Ibdar Bank B.S.C. (c)

DISCLOSURES REQUIRED UNDER
PD MODULE OF THE CBB RULEBOOK
For The Six Months Ended 30 June 2016

Content		Page

1 INTRODUCTION

The disclosures under this section have been prepared in accordance with the CBB requirements outlined in its Public Disclosure Module, of Volume 2 for Islamic Banks of the CBB rulebook (the "PD Module"). Rules concerning the disclosures under this section are applicable to Ibdar Bank B.S.C. (c) (the "Bank”) being a locally incorporated bank with a wholesale Islamic Investment banking license and subsidiaries (together known as “the Group”). This document should be read in conjunction with the condensed consolidated interim financial information for the six months ended 30 June 2016 and the qualitative disclosures in the annual report for the year ended 31 December 2015. Information already included in the condensed consolidated interim financial information are not repeated.

2 CAPITAL ADEQUACY

The primary objective of the Group’s capital management is to ensure that the Group maintains adequate risk capital, complies with the capital requirements laid down by the CBB and maintains a healthy capital ratio in order to support its business and maximize shareholder value.

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.

Regulatory capital consists of Common Equity Tier 1 capital ("CET1"), Additional Tier 1 Capital ("AT1") and Tier 2 capital (supplementary capital). The Group’s Tier 1 comprises share capital, statutory reserves, current interim profit and unrealized gains and losses arising from fair valuing equities. Tier 2 includes asset revaluation reserve - property, plant and equipment and the general financing loss provisions.

Certain adjustments are made to the reviewed condensed consolidated interim financial information for the six months ended 30 June 2016 in order to comply with Capital Adequacy Module, Credit Risk Management Module and directives issued by the CBB. From the regulatory perspective, the significant amount of the Bank’s capital is in Tier 1 form.

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

The Group’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 future sources and uses of funds.

Further the Bank monitors the CAR against an Internal Trigger Ratio of 20% compared to the required capital of 12.5% under CBB rulebook. If the ICAAP CAR touches the Internal Trigger Ratio, the Bank will initiate action to reduce its risk or increase capital before the Internal Target Ratio is breached.

2 CAPITAL ADEQUACY (continued)

Basis of Consolidation for Accounting and Regulatory Purposes

The Bank consolidates all subsidiaries which are fully owned or exercises significant control over them. These subsidiaries are consolidated from date of acquisition being the date on which the group obtains control and continues until the control ceases. Control is achieved when the group has the power to govern the financial and operating policy of an entity to obtain benefits from its activates. For regulatory purposes the Bank should consolidate all banking and other relevant financial entities which are subsidiaries of the Bank. The treatment of the Bank's investments in various entities for the purpose of regulatory reporting is as follows:

Entity name	**Entity classification as per CA Module for consolidated capital adequacy**	**Treatment by the Bank** **Consolidated Basis**
Subsidiaries		
Elaf Corporate Services Limited	Commercial entity	Risk weighting of investment exposure
Tamkeen Investment Company BSC (c)	Commercial entity	Risk weighting of investment exposure
Suffun Bahrain W.L.L.	Commercial entity	Risk weighting of investment exposure
Medical Management Group SPC*	Commercial entity	Risk weighting of investment exposure.
Palma Ibdar Aviation	Commercial entity	Risk weighting of investment exposure
Q400 Aviation Company II	Commercial entity	Risk weighting of investment exposure
Q400 Aviation Company III	Commercial entity	Risk weighting of investment exposure
Q400 Aviation Company IV	Commercial entity	Risk weighting of investment exposure
Q400 Aviation Company V	Commercial entity	Risk weighting of investment exposure
Associates		
Aqari Real Estate Company BSC (c)	Commercial entity	Risk weighting of investment exposure
Skaugen Gulf Petchem Carriers BSC (c)	Commercial entity	Risk weighting of investment exposure
MENA Energy Limited	Commercial entity	Risk weighting of investment exposure

As per the directive received from CBB on 16 February 2009, the Bank consolidates the properties of Ijarah 9 for regulatory purposes and risk weighted as "other holdings of Real Estate".

* The Bank has a commitment of USD 12 thousands towards the equity shortfall. The Bank is in the process of liquidating this subsidiary.

2 CAPITAL ADEQUACY (continued)

Table – 1. Capital structure (PD–1.3.12, PD–1.3.13, PD–1.3.14 and PD–1.3.15)

The following table summarizes the eligible capital after regulatory adjustments for Capital Adequacy Ratio (CAR) calculation as of:

	30 June 2016	
	CET 1 (USD '000)	*T2 (USD '000)*
Components of capital		
Common Equity Tier 1 - CET1		
Issued and fully paid ordinary shares	300,000	
General reserves	4,618	
Legal / statutory reserves	676	
Retained earnings	(19,015)	
Current interim cumulative net income / losses	(38,979)	
Unrealized gains and losses from fair valuing equities	(108)	
Total CET1 capital prior to regulatory adjustments (CET 1a)	247,192	
Less: Investment in financial entities where ownership is < 10% of the issued common share capital (amount above 10% CET1a)	(3,742)	
Total Common Equity Tier 1 capital after the regulatory adjustments above (CET1 C)	243,450	-
Other Capital (AT1 & T2)		
Asset revaluation reserve - Property, plant, and equipment (45% only)		1,826
General financing loss provisions	-	307
Total Available AT1 & T2 Capital	-	2,133
Net Available Capital before and after Applying Haircut	243,450	2,133
Total Capital		245,583

Table – 2. Capital requirement for credit risk by type of Islamic financing contracts (PD - 1.3.17)

The following table summarizes the capital requirements by type of Islamic financing contracts:

	30 June 2016	
	Risk Weighted Amount (USD '000)	*Capital requirements (USD '000)*
Type of Islamic financing contracts		
Mudaraba	3,001	375
Musharaka	173	22
Sukuks	73,368	9,171
	76,542	9,568

	30 June 2016		
	On- & Off Balance Sheet Credit Exposures (USD '000)	*Risk Weighted Amount (USD '000)*	*Capital requirements (USD '000)*
Total Claims on Sovereigns	35,710	-	-
Claims on banks	19,613	9,640	1,205
Claims on Corporates	29,829	29,829	3,729
Past due facilities	173	173	22
Investments in Equity Securities and Equity Sukuk	122,805	178,858	22,357
Holding of Real Estate	89,236	236,948	29,619
Other Assets and Specialized Financing	1,698	1,698	212
	299,064	457,146	57,144

2 CAPITAL ADEQUACY (continued)

Table – 3. Capital requirement for Market risk (PD–1.3.18)

The following table summarizes the amount of exposures subject to the standardized approach of market risk and related capital requirements:

	30 June 2016 (USD '000)
Market Risk - Standardized Approach	
Price Risk	-
Equity Position Risk	-
Sukuk Risk	**571**
Foreign exchange risk	**1,644**
Total of market risk - standardized approach	**2,215**
Multiplier	**12.5**
Total Market Risk Weighted Exposures	**27,688**
Minimum capital requirement (12.5%)	**3,461**

Table – 4. Capital Requirements for Operational risk (PD–1.3.19 and PD–1.3.30)

The following table summarizes the amount of exposures subject to the basic indicator approach of operational risk and related capital requirements:

			30 June 2016 (USD '000)
Indicators of operational risk			
Year	**2015**	**2014**	**2013**
Gross Income	24,763	12,826	13,297
Average gross income			**16,962**
Multiplier			**12.5**
			212,025
Eligible Portion for the purpose of the calculation			**15%**
Total operational RWE			**31,804**
Minimum capital requirement (12.5%)			**3,976**

Table – 5. Capital Adequacy Ratios (PD–1.3.20)

The following are capital adequacy ratios for total capital and CET1 capital as of:

	30 June 2016		
	CET1	**T1**	**Total capital**
Capital adequacy ratio	**47.12%**	**47.12%**	**47.53%**

The Group was in compliance with the externally imposed capital requirements throughout the period.

3 RISK MANAGEMENT

3.1 Credit risk

Table – 6. Credit Risk Exposure (PD–1.3.23(a))

The following table summarizes the amount of gross funded and unfunded credit exposure and average gross funded and unfunded exposure as of:

	30 June 2016	
	Total gross credit exposure (USD '000)	**Average gross credit exposure over the period (USD '000)*
Funded exposure		
Cash & balances with banks	8,302	11,902
Placements with financial institutions	3,001	1,501
Financing receivables	7,076	11,050
Assets aquired for leasing	181,531	182,363
Receivable from Ijara investors	15,424	15,484
Investment securities	188,997	197,116
Equity-accounted investees	5,392	7,700
Investment in real estate	28,464	29,249
Other assets	10,069	10,592
Total Funded Exposures	**448,256**	**466,956**
Unfunded exposure		
Uncalled capital commitments in respect of investment	12,084	13,318
Commitment related to project developments	-	66
Operating lease commitments - within one year	242	242
Operating lease commitments - over one year	364	334
Total Unfunded Exposures	**12,690**	**13,959**

*Average balances are computed based on quarter-end balances.

3 RISK MANAGEMENT (continued)

3.1 Credit risk (continued)

Table – 7. Credit Risk – Geographic Breakdown (PD–1.3.23(b))

The following table summarizes the geographic distribution of funded and unfunded exposures, broken down into significant areas by major types of credit exposure as of:

	30 June 2016				
	Middle East (USD '000)	*Europe (USD '000)*	*Africa (USD '000)*	*South East Asia & Others (USD '000)*	*Total (USD '000)*
Funded exposure					
Cash & balances with banks	3,626	4,676	-	-	**8,302**
Placements with financial institutions	3,001	-	-	-	**3,001**
Financing receivables	6,903	-	-	173	**7,076**
Assets aquired for leasing	70,031	-	111,500	-	**181,531**
Receivable from Ijara investors	15,424	-	-	-	**15,424**
Investment securities	157,978	24,369	6,547	103	**188,997**
Equity-accounted investees	5,392	-	-	-	**5,392**
Investment in real estate	28,464	-	-	-	**28,464**
Other assets	2,200	127	7,695	47	**10,069**
Total Funded Exposures	**293,019**	**29,172**	**125,742**	**323**	**448,256**
Unfunded exposure					
Uncalled capital commitments in respect of investment	9,169	2,915	-	-	**12,084**
Commitment related to project developments	-	-	-	-	**-**
Operating lease commitments - within one year	242	-	-	-	**242**
Operating lease commitments - over one year	364	-	-	-	**364**
Total Unfunded Exposures	**9,775**	**2,915**	**-**	**-**	**12,690**

The Group allocates exposures to a particular geographical area based on the risk domicile concept, which could be either the location of the asset or the location of the counterparty.

3 RISK MANAGEMENT (continued)

3.1 Credit risk (continued)

Table – 8. Credit risk – Industry Sector Breakdown (PD–1.3.23(c))

The following table summarizes the distribution of funded and unfunded exposure by industry type broken down by major types of credit exposure as of:

	30 June 2016						
	Transport (USD '000)	*Energy (USD '000)*	*Trading and manufacturing (USD '000)*	*Banks and financial institutions (USD '000)*	*Real Estate (USD '000)*	*Others (USD '000)*	*Total (USD '000)*
Funded exposure							
Cash & balances with banks	-	-	-	8,302	-	-	**8,302**
Placements with financial institutions	-	-	-	3,001	-	-	**3,001**
Financing receivables	-	-	-	-	6,904	172	**7,076**
Assets aquired for leasing	181,531	-	-	-	-	-	**181,531**
Receivable from Ijara investors	-	-	-	-	-	15,424	**15,424**
Investment securities	-	21,938	1,052	53,930	55,477	56,600	**188,997**
Equity-accounted investees	4,704	-	-	-	688	-	**5,392**
Investment in real estate	-	-	-	-	28,464	-	**28,464**
Other assets	-	198	-	349	287	9,235	**10,069**
Total Funded Exposures	**186,235**	**22,136**	**1,052**	**65,582**	**91,820**	**81,431**	**448,256**
Unfunded exposure							
Uncalled capital commitments in respect of investment	7,069	2,100	-	-	2,915	-	**12,084**
Commitment related to project developments	-	-	-	-	-	-	**-**
Operating lease commitments - within one year	-	-	-	-	-	242	**242**
Operating lease commitments - over one year	-	-	-	-	-	364	**364**
Total Unfunded Exposures	**7,069**	**2,100**	**-**	**-**	**2,915**	**606**	**12,690**

3 RISK MANAGEMENT (continued)

3.1 Credit risk (continued)

Table – 9. Maturity breakdown of credit exposures (PD–1.3.23(g))

The maturity breakdown for balances with banks, placements with financial institutions and financing receivables were based on residual commercial period. For the remaining exposures the residual maturities was determined based on management's expected realization period as at 30 June 2016.

	Up to 3 month (USD '000)	*3 months to 1 year (USD '000)*	*Total up to 1 year (USD '000)*	*1 to 5 years (USD '000)*	*5 to 10 years (USD '000)*	*No fixed maturity (USD '000)*	*Total (USD '000)*
Funded exposure							
Cash & balances with banks	8,302	-	**8,302**	-	-	-	**8,302**
Placements with financial institutions	3,001	-	**3,001**	-	-	-	**3,001**
Financing receivables	-	-	**-**	7,076	-	-	**7,076**
Assets aquired for leasing	-	181,531	**181,531**	-	-	-	**181,531**
Receivable from Ijara investors	-	-	**-**	15,424	-	-	**15,424**
Investment securities	7,135	-	**7,135**	27,889	38,463	115,510	**188,997**
Equity-accounted investees	-	-	**-**	340	-	5,052	**5,392**
Investment in real estate	-	-	**-**	-	-	28,464	**28,464**
Other assets	287	8,365	**8,652**	1,148	-	269	**10,069**
Total Funded Exposures	**18,725**	**189,896**	**208,621**	**51,877**	**38,463**	**149,295**	**448,256**
Unfunded exposure							
Uncalled capital commitments in respect of investment	-	12,084	**12,084**	-	-	-	**12,084**
Commitment related to project developments	-	-	**-**	-	-	-	**-**
Operating lease commitments - within one year	-	242	**242**	-	-	-	**242**
Operating lease commitments - over one year	-	-	**-**	364	-	-	**364**
Total Unfunded Exposures	**-**	**12,326**	**12,326**	**364**	**-**	**-**	**12,690**

3 RISK MANAGEMENT (continued)

3.1 Credit risk (continued)

Table – 10.1 Breakup of provision by industry for financing receivables exposures (PD-1.3.23(h & i)) and (PD-1.3.24(c))

	Banks & Financial Institutions *(USD '000)*	Real Estate *(USD '000)*	Transport *(USD '000)*	Energy *(USD '000)*	Others *(USD '000)*	Total *(USD '000)*
Specific Provision	-	-	-	8,376	131	**8,507**
Collective Provision	80	225	-	-	2	**307**

Table – 10.2 Breakup of provision by geographical area for financing receivables exposures (PD-1.3.23(h & i)) and (PD-1.3.24(c))

	Middle East (USD '000)	*Europe (USD '000)*	*Africa (USD '000)*	*South East Asia (USD '000)*	Total *(USD '000)*
Specific Provision	-	-	8,376	131	**8,507**
Collective Provision	225	-	80	2	**307**

Table – 10.3 Reconciliation of changes in provisions (PD-1.3.23(h & i)) and (PD-1.3.24(c))

	Opening *(USD '000)*	Charged during the period *(USD '000)*	Closing *(USD '000)*
Specific Provision	517	7,990	**8,507**
Collective Provision	340	(33)	**307**

Table – 10.4 Past due facilities

As of 30 June 2016, Musharaka financing which amounts to USD 173 thousand is due from a financial institution located in South East Asia and is outstanding for a period of one to three years.

Table – 10.5 Non-performing and impaired Islamic Financing Contracts

As of 30 June 2016, Murabaha financing of USD 8,376 thousands is due from a Company located in Africa in the energy Industry, and was fully impaired during the half year ended 30 June 2016.

3.2 Market risk

Table – 11. Market Risk Capital Requirements

The following table summarizes the capital requirement for each category of market risk as of:

	30 June 2016			
	Weighted risk exposures (USD '000)	*Market risk capital requirement (USD '000)*	*Maximum value of RWE (USD '000)*	*Minimum value of RWE (USD '000)*
Foreign exchange risk	20,553	2,569	**20,553**	**19,313**
Sukuk risk	7,135	892	**7,135**	**-**
Total risk weighted exposures	**27,688**	**3,461**		

As of 30 June 2016, the Group holds a portfolio of trading sukuks amounting to USD 7,135 thousand with a total gain of USD 341 thousand.

3 RISK MANAGEMENT (continued)

3.3 Equity price risk

Table – 12. Equity Position Risk in the Banking Book (PD-1.3.31(b), (c) & (f))

The following table summarizes the total and average gross exposure of equity investments as of 30 June 2016:

	Total gross exposure (USD '000)	** Average gross exposure over the period (USD '000)*	*Publicly Traded (USD '000)*	*Privately held (USD '000)*	*Capital requirement (USD '000)*
Fair value through statement of income	**27,674**	**27,907**	**17,963**	**16,845**	**3,459**
Fair value through equity	**80,821**	**93,868**	**7,684**	**73,137**	**10,103**
Investment in associates	**5,392**	**7,700**	**-**	**5,392**	**674**
	113,887	**129,475**	**25,647**	**95,374**	**14,236**

*Average balances are computed based on quarter-end balances.

Table – 13. Equity gains or losses in the Banking Book (PD-1.3.31(d) to (e))

The following table summarizes the cumulative realized and unrealized gains or (losses) during the half year ended:

	30 June 2016 USD ('000)
Unrealized gains and losses from fair valuing equities included in CET1 capital	**(108)**
Loss on sale of trading equities	**(763)**
Gain from sales of investment securities	**319**

3.4 Liquidity risk

Table – 14. Liquidity ratios (PD-1.3.37)

The following table summarizes the liquidity ratios as of:

	30 June 2016
Liquid assets to total assets	**18.89%**
Short term assets to short term liabilities	**126.04%**

Formula is as follows:

Liquid Assets to total assets = (Cash and bank balances + placements with financial institutions)/total assets

Short term assets to short term liabilities = Assets with up to one year maturity/liabilities with up to one year maturity

3.5 Financial Indicators

Table – 15. Quantitative indicators of financial performance and position (PD–1.3.9)

	Jun 2016	*Dec 2015*	*Dec 2014*	*Dec 2013*	*Dec 2012*	*Dec 2011**
Return on average equity (ROAE)	**-12.89%**	-3.61%	-4.75%	0.01%	-5.14%	-2.66%
Return on average assets (ROAA)	**-7.83%**	-2.46%	-3.90%	0.01%	-4.55%	-2.60%
Total cost to Income ratio	**53.45%**	50.89%	96.08%	74.29%	76.73%	92.66%

* Ratios are based on pre-merger financials

Formula is as follows:
ROAE = Net Income (Loss)/Average Equity
ROAA= Net profit (Loss)/ Average Assets

3.6 Maturity Profile

Table – 16. Maturity Profile (PD–1.3.38)

The maturity profile of the Group's assets and liabilities are based on contractual repayment arrangements. The contractual maturities of financial assets and liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. For the remaining assets and liabilities, the maturity is determined based on expected realization/ profit settlement. The consolidated maturity profile at 30 June 2016 was as follows:

2016	*Up to 3 month (USD '000)*	*3 months to 1 year (USD '000)*	*Subtotal up to 1 year (USD '000)*	*1 to 5 years (USD '000)*	*5 to 10 years (USD '000)*	*No fixed maturity (USD '000)*	*Total (USD '000)*
Assets							
Cash and balances with banks	8,302	-	8,302	-	-	-	**8,302**
Placements with financial institutions	3,001	-	3,001	-	-	-	**3,001**
Financing receivable	-	-	-	7,076	-	-	**7,076**
Receivable from Ijara investors	-	-	-	15,424	-	-	**15,424**
Investment securities	7,135	-	7,135	27,889	38,463	115,510	**188,997**
Equity-accounted investees	-	-	-	340	-	5,052	**5,392**
Investment in real estate	-	-	-	-	-	28,464	**28,464**
Assets acquired for lease	-	181,531	181,531	-	-	-	**181,531**
Other assets	287	8,365	8,652	1,148	-	269	**10,069**
Total assets	18,725	189,896	**208,621**	**51,877**	**38,463**	**149,295**	**448,256**
Liabilities							
Placements from financial institutions	-	-	-	-	-	-	**-**
Financing from a financial institution	19,555	-	19,555	15,945	-	-	**35,500**
Liabilities related to assets acquired for leasing	-	139,701	139,701	-	-	-	**139,701**
Other liabilities	184	6,081	6,265	190	-	348	**6,803**
Total liabilities	19,739	145,782	**165,521**	**16,135**	**-**	**348**	**182,004**
Commitments	-	12,327	12,327	364	-	-	**12,691**
Net liquidity gap	**(1,014)**	**31,787**	**30,773**	**35,378**	**38,463**	**148,947**	**253,561**
Cumulative net liquidity gap	**(1,014)**	**30,773**	**29,759**	**66,151**	**104,614**	**253,561**	**-**

3.7 Rate of return risk

Table – 17. Rate of return risk management

Profit rate risk is the potential impact of the mismatch between the rate of return on assets and the expected rate of return of the sources of finance. The table below analyses the Group's profit rate risk exposure on non-trading financial assets and liabilities.

2016	*Up to 3 month (USD '000)*	*3 months to 1 year (USD '000)*	*Subtotal up to 1 year (USD '000)*	*1 to 5 years (USD '000)*	*Above 5 Years (USD '000)*	*No fixed maturity (USD '000)*	*Total (USD '000)*
Assets							
Due from financial institutions	3,001	-	3,001	-	-	-	3,001
Financing receivable	-	-	-	7,076	-	-	7,076
Investments in quoted sukuks and equities	-	-	-	27,889	38,462	7,017	73,368
Total profit rate sensitive assets	3,001	-	3,001	34,965	38,462	7,017	83,445
Liabilities							
Financing liabilities	19,555	-	19,555	15,945	-	-	35,500
Total profit rate sensitive liabilities	19,555	-	19,555	15,945	-	-	35,500
Profit rate sensitivity gap	**(16,554)**	**-**	**(16,554)**	**19,020**	**38,462**	**7,017**	**47,945**

The sensitivity of the Group's consolidated statement of income to a 200 basis points parallel increase (decrease) in market profit rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) on floating rate non trading financial assets and liabilities, would be an increase (decrease) of profit by USD 1,122 thousand (2015:USD 1,127 thousand).

The rate of return risk is generally associated with overall balance sheet exposures where mismatches arise between assets and balances from fund providers. The Group is not exposed to any significant rate of return risk and is aware of the factors that give rise to rate of return risk. Factors that possibly will affect rate of return may include an increase in long-term fixed rates in the market. The Bank is also aware of the fact that in general, profit rates earned on assets reflect the benchmark of the previous period and do not correspond immediately to changes in increased benchmark rates. The Bank does not have financial instruments that are subject to floating rate or repricing risks.

The Bank uses a combination of mismatch gap limits to measure and control its rate of return risk. Mismatched positions are regularly monitored to ensure that mismatch is maintained within established limits.

Displaced commercial risk (“DCR”) refers to the market pressure to pay returns that exceed the rate that has been earned on the assets financed by the liabilities, when the return on assets is under performing as compared with competitor’s rates.

The Bank manages DCR through the Asset Liability Committee (“ALCO”). The Bank is currently in the process of developing written policies and procedures for Displaced Commercial Risk. The Bank will forego its fee in case DCR arises. The Bank benchmarks its rates with other leading banks in the market.

3.8 Compliance Disclosures

During the period, the Bank has paid penalties amounting to USD 38 thousands due to late submission of audited financial statements of its SPVs.

4 LEGAL CONTINGENCIES

The following are the material* current or pending legal actions which involve potential liability to the Bank:

1. Ali Iskandar Ansari and Partners (AIAP) – Ibdar is a defendant to a claim in a suit in Qatar whereby the local promoter is claiming approximately $1 million due as fees relating to the establishment of a joint venture. Ibdar has vehemently argued that the claims are baseless as AIAP have not fulfilled the contractual obligations to earn the fees, and Ibdar has submitted a counterclaim for the loss of its investment. The Court of First Instance gave its ruling in January 2016 rejecting the claims of AIAP. AIAP however has appealed the judgment, and Ibdar will continue to defends its position and assert its counterclaim for loss of investment. AIAP previously raised three other claims in court and all three cases have ended in Ibdar’s favor. Our expectation is that the appellate court will uphold the judgment of the Court of First Instance.

*materiality involves disputes involving potential liabilities in excess of $300,000, or 0.1% of the Bank's share capital.

5 DISCLOSURE REQUIREMENTS PERTAINING TO REMUNERATION

Quantitative disclosure requirements pertaining to remuneration under PD 1.3.10 B to PD 1.3.10 G for approved persons or material risk takers have not been presented in this document as these relate to the annual remuneration and would be disclosed in the annual report.