

Kuwait Finance House B.S.C. (c)
[Formerly Known as Ahli United Bank B.S.C. (c)]
Pillar 3 Disclosures - Basel III
30 June 2025

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TABLE - 1 CAPITAL STRUCTURE

A. NET AVAILABLE CAPITAL	US\$ '000		
	CET1	AT1	Tier2
NET AVAILABLE CAPITAL	2,819,805	401,881	182,859
TOTAL ELIGIBLE CAPITAL BASE (CET1 + AT1 + Tier2)			3,404,545
RISK WEIGHTED EXPOSURES			
Credit Risk Weighted Exposures			11,420,269
Market Risk Weighted Exposures			199,703
Operational Risk Weighted Exposures			1,770,733
TOTAL RISK WEIGHTED EXPOSURES			13,390,705
CET1 and Capital Conservation Buffer (CCB)			21.1%
Tier 1 - Capital Adequacy Ratio (CET1, AT1 and CCB)			24.1%
Total - Capital Adequacy Ratio			25.4%

By virtue of CBB's circular OG/226/2020 dated 21 June 2020 and OG/28/2022 (dated 28 June 2022), for the purposes of capital adequacy computations and for prudential reporting to the CBB, the Group has added back the modification loss, net of the financial assistance from Government and aggregate ECL provision charge for the year ended 31 December 2020 relating to exposures classified as Stage 1 and Stage 2 to the Common Equity Tier (CET1) Capital. Refer to Appendix I for details. The Bank is amortising the modification loss in accordance with central bank regulations.

B. CAPITAL ADEQUACY RATIO

As at 30 June 2025, the capital adequacy ratio of banking subsidiaries under Basel III, unless mandated otherwise were:

	Subsidiaries		
	Kuwait Finance House (U.K.) PLC (KFH UK)	Kuwait Finance House (Egypt) S.A.E. (KFHE)	Commercial Islamic Bank of Iraq P.S.C. (CIBIQ)
Tier 1 - Capital Adequacy Ratio	18.0%	15.3%	274.4%
Total - Capital Adequacy Ratio	18.0%	16.0%	274.4%

TABLE - 2 GROSS CREDIT RISK EXPOSURES

	US\$ '000			
	Total		%	%
	As at 30 June 2025	Average monthly balance	Self financed	Jointly financed
Balances with central banks	895,818	935,599	3.2%	0.5%
Due from central banks and sukuk	1,007,973	1,109,664	0.0%	4.2%
Due from banks	2,323,650	1,907,536	9.0%	0.6%
Financing receivables and ijarah assets	9,959,162	9,599,547	0.6%	40.4%
Non-trading investments	9,525,994	9,459,444	33.9%	5.3%
Profit receivable and other assets	567,266	659,506	2.3%	0.0%
TOTAL FUNDED EXPOSURES	24,279,863	23,671,296	49.0%	51.0%
Contingent liabilities	2,103,028	1,831,329	94.3%	0.0%
Undrawn financing commitments	128,012	263,292	5.7%	0.0%
TOTAL UNFUNDED EXPOSURES	2,231,040	2,094,621	100.0%	0.0%
TOTAL GROSS CREDIT RISK EXPOSURE	26,510,903	25,765,917	53.3%	46.7%

The gross credit exposures reported represents items from the consolidated balance sheet carrying credit risk.

TABLE 3 - RISK WEIGHTED EXPOSURES AND CAPITAL REQUIREMENT**A) Overall - Risk Weighted Exposures And Capital Requirement**

	US\$ '000				US\$ '000				Gross Exposure (%)	
	Self Financed (A)		Jointly Financed (B)		Risk weighted		Capital		Self Financed	Jointly Financed
	Gross exposure	Secured by eligible CRM	Risk weighted exposures after CRM	Capital requirement	Gross exposure	Secured by eligible CRM	Risk weighted exposures after CRM	Capital requirement		
Claims on sovereigns and MDBs	5,101,456	-	709,125	99,278	2,021,434	-	46,781	6,549	18.0%	7.1%
Claims on public sector entities	1,034,304	-	560,635	78,489	1,135,580	-	91,997	12,880	3.7%	4.0%
Claims on banks	3,576,197	-	2,410,882	337,523	600,796	-	46,430	6,500	12.6%	2.1%
Claims on corporates	4,559,893	31,645	3,616,134	506,259	6,598,243	597,446	1,790,522	250,673	16.1%	23.4%
Regulatory retail exposures	4,581	351	3,173	444	822,501	69,721	166,879	23,363	0.0%	2.9%
Residential mortgage exposures	7,196	-	2,623	367	1,457,301	-	205,646	28,790	0.0%	5.1%
Equity	82,243	-	165,629	23,188	19,687	-	8,827	1,236	0.3%	0.1%
Investments in funds	2,437	-	3,656	512	44,382	-	19,972	2,796	0.0%	0.2%
Other exposures	1,252,579	-	1,571,358	219,991	98	-	-	-	4.4%	0.0%
TOTAL	15,620,886	31,996	9,043,215	1,266,051	12,700,022	667,167	2,377,054	332,787	55.1%	44.9%
					Total (A) + (B)					
					<i>Risk weighted exposures after CRM</i>		<i>Capital requirement</i>			
TOTAL CREDIT RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)					11,420,269		1,598,838			
TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)					199,703		27,958			
TOTAL OPERATIONAL RISK CAPITAL REQUIREMENT (BASIC INDICATOR APPROACH) *					1,770,733		247,903			
Total					13,390,705		1,874,699			

*Indicator for operational risk exposure is gross income, adjusted for exceptional items, as per BIA. This approach uses average of adjusted gross income for previous three financial years (US\$ 944,391 thousands) for operational risk computation.

The gross exposure in the above table represents the on and off balance sheet credit exposures before Credit Risk Mitigations (CRM), determined in accordance with the CBB Pillar 3 guidelines. The off balance sheet exposures are computed using the relevant credit conversion factors.

Under the CBB Basel III Guidelines, banks may choose between two options when calculating credit risk mitigation capital relief. The simple approach which substitutes the risk weighting of the collateral for the risk weighting of the counterparty or the comprehensive approach whereby the exposure amount is adjusted by the actual value ascribed to the collateral. The Group has selected to use the comprehensive method where collateral is in the form of cash or bonds or equities. The Group uses a range of risk mitigation tools including collateral, guarantees, credit derivatives, netting agreements and financial covenants to reduce credit risk.

TABLE 3 - RISK WEIGHTED EXPOSURES AND CAPITAL REQUIREMENT (continued)

B) Capital Requirements By Type of Islamic Financing Contract

	<i>US\$ '000</i>
Type of Islamic Financing Contracts	Capital Requirement
Murabaha and Tawarruq	287,184
Ijarah	23,247
Others	17,726
Total	328,158

TABLE - 4 GEOGRAPHIC DISTRIBUTION OF GROSS CREDIT EXPOSURES

	<i>US\$'000</i>					
	Total					
	<i>GCC countries</i>	<i>United Kingdom</i>	<i>Europe (excluding United Kingdom)</i>	<i>Arab Republic of Egypt</i>	<i>Asia (excluding GCC countries)</i>	<i>Rest of the World</i>
Balances with central banks	173,989	359,062	-	327,899	34,825	43
Due from central banks and sukuk	715,225	-	-	292,748	-	-
Due from banks	551,744	222,536	406,435	114,362	23,383	1,005,190
Financing receivables and ijarah assets	5,730,442	1,706,950	8,866	2,075,068	204,956	232,880
Non-trading investments	6,856,518	80,294	375,745	231,834	1,220,397	761,206
Profit receivable and other assets	190,334	247,253	54,206	41,138	18,259	16,076
Total funded exposures	14,218,252	2,616,095	845,252	3,083,049	1,501,820	2,015,395
Contingent liabilities	948,134	7,794	191,220	519,084	363,313	73,483
Undrawn financing commitments	16,219	53,406	2,153	56,234	-	-
Total unfunded exposures	964,353	61,200	193,373	575,318	363,313	73,483
TOTAL	15,182,605	2,677,295	1,038,625	3,658,367	1,865,133	2,088,878
	57.3%	10.1%	3.9%	13.8%	7.0%	7.9%
Self financed % - Funded	29.3%	7.0%	0.1%	11.0%	1.7%	1.9%
Jointly financed % - Funded	29.2%	3.7%	3.4%	1.7%	4.5%	6.4%

TABLE - 5 SECTORAL CLASSIFICATION OF GROSS CREDIT EXPOSURES

	US\$ '000				Funded		Unfunded
	Funded	Unfunded	Total	% Total	%Self Financed	%Jointly Financed	%Self Financed
Balances with central banks	2,158,164	-	2,158,164	8.1%	4.7%	4.2%	0.0%
Banks and other financial institutions	3,920,562	178,780	4,099,342	15.5%	11.6%	4.5%	8.0%
Consumer/personal	1,016,788	10,514	1,027,302	3.9%	0.1%	4.1%	0.5%
Residential mortgage	1,249,763	2,254	1,252,017	4.7%	0.2%	4.9%	0.1%
Trading and manufacturing	4,139,184	793,724	4,932,908	18.6%	4.8%	12.2%	35.6%
Real estate	2,011,111	51,114	2,062,225	7.8%	1.1%	7.2%	2.3%
Services	2,518,006	811,322	3,329,328	12.6%	3.3%	7.1%	36.4%
Government/public sector	6,627,118	55,746	6,682,864	25.2%	22.7%	4.6%	2.5%
Others	639,167	327,586	966,753	3.6%	0.5%	2.2%	14.7%
TOTAL	24,279,863	2,231,040	26,510,903	100.0%	49.0%	51.0%	100.0%
Jointly financed %	91.6%	8.4%	100.0%				

TABLE - 6 RESIDUAL CONTRACTUAL MATURITY OF GROSS CREDIT EXPOSURES

	US\$ '000							Total
	Up to one month	One month to three months	Over three months to one year	Over one year to five years	Over five to ten years	Over ten to twenty years	Over twenty years	
Balances with central banks	895,818	-	-	-	-	-	-	895,818
Due from central banks and sukuk	704,061	79,605	224,307	-	-	-	-	1,007,973
Due from banks	2,180,331	133,329	9,990	-	-	-	-	2,323,650
Financing receivables and ijarah assets	1,041,379	1,078,245	2,142,131	4,071,873	1,163,704	388,075	73,755	9,959,162
Non-trading investments	59,246	154,001	493,680	3,864,847	3,615,741	352,381	986,098	9,525,994
Profit receivable and other assets	306,584	32,151	96,215	122,021	5,563	-	4,732	567,266
Total funded exposures	5,187,419	1,477,331	2,966,323	8,058,741	4,785,008	740,456	1,064,585	24,279,863
Contingent liabilities	545,928	560,464	830,561	160,736	4,946	28	365	2,103,028
Undrawn financing	1,817	8,944	70,664	43,543	3,044	0	-	128,012
Total unfunded exposures	547,745	569,408	901,225	204,279	7,990	28	365	2,231,040
TOTAL	5,735,164	2,046,739	3,867,548	8,263,020	4,792,998	740,484	1,064,950	26,510,903
Self financed % - Funded	13.0%	1.3%	2.2%	14.1%	12.9%	1.5%	4.0%	49.0%
Jointly financed % - Funded	8.3%	4.7%	10.1%	19.0%	6.8%	1.5%	0.6%	51.0%
Self financed % - Unfunded	1.4%	7.0%	55.2%	34.0%	2.4%	0.0%	0.0%	100.0%

TABLE - 7 SECTORAL BREAKDOWN OF IMPAIRED FINANCING RECEIVABLES AND IMPAIRMENT ALLOWANCES

	US\$ '000				
	<i>Impaired financing receivables (Stage 3) as at 30 June 2025</i>	<i>ECL allowances (Stage 3) as at 30 June 2025</i>	<i>Net ECL charge (Stage 3) for the period ended 30 June 2025</i>	<i>Write-offs during the period ended 30 June 2025</i>	<i>ECL allowances (Stage 1 & Stage 2) as at 30 June 2025</i>
Consumer/personal	30,096	23,350	5,418	12,502	33,491
Trading and manufacturing	49,997	42,746	2,946	-	79,600
Real estate	102,429	87,717	302	-	57,520
Residential mortgage	58,768	23,878	6,119	422	2,017
Banks and other financial institutions	855	564	-	-	3,223
Services	29,798	24,676	695	3,459	70,948
Government/public sector	-	-	-	-	2,262
Others	70	35	21	-	70,376
TOTAL	272,013	202,966	15,501	16,383	319,437

TABLE - 8 GEOGRAPHICAL DISTRIBUTION OF IMPAIRMENT ALLOWANCES FOR FINANCING RECEIVABLES

	US\$ '000						
	<i>GCC countries</i>	<i>United Kingdom</i>	<i>Europe (excluding United Kingdom)</i>	<i>Arab Republic of Egypt</i>	<i>Asia (excluding GCC countries)</i>	<i>Rest of the World</i>	<i>Total</i>
ECL allowances (Stage 1 & 2)	149,625	846	3,800	162,813	451	1,902	319,437
ECL allowances (Stage 3)	156,175	21,746	-	24,567	44	434	202,966
TOTAL	305,800	22,592	3,800	187,380	495	2,336	522,403

TABLE - 9 ECL ALLOWANCE MOVEMENTS FOR FINANCING RECEIVABLES AND IJARAH ASSETS

Refer note 6b of the interim condensed consolidated financial statements of the Group for the period ended 30 June 2025 for ECL allowance movements for financing receivables and ijarah assets.

TABLE - 10 IMPAIRED FINANCING RECEIVABLES - AGE ANALYSIS**i) By Geographical Region**

	<i>US\$ '000</i>			
	<i>Three months one year</i>	<i>Over one year to three years</i>	<i>Over three years</i>	<i>Total</i>
GCC countries	68,773	68,500	53,241	190,514
United Kingdom	52,993	3,290	-	56,283
Arab Republic of Egypt	11,653	12,136	941	24,730
Asia (excluding GCC countries)	10	-	42	52
Rest of the World	-	434	-	434
TOTAL	133,429	84,360	54,224	272,013
	49.1%	31.0%	19.9%	100%

ii) By Industry Sector

	<i>US\$ '000</i>			
	<i>Three months one year</i>	<i>Over one year to three years</i>	<i>Over three years</i>	<i>Total</i>
Consumer/personal	17,833	11,094	1,171	30,098
Trading and manufacturing	29,473	19,544	980	49,997
Real estate	4,626	47,628	50,174	102,428
Residential mortgage	54,177	3,930	662	58,769
Banks and other financial institutions	855	-	-	855
Services	26,410	2,149	1,237	29,796
Others	55	15	-	70
TOTAL	133,429	84,360	54,224	272,013
	49.1%	31.0%	19.9%	100%

TABLE - 11 RESTRUCTURED CREDIT FACILITIES*US\$ '000*

Balance of any restructured credit facilities as at period end	646,095
Financing receivables restructured during the period	156,641

The above restructurings did not have any significant impact on the present or future earnings and were primarily extensions of the financing tenor.

TABLE - 12 BREAKUP OF GROSS EXPOSURE COVERED BY COLLATERAL

Portfolios	US\$'000	
	covered by eligible collateral (after appropriate haircuts)	Guarantees
Murabaha and Tawarruq	525,375	5,390
Ijarah	327,367	-
Others	6,096	-
Total	858,838	5,390

TABLE - 13 COUNTERPARTY CREDIT RISK IN DERIVATIVE TRANSACTIONS

The Group uses the Current Exposure Method to calculate the exposure for counterparty credit risk for derivative instruments as per CBB Basel III guidelines. The table below represent net credit equivalent exposure after giving effect to master netting agreements.

i) Breakdown of the credit exposure

	US\$ '000	
	Notional amount	Credit Equivalent Exposure
a) Trading (Derivatives utilised for customer-focused activities)		
Foreign Exchange Contracts	6,285,543	52,462
Profit Rate Swaps (PRS)	1,660,973	74,094
Others	38,209	45
	7,984,725	126,601
b) Banking (Derivatives held as fair value hedges)		
Profit Rate Swaps (PRS)	10,089,154	294,490
	10,089,154	294,490
	18,073,879	421,091

ii) Amounts of cash collateral

US\$ '000
41,833

TABLE - 14 RELATED PARTY TRANSACTIONS

Refer note 11 to the interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2025. Related party transactions are entered with related parties in ordinary course of business at arm's length. Further, as of 30 June 2025, exposures in excess of limits prescribed by Credit Risk Management Module amounted to US\$ 142.2 million. These exposures are risk weighted at 800%.

TABLE - 15 CAPITAL REQUIREMENT FOR COMPONENTS OF MARKET RISK

	US\$ '000			
	<i>Risk weighted exposures</i>	<i>Capital requirement</i>	<i>Maximum value</i>	<i>Minimum value</i>
Profit rate risk	122,402	17,136	17,136	15,842
Equity position risk	16,264	2,277	2,587	2,277
Foreign exchange risk	60,928	8,530	44,797	8,530
Others	109	15	15	1
	199,703	27,958	64,535	26,650

TABLE - 16 EQUITY POSITION RISK IN BANKING BOOK

The following table summarizes the amount of total and average gross exposure of equity investments and funds as of 30 June 2025:

						US\$'000
	Total gross exposures	Average gross exposure ⁽¹⁾	Listed	Unlisted	Risk weighted assets	Capital requirements
Equity investments*	101,928	103,194	531	101,398	195,054	27,307
Funds	50,491	50,524	-	50,491	77,575	10,861
	152,419	153,718	531	151,889	272,629	38,168

*The above equity investments excludes shares in parent and other investments that are deducted from regulatory capital.

Average balances are computed based on quarter end balances

Pillar 3 Disclosures - Basel III

30 June 2025

TABLE - 17 PROFIT RATE RISK AND SENSITIVITY ANALYSIS

PROFIT RATE RISK

	US\$'000			Total
	Less than three months	Three months to one year	Over one year	
ASSETS				
Cash and balances with central banks	892,537	-	-	892,537
Due from central banks and sukuk	783,666	224,307	-	1,007,973
Due from banks	2,272,432	43,972	7,246	2,323,650
Financing receivables and ijarah assets	8,144,488	906,943	907,731	9,959,162
Non-trading investments	164,856	622,434	8,769,947	9,557,237
	12,257,979	1,797,656	9,684,924	23,740,559
LIABILITIES				
Due to banks	1,041,173	-	-	1,041,173
Term financing against sukuk	4,818,633	-	-	4,818,633
Customers' accounts	1,287,605	309,636	201,840	1,799,081
Sukuk payable and term financing	806,053	-	-	806,053
QUASI-EQUITY				
Banks	544,806	1,029,412	-	1,574,218
Non-banks and individuals	5,535,956	3,558,675	1,134,574	10,229,205
Sukuk payable	-	-	577,167	577,167
	14,034,226	4,897,723	1,913,581	20,845,530
Perpetual Tier 1 Capital Securities	-	-	400,000	400,000
On balance sheet gap	(1,776,247)	(3,100,067)	7,371,343	
Off balance sheet gap	6,494,425	823,122	(7,317,547)	
Total profit sensitivity gap	4,718,178	(2,276,945)	53,796	2,495,029
Cumulative profit sensitivity gap	4,718,178	2,441,233	2,495,029	

TABLE - 17 PROFIT RATE RISK AND SENSITIVITY ANALYSIS (CONTINUED)

SENSITIVITY ANALYSIS

ANNUALISED

	US\$ '000
at 25 bps increase (+) /decrease (-)	9,386
The impact of a +/- 200bps profit rate shock on assets and liabilities which, are carried at fair value and the consequent impact on equity as of 30 June 2025 is as per the following table.	

	US\$ '000		
	Assets	Liabilities	Equity
at 200 bps - increase (+)	328,920	(329,892)	(973)
at 200 bps - decrease (-)	(328,920)	329,892	973

TABLE - 18 GAIN / (LOSS) ON EQUITY INSTRUMENTS

	US\$ '000
Net gain recognised in Tier1 Capital (CET1)	
Net unrealised gain recognised in the balance sheet	294,632
Realised loss recognised in the equity	-

TABLE - 19 QUANTITATIVE INDICATORS OF FINANCIAL PERFORMANCE AND POSITION

The following table summarises the basic quantitative indicators of financial performance for the period:

	HY 2025	2024	2023	2022	2021
Return on average equity	12.7%	15.4%	15.3%	12.3%	14.7%
Return on average assets	2.3%	2.6%	1.8%	1.4%	1.6%
Cost to income ratio	28.7%	27.9%	26.2%	25.8%	29.5%

DISCLOSURES RELATED TO QUASI EQUITY ACCOUNT HOLDERS (QEAH)

Quasi Equity Account Holders' fund are commingled to form one general pool. This pooled fund is deployed into profit generating banking assets. The Bank allocate certain portfolios of profit generating assets towards QEAH pool and only profits earned on pool of assets funded from QEAH are used for distribution towards the QEAH after allocation of relevant expenses and wakala and mudarib fees.

The funds are invested and managed in accordance with Shari'a principles and according to the terms of acceptance of the QEAH, 100% of the funds are invested.

The Risk weighted assets of the bank include the assets funded by QEAH which are subject to the 30% alpha factor on the respective risk weights. The QEAH and other customers can use the bank's relationship managers for any advice, mediation services, grievances and complaints.

TABLE - 20 QUASI-EQUITY ACCOUNT HOLDERS BY TYPE

The following table summarises the breakdown of quasi-equity account holders accounts as of 30 June 2025:

	Amount	US\$'000 Profit Distributed
Banks	2,151,385	78,132
Individuals and non-banks	10,229,205	321,128
Total	12,380,590	399,260

Bank's jointly financed assets to total quasi-equity investment account holders as of 30 June 2025 is 83%

TABLE - 21 RETURN ON AVERAGE QUASI- EQUITY ASSETS

	US\$'000	%
Average profit paid on average quasi-equity holders	399,260	6.5%
Average profit earned on average quasi-equity assets	594,307	9.7%

The ratio of average profit distributed to average profit earned for quasi-equity account holders is 67%.

TABLE - 22 PERCENTAGE OF GROSS ISLAMIC FINANCING CONTRACTS FINANCED BY QUASI-EQUITY

	US\$'000			
Gross Financing Assets	Self financed (A)	Jointly financed (B)	Total (A)+(B)	% of jointly financed to total
<u>A) Murabaha and Tawarruq</u>				
Corporate	11,373	7,036,239	7,047,612	99.8%
Retail	36,351	1,642,613	1,678,964	97.8%
Total - Murabaha and Tawarruq (A)	47,724	8,678,852	8,726,576	99.5%
<u>B) Ijarah Muntahia Bittamleek</u>				
Corporate	-	1,079,459	1,079,459	100.0%
Retail	16,509	511,807	528,316	96.9%
Total - Ijarah Muntahia Bittamleek (B)	16,509	1,591,266	1,607,775	99.0%
<u>(C) Others</u>				
Corporate	135,143	-	135,143	0.0%
Retail	12,071	-	12,071	0.0%
Total - Others (C)	147,214	-	147,214	0.0%
Gross Total (A)+(B)+(C)	211,447	10,270,118	10,481,565	98.0%

TABLE - 23 PROFIT PAID TO QUASI-EQUITY HOLDERS

	US\$'000		
Account type	Gross return on equity of Quasi-Equity Holders	Mudarib / Wakala fees	Profit paid to Quasi-Equity Holders
	A	B	(A-B)
Mudaraba	5,365	5,007	358
Wakala	436,431	37,529	398,902
	441,796	42,536	399,260

Profits earned from the pool of assets funded by the equity of quasi-equity account holders, after administrative expenses of US\$ 50.5 million incurred in connection with the management of the funds, are allocated between the owners' equity and equity of investment account holders.

The average mudarib and wakala fees charged by Bank during the six month period ended 30 June 2025 was 12% .

TABLE - 24 QUASI-EQUITY PERCENTAGE TO PROFIT RATE OF RETURN

The following table summarises the average distributed rate of return or profit rate on mudaraba investment accounts for the year ended 30 June 2025:

Quasi-Equity (Mudaraba based) Accounts	Up to 3-month	3-6 month	6-12 month	12-36 month
Average profit distributed	1.93%	2.78%	2.86%	2.71%

TABLE - 25 EQUITY OF INVESTMENT ACCOUNT HOLDERS TYPE OF ASSETS

The following table summarises the types of assets in which the funds are invested and the actual allocation among various types of assets for the period ended 30 June 2025:

	US\$'000		
	As of 1 Jan 2025	Movement	As of 30 Jun 2025
Cash and balances with banks and Central Bank	850,907	420,042	1,270,949
Financing contracts	7,527,450	2,291,649	9,819,099
Investment securities	3,434,216	(2,143,674)	1,290,542
Total	11,812,573	568,017	12,380,590

There are no limits imposed on the amount that can be invested by quasi-equity funds in any one asset. However, the Bank monitors its quasi-equity deployment classifications so that to ensure that quasi-equity funds are not invested in the Bank's long term Investment Portfolio (including Private Equity and Real Estate). The Bank also does not allocate quasi-equity funds to the equity investments in the trading book.

TABLE - 26 LIQUIDITY RISK EXPOSURE INDICATORS

The management of the Group's liquidity and funding is the responsibility of the Group Asset and Liability Committee (GALCO) under the chairmanship of the Group Chief Executive Officer supported by the Group Treasurer, and is responsible for ensuring that all foreseeable funding commitments, including deposit withdrawals, can be met when due, and that wholesale market access is coordinated and controlled.

The Group maintains a stable funding base comprising core retail and corporate customer deposits and institutional balances, augmented by wholesale funding and portfolios of highly liquid assets, which are diversified by currency and maturity, in order to enable the Group to respond quickly to any unforeseen liquidity requirements.

The liquidity coverage ratio as of 30 June 2025 was 485.4%.

TABLE - 27 DISPLACED COMMERCIAL RISK (DCR)

DCR refers to the market pressure to pay returns to Quasi-Equity Account Holders (QEAHs) that exceeds the rate that has been earned on the assets financed by the QEAHs, when the return on assets is under performing as compared with competitor's rates.

Each of the Group's subsidiaries follows an appropriate framework for managing displaced commercial risk, where applicable. The Group is exposed to displaced commercial risk in the event profit rates for QEAHs are lower than the market rates and the Group has mitigated this risk by adopting the approach to waive the applicable wakala / mudarib fees and their rights to part or entire mudarib share of profit to meet the market expectation

TABLE - 28 SHARI'A AND LEGAL COMPLIANCE

All activities in Bahrain are conducted in accordance with Shari'a rules and principles, as approved by the Bank's Shari'a Supervisory Board. All income and expenses arising from non Shari'a compliant activities are handled in accordance with the guidelines set by the Shari'a Supervisory Board.

External and internal Shari'a audits are conducted regularly, and any violations, if found, are reported at the end of the financial period.

Late Payment Donations recovered from customers are credited to a Charity Account and are disbursed under the supervision and approval of the Shari'a Supervisory Board.

Legal cases resulting from normal course of business are handled by the Bank's in-house legal team and external legal consultants are also consulted on such matters, as and when required.

Kuwait Finance House B.S.C. (c)
[Formerly Known as Ahli United Bank B.S.C. (c)]

Regulatory Capital & Leverage Ratio Disclosures - Basel III

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APPENDIX I - REGULATORY CAPITAL DISCLOSURES

PD 1 : Capital Composition Disclosure Template

	US\$ '000	
	<i>PRI as on 30 June 2025</i>	<i>Reference</i>
<i>Basel III Common disclosure template</i>		
<u>Common Equity Tier 1 capital: instruments and Reserves</u>		
Directly issued qualifying common share capital plus related stock surplus	2,786,983	A1
Retained earnings	783,650	B1+B2+B3+B4
Accumulated other comprehensive income (and other reserves)	1,354,302	C1+C2+C3+C4+C5+C6+C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	8,777	D
Common Equity Tier 1 capital before regulatory adjustments	4,933,712	
<u>Common Equity Tier 1 capital: regulatory adjustments</u>		
Prudential valuation adjustments		
Goodwill (net of related tax liability)	90,351	E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	87,859	F1+F2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	G1-G2
Cash-flow hedge reserve	(366)	C7
Shortfall of provisions to expected losses		
Securitization gain on sale (as set out in paragraph 562 of Basel II framework)		
Not applicable		
Defined-benefit pension fund net assets		
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
Reciprocal cross-holdings in common equity	1,936,063	K
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)		
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)	-	H1 + H2
Total regulatory adjustments to Common equity Tier 1	2,113,907	
Common Equity Tier 1 capital (CET1)	2,819,805	
<u>Additional Tier 1 capital: instruments</u>		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	400,000	I
Additional Tier 1 instruments (and CET1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group AT1)	1,881	J
Additional Tier 1 capital before regulatory adjustments	401,881	
Total regulatory adjustments to Additional Tier 1 capital	-	
Additional Tier 1 capital (AT1)	401,881	
Tier 1 capital (T1 = CET1 + AT1)	3,221,686	
<u>Tier 2 capital: instruments and provisions</u>		
Tier 2 instruments (and CET1 and AT1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	5,015	L
Expected Credit Losses & Reserves	177,843	M1+M2
Tier 2 capital before regulatory adjustments	182,858	
Total regulatory adjustments to Tier 2 capital	-	
Tier 2 capital (T2)	182,858	
Total capital (TC = T1 + T2)	3,404,544	
Total risk weighted assets	13,390,705	

Capital ratios

Common Equity Tier 1 (as a percentage of risk weighted assets)	21.1%
Tier 1 (as a percentage of risk weighted assets)	24.1%
Total capital (as a percentage of risk weighted assets)	25.4%

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)	10.5%
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of which: Capital Conservation Buffer requirement 2.5%

of which: bank specific countercyclical buffer requirement (N/A) NA

of which: D-SIB buffer requirement 1.5%

National minima (if different from Basel III)

CBB Common Equity Tier 1 minimum ratio (including buffers)	10.5%
CBB Tier 1 minimum ratio (including buffers)	12.0%
CBB total capital minimum ratio (including buffers)	14.0%

Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financial entities	49,398
Significant investments in the common stock of financial entities	42,495

Applicable caps on the inclusion of Expected Credit Losses in Tier 2

Expected Credit Losses (Stages 1 and 2) eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	333,201	N
Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach	142,753	M2

PD 2 : Reconciliation Of Regulatory Capital

i) Step 1: Disclosure of Balance Sheet under Regulatory scope of Consolidation

There are no differences between the regulatory and accounting consolidation, with both following the consolidation approach as per the IFRS 10 without excluding any entities. As mandated by the Central Bank of Bahrain ("CBB"), financial assets have been grossed up with impairment allowances for expected credit losses (ECL) - Stages 1 and 2, as presented below:

	US\$ '000		
Balance sheet as per published financial statements	27,125,654		
ECL - Stages 1 and 2	333,201		
Balance sheet as in Regulatory Return	27,458,855		
ii) Step 2: Expansion of the Balance Sheet under Regulatory scope of Consolidation		US\$ '000	
	Balance as per published financial statements	Consolidated PIRI data	Reference
Assets			
Cash and balances with central banks	967,988	967,988	
Financial assets at fair value through Profit & Loss		9,325	
Due from central banks and sukuk	1,007,973	1,007,973	
Due from banks	2,323,650	2,323,796	
Financing receivables and Ijarah assets	9,959,162	10,278,598	
Non-trading investments	11,579,898	11,584,067	
of which significant investment exceeding regulatory threshold		-	H1
of which reciprocal cross-holdings in common equity		1,936,063	K
of which investment NOT exceeding regulatory threshold		9,648,004	
Investment properties	108,184	108,184	
Profit receivable and other assets	846,203	846,328	
of which deferred tax assets		-	G1
Investments in associates	34,579	34,579	
of which significant investment exceeding regulatory threshold		-	H2
of which significant investment NOT exceeding regulatory threshold		34,579	
Goodwill and other intangible assets	108,052	108,052	
of which Goodwill		90,351	E
of which other intangibles (excluding MSRs)		17,701	F1
Premises and equipments	189,965	189,965	
of which software		70,158	F2
TOTAL ASSETS	27,125,654	27,458,855	
Liabilities			
Due to banks	1,041,173	1,041,173	
Customers' accounts	1,799,081	-	
of which Customer current accounts	1,608,263	1,608,263	
of which Funding Liabilities (eg. reverse commodity murabaha, etc.)	190,818	-	
Funding Liabilities (eg. reverse commodity murabaha, etc.)	-	5,815,504	
of which other Customers' accounts	-	190,818	
of which Term financing against sukuk	4,818,633	4,818,633	
of which Sukuk payable and term financing	806,053	806,053	
Profit payable and other liabilities	899,346	899,346	
of which deferred tax liabilities	-	2,219	G2
TOTAL LIABILITIES	9,364,286	9,364,286	
Quasi-Equity			
	12,380,590	12,380,590	
TOTAL QUASI-EQUITY	12,380,590	12,380,590	

Equity

Paid-in share capital	2,786,983	2,786,983	
<i>of which form part of Common Equity Tier 1</i>		2,786,983	
Ordinary Share Capital		2,786,983	A1
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	2,137,127	2,137,127	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) (excluding profit for the year)		747,735	B1
Proposed Dividend Payable		-	B2
Net profit for the current period		305,884	C1
Share premium		758,170	C2
Legal reserve		958,630	C3
Others		(38,217)	C4
FX translation adjustment		(967,910)	C5
Cumulative fair value changes on FVOCI investments		338,111	C6
Fair value changes of cash flow hedges		(366)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		35,090	M1
CBB modification loss (part of CET1)		11,741	B3
Non - controlling interest	56,668	56,668	
<i>of which amount eligible for Common Equity Tier 1</i>		8,777	D
<i>of which amount eligible for Additional Tier 1</i>		1,881	J
<i>of which amount eligible for Tier 2</i>		5,015	L
<i>of which amount ineligible</i>		40,995	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		333,201	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		142,753	M2
<i>of which amount included in CET1 as per CBB</i>		24,174	B4
<i>of which amount ineligible</i>		166,274	
TOTAL OWNER EQUITY	5,380,778	5,713,979	
TOTAL LIABILITIES, QUASI-EQUITY AND OWNER EQUITY	27,125,654	27,458,855	

PD 3 : Main features of regulatory capital instruments

1	Issuer	Kuwait Finance House B.S.C. (c) [Formerly Known as Ahli United Bank B.S.C. (c)]	Kuwait Finance House B.S.C. (c) [formerly, Ahli United Bank B.S.C. (c)]
2	Unique identifier	N/A	ISIN: XS3046587898 / Additional Tier 1 Capital Certificates
3	Governing law(s) of the instrument	Laws of Bahrain	English Law and will remain subject at all times to the rules and regulations of the Central Bank of Bahrain.
4	Transitional CBB rules	Not applicable	Not applicable
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group
7	Instrument type	Common Equity Shares	Capital Certificates structured on the basis of a Sukuk-al-Mudaraba
8	Amount recognized in regulatory capital	\$2787.0 mn	\$400.0 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	31-May-2000	22-Apr-2025
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	The Certificates are perpetual securities and accordingly do not have a fixed or final redemption date.
14	Issuer call subject to prior supervisory approval	NA	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Call Option : on the First Call Date and on any date thereafter up to and including the First Reset Date, or any Periodic Distribution Date thereafter, by giving not less than 10 nor more than 15 days' prior notice to the Trustee and the Delegate Date (Redemption at Par) Upon the occurrence of a Tax Event or a Capital Event, whole, but not in part, of the Certificates may be redeemed (Redemption at Par)
16	Subsequent call dates, if applicable	NA	On the First Call Date and on any date thereafter up to and including the First Reset Date, or any Periodic Distribution Date thereafter
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	6.709%
19	Existence of a dividend stopper	NA	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	NA	Noncumulative
23	Convertible or non-convertible	NA	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	NA	Yes
31	If write-down, write-down trigger(s)	NA	Notification by regulator of Non viability without (a) write-down ; or (b) a public sector injection of capital (or equivalent support)
32	If write-down, full or partial	NA	Fully / Partially
33	If write-down, permanent or temporary	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 Capital Bonds	All depositors and creditors
36	Non-compliant transitioned features	NA	No
37	If yes, specify non-compliant features	NA	NA

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Leverage Ratio

The leverage ratio serves as a supplementary measure to the risk-based capital requirements. The leverage ratio is computed on a consolidated basis and being Bahraini bank licensees designated as DSIB must meet a 3.75% leverage ratio minimum requirement at all times.

Leverage Ratio components

	<i>US\$ '000</i>
Tier1 Capital [A]	3,221,686
Total Exposure [B]	28,160,471
Leverage Ratio ([A] / [B])	11.4%