

## Public Disclosure Requirements (Basel III)

The qualitative and quantitative public disclosures under this section have been prepared in accordance with the Central Bank of Kuwait (CBK) Rules and Regulations concerning Capital Adequacy Standard (Basel III) for Islamic Banks licensed in the State of Kuwait, vide circular reference 2/RB/RBA/336/2014 dated June 24, 2014, Leverage Ratio Standard circular reference 2/RBA/343/2014 dated October 21, 2014.

Disclosures related to Capital Adequacy Standards under Basel III are based on calculating the minimum capital required to cover credit and market risks using the Standardized Approach, and the minimum capital required to cover operational risk using the Basic Indicator Approach.

### **FIRST: BANK STRUCTURE**

Warba Bank K.S.C.P. (the "Bank") is engaged in providing Islamic banking, finance and investment services that comply with Islamic Shari'a to various customer and industry segments.

### **SECOND: CAPITAL STRUCTURE**

The Bank's regulatory capital comprises:

- Equity Tier 1 (CET1) which demonstrates the Bank's underlying strength and includes share capital, reserves, and share premium according to applicable rules and regulations.
- Additional Tier 1 (AT1) which comprises of the Tier 1 Perpetual Sukuk issued by the bank.
- Tier 2 Supplementary Capital which comprises of the allowed portion of general provisions (1.25% of the risk weighted assets).

The Bank's capital does not include either structured instruments or complex equity instruments.

As of 30 June 2024, Tier 1 "Core Capital" amounted to KD 386,577 thousand, and Tier 2 "Supplementary Capital" amounted to KD 30,351 thousand as detailed below:

Capital Structure		(KD'000)
<b>Tier (1) Capital</b>		
<b>A</b>	<b>Common Equity Tier 1 (CET1)</b>	
	1- Directly issued qualifying common share capital plus related stock surplus	298,735
	2- Eligible Minority Interest in Consolidated Subsidiaries	-
	3- Retained earnings (loss)	9,591
	4- Other reserves	4,004
	5- Proposed dividends	-
	<b>Total (A) CET1 before deductions</b>	<b>312,330</b>
	Deductions from CET1	
	1- Treasury shares	-
	2- Dividends (Declared but not incurred)	-
	3- Goodwill	-
	4- Other deductions	-
	<b>Total (A) CET1 after deductions</b>	<b>312,330</b>
<b>B</b>	<b>Additional Tier 1 (AT1)</b>	<b>75,808</b>
	Deduction from AT1	(1,561)
	<b>Total (B) AT1 after deductions</b>	<b>74,247</b>
<b>Total (A+B) Tier 1 after Deductions</b>		<b>386,577</b>
<b>Tier (2) Supplementary Capital</b>		
	1- Capital Eligible as T2	-
	2- General provisions	30,351
	<b>Total Tier (2) Supplementary Capital before deductions</b>	<b>30,351</b>
	Deduction from Tier (2) Supplementary Capital	-
	<b>Total Tier (2) Supplementary Capital after deductions</b>	<b>30,351</b>
		-
<b>Total Available Capital (Tier 1 &amp; Tier 2) before adjustments</b>		<b>416,928</b>
	Other Adjustments	-
<b>Total Available Capital (Tier 1 &amp; Tier 2) After adjustments</b>		<b>416,928</b>

As of 30 June 2024, Profit Equalization Reserve and Investment Risk Reserve amounted to (KD Nil).

## 1. Common Disclosures Template

The common disclosure template demonstrated below is presented with the objective of disclosing a detailed breakdown of the Bank's regulatory capital in a consistent and clear format, thus enhancing the consistency and comparability of the disclosed elements of capital between banks and across jurisdictions.

Item		30 June 2024 (KD'000)
	<b>Common Equity Tier 1 capital: instruments and reserves</b>	
1	Directly issued qualifying common share capital plus related stock surplus	298,735
2	Retained earnings	9,591
3	Accumulated other comprehensive income (and other reserves)	4,004
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)	-
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>312,330</b>
	<b>Common Equity Tier 1 capital: regulatory adjustments</b>	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles (net of related tax liability)	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses (based on the Internal Models Approach, if applied)	-
13	Taskeek gain on sale (as set out in para 72 of these guidelines)	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets (para 68)	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal crossholdings 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 share capital (amount above 10% threshold of bank's CET1 capital)	-
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 of bank's CET1 capital)	-
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	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>-</b>
29	<b>Common Equity Tier 1 after the regulatory adjustments</b>	<b>312,330</b>
	<b>Additional Tier 1 capital: instruments</b>	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	75,808
31	of which: classified as equity under applicable accounting standards	75,808
32	of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-

Item		30 June 2024 (KD'000)
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)	-
35	of which: instruments issued by subsidiaries subject to phase-out	-
<b>36</b>	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>75,808</b>
	<b>Additional Tier 1 capital: regulatory adjustments</b>	
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	<b>(1,561)</b>
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 common share capital of the entity (amount above 10% threshold)	-
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	-
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>(1,561)</b>
<b>44</b>	<b>Additional Tier 1 capital (AT1)</b>	<b>74,247</b>
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>386,577</b>
	<b>Tier 2 capital: instruments and provisions</b>	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
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)	-
49	of which: instruments issued by subsidiaries subject to phase-out	-
50	General provisions included in Tier 2 capital	30,351
<b>51</b>	<b>Tier 2 capital before regulatory adjustments</b>	<b>30,351</b>
	<b>Tier 2 capital: regulatory adjustments</b>	
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 common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
<b>56</b>	<b>National specific regulatory adjustments</b>	<b>-</b>
<b>57</b>	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>
<b>58</b>	<b>Tier 2 capital (T2)</b>	<b>30,351</b>
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>416,928</b>
<b>60</b>	<b>Total risk weighted assets (after applying 50% additional weighting)</b>	<b>2,560,792</b>
	<b>Capital ratios and buffers</b>	
<b>61</b>	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>	<b>12.20%</b>
<b>62</b>	<b>Tier 1 (as a percentage of risk weighted assets)</b>	<b>15.10%</b>
<b>63</b>	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>16.28%</b>
<b>64</b>	<b>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)</b>	<b>9.50%</b>
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	-
67	of which: D-SIB buffer requirement	-
<b>68</b>	<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>	<b>4.38%</b>
	<b>National minimal</b>	
<b>69</b>	<b>National Common Equity Tier 1 minimum ratio: 9.5%</b>	<b>243,275</b>

Item		30 June 2024 (KD'000)
70	National Tier 1 minimum ratio: 11%	281,687
71	National total capital minimum ratio excluding CCY and DSIB: 13%	332,903
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Non-significant investments in the capital of other financials	-
73	Significant investments in the common stock of financials	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	87,517
77	Cap on inclusion of provisions in Tier 2 under standardized approach	30,351
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-

## 2. Reconciliation Requirements

The Group has adopted a three-step approach for reconciliation of balance sheet items and the regulatory capital components as detailed in the instructions are as follows:

### Step 1 & 2 of the reconciliation requirements:

30 June 2024

Step 1 & 2 of the reconciliation requirements	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	Reference
<b>Assets</b>			
Cash and balances with banks	339,048	339,048	
Placements with banks and CBK	355,038	355,038	
Financing receivables	3,615,494	3,615,494	
of which maximum general provisions (netted above) capped for Tier 2 inclusion	30,351	30,351	a
Financial assets at fair value through profit or loss	181,604	181,604	
Financial assets at fair value through other comprehensive income	369,595	369,595	
Investments in joint ventures	125,111	125,111	
Investment properties	1,675	1,675	
Others assets	54,923	54,923	
Property and equipment	17,639	17,639	
<b>Total Assets</b>	<b>5,060,127</b>	<b>5,060,127</b>	
<b>Liabilities</b>			
Due to banks	1,407,594	1,407,594	
Depositors accounts	2,868,190	2,868,190	
Issued Sukuk	304,774	304,774	
Other liabilities	82,064	82,064	
<b>Total Liabilities</b>	<b>4,662,622</b>	<b>4,662,622</b>	
<b>Equity</b>			
Share Capital	218,360	218,360	b

Step 1 & 2 of the reconciliation requirements	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	Reference
Share Premium	80,375	80,375	c
Statutory Reserve	8,871	8,871	d
Retained Earnings	18,958	18,958	
of which retained earnings eligible for (CET1)	9,591	9,591	e
Fair value reserve	(5,275)	(5,275)	f
Forex reserve	408	408	g
<b>Equity attributable to Shareholders of the Bank</b>	<b>321,697</b>	<b>321,697</b>	
Perpetual Tier 1 Sukuk	75,808	75,808	h
Of which reciprocal investment in local banks T1 sukuk	(1,561)	(1,561)	I
<b>Total Equity</b>	<b>397,505</b>	<b>397,505</b>	
<b>Total Liabilities and Equity</b>	<b>5,060,127</b>	<b>5,060,127</b>	

### Step 3 of the reconciliation requirements:

No.	Step 3 of Reconciliation requirements	Component of regulatory capital reported by bank (KD'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from Step 2
	<b>Common Equity Tier 1 capital: instruments and reserves</b>		
1	Share Capital	218,360	b
2	Share Premium	80,375	c
3	Statutory Reserve	8,871	d
4	Retained Earnings	9,591	e
5	Fair value reserve	(5,275)	f
6	Forex Reserve	408	g
7	<b>Common Equity Tier 1 capital (CET1)</b>	<b>312,330</b>	
	<b>Additional Tier 1 capital: Instruments</b>		
8	Perpetual Tier 1 Sukuk	75,808	h
9	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,561)	I
10	<b>Additional Tier 1 capital</b>	<b>74,247</b>	
	<b>Tier 1 Capital (Tier 1 = Common Tier 1 capital + Additional Tier 1 capital)</b>	<b>386,577</b>	
11	<b>Tier 2 Capital : Instruments and provisions</b>		
12	Tier 2 Instruments	-	
13	General provisions included in Tier 2 capital	30,351	a
14	<b>Tier 2 Capital</b>	<b>30,351</b>	
15	<b>Total Capital (Total capital = Tier 1 + Tier 2)</b>	<b>416,928</b>	

### **THIRD: CAPITAL ADEQUACY RATIOS**

The Bank actively manages its capital with the objective of maintaining adequate levels in order to cover all risks inherent in the business. The capital base is assessed to support the current and future growth of the business and the capital allocation is determined on the basis of financing and investments growth expectations for each business line.

The Bank is currently operating well above the minimum regulatory capital ratios, with ability to cover any eventuality and intervene at an early stage in situation of any stress. The business growth forecast is based on available capital, as allocated for different business lines to ensure that the Bank's internal capital targets are consistent with the approved Risk Appetite of the Bank to maximize shareholders' value on risk-adjusted basis.

#### **1. Capital Adequacy Ratios are as follows:**

No.	Ratio Description	Total Required Capital (%)	Available Capital (%)
1.	Total Capital Adequacy Ratio	13.00%	16.28%
2.	Tier 1 Capital Adequacy Ratio	11.00%	15.10%
3.	CET1 Capital Adequacy Ratio	9.50%	12.20%

The Bank ensures the fulfillment of Central Bank of Kuwait requirements in relation to capital adequacy.

#### **2. Financial Leverage Ratio:**

The below table depicts information regarding the calculation of the Financial Leverage Ratio, as per the applicable CBK regulations:

Item		30 June 2024 KD'000
No.	<b>On-balance sheet exposures</b>	
1)	On-balance sheet items (excluding Sharia compliant hedging contracts, but including collaterals)	5,145,802
2)	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1,561)
3)	<b>Total on-balance sheet exposures (excluding Sharia compliant hedging contracts) (sum of lines 1 and 2)</b>	<b>5,144,241</b>
<b>Exposures to Sharia compliant hedging contracts</b>		
4)	Replacement cost associated with all Sharia compliant hedging contracts (i.e. net of eligible cash variation margin)	45
5)	Add-on amounts for potential future exposures "PFE" associated with all Sharia compliant hedging contracts	2
6)	Gross-up for the collateral of Sharia compliant hedging contracts provided where deducted from the balance sheet assets pursuant to the bank's accounting policy.	-
7)	(Deductions of receivables assets for cash variation margin provided in with all Sharia compliant hedging contracts )	-
8)	(Bank's exposures to exempted Central Counter Parties "CCP" )	-
9)	<b>Total exposures of Sharia compliant hedging contracts (sum of lines 4 to 8)</b>	<b>47</b>
<b>Other off-balance sheet exposures</b>		
10)	Off-balance sheet exposure (before any adjustment for credit conversion factors)	1,680,427
11)	(Adjustments for conversion to credit equivalent amounts)	(1,360,017)
12)	<b>Off-balance sheet items (sum of lines 10 and 11)</b>	<b>320,410</b>
<b>Capital and total exposures</b>		

Item		30 June 2024 KD'000
13)	Tier 1 capital	386,577
14)	Total exposures (sum of lines 3, 9 and 12)	5,464,698
<b>Leverage ratio</b>		
15)	Leverage ratio (Tier 1 Capital (13)/total exposures (14))	7.07%

As stated above, the Bank's leverage ratio for the present period is **7.07%** compared to **7.26%** in the previous year. The decrease in the leverage ratio is mainly due to the following:

- An increase in on- and off-balance sheet exposures compared to the previous period resulting from an increase in the Bank's assets in addition to an increase in letters of guarantee and letter of credits issued to customers.

**Summary comparison of accounting assets versus leverage ratio exposure measure:**

Item		KD'000
No.	On-balance sheet exposures	
1	Total assets as per published financial statements	5,060,127
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the bank accounting policy but excluded from the gross leverage ratio exposure measure.	-
4	Exposures to Sharia compliant hedging contracts	47
5	Off-balance sheet exposures (i.e. equivalent credit amounts)	320,410
6	Other exposures	84,114
7	<b>Total exposures in calculation of leverage ratio (sum of the above items)</b>	<b>5,464,698</b>

**FOURTH: INVESTMENT ACCOUNTS**

**A. Balances related to investment accounts as follows:**

NO.	Categories of funding	Balances As of 30 June 2024
1	Current account	262,375
2	Unrestricted investment account	4,003,208
3	Restricted investment account	-
4	Other Deposits	10,201
5	Investment risk reserve	-
6	Profit rate reserve	-

**B. Profit percentage distributed to the profit-sharing investment accounts were as follows:**

SN	Account Category	Q1	Q2
1	Saving accounts	1.494%	1.483%

## **Fifth: RISK WEIGHTED ASSETS**

### **1. Credit risk**

The minimum required capital for credit risk exposures as of 30 June 2024 was KD 308,221 thousand as detailed below:

<b>30 June 2024 (KD'000)</b>					
<b>SN</b>	<b>Description of Credit Risk Exposures</b>	<b>Total Exposures</b>	<b>Net Exposures</b>	<b>Risk-Weighted Assets</b>	<b>Required Capital</b>
1	Cash items	11,737	11,737	-	-
2	Claims on sovereigns	679,595	679,595	96,948	12,603
3	Claims on international organizations	-	-	-	-
4	Claims on public sector entities	42,657	42,657	-	-
5	Claims on multilateral development banks	90,795	90,795	-	-
6	Claims on banks	373,835	373,835	136,990	17,809
7	Claims on corporates	2,821,090	2,269,437	1,334,154	173,440
8	Regulatory retail exposure	643,990	631,084	361,015	46,932
9	Qualifying residential housing financing facilities	-	-	-	-
10	Past due exposures	107,411	101,676	37,354	4,856
11	Goods and commodities positions	5,856	5,856	3,361	437
12	Real estate investments	126,786	126,786	145,544	18,921
13	Investment and financing with customers	213,973	97,183	81,366	10,578
14	Sukuk and taskeek exposures	-	-	-	-
15	Claims on central counterparties.	-	-	-	-
16	Other exposures	346,973	346,973	174,197	22,645
<b>Total</b>		<b>5,464,698</b>	<b>4,777,614</b>	<b>2,370,929</b>	<b>308,221</b>

### **Total Credit Risk Exposures (Self-Financed or Financed from Investment Accounts):**

**30 June 2024  
(KD'000)**

<b>SN</b>	<b>Description of Credit Risk Exposures</b>	<b>Credit Risk Exposures</b>	<b>Self Financed</b>	<b>Financed From Investment Accounts</b>
1	Cash item	11,737	11,737	-
2	Claims on sovereigns	679,595	358,348	321,247
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	42,657	6,311	36,346
5	Claims on multilateral development banks	90,795	13,433	77,362
6	Claims on banks	373,835	91,521	282,314
7	Claims on corporates	2,821,090	542,630	2,278,460
8	Regulatory retail exposure	643,990	95,287	548,703
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	107,411	20,576	86,835
11	Goods and commodities positions	5,856	866	4,990
12	Real estate investments	126,786	18,758	108,028
13	Investment and financing with customers	213,973	31,657	182,316
14	Sukuk and taskeek exposures	-	-	-

SN	Description of Credit Risk Exposures	Credit Risk Exposures	Self Financed	Financed From Investment Accounts
15	Claims on central counterparties.	-	-	-
16	Other exposures	346,973	115,758	231,215
<b>Total</b>		<b>5,464,698</b>	<b>1,306,882</b>	<b>4,157,816</b>

**Average exposures (Self-Financed or Financed from Unrestricted Investment Accounts) on a quarterly basis:**

SN	Description of Credit Risk Exposures	Average Credit Risk Exposures	Average Self Financed	Average Financed From Investment Accounts
1	Cash item	10,907	10,907	-
2	Claims on sovereigns	590,545	261,784	328,761
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	53,582	9,249	44,333
5	Claims on multilateral development banks	90,215	15,426	74,789
6	Claims on banks	379,135	100,973	278,162
7	Claims on corporates	2,722,934	575,961	2,146,973
8	Regulatory retail exposure	636,481	108,835	527,646
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	48,234	10,422	37,812
11	Goods and commodities positions	7,036	1,212	5,824
12	Real estate investments	135,082	23,170	111,912
13	Investment and financing with customers	264,648	45,717	218,931
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	326,304	119,722	206,582
<b>Total</b>		<b>5,265,103</b>	<b>1,283,378</b>	<b>3,981,725</b>

The minimum required capital for financing receivable as of 30 June 2024 was KD 232,397 thousand as detailed below:

**30 June 2024  
(KD'000)**

SN	Description of Credit Risk Exposures	Total Exposures	Net Exposures	Risk-Weighted Assets	Required Capital
1	Cash items	-	-	-	-
2	Claims on sovereigns	132,312	132,312	70,980	9,227
3	Claims on international organizations	-	-	-	-
4	Claims on public sector entities	42,657	42,657	-	-
5	Claims on multilateral development banks	-	-	-	-
6	Claims on banks	89,001	89,003	35,181	4,574
7	Claims on corporates	2,477,362	1,930,394	1,172,868	152,473
8	Regulatory retail exposure	643,836	630,930	382,609	49,739
9	Qualifying residential housing financing facilities	-	-	-	-
10	Past due exposures	101,913	96,178	33,832	4,398
11	Goods and commodities positions	-	-	-	-

SN	Description of Credit Risk Exposures	Total Exposures	Net Exposures	Risk-Weighted Assets	Required Capital
12	Real estate investments	-	-	-	-
13	Investment and financing with customers	213,973	97,183	92,199	11,986
14	Sukuk and taskeek exposures	-	-	-	-
15	Claims on central counterparties.	-	-	-	-
16	Other exposures	-	-	-	-
<b>Total</b>		<b>3,701,054</b>	<b>3,018,657</b>	<b>1,787,669</b>	<b>232,397</b>

### Net Credit Exposures (Rated or Unrated)

30 June 2024  
(KD'000)

SN	Description of Credit Risk Exposures	Net Credit Exposure	Rated Exposures	Unrated Exposures
1	Cash item	11,737	-	11,737
2	Claims on sovereigns	679,595	629,202	50,393
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	42,657	-	42,657
5	Claims on multilateral development banks	90,795	90,793	2
6	Claims on banks	373,835	354,662	19,173
7	Claims on corporates	2,821,091	144,448	2,676,643
8	Regulatory retail exposure	643,990	-	643,990
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	107,410	-	107,410
11	Goods and commodities positions	5,856	-	5,856
12	Real estate investments	126,786	-	126,786
13	Investment and financing with customers	213,973	-	213,973
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	346,973	-	346,973
<b>Total</b>		<b>5,464,698</b>	<b>1,219,105</b>	<b>4,245,593</b>

### Geographical Distributions for Credit Risk Exposure

30 June 2024  
(KD'000)

SN	Description of Credit Risk Exposures	MENA	North America	Europe	Asia	Others	Total
1	Cash item	11,737	-	-	-	-	11,737
2	Claims on sovereigns	650,803	-	16,250	12,542	-	679,595
3	Claims on international organizations	-	-	-	-	-	-
4	Claims on public sector entities	42,657	-	-	-	-	42,657
5	Claims on multilateral development banks	90,795	-	-	-	-	90,795
6	Claims on banks	306,281	11,699	53,119	2,736	-	373,835
7	Claims on corporates	2,688,241	30,984	25,765	76,100	-	2,821,090
8	Regulatory retail exposure	643,990	-	-	-	-	643,990

SN	Description of Credit Risk Exposures	MENA	North America	Europe	Asia	Others	Total
9	Qualifying residential housing financing facilities	-	-	-	-	-	-
10	Past due exposures	107,411	-	-	-	-	107,411
11	Goods and commodities positions	5,856	-	-	-	-	5,856
12	Real estate investments	1,675	87,298	37,813	-	-	126,786
13	Investment and financing with customers	213,973	-	-	-	-	213,973
14	Sukuk and taskeek exposures	-	-	-	-	-	-
15	Claims on central counterparties.	-	-	-	-	-	-
16	Other exposures	180,120	125,036	28,379	13,438	-	346,973
<b>Total</b>		<b>4,943,539</b>	<b>255,017</b>	<b>161,326</b>	<b>104,816</b>	<b>-</b>	<b>5,464,698</b>

### Maturities of total "Credit Risk" exposures

30 June 2024  
(KD'000)

SN	Description of Credit Risk Exposures	Up to 3 months	3 to 12 months	Over 1 year	Total
1	Cash item	11,737	-	-	11,737
2	Claims on sovereigns	512,348	76,749	90,498	679,595
3	Claims on international organizations	-	-	-	-
4	Claims on public sector entities	35,929	6,728	-	42,657
5	Claims on multilateral development banks	-	50,104	40,691	90,795
6	Claims on banks	206,335	119,259	48,241	373,835
7	Claims on corporates	1,660,971	810,948	349,171	2,821,090
8	Regulatory retail exposure	5,586	11,559	626,845	643,990
9	Qualifying residential housing financing facilities	-	-	-	-
10	Past due exposures	107,411	-	-	107,411
11	Goods and commodities positions	-	5,856	-	5,856
12	Real estate investments	-	-	126,786	126,786
13	Investment and financing with customers	201,047	12,166	760	213,973
14	Sukuk and taskeek exposures	-	-	-	-
15	Claims on central counterparties.	-	-	-	-
16	Other exposures	18,920	3,301	324,752	346,973
<b>Total</b>		<b>2,760,284</b>	<b>1,096,670</b>	<b>1,607,744</b>	<b>5,464,698</b>

## Main sectors of total Credit Risk exposures

30 June 2024  
(KD'000)

SN	Description of Credit Risk Exposures	Manufacturing & Trade	Banks & Financial Institutions	Construction & Real Estate	Government	Others	Total
1	Cash item	-	-	-	-	11,737	11,737
2	Claims on sovereigns	-	26,972	-	547,283	105,340	679,595
3	Claims on international organizations	-	-	-	-	-	-
4	Claims on public sector entities	-	-	-	-	42,657	42,657
5	Claims on multilateral development banks	-	90,795	-	-	-	90,795
6	Claims on banks	-	373,835	-	-	-	373,835
7	Claims on corporates	691,882	243,554	1,362,603	-	523,051	2,821,090
8	Regulatory retail exposure	-	-	-	-	643,990	643,990
9	Qualifying residential housing financing facilities	-	-	-	-	-	-
10	Past due exposures	999	-	15,519	-	90,893	107,411
11	Goods and commodities position	5,856	-	-	-	-	5,856
12	Real estate investments	-	-	126,786	-	-	126,786
13	Investment and financing with customers	-	-	93,729	-	120,244	213,973
14	Sukuk and taskeek exposures	-	-	-	-	-	-
15	Claims on central counterparties.	-	-	-	-	-	-
16	Other exposures	-	-	-	-	346,973	346,973
<b>Total</b>		<b>698,737</b>	<b>735,156</b>	<b>1,598,637</b>	<b>547,283</b>	<b>1,884,885</b>	<b>5,464,698</b>

### Irregular and past due credit facilities

The Bank complies with CBK instructions regarding the provisions required for Irregular and past due credit facilities. General & Specific provisions are computed in accordance with the CBK.

The CBK instructions in regard to the computation of specific provision imply different rules between the credit facilities granted to corporate, retail and sovereigns entities.

In addition, the minimum general provision required limit for cash facilities is 1% & 0.5% for non-cash facilities, in case there is no specific provision was required to be computed in accordance with the CBK instructions.

### Irregular and past due financing facilities exposures in accordance with standard portfolios:

On June 30, 2024, the value of the irregular financing facilities (impaired), including the Bank's accounts receivable, amounted to KD 110,972 thousand after excluding the deferred revenues and due profits and KD 37,122 thousand after excluding the acceptable collaterals as per the instructions of the Central Bank of Kuwait for the purpose of calculating the Capital Adequacy Ratio.

As of 30 June 2024, the Bank's provisions are KD 97,913 thousand including a general provision of KD 36,854 thousand and precautionary provision of KD 50,519 thousand as of 30 June 2024.

**Irregular and past due exposures as per standard portfolios:**

30 Jun 2023  
(KD'000)

SN	Description of Standard Portfolios	Impaired	Net Impaired after deducting acceptable guarantees	Specific Provision	Net Facilities	Written Off Provision	Past Due
1	Claims on banks	-	-	-	-	-	-
2	Claims on corporates	107,541	33,691	8,967	24,724	6,603	254,648
3	Regulatory retail exposures	3,431	3,431	1,443	1,988	1,444	30,677
4	Real estate investments	-	-	-	-	-	-
5	Investment and financing with customers	-	-	-	-	-	-
<b>Total</b>		<b>110,972</b>	<b>37,122</b>	<b>10,410</b>	<b>26,712</b>	<b>8,047</b>	<b>285,325</b>

**Irregular and past due exposures as per geographical location:**

30 June 2024  
(KD'000)

SN	Description of geographical location	Impaired	Specific Provision	Net Facilities	Written Off Provision	Past Due
1	MENA	101,923	10,410	26,712	8,047	283,435
2	Europe	9,049	-	-	-	-
3	Asia	-	-	-	-	1,890
4	Rest of the World	-	-	-	-	-
<b>Total</b>		<b>110,972</b>	<b>10,410</b>	<b>26,712</b>	<b>8,047</b>	<b>285,325</b>

**Irregular and past due exposures by industrial sector:**

30 June 2024  
(KD'000)

SN	Description of Industrial Sector	Impaired	Specific Provision	Net Facilities	Written Off Provision	Past Due
1	Manufacturing & Trade	46,859	2,779	208	-	13,767
2	Banks and financial institutions	-	-	-	-	-
3	Constructions and real estates	60,682	6,187	24,516	-	138,409
4	Others	3,431	1,443	1,988	8,047	133,149
<b>Total</b>		<b>110,972</b>	<b>10,410</b>	<b>26,712</b>	<b>8,047</b>	<b>285,325</b>

**Aging of Irregular and past due exposures:**

30 June 2024  
(KD'000)

SN	Description of Irregular and past due exposures	Up to 3 months	From 3 months to 6 months	From 6 months to 12 months	More than 1 Year	Total
1	Impaired	25,211	2,894	3,110	79,757	110,972
2	Past Due	285,325	-	-	-	285,325
<b>Total</b>		<b>310,536</b>	<b>2,894</b>	<b>3,110</b>	<b>79,757</b>	<b>396,297</b>

**General Provisions Balance:**

SN	Distribution of General Provisions to credit risk exposures	30 June 2024 (KD'000)
1	Claims on sovereigns	899
2	Claims on public sector institutions	427
3	Claims on banks	804
4	Claims on corporates*	76,833
5	Regulatory retail exposures	6,292
6	Real estate investments	-
7	Investment and financing with customers	2,118
	<b>Total</b>	<b>87,373</b>

SN	Distribution of General Provisions to geographical location	30 June 2024 (KD'000)
1	MENA	86,429
2	Europe	1
3	Asia	526
4	Rest of the World	337
5	Other	80
	<b>Total</b>	<b>87,373</b>

**Acceptable risk mitigation**

30 June 2024  
(KD'000)

N	Risk Mitigation Sources	Total Risk Mitigation	Eligible Collaterals
1	Cash Collaterals	38,655	34,687
2	Banking Guarantees	-	-
3	Shares	471,441	284,770
4	Leased Assets	807,253	367,627
5	Real Estate	1,511,298	-
6	Others	89,589	-
<b>Total</b>		<b>2,918,236</b>	<b>687,084</b>

## Credit Risk Exposures, Eligible Collaterals and Banking Guarantees

30 June 2024  
(KD'000)

SN	Description of Credit Risk Exposure	Total Credit Exposure	Eligible Collaterals	Banking Guarantees
1	Cash item	11,737	-	-
2	Claims on sovereigns	679,595	-	-
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	42,657	-	-
5	Claims on multilateral development banks	90,795	-	-
6	Claims on banks	373,835	-	-
7	Claims on corporates	2,821,090	551,653	-
8	Regulatory retail exposure	643,990	12,906	-
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	107,411	5,735	-
11	Goods and commodities positions	5,856	-	-
12	Real estate investments	126,786	-	-
13	Investment and financing with customers	213,973	116,790	-
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	346,973	-	-
<b>Total</b>		<b>5,464,698</b>	<b>687,084</b>	<b>-</b>

### 2. Market Risk

Market Risk-weighted exposure as of 30 June 2024 amounted to KD 2,450 thousand, based on the standardized approach. The minimum required capital for market risk exposures amounts to KD 319 thousand.

### 3. Operational Risk

Operational Risk-weighted exposures calculated as of 30 June 2024 amounted to KD 187,413 thousand as per the Basic Indicator Approach. The minimum required capital for operational risk exposures amounts to KD 24,364 thousand.

### 4. Liquidity Risks

A- Short-term assets to short-term liabilities ratio as of 30 June 2024 is 79% calculated as follows:

SN		30 June 2024
1	Current assets (KD '000)	3,512,008
2	Current liabilities (KD '000)	4,453,708
	<b>Current ratio</b>	<b>%79</b>

**B- Maturity analysis of various categories of funding (current account, unrestricted investment account and restricted investment account) are as follows:**

30 June 2024  
(KD'000)

SN	Categories of funding	Up to 3 months	3 to 12 months	Over 1 year	Total
1	Current account	262,375	-	-	262,375
2	Unrestricted investment account	2,339,286	1,467,763	196,159	4,003,208
3	Restricted investment account	-	-	-	-
4	Other Deposits	10,201	-	-	10,201
<b>Total</b>		<b>2,611,862</b>	<b>1,467,763</b>	<b>196,159</b>	<b>4,275,784</b>

**5. Profit Rate Risk**

30 June 2024  
(KD'000)

Impact of 25 bps move upwards	Upto 7 Days	7 Days to 1 Month	1 to 3 months	3 to 6 months	6 months to 1 Year	Total Impact
Assets	1,289	1,173	2,352	1,116	187	6,116
Liabilities	1,145	1,470	1,410	889	250	5,165
<b>Net Impact</b>	<b>144</b>	<b>(298)</b>	<b>942</b>	<b>227</b>	<b>(63)</b>	<b>951</b>

30 June 2024  
(KD'000)

Impact of 25 bps move downwards	Upto 7 Days	7 Days to 1 Month	1 to 3 months	3 to 6 months	6 months to 1 Year	Total Impact
Assets	(1,289)	(1,173)	(2,352)	(1,116)	(187)	(6,116)
Liabilities	(1,145)	(1,470)	(1,410)	(889)	(250)	(5,165)
<b>Net Impact</b>	<b>(144)</b>	<b>298</b>	<b>(942)</b>	<b>(227)</b>	<b>63</b>	<b>(951)</b>

**6. Equity Risk in the Bank's Book**

As of 30 June 2024, the Bank's investments in equity positions other than sukuk amounted to KD 191,235 thousand as detailed below:

Investment types	30 June 2023 (KD'000)
Quoted equity security	16,100
Unquoted equity security	9,631
Unquoted Portfolios and Funds	148,508
Other unquoted investments	16,996
<b>Total</b>	<b>191,235</b>

All equity investments are recorded at fair value.

During the period, the Bank did not record realized gains from sale of equity investments in the income statement or recorded unrealized gains from change in fair value of the quoted securities in the other comprehensive income.

The minimum required capital for equity investment as of 30 June 2024 was KD 15,111 thousand.

## Sixth: Bank's Remuneration Policies

The number of the meetings held by the Board Nominations & Remunerations Committee during the period was 4 meetings, and the total remunerations paid to its members is (KD Nil) thousand for the six months ending on 30 June 2024.

The table below shows the value of remuneration paid to Senior Management:

30 June 2023			
SN	Total value of remuneration awards for the current fiscal year	Unrestricted (in KD)	Deferred (in KD)
	<i>Fixed remuneration</i>		
1	- Cash-based	2,035,840	-
2	- Shares and share-linked instruments	-	-
3	- Other	62,069	-
	<i>Variable remuneration</i>		
4	- Cash-based	-	185,649
5	- Shares and share-linked instruments	-	-
6	- Other	-	-
	<b>Total</b>	<b>2,097,909</b>	<b>185,649</b>

The table below shows the value of remuneration paid to material risk takers other than the Senior Management:

30 June 2023			
SN	Total value of remuneration awards for the current fiscal year	Unrestricted (in KD)	Deferred (in KD)
	<i>Fixed remuneration</i>		
1	- Cash-based	976,590	-
2	- Shares and share-linked instruments	-	-
3	- Other	47,933	-
	<i>Variable remuneration</i>		
4	- Cash-based	-	97,892
5	- Shares and share-linked instruments	-	-
6	- Other	-	-
	<b>Total</b>	<b>1,024,523</b>	<b>97,892</b>

The table below shows the value of remuneration paid to the respective employee categories:

30 June 2023				
SN	Employee Categories	Number of Employees in the category	End of service paid during the year (in KD)	"Unrestricted" salaries and remunerations paid during the year (in KD)
1	Senior Management	15	-	2,097,909
2	Material Risk Takers	16	-	1,024,524
3	Financial & Control Functions	12	-	461,951