

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 Sharia 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.

Tier 1 “Core Capital” amounted to KD 476,322 thousand, and Tier 2 “Supplementary Capital” amounted to KD 38,651 thousand as of September 30, 2025 as detailed below:

	Capital Structure	(KD’000)
Tier (1) Capital		
A	Common Equity Tier 1 (CET1)	
	1- Directly issued qualifying common share capital plus related stock surplus	748,557
	2- Eligible Minority Interest in Consolidated Subsidiaries	-
	3- Retained earnings (loss)	13,107
	4- Other reserves	19,259
	Total (A) CET1 before deductions	780,923
	Deductions from CET1	
	1- Treasury shares	-
	2- Dividends (Declared but not incurred)	-
	3- Goodwill	-
	4- 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)	(455,643)
	5- Other deductions	-
	Total (A) CET1 after deductions	325,280
B	Additional Tier 1 (AT1)	
	Tier 1 Sukuk	152,595
	Deduction from AT1	(1,553)
	Total (B) AT1 after deductions	151,042
	Total (A+B) Tier 1 after Deductions	476,322
Tier (2) Supplementary Capital		
	1- Capital Eligible as T2	-
	2- General provisions	38,651
	Total Tier (2) Supplementary Capital before deductions	38,651
	Deduction from Tier (2) Supplementary Capital	-
	Total Tier (2) Supplementary Capital after deductions	38,651
		-
	Total Available Capital (Tier 1 & Tier 2) before adjustments	514,973
	Other Adjustments	-
	Total Available Capital (Tier 1 & Tier 2) After adjustments	514,973

Profit Equalization Reserve and Investment Risk Reserve amounted to KD (Nil) as of September 30, 2025.

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 as of September 30th 2025 in a consistent and clear format, thus enhancing the consistency and comparability of the disclosed elements of capital between banks and across jurisdictions.

Item		(KD'000)
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share capital plus related stock surplus	748,557
2	Retained earnings	13,107
3	Accumulated other comprehensive income (and other reserves)	19,259
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	Common Equity Tier 1 capital before regulatory adjustments	780,923
	Common Equity Tier 1 capital: regulatory adjustments	
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)	(455,643)
20	Mortgage servicing rights (amount above 10% threshold of bank's CET1 capital)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financials	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common Equity Tier 1	-
29	Common Equity Tier 1 after the regulatory adjustments	325,280
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	152,595
31	of which: classified as equity under applicable accounting standards	152,595
32	of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-

Item		(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	-
36	Additional Tier 1 capital before regulatory adjustments	152,595
	Additional Tier 1 capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,553)
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	-
43	Total regulatory adjustments to Additional Tier 1 capital	(1,553)
44	Additional Tier 1 capital (AT1)	151,042
45	Tier 1 capital (T1 = CET1 + AT1)	476,322
	Tier 2 capital: instruments and provisions	
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	38,651
51	Tier 2 capital before regulatory adjustments	38,651
	Tier 2 capital: regulatory adjustments	
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued 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)	-
56	National specific regulatory adjustments	-
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	38,651
59	Total capital (TC = T1 + T2)	514,973
60	Total risk weighted assets (after applying 50% additional weighting)	3,239,549
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.04%
62	Tier 1 (as a percentage of risk weighted assets)	14.70%
63	Total capital (as a percentage of risk weighted assets)	15.90%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement, expressed as a percentage of risk weighted assets)	9.50%
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	0.0%
67	of which: D-SIB buffer requirement	0.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	2.23%
	National minimal	
69	National Common Equity Tier 1 minimum ratio: 9.5%	307,757
70	National Tier 1 minimum ratio: 11%	356,350
71	National total capital minimum ratio excluding CCY and DSIB: 13%	421,141

Item		(KD'000)
	Amounts below the thresholds for deduction (before risk weighting)	
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)	-
	Applicable caps on the inclusion of provisions in Tier 2	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	92,882
77	Cap on inclusion of provisions in Tier 2 under standardized approach	38,651
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:

Step 1 & 2 of the reconciliation requirements	September 30 th , 2025		Reference
	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	
Assets			
Cash and balances with banks	274,001	274,001	
Placements with banks and CBK	364,586	364,586	
Financing receivables	3,995,846	3,995,846	
of which maximum general provisions (netted above) capped for Tier 2 inclusion	38,651	38,651	a
Financial assets at fair value through profit or loss	213,416	213,416	
Financial assets at fair value through other comprehensive income	440,274	440,274	
Investment in associate	508,257	508,257	
Investments in joint ventures	123,561	123,561	
Investment properties	39,526	39,526	
Other assets	49,127	49,127	
Property and equipment	61,675	61,675	
Total Assets	6,070,269	6,070,269	
Liabilities			
Due to banks and other financial institutions	1,417,880	1,417,880	
Depositors accounts	3,418,254	3,418,254	
Issued Sukuk	154,329	154,329	
Other liabilities	107,784	107,784	
Total Liabilities	5,098,247	5,098,247	
Equity			
Share Capital	449,822	449,822	b
Share Premium	298,735	298,735	c

Step 1 & 2 of the reconciliation requirements	September 30 th , 2025		Reference
	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	
Statutory Reserve	11,225	11,225	d
Retained Earnings	51,611	51,611	
of which retained earnings eligible for (CET1)	13,107	13,107	e
Fair value reserve	5,866	5,866	f
Forex reserve	2,168	2,168	g
Equity attributable to Shareholders of the Bank	819,427	819,427	
Perpetual Tier 1 Sukuk	152,595	152,595	h
Of which reciprocal investments in local banks and other financial institutions	(1,553)	(1,553)	I
Total Equity	972,022	972,022	
Total Liabilities and Equity	6,070,269	6,070,269	

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
	Common Equity Tier 1 capital: instruments and reserves		
1	Share Capital	449,822	b
2	Share Premium	298,735	c
3	Statutory Reserve	11,225	d
4	Retained Earnings	13,107	e
5	Fair value reserve	5,866	f
6	Forex Reserve	2,168	g
7	Other reserves	(455,643)	
8	Common Equity Tier 1 capital (CET1)	325,280	
	Additional Tier 1 capital: Instruments		
9	Perpetual Tier 1 Sukuk	152,595	h
10	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,553)	I
11	Additional Tier 1 capital	151,042	
12	Tier 1 Capital (Tier 1 = Common Tier 1 capital + Additional Tier 1 capital)	476,322	
	Tier 2 Capital: Instruments and provisions		
13	Tier 2 Instruments	-	
14	General provisions included in Tier 2 capital	38,651	a
15	Tier 2 Capital	38,651	
16	Total Capital (Total capital = Tier 1 + Tier 2)	514,973	

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%	15.90%
2.	Tier 1 Capital Adequacy Ratio	11.00%	14.70%
3.	CET1 Capital Adequacy Ratio	9.50%	10.04%

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		KD'000
No.	On-balance sheet exposures	
1)	On-balance sheet items (excluding Sharia compliant hedging contracts, but including collaterals)	6,159,108
2)	(Asset amounts deducted in determining Basel III Tier 1 capital)	(457,196)
3)	Total on-balance sheet exposures (excluding Sharia compliant hedging contracts) (sum of lines 1 and 2)	5,701,911
Exposures to Sharia compliant hedging contracts		
4)	Replacement cost associated with all Sharia compliant hedging contracts (i.e. net of eligible cash variation margin)	82
5)	Add-on amounts for potential future exposures "PFE" associated with all Sharia compliant hedging contracts	72
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)	Total exposures of Sharia compliant hedging contracts (sum of lines 4 to 8)	154
Other off-balance sheet exposures		
10)	Off-balance sheet exposure (before any adjustment for credit conversion factors)	3,102,111
11)	(Adjustments for conversion to credit equivalent amounts)	(2,735,119)
12)	Off-balance sheet items (sum of lines 10 and 11)	366,992
Capital and total exposures		
13)	Tier 1 capital	476,322
14)	Total exposures (sum of lines 3, 9 and 12)	6,069,057
Leverage ratio		
15)	Leverage ratio (Tier 1 Capital (13)/total exposures (14))	7.85%

As stated above, the Bank's leverage ratio for the present period is **7.85%** compared to **7.34%** in the previous year. The increase in the leverage ratio is primarily attributable to the bank's capital increase and the issuance of Tier 1 Sukuk.

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	6,070,269
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(457,196)
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	154
5	Off-balance sheet exposures (i.e. equivalent credit amounts)	366,992
6	Other exposures	88,839
7	Total exposures in calculation of leverage ratio (sum of the above items)	6,069,057

FOURTH: RISK WEIGHTED ASSETS

1. Credit risk

The minimum capital requirement to cover credit risks as of September 30, 2025 is estimated at 394,924 thousand Kuwaiti dinars, as detailed in the following statement:

SN	Description of Credit Risk Exposures	Total Exposures	Net Exposures	Risk-Weighted Assets	Required Capital
1	Cash items	11,067	11,067	-	-
2	Claims on sovereigns	620,342	620,342	108,841	14,149
3	Claims on international organizations	-	-	-	-
4	Claims on public sector entities	51,178	51,178	7,811	1,015
5	Claims on multilateral development banks	119,415	119,415	10,015	1,302
6	Claims on banks	349,043	349,043	124,712	16,212
7	Claims on corporates	3,467,054	2,770,804	1,760,371	228,848
8	Regulatory retail exposure	675,361	658,418	430,083	55,911
9	Qualifying residential housing financing facilities	-	-	-	-
10	Past due exposures	60,843	54,653	22,979	2,987
11	Goods and commodities positions	4,178	4,178	2,735	356
12	Real estate investments	163,087	163,087	213,520	27,758
13	Investment and financing with customers	89,999	20,149	17,298	2,249
14	Sukuk and taskeek exposures	-	-	-	-
15	Claims on central counterparties.	-	-	-	-
16	Other exposures	457,490	457,490	339,515	44,137
Total		6,069,057	5,279,824	3,037,880	394,924

Total exposure to credit risk (self-financed and unrestricted investment accounts)

SN	Description of Credit Risk Exposures	Credit Risk Exposures	Self Financed	Financed From Investment Accounts
1	Cash item	11,067	11,067	-
2	Claims on sovereigns	620,342	339,815	280,527
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	51,178	16,130	35,048
5	Claims on multilateral development banks	119,415	36,928	82,487
6	Claims on banks	349,043	142,593	206,450
7	Claims on corporates	3,467,054	1,084,314	2,382,740
8	Regulatory retail exposure	675,360	208,852	466,508
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	60,843	19,170	41,673
11	Goods and commodities positions	4,178	1,292	2,886
12	Real estate investments	163,087	50,433	112,654
13	Investment and financing with customers	89,999	27,831	62,168
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	457,491	226,679	230,812
Total		6,069,057	2,165,104	3,903,953

Average exposures “self-funded and funded 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	11,613	11,613	-
2	Claims on sovereigns	665,655	415,949	249,706
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	44,825	9,853	34,972
5	Claims on multilateral development banks	83,888	18,047	65,841
6	Claims on banks	459,384	147,076	312,308
7	Claims on corporates	3,252,244	819,027	2,433,217
8	Regulatory retail exposure	674,262	141,974	532,288
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	62,391	16,640	45,751
11	Goods and commodities positions	2,456	564	1,892
12	Real estate investments	162,504	34,400	128,104
13	Investment and financing with customers	127,731	24,457	103,274
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	418,511	172,863	245,648
Total		5,965,464	1,812,463	4,153,001

The minimum required capital for financing receivable is KD 280,896 thousand as of 30 September 2025 as detailed below:

(KD'000)					
SN	Description of Credit Risk Exposures	Total Exposures	Net Exposures	Risk-Weighted Assets	Required Capital
1	Claims on sovereigns	111,099	111,099	73,664	9,576
2	Claims on public sector institutions	44,770	44,770	7,438	967
3	Claims on banks	38,899	38,899	25,822	3,357
4	Claims on corporates	3,072,376	2,383,162	1,579,108	205,284
5	Regulatory retail exposure	675,177	658,235	436,413	56,734
6	Qualifying residential housing financing facilities	-	-	-	-
7	Past due exposures	53,347	47,157	18,228	2,370
8	Investment and financing with customers	89,999	20,149	20,064	2,608
Total		4,085,667	3,303,471	2,160,737	280,896

2. Market Risk

The weighted market risk exposure calculated as of September 30, 2025, was estimated at KWD 3,781 thousand, according to the standard method. The minimum capital requirements to cover market risks reached 492 thousand Kuwaiti dinars.

3. Operational Risk

The weighted exposure to operational risks calculated as of September 30, 2025, is KWD 197,888 thousand, according to the basic indicator method. The minimum amount required to cover operational risks was 25,725 thousand Kuwaiti dinars.