Kuwait Finance House (Bahrain) B.S.C.(c)

Public Disclosure

30th June 2014

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بيت التمويل الكويتي
Kuwait Finance House
Bahrain B.S.C.(c) البحرين ش.م.ب (م)

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1. Group Structure

The public disclosures under this section have been prepared in accordance with the Central Bank of Bahrain ("CBB") requirements outlined in its Public Disclosure Module ("PD"), Section PD–1: Annual Disclosure requirements, CBB Rule Book, Volume II for Islamic Banks. Rules concerning the disclosures under this section are applicable to Kuwait Finance House (Bahrain) B.S.C. (c) ("KFH Bahrain" or "the Bank") being a locally incorporated Bank with an Islamic retail banking license and its subsidiaries, together known as ("the Group"). All amounts presented in the document are in Bahraini Dinar and rounded off to the nearest thousand. The disclosers made available in the half yearly reviewed consolidated financial statements form part of the overall public disclosures. The shareholders along with their shareholding and nationality as at 30 June 2014 are as follows:

Name	Number of shares	Nominal Value (BD '000)	%	Nationality
Kuwait Finance House K.S.C.	1,650,949,273	165,095	93.20*	Kuwaiti
Themar Baytik Company B.S.C. (c)	120,455,527	12,045	6.80	Bahraini
Total	1,771,404,800	177,140	100.00	

* Subsequent to the year end, the above shareholding structure was amended to reflect the transfer of shares from Themar Baytik to the Bank as approved in the Extraordinary General Meeting (EGM) held on 27 March 2014. However, the legal formalities relating to updating the statutory documents of the Bank are in progress.

The Board of Directors (the "Board") at KFH Bahrain seeks to optimise the Group's performance by enabling the business units to realise the Group's business strategy and meet agreed business performance targets by operating within the agreed capital and risk parameters and the risk policy framework.

2. Capital Adequacy

The Group manages the capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the CBB in supervising the Bank.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

Regulatory capital consists of Tier 1 capital (core capital) and Tier 2 capital (supplementary capital). Tier 1 comprises share capital, share premium, statutory reserve, general reserve, retained earnings (including current year's profit), foreign currency translation reserve, unrealised net gains arising from fair valuing equities (subject to 55% discount factor for unlisted equities) and non-controlling stakeholders less goodwill and unrealised gross losses arising from fair valuing equity securities. Tier 2 capital includes subordinated murabaha payable, collective impairment provision, unrealised gross gains (subject to 55% discount factor) and revaluation reserves. Certain adjustments are made to the financial results and reserves, as prescribed by the CBB in order to comply with Capital Adequacy (CA) Module issued by the CBB. From the regulatory perspective, the significant amount of the Group's capital is in Tier 1.

The Group's approach to assessing capital adequacy has been in line with its risk appetite in the light of its current and future activities. To assess its capital adequacy requirements in accordance with the CBB requirements, the Group adopts the Standardised Approach for the Credit and Market Risk, and the Basic Indicator Approach for the Operational Risk.

The Bank's capital adequacy policy is to maintain a strong capital base to support the development and growth of the business. Current and future capital requirements are determined on the basis of expectations for each business group, expected growth in off–balance sheet facilities and future sources and uses of funds. In achieving an optimum balance between risk and return, the Bank has established an Internal Capital Adequacy Assessment Program (ICAAP) which quantifies the economic capital requirements for the key risks that the Bank is exposed to including credit risk, investment risk, liquidity risk, strategic risk, profit rate risk, reputation risk, operational risk, and concentration risk. The Bank also conducts comprehensive stress tests for various portfolios and assesses the impact on the capital and profitability. In addition, the Bank's stress testing frameworks and models allow for forward looking scenarios, which is considered for business growth strategies. The ICAAP of the Bank is driven by the Board through the Capital Adequacy Strategy and the ICAAP Policy. In case a plausible stress scenario is identified which may severely affect the capital adequacy of the Bank, the senior management decides an appropriate corrective action to be taken under such a scenario.

For the purpose of computing CAR the Bank consolidates the following entities:

1. Kuwait Finance House – Jordan;
2. Bayan Group for Property Investment W.L.L.;
3. Baytik Investment One S.P.C.; and
4. Baytik Investment Two S.P.C.

Investment in subsidiaries has not lead to any significant threshold breaches specified in the Prudential Consolidation and Deduction Module of the CBB. All other subsidiaries are accounted for as per the requirement of CA Module. The applicable deductions from capital are appropriately considered for the purpose of calculating the CAR.

All transfers of funds within the Group are only carried out after a proper approval process.

Table – 1. Capital Structure **Amount in BD '000**

CAPITAL STRUCTURE	
Capital Structure (PD-1.3.12, 1.3.13,1.3.14, 1.3.15) *	
Components of Capital	
Core capital - Tier 1:	
Issued and fully paid ordinary shares	177,140
Share premium	71,403
Statutory reserve	16,053
General reserve	29,786
Treasury shares	(21,923)
Retained earnings	(16,263)
Unrealised gains arising from fair value through equity reserve	24,376
Foreign currency translation reserve	73
Total Tier 1 Capital	280,645
Deductions from Tier 1:	
Unrealised gross losses arising from fair valuing equity securities	604
Tier 1 Capital before Prudential consolidation and deductions (PCD)	280,041
Supplementary capital - Tier 2:	
Subordinated murabaha payable	99,005
Property fair value reserve	3,122
Unrealised gains arising from fair value through equity reserve	348
Collective impairment provision	6,059
Tier 2 Capital before PCD	108,534
Total Available Capital before PCD (Tier 1 & 2)	**388,575**

	Tier 1	**Tier 2**
Available Capital before PCD	280,041	108,534
Deductions		
Investment in insurance entity greater than or equal to 20% of investee's capital base	1,204	1,204
Excess amount over maximum permitted large exposure limits (defined in the Credit Risk Module (CM) of the CBB Rulebook)	104,125	104,125
Total Deductions	105,329	105,329
Total eligible capital	**174,712**	**3,205**

* For the purposes of guidance we have cross referenced every table with the relevant Para number of the CBB's Public Disclosures module.

Table – 2. Capital Requirement by Type of Islamic Financing Contracts. **Amount in BD '000**

CAPITAL ADEQUACY	
Regulatory Capital Requirements (PD-1.3.17) by Each Type of Islamic Financing Contracts	
Type of Islamic Financing Contracts	**Capital Requirement**
Murabaha contracts with Banks	1,454
Financing contracts with customers	
- Murabaha	139,283
- Ijarah	9,243
- Musharakah	441
Total	**150,421**

Table – 3. Capital Requirement for Market and Operational Risk **Amount in BD '000**

CAPITAL ADEQUACY		
Capital Requirements for Market Risk (PD-1.3.18) & Operational Risk (PD-1.3.19) & 1.3.30(a)		
Particulars	**Risk Weighted Assets**	**Capital Requirement**
Market Risk - Standardised Approach	43,951	5,494
Operational Risk - Basic indicator approach	129,781	16,223

Table – 4. Capital Ratios

CAPITAL ADEQUACY		
Capital Adequacy Ratios (PD-1.3.20)		
Particulars	**Total Capital Ratio**	**Tier 1 Capital Ratio**
	%	
Consolidated Ratios	15.92%	14.55%

2.1 Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from financing, trade finance and treasury activities. The Bank controls credit risk by monitoring credit exposures, and continually assessing the creditworthiness of counterparties. Financing contracts are mostly secured by collateral in the form of mortgage on real estate properties or other tangible securities.

3.5.10 Quantitative disclosures

Table – 5. Average and Gross Credit Risk Exposure **Amount in BD '000**

CREDIT RISK: QUANTITATIVE DISCLOSURES				
Credit Risk Exposure (PD-1.3.23(a))				
Portfolios	**Self Financed**		**Financed by Unrestricted Investment Accounts**	
	Total Gross Credit Exposure	*** Average Gross Credit Exposure Over the Period**	**Total Gross Credit Exposure**	*** Average Gross Credit Exposure Over the Period**
Balances with Banks	13,784	14,483	29,315	28,340
Murabaha and due from Banks	-	-	193,916	175,504
Financing contracts with customers	437,135	414,074	162,315	185,723
Investments at amortised cost - Sukuks	-	-	90,798	73,124
Receivables	38,207	37,054	-	-
Total	**489,126**	**465,611**	**476,344**	**462,691**
Credit commitments and contingent items	43,604	40,423	-	-
Grand Total	**532,730**	**506,034**	**476,344**	**462,691**

*Gross credit exposure is reflected net of specific provisions and gross of general provisions.
Average credit exposure has been calculated using quarterly consolidated financial statements and PIRI forms submitted to CBB.

Table – 6. Portfolio Geographic Breakdown

Amount in BD '000

CREDIT RISK: QUANTITATIVE DISCLOSURES										
Geographic Breakdown (PD-1.3.23) (b)										
Portfolios	**Self-Financed**					**Financed by Unrestricted Investment Accounts**				
	Geographic Area					**Geographic Area**				
	Middle East	**North America**	**Europe**	**Others Countries**	**Total**	**Middle East**	**North America**	**Europe**	**Others Countries**	**Total**
Balances with Banks	12,165	1,295	317	7	13,784	25,873	2,754	674	14	29,315
Murabaha and due from Banks	-	-	-	-	-	183,034	-	-	10,882	193,916
Financing contracts with customers	416,216	-	7,134	13,785	437,135	157,196	-	-	5,119	162,315
Investments at amortised cost – Sukuks	-	-	-	-	-	89,856	942	-	-	90,798
Receivables	34,600	-	1,407	2,200	38,207	-	-	-	-	-
Total	**462,981**	**1,295**	**8,858**	**15,992**	**489,126**	**455,959**	**3,696**	**674**	**16,015**	**476,344**
Un-funded										
Credit commitments and contingent items	43,604	-	-	-	43,604	-	-	-	-	-
Grand Total	**506,585**	**1,295**	**8,858**	**15,992**	**532,730**	**455,959**	**3,696**	**674**	**16,015**	**476,344**

Table – 7. Industrial Sector Breakdown by Portfolio

Amount in BD '000

CREDIT RISK: QUANTITATIVE DISCLOSURES										
Industry Sector Breakdown (PD-1.3.23(c))										
Portfolios	**Self Financed**					**Financed by Unrestricted Investment Accounts**				
	Industry Sector					**Industry sector**				
	Trading and Manufacturing	**Banking and Financial**	**Construction and Real Estate**	**Others**	**Total**	**Trading and Manufacturing**	**Banking and Financial**	**Construction and Real Estate**	**Others**	**Total**
Funded										
Balances with Banks	-	13,784	-	-	13,784	-	29,315	-	-	29,315
Murabaha and due from Banks	-	-	-	-	-	-	193,916	-	-	193,916
Financing contracts with customers	41,529	20,357	330,599	44,650	437,135	15,420	7,559	105,233	34,103	162,315
Investments at amortised cost - Sukuks	-	-	-	-	-	-	19,055	71,743	-	90,798
Receivables	3,450	1,296	2,509	30,952	38,207	-	-	-	-	-
Total	**44,979**	**35,437**	**333,108**	**75,602**	**489,126**	**15,420**	**249,845**	**176,976**	**34,103**	**476,344**
Unfunded										
Credit commitments and contingent items	34,604	-	9,000	-	43,604	-	-	-	-	-
Grand Total	**79,583**	**35,437**	**342,108**	**75,602**	**532,730**	**15,420**	**249,845**	**176,976**	**34,103**	**476,344**

Table – 8. Exposures in Excess of 15% Limit

CREDIT RISK: QUANTITATIVE DISCLOSURES		
Concentration of risk (PD-1.3.23(f)) Exposure as a Percentage of Bank's Capital Base		
Counterparties	**Self-Financed**	**Financed by Unrestricted Investment Accounts**
	Concentration of Risk	**Concentration of Risk**
Counterparty # 1	48.38%	13.61%
Counterparty # 2	15.32%	5.32%

*Counterparty #2 is a corporate entity eligible for 0% risk weight as per CBB.

Restructured Islamic Financing Contracts:

The outstanding amount of financing contracts with customers for which financing terms have been renegotiated during the period and six months have not elapsed amounted to BD 32,185 thousand (2013: BD 74,404 thousand) and these are secured with collateral amounting to BD 71,776 thousand (2013: BD 157,300 thousand). As a condition to restructuring, the Bank has received partial payment from customers and/or obtained additional collateral.

The restructuring does not have any significant impact on impairment provisions and present and future earnings of the Group as most of the exposures are sufficiently collateralised and restructuring is based on the market terms. The concession provided to the restructured relationships mainly relates to the extension of the repayment dates.

Table – 9. Maturity Breakdown of Credit Exposures (continued) **Amount in BD '000**

CREDIT RISK: QUANTITATIVE DISCLOSURES						
Residual Contractual Maturity Breakdown (PD-1.3.23(g))						
	Self-Financed					
Portfolios	**Maturity Breakdown**					
	Up to 3 Months	**3-12 Months**	**1-5 Years**	**5-10 Years**	**10-20 Years**	**Over 20 Years**
Balances with Banks	3,900	2,895	1,738	1,738	1,736	1,777
Murabaha and due from Banks	-	-	-	-	-	-
Financing contracts with customers	23,924	55,651	259,973	61,948	32,333	3,306
Investments at amortised cost - Sukuks	-	-	-	-	-	-
Receivables	8,161	73	29,973	-	-	-
Total	**35,985**	**58,619**	**291,684**	**63,686**	**34,069**	**5,083**
Credit commitments and contingent items	-	34,604	9,000	-	-	-
Grand Total	**35,985**	**93,223**	**300,684**	**63,686**	**34,069**	**5,083**

Table – 9. Maturity Breakdown of Credit Exposures

Amount in BD '000

CREDIT RISK: QUANTITATIVE DISCLOSURES						
Residual Contractual Maturity Breakdown (PD-1.3.23(g))						
	Financed by Unrestricted Investment Accounts					
Portfolios	**Maturity breakdown**					
	Up to 3 Months	**3-12 Month**	**1-5 Years**	**5-10 Years**	**10-20 Years**	**Over 20 Years**
Balances with Banks	8,293	6,156	3,695	3,695	3,696	3,780
Murabaha and due from Banks	193,401	515	-	-	-	
Financing contracts with customers	23,612	20,539	78,527	22,780	15,629	1,228
Investments at amortised cost - Sukuks	-	19,793	71,005	-	-	-
Receivables	-	-	-	-	-	-
Total	**225,306**	**47,003**	**153,227**	**26,475**	**19,325**	**5,008**
Credit commitments and contingent items	-	-	-	-	-	-
Grand Total	**225,306**	**47,003**	**153,227**	**26,475**	**19,325**	**5,008**

Table – 10. Break-up of Impaired Finances by Industry Sector

Amount in BD '000

CREDIT RISK: QUANTITATIVE DISCLOSURES

Impaired Finances, Past Due Finances and Allowances (PD-1.3.23(h)) - Self-Financed (Cont.)

Industry Sector	Total Portfolio	Neither past due nor impaired	Past due but not impaired	Substandard, Doubtful & loss	Impaired		Specific Impairment					Collective Impairment
					Over 3 Months	Over 1 Year	Balance at the Beginning of the Period	Charges During the Period	Transfer from collective provision	Reversal During the Period	Balance at the End of the Period	
Trading and manufacturing	41,529	33,957	6,496	1,076	946	130	122	8	(30)	(11)	89	*
Banking and financial institutions	20,357	17,172	3,185	-	-	-	112	-	(112)	-	-	*
Construction & real estate	330,599	258,824	49,717	22,058	19,394	2,664	278	30	87	(45)	350	*
Others	44,650	35,280	8,983	387	340	47	1,159	113	234	(170)	1,336	*
Total	**437,135**	**345,233**	**68,381**	**23,521**	**20,680**	**2,841**	**1,671**	**151**	**179**	**(226)**	**1,775**	

* This amounts to BD 6,059 thousands representing collective impairment against total exposures (self-financed and URIA financed) which, although not specifically identified, are created for the entire credit portfolio against the possibility of future loss.

Past due finances are stated net of specific impairment.

Amount in BD '000

CREDIT RISK: QUANTITATIVE DISCLOSURES

Impaired Finances, Past Due Finances and Allowances (PD-1.3.23(h)) Financed by Unrestricted Investment Accounts

Industry Sector	Total Portfolio	Neither past due nor impaired	Past due but not impaired	Substandard, Doubtful & loss	Impaired		Specific Impairment					Collective Impairment
					Over 3 Months	Over 1 Year	Balance at the Beginning of the Period	Charges During the Period	Transfer from collective provision	Write-off During the Period	Balance at the End of the Period	
Trading and manufacturing	15,420	12,406	2,412	602	529	73	95	14	(39)	(20)	50	*
Banking and financial institutions	7,559	6,377	1,182	-	-	-	88	-	(88)	-	-	*
Construction & real estate	105,233	74,432	18,461	12,340	10,849	1,491	217	53	6	(80)	196	*
Others	34,103	30,550	3,336	217	191	26	904	202	(58)	(303)	745	*
Total	**162,315**	**123,765**	**25,391**	**13,159**	**11,569**	**1,590**	**1,304**	**269**	**(179)**	**(403)**	**991**	

* This amounts to BD 6,059 thousands representing collective impairment against total exposures (self-financed and URIA financed) which, although not specifically identified, have a greater risk of default then when originally granted.

Table – 11. Break-up of Provision by Geographic Area **Amount in BD '000**

CREDIT RISK: QUANTITATIVE DISCLOSURES						
Impaired Finances, Past Due Finances And Provisions (PD-1.3.23(i))						
	Own Capital and Current Account			**Unrestricted Investment Account**		
Geographic Area	**Past Due and Impaired Islamic Financing Contracts (Greater Than 90 Days)**	**Specific Impairment Provision**	**Collective Impairment Provision**	**Past Due Islamic Financing Contracts**	**Specific Impairment Provision**	**Collective Impairment Provision**
Middle East	22,796	1,276	*	12,753	712	*
Others countries	725	499	*	406	279	*
Total	**23,521**	**1,775**	-	**13,159**	**991**	-

* This amounts to BD 6,059 thousands representing collective impairment provision against exposures which, although not specifically identified, have a greater risk of default then when originally granted.

Table – 12. Break-up of Eligible Collateral by Portfolio **Amount in BD '000**

CREDIT RISK MITIGATION (CRM): DISCLOSURES FOR STANDARDISED APPROACH		
Credit Risk Exposure Covered By CRM (PD-1.3.25 (b) and (c))		
Portfolios	**Total Exposure Covered by**	
	***Eligible Collateral**	**Guarantees**
Ijarah	257,504	3,222
Total	**257,504**	**3,222**

* Over and above the collateral, considered as eligible under the CA Module, the Bank maintains additional collateral in the form of mortgage of residential properties, corporate guarantees and other tangible assets, which could be invoked to claim the amount owed in the event of default.

Table – 13. Counter Party Credit Risk **Amount in BD '000**

DISCLOSURES FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK (CCR)								
General Disclosures (PD-1.3.26 (b))								
Current Credit Exposure by Type of Islamic Financing Contracts	**Gross Positive Fair Value (Net of specific provision)**	**Netting Benefits**	**Netted Current Credit Exposures**	**Eligible Collaterals Held (after appropriate haircuts) ***				
				Cash	**Govt. Securities**	**Guarantees**	**Real Estate**	**Total**
Murabaha	292,755	-	292,755	-	-	-	-	-
Ijarah	304,320	-	304,320	173	-	3,222	257,331	260,726
Musharakah	2,375	-	2,375	-	-	-	-	-
Total	**599,450**	-	**599,450**	**173**	-	**3,222**	**257,331**	**260,726**

* Over and above the collateral, considered as eligible under the CA Module, the Bank maintains additional collateral in the form of mortgage of residential properties, corporate guarantees and other tangible assets, which could be invoked to claim the amount owed in the event of default.

2.2 Market Risk

Market risk is the risk that movements in market risk factors, including foreign exchange rates, profit rates, commodity prices, equity prices and credit spreads will reduce the Group's income or the value of its portfolios. The Group is also exposed to profit rate and potential foreign exchange risks arising from financial assets and liabilities.

The Board has approved the overall market risk appetite in terms of market risk strategy and market risk limits. RMD is responsible for the market risk control framework and sets a limit framework within the context of the approved market risk appetite. The Bank separates market risk exposures into either trading or non–trading portfolios. Trading portfolios include those positions arising from market–making, proprietary position–taking and other marked–to–market positions. Non–trading portfolios include all other positions that are not included in the trading book.

Daily market risk reports are produced for the Bank's senior management covering the different risk categories. These reports are discussed with the senior management committees such as ALCO which take appropriate action to mitigate the risk.

2.2.1 Market Risk Factors

For the Group, market risk may arise from movements in profit rates, foreign exchange markets, equity markets or commodity markets. A single transaction or financial product may be subject to any number of these risks.

Profit Rate Risk is the sensitivity of financial products to changes in the profit rates. Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments.

Foreign Exchange Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on FX Value At Risk (VAR). Positions are monitored on a daily basis to ensure risk is maintained within established limits using VaR methodology.

The Group is exposed to the currency risk mainly due to the bank's banking book FX net open positions and due to the fact that the assets and liabilities of its foreign subsidiaries are denominated in their respective functional currencies. Net assets of the Group's foreign subsidiaries, located in Jordan, as at 30 June 2014 is BD 34,776 thousand (31 December 2013: BD 34,672 thousand). Net assets of the Group's foreign subsidiary, located in United Kingdom, as at 30 June 2014 is Nil (31 December 2013: BD 21,198 thousand). The assets and liabilities are translated into Bahraini Dinar (presentation currency of the Group) using the closing rate at the date of statement of financial position for the purpose of interim condensed consolidated financial statements. The impact of foreign currency translation is recognised in the interim consolidated statement of comprehensive income and will be routed to interim consolidated statement of income at the time of disposal of investment in subsidiaries.

Equity Risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

Commodity Price Risk is the risk that arises as a result of sensitivity to changes in commodity prices. Since prices in commodity markets are determined by fundamental factors (i.e. supply and demand of the underlying commodity) these markets may be strongly correlated within a particular sector and less correlated across sectors. The Group is not exposed to material commodity price risk.

Table – 14. Minimum and Maximum Capital Requirement for Market Risk **Amount in BD '000**

MARKET RISK: DISCLOSURES FOR BANKS USING THE STANDARDISED APPROACH					
Level Of Market Risks In Terms Of Capital Requirements (PD-1.3.27 (b))					
Particulars	**Price Risk**	**Foreign Exchange Risk**	**Equity Position Risk**	**Market Risk on Trading Positions in Sukuks**	**Commodity Risk**
Capital requirements	309	3,207	-	-	-
Maximum value	309	3,207	-	-	-
Minimum value	252	2,747	-	-	-

This disclosure is based on the figures from the PIRI forms submitted during the period ended 30 June 2014.

2.3 Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, whether intentional, unintentional or natural. It is an inherent risk faced by all business and covers a large number of operational risk events including business interruption and systems failures, internal and external fraud, employment practices and workplace safety, customer and business practices, transaction execution and process management, and damage to physical assets.

Table – 15. Indicators of Operational Risk **Amount in BD '000**

OPERATIONAL RISK : QUANTITATIVE DISCLOSURES FOR BASIC INDICATOR APPROACH	
Indicators of Operational Risk (PD-1.3.30 (b) & (c))	
Particulars	**Total**
Gross Income (average)	69,217
Amount of non-Shari'a-compliant income	-
Number of Shari'a violations that were identified and reported during the period ended 30 June 2014	-

Material Legal Cases:

Material legal contingencies including pending legal actions are as follows:

- A guarantee was issued by the Bank to a customer and subsequently called up by the latter. The Bank has paid the guarantee amount to the customer. However, the Bank believes that no payment should have been made and is defending the claim for payment under the guarantee.
- An action was filed by the Bank against a defaulting customer for monies owed to the Bank under a facility and judgment obtained in favour of the Bank. The customer has yet to settle the monies owed to the Bank and as a result, the Bank has commenced an action against the customer to enforce the judgment. The customer in response has filed a frivolous counterclaim against the Bank and a number of other parties. The Bank is seeking to dismiss this claim and believes no payment will be required.
- An action was filed by the Bank to claim an amount held in an escrow account and the counter party alleges that the Bank is not entitled to this amount. The Bank is defending this claim and believes that the amount held in the escrow account should be released to the Bank.

Legal cases are handled by the Bank's in-house legal team and external legal consultants are consulted on such matters.

Any non-Shari'a compliant earnings are transferred to the charity account.

2.4 Equity Positions in the Banking Book

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The accounting policies, including valuation methodologies and their related key assumptions, are disclosed in the interim condensed consolidated financial statements. All of the Group's investments are intended to be for long term holdings except for investment classified as available for sale and held for sale.

Table – 16. Total and Average Gross Exposures **Amount in BD '000**

EQUITY POSITION IN BANKING BOOK - DISCLOSURE REQUIREMENTS				
Total and Average Gross Exposure - (PD-1.3.31 (b) & (c))				
Type and Nature of Investment	**Total Gross Exposure**	*** Average Gross Exposure**	**** Publicly Traded**	**Privately held**
Equity investments	451,493	226,071	25,560	417,933
Managed funds	8,000	4,069	-	8,000
Total	**459,493**	**230,140**	**25,560**	**425,933**

* Average exposure has been calculated using quarterly consolidated financial statements or PIRI forms submitted to CBB.

** This includes publically listed equities classified as available for sale in the financial statements.

Table – 17. Break-up of Capital Requirement for Equity Groupings **Amount in BD '000**

EQUITY POSITION IN BANKING BOOK - DISCLOSURE REQUIREMENTS	
Capital Requirement - (PD-1.3.31 (f))	
Equity Grouping	**Capital Requirement**
Listed	3,195
Unlisted	241,045
Managed Funds	1,500
Total	**245,740**

Table – 18. Gain and Loss Reported **Amount in BD '000**

EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS	
Gains / Losses Etc. (PD-1.3.31 (d) and (e))	
Particulars	**Total**
Total realised gains arising from sales or liquidations in the reporting period	1,741
Total unrealised losses (net) recognised in statement of other comprehensive income	(808)
Unrealised gross gains (net) included in Tier 1 Capital	24,376
Unrealised gains included in Tier 2 Capital	348

2.5 Equity of Investment Account Holders (URIA)

The Investment Account Holder ("IAH") authorizes the Bank to invest the account holder's funds on the basis of Mudaraba contract in a manner which the Bank deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested. Under this arrangement the Bank can commingle the IAH funds with its own funds (owner's equity) and with other funds the Bank has the right to use (e.g. current accounts or any other funds which the Bank does not receive on the basis of Mudaraba contract). The IAH and the Bank participate in the returns on the invested funds.

The Bank has developed a Profit Sharing Investment Accounts (PSIA) policy which details the manner in which the URIA funds are deployed and the way the profits are calculated for the URIA holders. The strategic objectives of the investments of the IAH funds are:

- Investment in Shari'a compliant opportunities;
- Targeted returns;
- Compliance with investment policy and overall business plan;
- Diversified portfolio; and
- Preparation and reporting of periodic management information.

URIA holders' funds are invested in short and medium term murabaha and due from banks, sukuks and the financing portfolio. The Bank invests these funds through various departments including Treasury, corporate, consumer, and debt capital markets. No priority is granted to any party for the purpose of distribution of profits. According to the terms of acceptance of the URIA, 100% of the funds are invested after deductions of mandatory reserve and sufficient operational cash requirements. URIA funds are invested and managed in accordance with Shari'a requirements. Income generated through invested funds is allocated proportionately between URIA holders and shareholders on the basis of the average balances outstanding and share of the funds invested. The Bank does not share income from fee based services with the URIA holders. Operating expenses incurred by the Bank are allocated to the URIA holders in the proportion of average URIA funded assets to average total assets of the Bank. The process has not changed significantly from the past years.

The Mudarib share on investment accounts ranges from 20% to 40% depending on the investment period and in case of saving accounts, where there is no restriction of cash withdrawal, the Mudarib share ranges from 50% to 60%. However, during the period, in addition to investors' share of profit, the Bank has distributed profit to investors from its own share of Mudarib share. There is no change in Mudarib share from the year ended 31 December 2013 to 30 June 2014.

The Bank has a Corporate Communications Department which is responsible for communicating new and/or extended products information through various channels of communication which may include publications, website, direct mailers, electronic mail and local media. The URIA products available to the customers can be classified broadly under two categories, 1) Term URIA and 2) Saving URIA. Term URIA are fixed term URIA having maturity of 1, 3, 6 and 12 months whereas Saving URIA can be withdrawn on demand. Detailed information about the features of various products offered by the Bank can be obtained from the website of the Bank, brochures at the branches, call centre and customer service representatives at the branches of the Bank. Branches of the Bank are the primary channel through which products are made available to the customers. The bank has also launched a savings-based reward scheme called "Libshara". Libshara is an investment savings account, compliant with the Islamic Shari'a principles, in which the funds are invested on a Mudaraba basis and are part of Saving URIA above.

Fiduciary risk is the risk that arises from Bank's failure to perform in accordance with explicit and implicit standards applicable to their fiduciary responsibilities. Although KFHB will discourage subsidizing its URIA holders, the Bank may forgo a portion of its Mudarib share from assets funded by PSIA and apportion its share to the IAH as part of smoothing returns and to mitigate potential withdrawal of funds by investment account holders.

Complete Mudarib share or part thereof, based on the approval of ALCO of the Bank, can be waived to pay a competitive rate to URIA holders. There are no instances where the Bank, as Mudarib, has taken any share greater than the agreed/disclosed profit sharing ratio. There were instances where the Bank has forgone part of its profit to distribute that to the Bank's customers or investors. The Bank may also forgo part of its shareholder's returns as a "hiba" to URIA holders in order to mitigate DCR.

The rate of return payable to URIA holders is decided by ALCO, keeping in view the rate of return earned on the pool of assets. Based on the results of Mudarabah, allocation will take place to the URIA holders affected by the following factors including rates offered by peer banks, cost of funds from various sources, liquidity position of the Bank and market benchmarks (LIBOR etc). The Bank compares its rates with the rates offered by peer Islamic banks in the market along with performing analysis of its profitability and studies of other market indicators. The Bank does not use a fixed market benchmark rate for comparison to the returns paid to URIA holders. In order to ensure smooth returns and to mitigate the potential withdrawal of funds by URIA Investors; the Bank can use Profit Equalisation Reserve (PER) and Investment Risk Reserve (IRR) and similar reserves. The Bank can use an Investment Risk Reserve (IRR) to cater against future losses for URIA holders. The amount of PER and IRR as at 30 June 2014 is Nil but the Bank may transfer an amount into PER and IRR in future after prior notice to its customers.

Table – 19. Break-up of URIA **Amount in BD '000**

UNRESTRICTED INVESTMENT ACCOUNTS:			
Unrestricted Investment Account (PD-1.3.33 (a), (e) &(g))			
	Amount	**Financing to Total URIA %**	**Ratio of Profit Distributed**
Savings URIA	137,360	29%	12%
Term URIA	342,142	71%	88%
Total	**479,502**	**100%**	**100%**

Table – 20. Percentage of Return on Average URIA Assets

UNRESTRICTED INVESTMENT ACCOUNTS:	
Unrestricted Investment Account (PD-1.3.33 (d))	
	Percentage
Average profit paid on average URIA assets	1.51%
Average profit earned on average URIA assets	1.74%

Table – 21. Percentage of Mudarib share to Total URIA Profits **Amount in BD '000**

UNRESTRICTED INVESTMENT ACCOUNTS:			
Unrestricted Investment Account (PD-1.3.33 (f))			
	URIA Return Before Mudarib shares	**Share of Profit Paid to Bank as Mudarib**	**Percentage**
Mudarib share to total URIA profits	4,034	520	12.89%

Table – 22. Percentage of Islamic Financing Contracts Financed by URIA to Total URIA

Amount in BD '000

UNRESTRICTED INVESTMENT ACCOUNTS:		
Unrestricted Investment Account (PD-1.3.33 (h))		
Shari'a-Compliant Contract	**Financing**	**Financing to Total URIA %**
Cash and balances with banks	34,114	7.11%
Murabaha and due from banks	193,916	40.44%
Investments at amortised cost - Sukuks	90,798	18.94%
Customer Murabaha	76,874	16.03%
Customer Ijarah Muntahia Bittamleek	83,800	17.48%
Total	**479,502**	**100.00%**

Table – 23. Percentage of Counterparty Type Contracts Financed by URIA to Total URIA

Amount in BD '000

UNRESTRICTED INVESTMENT ACCOUNTS:		
Unrestricted Investment Account (PD-1.3.33 (i))		
Counterparty Type	**Financing**	**Financing to Total URIA %**
Cash items	4,799	1.00%
Claims on sovereigns & MDBs	42,109	8.78%
Claims on banks	196,900	41.06%
Claims on corporate	89,098	18.58%
Regulatory retail portfolio	12,934	2.70%
Mortgage	119,608	24.94%
Past due facilities	13,030	2.72%
Others	1,024	0.22%
Total	**479,502**	**100.00%**

Table – 24. Percentage of Profit Paid to URIA Holders to Total URIA Investment

UNRESTRICTED INVESTMENT ACCOUNTS:			
Unrestricted Investment Account (PD-1.3.33 (l) (m) & (n))			
	Share of Profit Paid to IAH Before Transfer To/From Reserves %	**Share of Profit Paid to IAH After Transfer To/From Reserves %**	**Share of Profit Paid, as a % of Funds Invested, to Bank as Mudarib %**
URIA	1.51%	1.51%	0.22%

Table – 25. Range of Declared Rate of Return

UNRESTRICTED INVESTMENT ACCOUNTS:				
Unrestricted Investment Account (PD-1.3.33 (q))				
Declared rate of return for Investments accounts	**1-Month**	**3-Month**	**6-Month**	**12-Month**
BHD denominated	1.25% - 1.95%	1.75% - 2.27%	2.25% - 2.45%	2.50% - 2.60%
USD denominated	1.00% - 1.94%	1.15% - 2.27%	1.30% - 2.43%	1.50% - 2.59%
EURO & GBP denominated	0.50%	1.00%	1.25%	1.50%

Table – 26. Movement of URIA by Type of Assets **Amount in BD '000**

UNRESTRICTED INVESTMENT ACCOUNTS:			
Unrestricted Investment Account (PD-1.3.33 (r) & (s))			
Type of Assets	**Opening Actual Allocation as at 01 Jan 2014**	**Net Movement During the Period**	**Closing Actual Allocation as at 30 June 2014**
Cash and Balance with banks and CBB	33,205	909	34,114
Murabaha and due from banks	117,902	76,014	193,916
Investments at amortised cost – Sukuks	55,342	35,456	90,798
Murabaha due from customers	121,028	(44,154)	76,874
Ijarah Muntahia Bittamleek due from customers	125,027	(41,227)	83,800
Total	**452,504**	**26,998**	**479,502**

Note: There are no limits imposed on the amount that can be invested by URIA funds in any asset. However, the bank monitors its URIA deployment classifications so that to ensure that URIA funds are not invested in the bank's long term equity Investment Portfolio (including Private Equity and Real Estate).

Table – 27. Capital Charge on URIA by Type of Claims **Amount in BD '000**

UNRESTRICTED INVESTMENT ACCOUNTS:		
Unrestricted Investment Account (PD-1.3.33 (v))		
Type of Claims	**RWA for Capital Adequacy Purposes***	**Capital Charge**
Cash items	-	-
Claims on sovereign	-	-
Claims on MDBs	-	-
Claims on banks	39,380	1,477
Claims on corporate	17,210	2,311
Regulatory retail portfolio	9,700	364
Mortgages	45,622	1,711
Past due facilities	6,271	235
Other assets	1,024	38
Total	**119,207**	**6,136**

*The RWA for Capital Adequacy Ratio purposes is presented above prior to the application of the CBB approved 30% alpha factor which is the proportion of assets funded by URIA for RWA purposes in accordance to the CA module.

Table – 28. Percentage of Profit Earned and Profit Paid to Total Mudaraba

DISPLACED COMMERCIAL RISK - URIA:			
Displaced Commercial Risk Unrestricted Investment Account (PD-1.3.41 (b))			
	Total Mudaraba profits available for sharing between URIA and shareholders	**Contractual Range of Mudharib Share**	**Mudharib Share % of URIA Profit Earned**
June 2014	4.07%	20%-60%	12.89%
2013	3.73%	20%-60%	26.81%
2012	3.57%	20%-60%	30.21%
2011	4.34%	20%-60%	13.49%
2010	4.78%	20%-60%	27.71%
2009	4.34%	20%-60%	16.87%

Table – 29. Percentage rate of return to URIA and shareholders from Mudaraba Profit

Amount in BD '000

DISPLACED COMMERCIAL RISK - URIA:	
Displaced Commercial Risk Unrestricted Investment Account (PD-1.3.41 (d))	
	Shareholder Mudharaba Profit Earned as % of shareholder funds (before mudharib share)
June 2014	7.52%
2013	6.64%
2012	4.92%
2011	6.77%
2010	6.47%
2009	2.32%

Table – 30. Percentage of Profit Earned and Profit Paid to Total URIA Funds **Amount in BD '000**

UNRESTRICTED INVESTMENT ACCOUNTS:					
Unrestricted Investment Account (PD-1.3.33 (w))					
	*** URIA Funds (Average)**	**Profit Earned ****	**Profit Earned as a percentage of funds invested**	**Profit paid**	***** Profit paid as a percentage of funds invested (after smoothing)**
June 2014	463,869	4,034	1.74%	3,513	1.51%
2013	459,227	10,808	2.35%	7,894	1.72%
2012	463,540	13,327	2.88%	9,300	2.01%
2011	491,680	14,966	3.04%	12,918	2.63%
2010	480,308	19,104	3.97%	13,804	2.87%
2009	503,207	25,045	4.98%	20,817	4.14%

* Average assets funded by URIA have been calculated using monthly consolidated management accounts.

** This is the rate of return gross of Mudarib share which ranges from 20% to 40% for term URIA, depending on the investment period of the Investment, and from 50% to 60% for saving URIA.

*** During the period the Bank waived its Mudarib share resulting in higher return paid to URIA holders by 60.18% (31 December 2013: 15.25%).

Table – 31. Operating Expenses Allocated to URIA **Amount in BD '000**

UNRESTRICTED INVESTMENT ACCOUNTS:	
Unrestricted Investment Account (PD-1.3.33 (x))	
Unrestricted IAH	**Amount**
Amount of operating expenses charged to URIA	5,021

2.6 Restricted Investment Accounts ("RIA")

Under RIA, the IAH has authorized the Bank to invest the funds on the basis of Mudaraba contract for investments, but imposes certain restrictions as to where, how and for what purpose this funds are to be invested. Further, the Bank may be restricted from commingling its own funds with the RIA funds for the purposes of investment. In addition, there may be other restrictions which IAH may impose. RIA funds are invested and managed in accordance with Shari'a requirements. The funds are managed by the Bank under fiduciary capacity as per the instructions of the RIA holder and accordingly the Bank is not liable to make good any losses occurred due to normal commercial reasons.

The Bank has developed the PSIA policy, approved by the Board, which details the manner in which the RIA funds are deployed and the way the profits are calculated for the RIA.

The Bank as fund manager (Mudarib) carries out its fiduciary duties and administers the scheme in a proper, diligent and efficient manner, in accordance with the Shari'a principles and applicable laws and relevant rules and guidelines issued by the CBB.

The Bank has appropriate procedures and controls in place which commensurate with the size of its portfolio which includes:

a) Organising its internal affairs in a responsible manner, ensuring it has appropriate internal controls and risk management processes and procedures and controls designed to mitigate and manage such risk;
b) Observing high standards of integrity and fair dealing in managing the scheme to the best interest of its investors; and
c) Ensuring that the Bank has the requisite level of knowledge and experience for the tasks that is undertaken and is competent for the work undertaken.

RIA products are structured and offered in accordance with the applicable regulations of the CBB. Detailed product information about various RIA products is available in the respective RIA information pack. The detailed risks are disclosed in the respective RIA information pack for the investors to make informed decision. Such disclosure includes the disclosure on participation risks, default risks, investment risks and exchange rate risks.

Table – 32. History of Profit Paid to RIA Holders **Amount in BD '000**

RESTRICTED INVESTMENT ACCOUNTS:						
Restricted Investment Account (PD-1.3.35 (a) & (b))						
	June 2014	**2013**	**2012**	**2011**	**2010**	**2009**
Return to RIA holders	11,292	7,455	5,476	5,459	5,440	4,191

Table – 33. Break-up of RIA by Type of Deposits **Amount in BD '000**

RESTRICTED INVESTMENT ACCOUNTS:	
Restricted Investment Account (PD-1.3.33 (a))	
	Amount
RIA funds	113,586

Table – 34. Percentage of Profit Paid to RIA Holders to RIA Assets

RESTRICTED INVESTMENT ACCOUNTS:	
Restricted Investment Account (PD-1.3.33 (d))	
	Percentage
Return on average* RIA assets	5.84%

* Average RIA funds have been calculated using consolidated management accounts.

Table – 35. Mudarib share as a Percentage of Total RIA Profits

RESTRICTED INVESTMENT ACCOUNTS:	
Restricted Investment Account (PD-1.3.33 (f))	
	Percentage
Mudarib share to total (gross) RIA profits	6.66%

Table – 36. Share of Islamic Financing Contracts in Total RIA Financing **Amount in BD '000**

RESTRICTED INVESTMENT ACCOUNTS:		
Restricted Investment Account (PD-1.3.33 (h))		
Shari'a-Compliant Contract	**Financing**	**Financing to Total Financing %**
Murabaha	113,586	100.00%
Ijarah Muntahia Bittamleek	-	0.00%
Total	**113,586**	**100.00%**

Table – 37. Percentage of Counterparty Type Contracts Financed by RIA to Total RIA

Amount in BD '000

RESTRICTED INVESTMENT ACCOUNTS:		
Restricted Investment Account (PD-1.3.33 (i))		
Counterparty Type	**Financing**	**Financing to Total Financing %**
Claims on corporates	113,586	100.00%

Table – 38. Share of Profit Paid to RIA Holders as a Percentage of Total RIA **Amount in BD '000**

RESTRICTED INVESTMENT ACCOUNTS:				
Restricted Investment Account (PD-1.3.33 (l) (m) (n) & (o))				
Type of RIA	**Total RIA**	**RIA Return Before Mudarib shares**	**RIA Return after Mudarib shares**	**Share of Profit Paid to Bank as Mudarib**
	A	**B**	**C**	**D**
Murabaha	113,586	12,098	11,292	806
Total	**113,586**	**12,098**	**11,292**	**806**

Table – 39. Average Declared Rate of Return of RIA

RESTRICTED INVESTMENT ACCOUNTS:			
Restricted Investment Account (PD-1.3.33 (q))			
	6-Month	**12-Month**	**24-Month**
Declared rate of return	-	5.7%	6.2%

Table – 40. Treatment of Assets Financed by RIA in the Calculation of RWA for Capital Adequacy Purposes

Amount in BD '000

RESTRICTED INVESTMENT ACCOUNTS:		
Restricted Investment Account (PD-1.3.33 (v))		
Type of IAH	**Exposure**	**Risk Weighted Amount While Calculating CAR**
Murabaha	113,586	-

Table – 41. Profit Earned and Profit Paid as a Percentage of Total RIA Funds **Amount in BD '000**

RESTRICTED INVESTMENT ACCOUNTS:				
Restricted Investment Account (PD-1.3.33 (w))				
	Profit Earned	***Profit Earned as a Percentage of RIA Funds**	**Profit Paid**	***Profit Paid as a Percentage of RIA Funds**
June 2014	12,098	7.39%	11,292	5.84%
2013	9,014	7.33%	7,455	6.06%
2012	6,494	8.98%	5,476	7.57%
2011	6,051	7.75%	5,459	6.99%
2010	5,905	6.77%	5,440	6.23%
2009	4,481	6.29%	4,191	5.88%

* Profit earned and profit paid is based on averages.

2.7 Liquidity Risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows.

Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

Table – 42. Liquidity Risk Exposure Indicators

LIQUIDITY RISK: QUANTITATIVE DISCLOSURE	
Liquid assets to customer deposits (PD-1.3.37)	
As at 30 June 2014	24.84%
During the period:	
Average	22.98%
Highest	24.84%
Lowest	21.57%

Table – 43. Maturity Analysis based conservative deposit behavioural analysis **Amount in BD '000**

LIQUIDITY RISK: QUANTITATIVE DISCLOSURE

Maturity Analysis by Different Maturity Buckets. (PD-1.3.38)

	Upon One Year			**Over One Year**				
	Up to 3 Months	**3 Months to 12 Months**	**Subtotal up to 12 Months**	**1 to 5 Years**	**5 to 10 Years**	**Over 10 Years**	**Subtotal Over 1 Year**	**Total**
Assets								
Cash and balances with banks and Central Bank of Bahrain	15,392	9,051	24,443	5,433	5,433	14,189	25,055	49,498
Murabaha due from banks	193,402	514	193,916	-	-	-	-	193,916
Financing contracts with customers	41,477	76,190	117,667	338,500	84,728	52,496	475,724	593,391
Investments	-	19,793	19,793	97,339	184,699	-	282,038	301,831
Investment in associates	-	-	-	167,046	-	-	167,046	167,046
Investment properties	-	-	-	-	129,579	12,546	142,125	142,125
Receivables, prepayments & other assets	11,598	73	11,671	100,130	-	-	100,130	111,801
Goodwill and intangibles	-	-	-	148	-	-	148	148
Premises and equipment	-	-	-	-	10,123	-	10,123	10,123
Assets of disposal group classified as held for sale	-	48,170	48,170	-	-	-	-	48,170
Total	**261,869**	**153,791**	**415,660**	**708,596**	**414,562**	**79,231**	**1,202,389**	**1,618,049**
Liabilities and Unrestricted Investment Accounts								
Customers' current accounts	34,508	9,241	43,749	20,788	20,788	20,788	62,364	106,113
Murabaha and due to banks	19,725	192,605	212,330	-	-	-	-	212,330
Murabaha and due to non-banks	44,083	179,749	223,832	35,481	26,556	26,556	88,593	312,425
Other liabilities	10,925	2,650	13,575	21,826	-	-	21,826	35,401
Unrestricted investment accounts	91,317	48,090	139,407	113,365	113,365	113,365	340,095	479,502
Subordinated murabaha payable	-	-	-	-	99,005	-	99,005	99,005
Liabilities of disposal group classified as held for sale	-	5,255	5,255	-	-	-	-	5,255
Total	**200,558**	**437,590**	**638,148**	**191,460**	**259,714**	**160,709**	**611,883**	**1,250,031**

All RIA related cash flows are tenor matched, hence, not included above. Total RIA amounts to BD 113,586 thousand as of 30 June 2014.

2.8 Profit Rate Risk

Profit rate risk is the potential impact of the mismatch between the rate of return on assets and the expected rate of funding due to the sources of finance. Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments.

Table – 44. Profit Rate Shock **Amount in BD '000**

PROFIT RATE RISK IN THE BANKING BOOK			
200bp Profit Rate Shocks (PD-1.3.40 (b)) Total			
Assets	**Amount**	**Change in Basis Points**	**Effect on Net Income for the Period**
Murabaha and due from banks	193,916	200	3,878
Financing contracts with customers	381,136	200	7,623
Investments at amortised cost – Sukuks	19,793	200	396
Liabilities			
Murabaha and due to Banks	212,330	200	(4,247)
Murabaha due to non-banks	312,425	200	(6,249)
Subordinated murabaha payable	99,005	200	(1,980)
Equity of investment account holders	479,502	200	(9,590)

2.9 Financial Performance and Position

Table – 45. Ratios

Financial Performance and Position						
(PD-1.3.9(b))						
Quantitative Indicator	**June 2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Return on average equity	1.50%	1.53%	2.56%	2.00%	2.00%	1.00%
Return on average assets	0.34%	0.38%	0.65%	0.40%	0.50%	0.20%
Staff cost to net operating income ratio	38.7%	41.5%	33.80%	29.00%	28.00%	31.00%

Formula is as follows:
ROAE = Net Income/average equity
ROAA= Net profit/ average assets