

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 485,857 thousand, and Tier 2 “Supplementary Capital” amounted to KD 37,403 thousand as of March 31, 2026 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	771,048
	2- Eligible Minority Interest in Consolidated Subsidiaries	-
	3- Retained earnings (loss)	8,241
	4- Other reserves	17,811
	5- Proposed dividends	-
	Total (A) CET1 before deductions	797,100
	Deductions from CET1	
	1- Treasury shares	-
	2- Dividends (Declared but not incurred)	-
	3- Goodwill	-
	4- Other deductions	(462,275)
	Total (A) CET1 after deductions	334,825
B	Additional Tier 1 (AT1)	
	Tier 1 Sukuk	152,595
	Deduction from AT1	(1,563)
	Total (B) AT1 after deductions	151,032
	Total (A+B) Tier 1 after Deductions	485,857
Tier (2) Supplementary Capital		
	1- Capital Eligible as T2	-
	2- General provisions	37,403
	Total Tier (2) Supplementary Capital before deductions	37,403
	Deduction from Tier (2) Supplementary Capital	-
	Total Tier (2) Supplementary Capital after deductions	37,403
	Total Available Capital (Tier 1 & Tier 2) before adjustments	523,260
	Other Adjustments	
	Total Available Capital (Tier 1 & Tier 2) After adjustments	523,260

Profit Equalization Reserve and Investment Risk Reserve amounted to KD (Nil) as of March 31, 2026.

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 March 31st 2026 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	771,048
2	Retained earnings	8,241
3	Accumulated other comprehensive income (and other reserves)	17,811
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	797,100
	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)	462,274
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	462,274
30	Common Equity Tier 1 after the regulatory adjustments	334,826
	Additional Tier 1 capital: instruments	
31	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	152,595
32	of which: classified as equity under applicable accounting standards	152,595
33	of which: classified as liabilities under applicable accounting standards	-
34	Directly issued capital instruments subject to phase out from Additional Tier 1	-
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)	-

Item		(KD'000)
36	of which: instruments issued by subsidiaries subject to phase-out	-
37	Additional Tier 1 capital before regulatory adjustments	152,595
	Additional Tier 1 capital: regulatory adjustments	
38	Investments in own Additional Tier 1 instruments	-
39	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,563)
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	(1,563)
45	Additional Tier 1 capital (AT1)	151,032
46	Tier 1 capital (T1 = CET1 + AT1)	485,858
	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	37,403
52	Tier 2 capital before regulatory adjustments	37,403
	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)	37,403
60	Total capital (TC = T1 + T2)	523,261
61	Total risk weighted assets (after applying 50% additional weighting)	3,165,384
	Capital ratios and buffers	
62	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.58%
63	Tier 1 (as a percentage of risk weighted assets)	15.35%
64	Total capital (as a percentage of risk weighted assets)	16.53%
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)	8.50%
66	of which: capital conservation buffer requirement	1.50%
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)	2.76%
	National minimal	
70	National Common Equity Tier 1 minimum ratio: 8.5%	269,058
71	National Tier 1 minimum ratio: 10%	316,538
72	National total capital minimum ratio excluding CCY and DSIB: 12%	379,846
	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)	-
76	Deferred tax assets arising from temporary differences (net of related tax liability)	-
	Applicable caps on the inclusion of provisions in Tier 2	

Item		(KD'000)
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	37,403
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:

31 March 2026

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	283,912	283,912	
Placements with banks and CBK	405,248	405,248	
Financing receivables	4,043,426	4,043,426	
of which maximum general provisions (netted above) capped for Tier 2 inclusion	37,403	37,403	a
Financial assets at fair value through profit or loss	211,864	211,864	
Financial assets at fair value through other comprehensive income	376,768	376,768	
Investment in associate	516,345	516,345	
Investments in joint ventures	123,762	123,762	
Investment properties	40,771	40,771	
Other assets	64,084	64,084	
Property and equipment	63,586	63,586	
Total Assets	6,129,766	6,129,766	
Liabilities			
Due to banks	1,553,226	1,553,226	
Depositors accounts	3,357,356	3,357,356	
Issued Sukuk	155,315	155,315	
Other liabilities	107,860	107,860	
Total Liabilities	5,173,757	5,173,757	
Equity			
Share Capital	449,822	449,822	b
Share Premium	298,735	298,735	c
Statutory Reserve	16,420	16,420	d
Retained Earnings	14,517	14,517	
of which retained earnings eligible for (CET1)	8,241	8,241	e
of which proposal for bonus shares	-	-	f
Fair value reserve	(252)	(252)	g
Forex reserve	1,681	1,681	h
Proposed bonus shares	22,491	22,491	k

Step 1 & 2 of the reconciliation requirements	Balance sheet as in published financial statements (KD'000)	Under regulatory scope of consolidation (KD'000)	Reference
Equity attributable to Shareholders of the Bank	803,414	803,414	
Perpetual Tier 1 Sukuk	152,595	152,595	i
Reciprocal cross-holdings in Additional Tier 1 instruments	(1,563)	(1,563)	J
Total Equity	956,009	956,009	
Total Liabilities and Equity	6,129,766	6,129,766	

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 *	472,313	b+k
2	Share Premium	298,735	c
3	Statutory Reserve	16,420	d
4	Retained Earnings	8,241	e+f
5	Fair value reserve	(252)	g
6	Forex Reserve	1,681	h
	Other reserves	(462,313)	
7	Common Equity Tier 1 capital (CET1)	334,825	
	Additional Tier 1 capital: Instruments		
8	Perpetual Tier 1 Sukuk	152,595	i
9	Reciprocal cross-holdings in Additional Tier 1 instruments	(1,563)	J
10	Additional Tier 1 capital	151,032	
11	Tier 1 Capital (Tier 1 = Common Tier 1 capital + Additional Tier 1 capital)	485,857	
	Tier 2 Capital: Instruments and provisions		
12	Tier 2 Instruments	-	
13	General provisions included in Tier 2 capital	37,403	a
14	Tier 2 Capital	37,403	
15	Total Capital (Total capital = Tier 1 + Tier 2)	523,260	

* Of Which Proposed dividends amounted to KD 22,491 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	12.00%	16.53%
2.	Tier 1 Capital Adequacy Ratio	10.00%	15.35%
3.	CET1 Capital Adequacy Ratio	8.50%	10.58%

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:

No.	Item	KD'000
On-balance sheet exposures		
1)	On-balance sheet items (excluding Sharia compliant hedging contracts, but including collaterals)	6,215,440
2)	(Asset amounts deducted in determining Basel III Tier 1 capital)	(463,838)
3)	Total on-balance sheet exposures (excluding Sharia compliant hedging contracts) (sum of lines 1 and 2)	5,751,602
Exposures to Sharia compliant hedging contracts		
4)	Replacement cost associated with all Sharia compliant hedging contracts (i.e. net of eligible cash variation margin)	41
5)	Add-on amounts for potential future exposures "PFE" associated with all Sharia compliant hedging contracts	18
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)	59
Other off-balance sheet exposures		
10)	Off-balance sheet exposure (before any adjustment for credit conversion factors)	3,338,380
11)	(Adjustments for conversion to credit equivalent amounts)	(2,919,320)
12)	Off-balance sheet items (sum of lines 10 and 11)	419,060
Capital and total exposures		
13)	Tier 1 capital	485,857
14)	Total exposures (sum of lines 3, 9 and 12)	6,170,721
Leverage ratio		
15)	Leverage ratio (Tier 1 Capital (13)/total exposures (14))	7.87%

As stated above, the Bank's leverage ratio for the present period is **7.87%** compared to **6.90%** in the previous year. The decrease in the leverage ratio is mainly due to the following:

- An increase the bank's capital increase and the issuance of Tier 1 Sukuk.
- An increase in on- and off-balance sheet exposures compared to the previous year resulting from an increase in the Bank's assets in addition to an increase in letters of guarantee 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	6,129,766
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(463,838)
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	59
5	Off-balance sheet exposures (i.e. equivalent credit amounts)	419,060
6	Other exposures	85,674
7	Total exposures in calculation of leverage ratio (sum of the above items)	6,170,721

FOURTH: RISK WEIGHTED ASSETS

1. Credit risk

The minimum capital requirement to cover credit risks as of March 31, 2026 is estimated at 352,907 a 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	14,951	14,951	-	-
2	Claims on sovereigns	677,478	677,478	104,225	12,507
3	Claims on international organizations	-	-	-	-
4	Claims on public sector entities	100,402	100,402	5,458	655
5	Claims on multilateral development banks	92,452	92,452	9,751	1,170
6	Claims on banks	348,719	348,719	95,977	11,517
7	Claims on corporates	3,461,033	2,772,797	1,709,488	205,139
8	Regulatory retail exposure	673,386	656,372	414,858	49,783
9	Qualifying residential housing financing facilities	-	-	-	-
10	Past due exposures	65,680	57,914	23,989	2,879
11	Goods and commodities positions	2,862	2,862	1,813	218
12	Real estate investments	164,533	164,533	208,418	25,010
13	Investment and financing with customers	90,380	18,385	14,632	1,756
14	Sukuk and taskeek exposures	-	-	-	-
15	Claims on central counterparties.	-	-	-	-
16	Other exposures	478,845	478,845	352,286	42,273
Total		6,170,721	5,385,710	2,940,895	352,907

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	14,951	14,951	-
2	Claims on sovereigns	677,478	317,507	359,971
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	100,402	27,879	72,523
5	Claims on multilateral development banks	92,452	24,659	67,793
6	Claims on banks	348,719	154,309	194,410
7	Claims on corporates	3,461,034	938,660	2,522,374
8	Regulatory retail exposure	673,385	179,612	493,773
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	65,680	17,923	47,757
11	Goods and commodities positions	2,862	763	2,099
12	Real estate investments	164,533	43,885	120,648
13	Investment and financing with customers	90,380	24,107	66,273
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	478,845	225,747	253,099
Total		6,170,721	1,970,001	4,200,720

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	12,209	12,209	-
2	Claims on sovereigns	649,730	328,982	320,748
3	Claims on international organizations	-	-	-
4	Claims on public sector entities	74,725	20,367	54,358
5	Claims on multilateral development banks	105,622	27,436	78,186
6	Claims on banks	346,095	130,929	215,166
7	Claims on corporates	3,299,424	894,702	2,404,722
8	Regulatory retail exposure	667,688	170,084	497,604
9	Qualifying residential housing financing facilities	-	-	-
10	Past due exposures	73,686	18,911	54,775
11	Goods and commodities positions	3,896	925	2,971
12	Real estate investments	154,595	40,155	114,440
13	Investment and financing with customers	121,014	27,401	93,613
14	Sukuk and taskeek exposures	-	-	-
15	Claims on central counterparties.	-	-	-
16	Other exposures	439,337	199,539	239,798
Total		5,948,021	1,871,640	4,076,381

The minimum required capital for financing receivable is KD 258,568 thousand as of 31 March 2026 as detailed below:

(KD'000)					
SN	Description of Credit Risk Exposures	Total Exposures	Net Exposures	Risk-Weighted Assets	Required Capital
1	Claims on sovereigns	119,557	119,557	78,919	9,470
2	Claims on public sector institutions	60,289	60,289	5,083	610
3	Claims on development banks	30,791	30,791	10,162	1,219
4	Claims on banks	43,458	43,458	28,687	3,442
5	Claims on corporates	3,062,267	2,382,499	1,561,136	187,336
6	Regulatory retail exposure	673,205	656,192	432,713	51,926
7	Qualifying residential housing financing facilities	-	-	-	-
8	Past due exposures	57,990	50,224	19,832	2,380
9	Investment and financing with customers	90,380	18,385	18,205	2,185
Total		4,137,937	3,361,395	2,154,737	258,568

2. Market Risk

The weighted market risk exposure calculated as of March 31, 2026, was estimated at KWD 15,201 thousand, according to the standard method. The minimum capital requirements to cover market risks reached 1,824 thousand Kuwaiti dinars.

3. Operational Risk

The weighted exposure to operational risks calculated as of March 31, 2026, is KWD 209,288 thousand, according to the basic indicator method. The minimum amount required to cover operational risks was 25,115 thousand Kuwaiti dinars.