tier 2 under standardised approach | 75,161 |
| 78 | Provision eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | |
| 79 | Cap on inclusion of allowances in Tier 2 under internal ratings-based approach | |

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2. Reconciliation requirements

The basis for the scope of consolidation for accounting and regulatory purposes is consistent for the Group. In order to provide a full reconciliation of all regulatory capital elements to the balance sheet in the audited financial statements, a three step approach has been mandated under the Pillar 3 disclosures section of the CBK Basel III framework.

Below table provides the comparison (Step1) of the balance sheet published in the consolidated financial statement and the balance sheet under the regulatory scope of consolidation. Lines have been expanded and referenced with letters (Step 2) to display the relevant items of the regulatory capital.

All amounts are in KD'000s

| Item | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
|--|--|---|-----------|
| | 31-Dec-20 | 31-Dec-20 | |
| Assets | | | |
| Cash and cash equivalents | 819,477 | 819,477 | |
| Treasury bills and bonds with CBK and others | 243,550 | 243,550 | |
| Due from banks and other financial institutions | 469,517 | 469,517 | |
| Loans and advances to customers | 4,345,058 | 4,345,058 | |
| of which General Provisions (netted above) capped for Tier 2 inclusion | 75,161 | 75,161 | a |
| Investment securities | 591,668 | 591,668 | |
| of which goodwill in investment in associate | 771 | 771 | b |
| of which Deductions from Capital Base arising from Investments in FIs where ownership is < 10% | 6,858 | 6,858 | u |
| of which Deductions from Capital Base arising from Investments in FIs where ownership is < 10% | 298 | 298 | x |
| of which Deductions from Capital Base arising from Investments in FIs where ownership is < 10% | 49 | 49 | y |
| Other assets | 215,769 | 215,769 | |
| Property and equipment | 157,143 | 157,143 | |
| Intangible assets | 20,344 | 20,344 | |
| of which goodwill | 8,203 | 8,203 | c |
| of which other intangibles | 12,141 | 12,141 | d |
| | 6,862,526 | 6,862,526 | |
| Disposal group held for sale | 243,558 | 243,558 | |
| Total assets | 7,106,084 | 7,106,084 | |
| Liabilities | | | |
| Due to banks | 413,717 | 413,717 | |
| Due to other financial institutions | 610,254 | 610,254 | |
| Deposits from customers | 4,091,383 | 4,091,383 | |
| Other borrowed funds | 679,096 | 679,096 | |
| Directly issued qualifying Tier 2 instruments plus related stock surplus | 251,625 | 251,625 | v |
| Other liabilities | 238,700 | 238,700 | |
| | 6,033,150 | 6,033,150 | |
| Liabilities directly associated with disposal group held for sale | 193,170 | 193,170 | |
| Total liabilities | 6,226,320 | 6,226,320 | |

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| | | | |
|--|------------------|------------------|---|
| Equity | | | |
| Share capital | 262,500 | 262,500 | e |
| Share premium | 249,052 | 249,052 | f |
| Treasury shares | (1,742) | (1,742) | g |
| Statutory reserve | 102,971 | 102,971 | h |
| Voluntary reserve | 103,349 | 103,349 | i |
| Treasury shares reserve | 43,135 | 43,135 | j |
| Fair value reserve | (49,953) | (49,953) | k |
| Share based compensation reserve | 564 | 564 | l |
| Foreign currency translation reserve | (181,259) | (181,259) | m |
| Other reserves | 8,645 | 8,645 | n |
| of which cash flow hedge reserve | 2,295 | 2,295 | w |
| Retained earnings | 150,011 | 150,011 | o |
| of which proposed dividend | 13,102 | 13,102 | p |
| of which modification loss on retail loans | (8,499) | (8,499) | z |
| Total equity attributable to the equity holders of the Bank | 687,273 | 687,273 | |
| Perpetual Tier 1 capital securities | 151,625 | 151,625 | q |
| Non-controlling interests | 40,866 | 40,866 | |
| of which Limited Recognition eligible as CET1 Capital | 8,297 | 8,297 | r |
| of which Limited Recognition eligible as AT1 Capital | 1,568 | 1,568 | s |
| of which Limited Recognition eligible as Tier 2 Capital | 2,191 | 2,191 | t |
| Total equity | 879,764 | 879,764 | |
| Total liabilities and equity | 7,106,084 | 7,106,084 | |

Below table provides the relevant lines under Common Disclosure Template - Composition of Regulatory Capital' with cross references to the letters in above Table, thereby reconciling (Step 3) the components of regulatory capital to the published balance sheet.

All amounts are in KD'000s

| Relevant Row Number in Common Disclosure Template | Common Equity Tier 1 capital: instruments and reserves | Component of regulatory capital | Source based on reference letters of the balance sheet from step 2 |
|--|---|---------------------------------|--|
| 1 | Directly issued qualifying common share capital plus related stock surplus | 511,552 | e+f |
| 2 | Retained earnings | 145,408 | o-p-z |
| 3 | Accumulated other comprehensive income (and other reserves) | 27,452 | h+i+j+k+l+m+n |
| 5 | Common share capital issued by subsidiaries and held by third parties (minority interest) | 8,297 | r |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 692,709 | |
| Common Equity Tier 1 capital : regulatory adjustments | | | |
| 8 | Goodwill (net of related tax liability) | 8,974 | b+c |

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| | | | |
|---|---|-----------|---|
| 9 | Other intangibles other than mortgage-servicing rights (net of related tax liability) | 12,141 | d |
| 11 | Cash flow hedge reserve | 2,295 | w |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | 1,742 | g |
| 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 capital (amount above 10% threshold of bank's CET1 capital) | 6,858 | u |
| 28 | Total regulatory adjustments to Common Equity Tier 1 | 32,010 | |
| 29 | Common Equity Tier 1 capital (CET1) | 660,699 | |
| Additional Tier 1 capital : instruments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus | 151,625 | q |
| 31 | of which: classified as equity under applicable accounting standards | 151,625 | q |
| 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) | 1,568 | s |
| 36 | Additional Tier 1 capital before regulatory adjustments | 153,193 | |
| Additional Tier 1 capital : regulatory adjustments | | | |
| 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 capital (amount above 10% threshold of bank's CET1 capital) | 298 | x |
| 43 | Total regulatory adjustments to Additional Tier 1 capital | 298 | |
| 44 | Additional Tier 1 capital (AT1) | 152,895 | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 813,594 | |
| Tier 2 capital : instruments and provisions | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | 251,625 | v |
| 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) | 2,191 | t |
| 50 | General Provisions included in Tier 2 Capital | 75,161 | a |
| 51 | Tier 2 capital before regulatory adjustments | 328,977 | |
| Tier 2 capital: regulatory adjustments | | | |
| 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 capital (amount above 10% threshold of bank's CET1 capital) | 49 | y |
| 57 | Total regulatory adjustments to Tier 2 capital | 49 | |
| 58 | Tier 2 capital (T2) | 328,928 | |
| 59 | Total capital (TC = T1 + T2) | 1,142,522 | |

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3. Disclosure for main features of regulatory capital instruments

| | | | |
|-----------------------------|---|---|---|
| 1 | Issuer | BURGAN BANK K.P.S.C. | BURGAN BANK K.P.S.C |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | XS2019231823 | Floating: KW0DI0100530 Fixed: KW0DI0100522 |
| 3 | Governing law(s) of the instrument | WHOLE INSTRUMENT- ENGLISH LAW; SUBORDINATION PROVISION - KUWAIT LAW | Kuwait Law |
| Regulatory treatment | | | |
| 4 | Type of Capital (CET1, AT1 or T2) | AT1 | T2 |
| 5 | Eligible at solo/group/group & solo | Group & Solo | Group & Solo |
| 6 | Instrument type (types to be specified by each jurisdiction) | Sub-ordinated debt | Sub-ordinated debt |
| 7 | Amount recognised in regulatory capital (Currency in thousands, as of most recent reporting date) | USD 500,000 thousand | KWD 100,000 thousand |
| 8 | Par value of instrument | 100 | 100 |
| 9 | Accounting classification | Equity | Debt |
| 10 | Original date of issuance | 9 th July 2019 | 9 th March 2016 |
| 11 | Perpetual or dated | Perpetual | Dated |
| 12 | Original maturity date | No Maturity | 9 th March 2026 |
| 13 | Issuer call subject to prior supervisory approval | Yes | Yes |
| 14 | Optional call date, contingent call dates and redemption amount | Optional Call Date: 30 th June 2024: prevailing principal amount plus accrued but unpaid interest Capital event (full or partial disqualification):101% of prevailing principal amount plus accrued but unpaid interest or tax event call: prevailing principal amount + accrued but unpaid interest | 9 th March 2021, contingent call dates anytime during the life of instrument, 100% |
| 15 | Subsequent call dates, if applicable | Quarterly: prevailing principal amount + accrued but unpaid interest | Every interest payment date after 5 th year |
| Coupons / dividends | | | |
| 16 | Fixed or floating dividend/coupon | Fixed for every 5-year period; at the end of every 5 year period, resets to the prevailing 5 yr US Treasury rate plus margin | KWD 30.1 million at fixed rate of 6% and KWD 69.9 million at floating interest rate of 3.95% above CBK discount rate. |
| 17 | Coupon rate and any related index | 5.7492%; 5-year USD Treasury rate | Fixed Rate: 6%; Floating rate: 3.95% above CBK discount rate |
| 18 | Existence of a dividend stopper | Yes | No |
| 19 | Fully discretionary, partially discretionary or mandatory | Fully discretionary | Mandatory |
| 20 | Existence of step up or other incentive to redeem | No | None |
| 21 | Noncumulative or cumulative | Non-cumulative | Non-cumulative |

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| | | | |
|----|---|--|--|
| 22 | Convertible or non-convertible | Non-convertible | Non-convertible |
| 23 | If convertible, conversion trigger (s) | N/A | N/A |
| 24 | If convertible, fully or partially | N/A | N/A |
| 25 | If convertible, conversion rate | N/A | N/A |
| 26 | If convertible, mandatory or optional conversion | N/A | N/A |
| 27 | If convertible, specify instrument type convertible into | N/A | N/A |
| 28 | If convertible, specify issuer of instrument it converts into | N/A | N/A |
| 29 | Write-down feature | Yes | Yes |
| 30 | If write-down, write-down trigger(s) | Determination by regulator that the bank will be non-viable without a write-down | Determination by regulator that the bank will be non-viable without a write-down |
| 31 | If write-down, full or partial | Can be partial or full | Can be partial or full |
| 32 | If write-down, permanent or temporary | Permanent | Permanent |
| 33 | If temporary write-down, description of write-up mechanism | N/A | N/A |
| 34 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Perpetual Tier 1 securities are immediately junior to Basel III - Tier 2 subordinated securities which are considered eligible capital securities in accordance with Basel III guidelines issued by the CBK. | Basel III -Tier 2 subordinated securities are immediately junior to senior unsecured bonds which are not considered eligible capital securities in accordance with Basel III guidelines issued by the CBK. |
| 35 | Non-compliant transitioned features | None | None |
| 36 | If yes, specify non-compliant features | N/A | N/A |

3. Disclosure for main features of regulatory capital instruments: (continued)

| | | |
|-----------------------------|---|--|
| 1 | Issuer | Burgan Bank K.P.S.C. |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | XS2265369491 |
| 3 | Governing law(s) of the instrument | English law save for Issuer status and subordination provisions under Kuwaiti law |
| Regulatory treatment | | |
| 4 | Type of Capital (CET1, AT1 or T2) | T2 |
| 5 | Eligible at solo/group/group & solo | Group & Solo |
| 6 | Instrument type (types to be specified by each jurisdiction) | Senior unsecured bonds issued in registered global format |
| 7 | Amount recognised in regulatory capital (Currency in thousands, as of most recent reporting date) | USD 500,000 thousand |
| 8 | Par value of instrument | 100 |
| 9 | Accounting classification | Subordinated debt |
| 10 | Original date of issuance | 15 th December 2020 |
| 11 | Perpetual or dated | Dated |
| 12 | Original maturity date | 15 th December 2031 |
| 13 | Issuer call subject to prior supervisory approval | Yes |
| 14 | Optional call date, contingent call dates and redemption amount | At par (in whole but not in part) on any day falling in the period commencing on (and including) 15 September 2026 and ending on (and including) the Reset Date, or on any Interest Payment Date thereafter subject to the relevant Conditions being satisfied |
| 15 | Subsequent call dates, if applicable | As above |
| Coupons / dividends | | |
| 16 | Fixed or floating dividend/coupon | Fixed |
| 17 | Coupon rate and any related index | 2.750% fixed per annum from the Issue Date (15 December 2020) until the Reset Date (15 September 2026) Resets to the then prevailing 5-Year US Treasury Rate (the "Reset Rate") plus the Margin (2.229%) on the Reset Date (15 September 2026) |
| 18 | Existence of a dividend stopper | No |
| 19 | Fully discretionary, partially discretionary or mandatory | Interest payment are mandatory, subject to write down at the point of non-viability |
| 20 | Existence of step up or other incentive to redeem | N/A |
| 21 | Noncumulative or cumulative | There is no ability to cancel coupon (see above) |
| 22 | Convertible or non-convertible | Non-convertible. Write down (in whole or in part) is the only loss absorption mechanism at the point of non-viability (see below) |
| 23 | If convertible, conversion trigger (s) | N/A |
| 24 | If convertible, fully or partially | N/A |
| 25 | If convertible, conversion rate | N/A |
| 26 | If convertible, mandatory or optional conversion | N/A |
| 27 | If convertible, specify instrument type convertible into | N/A |
| 28 | If convertible, specify issuer of instrument it converts into | N/A |

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| | | |
|----|---|--|
| 29 | Write-down feature | At the Regulator's sole discretion, full or partial permanent write down in case of a Non-Viability Event. |
| 30 | If write-down, write-down trigger(s) | <p>"Non-Viability Event" means that the Financial Regulator has informed the Issuer in writing that it has determined that a Trigger Event has occurred.</p> <p>A "Trigger Event" will have occurred if either of the following events occurs:</p> <ul style="list-style-type: none"> • the issuing bank is instructed by its regulator to write-off or convert such instruments, on the grounds of non-viability; or • an immediate injection of capital is required, by way of an emergency intervention, without which the issuing bank would become non-viable |
| 31 | If write-down, full or partial | Full or partial |
| 32 | If write-down, permanent or temporary | Permanent |
| 33 | If temporary write-down, description of write-up mechanism | N/A |
| 34 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | The Subordinated Notes constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank pari passu and without preference among themselves. The payment obligations of the Issuer under the Subordinated Notes (a) rank junior to all Senior Obligations of the Issuer, (b) rank pari passu with all Pari Passu Obligations of the Issuer, and (c) rank senior to all Junior Obligations of the Issuer (each as defined in the Conditions of the Subordinated Notes). |
| 35 | Non-compliant transitioned features | None |
| 36 | If yes, specify non-compliant features | N/A |

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4. Financial leverage ratio

Below table provides the reconciliation of the balance sheet assets from the published interim condensed consolidated financial information with total exposure amount in the calculation of leverage ratio.

| Summary comparison of accounting assets vs leverage ratio exposure measure: | | |
|--|--|------------------|
| | Item | KD 000's |
| 1 | Total consolidated assets as per published interim condensed consolidated financial information | 7,106,084 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (27,973) |
| 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 | 63,065 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | - |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 554,695 |
| 7 | Other adjustments | |
| 8 | Leverage ratio exposure | 7,695,871 |

| Leverage ratio common disclosure template: | | |
|---|--|-----------------|
| | Item | KD 000's |
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 7,106,084 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | (27,973) |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 7,078,111 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 41,828 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions | 21,237 |
| 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 | Adjusted effective notional amount of written credit derivatives | - |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | - |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 63,065 |
| Securities financing transaction exposures | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | - |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | - |
| 14 | CCR exposure for SFT assets | - |
| 15 | Agent transaction exposures | - |
| 16 | Total securities financing transaction exposures (sum of lines 12 to 15) | - |
| Other off-balance sheet exposures | | |
| 17 | Off-balance sheet exposure at gross notional amount | 1,811,035 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (1,256,340) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 554,695 |
| Capital and total exposures | | |
| 20 | Tier 1 capital | 813,594 |
| 21 | Total exposures (sum of lines 3, 11, 16 and 19) | 7,695,871 |
| Leverage ratio | | |
| 22 | Basel III leverage ratio | 10.6% |