

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, and Liquidity Coverage Ratio Standard circular reference 2/RBA/346/2014 dated December 23, 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 414,024 thousand, and Tier 2 "Supplementary Capital" amounted to KD 32,205 thousand as of March 31, 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	311,837
	2- Eligible Minority Interest in Consolidated Subsidiaries	-
	3- Retained earnings (loss)	14,995
	4- Other reserves	12,954
	5- Proposed dividends	-
	Total (A) CET1 before deductions	339,786
	Deductions from CET1	
	1- Treasury shares	-
	2- Dividends (Declared but not incurred)	-
	3- Goodwill	-
	4- Other deductions	-
	Total (A) CET1 after deductions	339,786
B	Additional Tier 1 (AT1)	
	Tier 1 Sukuk	75,808
	Deduction from AT1	(1,570)
	Total (B) AT1 after deductions	74,238
	Total (A+B) Tier 1 after Deductions	414,024
Tier (2) Supplementary Capital		
	1- Capital Eligible as T2	-
	2- General provisions	32,205
	Total Tier (2) Supplementary Capital before deductions	32,205
	Deduction from Tier (2) Supplementary Capital	-
	Total Tier (2) Supplementary Capital after deductions	32,205
		-
	Total Available Capital (Tier 1 & Tier 2) before adjustments	446,229
	Other Adjustments	-
	Total Available Capital (Tier 1 & Tier 2) After adjustments	446,229

Profit Equalization Reserve and Investment Risk Reserve amounted to KD (Nil) as of March 31, 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 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	311,837
2	Retained earnings	14,995
3	Accumulated other comprehensive income (and other reserves)	12,954
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	Proposed dividends	-
7	Common Equity Tier 1 capital before regulatory adjustments	339,786
	Common Equity Tier 1 capital: regulatory adjustments	
8	Prudential valuation adjustments	-
9	Goodwill (net of related tax liability)	-
10	Other intangibles (net of related tax liability)	-
11	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
12	Cash-flow hedge reserve	-
13	Shortfall of provisions to expected losses (based on the Internal Models Approach, if applied)	-
14	Taskeek gain on sale (as set out in para 72 of these guidelines)	-
15	Gains and losses due to changes in own credit risk on fair valued liabilities	-
16	Defined-benefit pension fund net assets (para 68)	-
17	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
18	Reciprocal crossholdings in common equity of banks, FIs, and insurance entities	-
19	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)	-
20	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)	-
21	Mortgage servicing rights (amount above 10% threshold of bank's CET1 capital)	-
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
23	Amount exceeding the 15% threshold	-
24	of which: significant investments in the common stock of financials	-
25	of which: mortgage servicing rights	-
26	of which: deferred tax assets arising from temporary differences	-
27	National specific regulatory adjustments	-
28	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
29	Total regulatory adjustments to Common Equity Tier 1	-
30	Common Equity Tier 1 after the regulatory adjustments	339,786
	Additional Tier 1 capital: instruments	
31	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	75,808
32	of which: classified as equity under applicable accounting standards	75,808
33	of which: classified as liabilities under applicable accounting standards	-
34	Directly issued capital instruments subject to phase out from Additional Tier 1	-

Item		(KD'000)
35	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)	-
36	of which: instruments issued by subsidiaries subject to phase-out	-
37	Additional Tier 1 capital before regulatory adjustments	75,808
	Additional Tier 1 capital: regulatory adjustments	
38	Investments in own Additional Tier 1 instruments	-
39	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,570)
40	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)	-
41	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
42	National specific regulatory adjustments	-
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
44	Total regulatory adjustments to Additional Tier 1 capital	(1,570)
45	Additional Tier 1 capital (AT1)	74,238
46	Tier 1 capital (T1 = CET1 + AT1)	414,024
	Tier 2 capital: instruments and provisions	
47	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
48	Directly issued capital instruments subject to phase-out from Tier 2	-
49	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)	-
50	of which: instruments issued by subsidiaries subject to phase-out	-
51	General provisions included in Tier 2 capital	32,205
52	Tier 2 capital before regulatory adjustments	32,205
	Tier 2 capital: regulatory adjustments	
53	Investments in own Tier 2 instruments	-
54	Reciprocal cross-holdings in Tier 2 instruments	-
55	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)	-
56	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
57	National specific regulatory adjustments	-
58	Total regulatory adjustments to Tier 2 capital	-
59	Tier 2 capital (T2)	32,205
60	Total capital (TC = T1 + T2)	446,229
61	Total risk weighted assets (after applying 50% additional weighting)	2,707,128
	Capital ratios and buffers	
62	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.55%
63	Tier 1 (as a percentage of risk weighted assets)	15.29%
64	Total capital (as a percentage of risk weighted assets)	16.48%
65	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%
66	of which: capital conservation buffer requirement	2.50%
67	of which: bank specific countercyclical buffer requirement	-
68	of which: D-SIB buffer requirement	-
69	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	4.74%
	National minimal	
70	National Common Equity Tier 1 minimum ratio: 9.5%	257,177
71	National Tier 1 minimum ratio: 11%	297,784
72	National total capital minimum ratio excluding CCY and DSIB: 13%	351,927
	Amounts below the thresholds for deduction (before risk weighting)	
73	Non-significant investments in the capital of other financials	-
74	Significant investments in the common stock of financials	-
75	Mortgage servicing rights (net of related tax liability)	-

Item		(KD'000)
76	Deferred tax assets arising from temporary differences (net of related tax liability)	-
	Applicable caps on the inclusion of provisions in Tier 2	
77	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	89,781
78	Cap on inclusion of provisions in Tier 2 under standardized approach	32,205
79	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
80	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	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	Reference
Assets			
Cash and balances with banks	527,083	527,083	
Placements with banks and CBK	417,501	417,501	
Financing receivables	3,712,421	3,712,421	
of which maximum general provisions (netted above) capped for Tier 2 inclusion	32,205	32,205	a
Financial assets at fair value through profit or loss	199,583	199,583	
Financial assets at fair value through other comprehensive income	401,438	401,438	
Investments in joint ventures	121,522	121,522	
Investment properties	39,545	39,545	
Other assets	103,145	103,145	
Property and equipment	17,743	17,743	
Total Assets	5,539,981	5,539,981	
Liabilities			
Due to banks	1,364,869	1,364,869	
Depositors accounts	3,359,161	3,359,161	
Issued Sukuk	308,340	308,340	
Other liabilities	86,504	86,504	
Total Liabilities	5,118,874	5,118,874	
Equity			
Share Capital	218,360	218,360	b
Share Premium	80,375	80,375	c
Statutory Reserve	11,225	11,225	d
Retained Earnings	20,508	20,508	
of which retained earnings eligible for (CET1)	14,995	14,995	e
of which proposal for bonus shares	-	-	f
of which loss adjustment from postponement of installments	-	-	
Fair value reserve	(59)	(59)	g

Step 1 & 2 of the reconciliation requirements	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	Reference
Forex reserve	1,788	1,788	h
Proposed dividends	13,102	13,102	
Equity attributable to Shareholders of the Bank	318,800	318,800	
Perpetual Tier 1 Sukuk	75,808	75,808	i
Reciprocal cross-holdings in Additional Tier 1 instruments	(1,570)	(1,570)	J
Total Equity	345,299	345,299	
Total Liabilities and Equity	5,539,981	5,539,981	

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 *	231,462	b+k
2	Share Premium	80,375	c
3	Statutory Reserve	11,225	d
4	Retained Earnings	14,995	e+f
5	Fair value reserve	(59)	g
6	Forex Reserve	1,788	h
7	Common Equity Tier 1 capital (CET1)	339,786	
	Additional Tier 1 capital: Instruments		
8	Perpetual Tier 1 Sukuk	75,808	i
9	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,570)	J
10	Additional Tier 1 capital	74,243	
11	Tier 1 Capital (Tier 1 = Common Tier 1 capital + Additional Tier 1 capital)	414,024	
	Tier 2 Capital: Instruments and provisions		
12	Tier 2 Instruments	-	
13	General provisions included in Tier 2 capital	32,205	a
14	Tier 2 Capital	32,205	
15	Total Capital (Total capital = Tier 1 + Tier 2)	446,229	

* Of Which Proposed dividends amounted to KD 13,102 thousand.

THIRD: CAPITAL ADEQUACY RATIOS

The Bank actively manages its capital with the objective of maintaining adequate levels 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 based on financing and investments growth expectations for each business line.

The Bank is currently operating well above the minimum regulatory capital ratios, with the ability to cover any eventuality and intervene at an early stage in a 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%	16.48%
2.	Tier 1 Capital Adequacy Ratio	11.00%	15.29%
3.	CET1 Capital Adequacy Ratio	9.50%	12.55%

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		2025 KD'000
No.	On-balance sheet exposures	
1)	On-balance sheet items (excluding Sharia compliant hedging contracts, but including collaterals)	5,627,226
2)	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1,570)
3)	Total on-balance sheet exposures (excluding Sharia compliant hedging contracts) (sum of lines 1 and 2)	5,625,656
Exposures to Sharia compliant hedging contracts		
4)	Replacement cost associated with all Sharia compliant hedging contracts (i.e. net of eligible cash variation margin)	1
5)	Add-on amounts for potential future exposures "PFE" associated with all Sharia compliant hedging contracts	-
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)	1
Other off-balance sheet exposures		
10)	Off-balance sheet exposure (before any adjustment for credit conversion factors)	2,863,950
11)	(Adjustments for conversion to credit equivalent amounts)	(2,488,492)
12)	Off-balance sheet items (sum of lines 10 and 11)	375,458
Capital and total exposures		
13)	Tier 1 capital	414,024
14)	Total exposures (sum of lines 3, 9 and 12)	6,001,115
Leverage ratio		
15)	Leverage ratio (Tier 1 Capital (13)/total exposures (14))	6.90%

As shown above, the bank's financial leverage ratio for the current period amounted to 6.90%, compared to 7.35% over the same period of the previous year. The decrease in the financial leverage ratio is mainly due to an increase in exposures inside and outside the balance sheet compared to the previous period, which resulted 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	5,539,981
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	1
5	Off-balance sheet exposures (i.e. equivalent credit amounts)	375,458
6	Other exposures	85,675
7	Total exposures in calculation of leverage ratio (sum of the above items)	6,001,115

FOURTH: RISK WEIGHTED ASSETS

1. Credit risk

The minimum capital requirement to cover credit risks as of March 31, 2025 is estimated at 327,442 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	8,951	8,951	-	-
2	Claims on sovereigns	711,849	711,849	76,674	9,968
3	Claims on international organizations	-	-	-	-
4	Claims on public sector entities	46,341	46,341	6,342	824
5	Claims on multilateral development banks	79,556	79,556	-	-
6	Claims on banks	587,787	587,787	164,671	21,407
7	Claims on corporates	3,096,335	2,438,795	1,404,832	182,628
8	Regulatory retail exposure	675,386	647,614	360,324	46,842
9	Qualifying residential housing financing facilities	-	-	-	-
10	Past due exposures	64,019	58,325	23,262	3,024
11	Goods and commodities positions	1,389	1,389	777	101
12	Real estate investments	161,067	161,067	180,212	23,428
13	Investment and financing with customers	148,139	81,463	65,131	8,467
14	Sukuk and taskeek exposures	-	-	-	-
15	Claims on central counterparties.	-	-	-	-
16	Other exposures	420,296	420,296	236,559	30,753
Total		6,001,115	5,243,433	2,518,784	327,442

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	8,951	8,951	-
2	Claims on sovereigns	711,849	496,753	215,096
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	46,341	5,508	40,833
5	Claims on multilateral development banks	79,556	9,456	70,100
6	Claims on banks	587,787	138,488	449,299
7	Claims on corporates	3,096,334	539,595	2,556,739
8	Regulatory retail exposure	675,386	80,294	595,092
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	64,019	12,583	51,436
11	Goods and commodities positions	1,389	165	1,224
12	Real estate investments	161,067	19,145	141,922
13	Investment and financing with customers	148,139	17,608	130,531
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	420,297	168,120	252,177
Total		6,001,115	1,496,666	4,504,449

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	9,087	9,087	-
2	Claims on sovereigns	682,182	402,488	279,694
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	40,235	5,682	34,553
5	Claims on multilateral development banks	85,598	12,294	73,304
6	Claims on banks	417,641	109,690	307,951
7	Claims on corporates	2,960,336	563,752	2,396,584
8	Regulatory retail exposure	660,166	93,732	566,434
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	77,791	16,134	61,657
11	Goods and commodities positions	3,663	548	3,115
12	Real estate investments	152,335	21,646	130,689
13	Investment and financing with customers	181,499	26,254	155,245
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	374,066	129,895	244,171
Total		5,644,599	1,391,202	4,253,397

The minimum required capital for financing receivable is KD 237,997 thousand as of 31 March 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	95,757	95,757	72,710	6,485
2	Claims on public sector institutions	46,341	46,341	1,242	900
3	Claims on banks	80,791	80,791	36,891	4,816
4	Claims on corporates	2,694,949	2,042,259	1,246,480	162,042
5	Regulatory retail exposure	675,222	647,450	394,576	51,295
6	Qualifying residential housing financing facilities	-	-	-	-
7	Past due exposures	58,374	52,680	19,382	2,520
8	Investment and financing with customers	148,139	81,463	76,453	9,939
Total		3,799,573	3,046,741	1,830,743	237,997

2. Market Risk

The weighted market risk exposure calculated as of March 31, 2025, was estimated at KWD 4,669 thousand, according to the standard method. The minimum capital requirements to cover market risks reached 607 thousand Kuwaiti dinars.

3. Operational Risk

The weighted exposure to operational risks calculated as of March 31, 2025, is KWD 183,675 thousand, according to the basic indicator method. The minimum amount required to cover operational risks was 23,878 thousand Kuwaiti dinars.