

KUWAIT FINANCE HOUSE B.S.C. (c)
[formerly, AHLI UNITED BANK B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 JUNE 2025

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDER OF KUWAIT FINANCE HOUSE B.S.C. (c) [formerly, AHLI UNITED BANK B.S.C. (c)]

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Kuwait Finance House B.S.C. (c) [formerly, Ahli United Bank B.S.C. (c)] ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2025, comprising of the interim condensed consolidated balance sheet as at 30 June 2025, the related interim condensed consolidated statements of income, comprehensive income for the three-month period and six-month period then ended, and the interim condensed consolidated statements of cash flows, changes in owner equity, income and attribution related to quasi-equity and changes in off-balance sheet assets under management for the six-month period then ended and other explanatory information.

The Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standard 41 – Interim Financial Reporting (FAS 41). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41.



5 August 2025
Manama, Kingdom of Bahrain

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Six months ended 30 June 2025 (Reviewed)

| | <i>Note</i> | <i>Three months ended</i> | | <i>Six months ended</i> | |
|---|-------------|---------------------------|-----------------|-------------------------|-----------------|
| | | <i>30 June</i> | | <i>30 June</i> | |
| | | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| | | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Financing and similar income | | 456,140 | 503,954 | 902,881 | 1,019,224 |
| Finance and similar cost | | 76,118 | 212,554 | 146,383 | 440,070 |
| Net distribution to quasi-equity | | 200,512 | 100,740 | 399,260 | 183,435 |
| Net financing and similar income | | 179,510 | 190,660 | 357,238 | 395,719 |
| Fees and commissions - net | | 18,415 | 21,539 | 34,913 | 41,408 |
| Trading income | | 5,939 | 8,611 | 12,818 | 18,457 |
| Investment and other income | | 87,561 | 59,094 | 120,100 | 189,370 |
| Fees and other income | | 111,915 | 89,244 | 167,831 | 249,235 |
| OPERATING INCOME | | 291,425 | 279,904 | 525,069 | 644,954 |
| Allowance for impairment, credit losses and others | 6c | (19,795) | (24,764) | (6,016) | (81,843) |
| NET OPERATING INCOME | | 271,630 | 255,140 | 519,053 | 563,111 |
| Staff costs | | 37,924 | 35,402 | 73,003 | 72,989 |
| Depreciation | | 8,039 | 6,708 | 15,882 | 13,473 |
| Other operating expenses | | 28,214 | 35,263 | 61,952 | 68,330 |
| OPERATING EXPENSES | | 74,177 | 77,373 | 150,837 | 154,792 |
| PROFIT BEFORE TAX | | 197,453 | 177,767 | 368,216 | 408,319 |
| Tax expense | 14 | 28,160 | 14,522 | 59,690 | 23,730 |
| NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | | 169,293 | 163,245 | 308,526 | 384,589 |
| Profit after tax for the period from discontinued operations | | - | - | - | 10,891 |
| NET PROFIT FOR THE PERIOD | | 169,293 | 163,245 | 308,526 | 395,480 |
| Non-controlling interests | | 1,353 | 3,044 | 2,642 | 6,958 |
| Non-controlling interests - discontinued operations | | - | - | - | 3,366 |
| NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK | | 167,940 | 160,201 | 305,884 | 385,156 |
| EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNER OF THE BANK | | | | | |
| Basic and diluted earnings per ordinary share (US cents) | 3 | 1.4 | 1.3 | 2.6 | 3.4 |

Hamad Abdulmohsen Almarzouq
Chairman

Adel A. El-Labban
Deputy Chairman

Shadi A. Zahran
Group Chief Executive Officer

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2025 (Reviewed)

| | | <i>(Reviewed)</i> 30 June 2025 | <i>(Audited)</i> 31 December 2024 |
|---|-------------|--|---|
| | <i>Note</i> | US\$ '000 | US\$ '000 |
| ASSETS | | | |
| Cash and balances with central banks | | 967,988 | 1,169,512 |
| Due from central banks and sukuk | | 1,007,973 | 819,819 |
| Due from banks | | 2,323,650 | 1,868,208 |
| Financing receivables and ijarah assets | 6 | 9,959,162 | 10,005,547 |
| Non-trading investments | 7 | 11,579,898 | 11,314,146 |
| Investment in associates | 13 | 34,579 | 455,713 |
| Investment properties | | 108,184 | 108,184 |
| Profit receivable and other assets | | 846,203 | 1,096,841 |
| Premises and equipments | | 189,965 | 188,443 |
| Goodwill and other intangible assets | | 108,052 | 107,420 |
| TOTAL ASSETS | | 27,125,654 | 27,133,833 |
| LIABILITIES, QUASI-EQUITY AND OWNER EQUITY | | | |
| LIABILITIES | | | |
| Due to banks | | 1,041,173 | 906,982 |
| Term financing against sukuk | | 4,818,633 | 4,942,979 |
| Customers' accounts | | 1,799,081 | 2,457,856 |
| Sukuk payable and term financing | | 806,053 | 806,518 |
| Profit payable and other liabilities | | 899,346 | 758,680 |
| TOTAL LIABILITIES | | 9,364,286 | 9,873,015 |
| QUASI-EQUITY | | | |
| Banks | | 1,574,218 | 1,449,554 |
| Non-banks and individuals | | 10,229,205 | 9,797,602 |
| Sukuk payable | | 577,167 | 565,417 |
| TOTAL QUASI-EQUITY | | 12,380,590 | 11,812,573 |
| OWNER EQUITY | | | |
| Ordinary share capital | | 2,786,983 | 2,786,983 |
| Share premium and reserves | | 2,137,127 | 2,207,836 |
| Equity attributable to the owner of the Bank | | 4,924,110 | 4,994,819 |
| Perpetual Tier 1 Sukuk / Capital Securities | 15 | 400,000 | 400,000 |
| Non-controlling interests | | 56,668 | 53,426 |
| TOTAL OWNER EQUITY | | 5,380,778 | 5,448,245 |
| TOTAL LIABILITIES, QUASI-EQUITY AND OWNER EQUITY | | 27,125,654 | 27,133,833 |
| OFF-BALANCE SHEET | | | |
| Assets under management | | 1,555,819 | 1,738,127 |
| Contingencies and commitments | 4 | 2,231,040 | 1,991,541 |

Hamad Abdulmohsen Almarzouq
Chairman

Adel A. El-Labban
Deputy Chairman

Shadi A. Zahran
Group Chief Executive Officer

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2025 (Reviewed)

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|--|---------------------------|-----------------|-------------------------|-----------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Net profit for the period | 169,293 | 163,245 | 308,526 | 395,480 |
| <i>Other Comprehensive Income (OCI)</i> | | | | |
| Items that may be reclassified subsequently to consolidated statement of income | | | | |
| Foreign currency translation adjustments | (31,159) | (6,860) | (28,727) | (88,783) |
| Net change in fair value of equity investments measured at fair value through OCI | 157,352 | (57,427) | 264,607 | (72,984) |
| Net change in fair value of debt-type instruments held as fair value through OCI | 9,470 | (2,542) | 12,610 | 19,447 |
| Transfers to consolidated statement of income arising on sale of debt-type instruments | (19,612) | (2,169) | (24,701) | (1,875) |
| Net change in fair value of cash flow hedges | (366) | 35 | (366) | 35 |
| Other comprehensive income / (loss) for the period | 115,685 | (68,963) | 223,423 | (144,160) |
| Total comprehensive income for the period | 284,978 | 94,282 | 531,949 | 251,320 |
| Total comprehensive income / (loss) attributable to non-controlling interests | 1,593 | 2,870 | 3,268 | (881) |
| Total comprehensive income attributable to non-controlling interests - discontinued operations | - | - | - | 2,068 |
| Total comprehensive income attributable to the owner of the Bank | 283,385 | 91,412 | 528,681 | 250,133 |

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2025 (Reviewed)

| | | Six months ended | |
|--|------|-------------------|-------------------|
| | | 30 June | |
| | Note | 2025 US\$ '000 | 2024 US\$ '000 |
| OPERATING ACTIVITIES | | | |
| Profit before tax from continuing operations | | 368,216 | 408,319 |
| Profit before tax from discontinued operations | | - | 11,880 |
| Adjustments for: | | | |
| Depreciation | | 15,882 | 13,473 |
| Net gain on sale of investments | | (57,762) | (73,676) |
| Allowance for impairment, credit losses and others | 6c | 6,016 | 81,843 |
| Profit share from associates | | (3,099) | (20,658) |
| Operating profit before changes in operating assets and liabilities | | 329,253 | 421,181 |
| Changes in: | | | |
| Mandatory reserves with central banks | | 25,024 | 251,262 |
| Due from central banks and sukuk | | (236,869) | 77,270 |
| Due from banks | | (126,425) | (241,419) |
| Financing receivables and ijarah assets | | 50,740 | 338,114 |
| Profit receivable and other assets | | 250,638 | 11,000 |
| Due to banks and quasi-equity | | 258,855 | 602,006 |
| Term financing against sukuk | | (124,346) | (566,131) |
| Customers' accounts and quasi-equity | | (227,172) | (784,981) |
| Profit payable and other liabilities | | 73,635 | (333,432) |
| Net cash flows generated from / (used in) operations | | 273,333 | (225,130) |
| Tax paid | | (24,764) | (23,996) |
| Net cash flows generated from / (used in) operating activities | | 248,569 | (249,126) |
| INVESTING ACTIVITIES | | | |
| Purchase of non-trading investments | | (1,102,704) | (815,524) |
| Proceeds from sale or redemption of non-trading investments | | 1,145,412 | 1,678,744 |
| Movement in subsidiaries | | (175) | - |
| Proceeds from sale of investment in associates | 13 | 419,544 | 7,987 |
| Net increase in investment properties | | - | (3,148) |
| Net movement in premises and equipments | | (17,404) | 5,161 |
| Dividends received from associates | | - | 9,612 |
| Net cash flows generated from investing activities | | 444,673 | 882,832 |
| FINANCING ACTIVITIES | | | |
| Distribution and settlement related to Perpetual Tier 1 Capital Securities | | (411,678) | (11,678) |
| Proceeds from issuance of Perpetual Tier 1 Sukuk, net of issuance costs | | 399,703 | - |
| Dividends paid | | (585,266) | (278,698) |
| Net cash flows used in financing activities | | (597,241) | (290,376) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | | |
| | | 96,001 | 343,330 |
| Net foreign exchange difference | | 7,804 | (41,295) |
| Cash and cash equivalents at 1 January | | 2,144,838 | 2,345,190 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | | | |
| | | 2,248,643 | 2,647,225 |
| Cash and cash equivalents comprise: | | | |
| Cash and balances with central banks, excluding mandatory reserves | | 451,075 | 858,586 |
| Due from banks, central banks and sukuk | | | |
| with an original maturity of three months or less | | 1,797,568 | 1,788,639 |
| | | 2,248,643 | 2,647,225 |
| Additional cash flow information: | | | |
| Profit received | | 914,960 | 1,029,450 |
| Profit paid | | 555,627 | 618,796 |

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

Kuwait Finance House B.S.C. (c) [formerly, Ahli United Bank B.S.C. (c)]
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER EQUITY
Six months ended 30 June 2025 (Reviewed)

| Attributable to the owner of the Bank | | | | | | | | | | | |
|--|-------------------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|---|--------------------|--|--|--------------------|
| Share premium and reserves | | | | | | | | | | | |
| | Ordinary share capital US\$ '000 | Share premium US\$ '000 | Statutory reserve US\$ '000 | Retained earnings US\$ '000 | Proposed appropriations US\$ '000 | Other reserves (note 9) US\$ '000 | Total share premium and reserves US\$ '000 | Total US\$ '000 | Perpetual Tier 1 Capital Securities / Sukuk US\$ '000 | Non-controlling interests US\$ '000 | Total US\$ '000 |
| Balance at 1 January 2025 | 2,786,983 | 758,170 | 958,630 | 759,859 | 587,266 | (856,089) | 2,207,836 | 4,994,819 | 400,000 | 53,426 | 5,448,245 |
| Distribution on Perpetual Tier 1 Capital Securities (note 3) | - | - | - | (11,678) | - | - | (11,678) | (11,678) | - | - | (11,678) |
| Settlement of Perpetual Tier 1 Capital Securities (note 15) | - | - | - | - | - | - | - | - | (400,000) | - | (400,000) |
| Issuance of Perpetual Tier 1 Sukuk (note 15) | - | - | - | - | - | - | - | - | 400,000 | - | 400,000 |
| Expense related to Perpetual Tier 1 Sukuk issued | - | - | - | (297) | - | - | (297) | (297) | - | - | (297) |
| Ordinary share dividend | - | - | - | - | (585,266) | - | (585,266) | (585,266) | - | - | (585,266) |
| Donations | - | - | - | - | (2,000) | - | (2,000) | (2,000) | - | - | (2,000) |
| Movement in subsidiaries | - | - | - | (149) | - | - | (149) | (149) | - | (26) | (175) |
| Total comprehensive income for the period | - | - | - | 305,884 | - | 222,797 | 528,681 | 528,681 | - | 3,268 | 531,949 |
| Balance at 30 June 2025 | 2,786,983 | 758,170 | 958,630 | 1,053,619 | - | (633,292) | 2,137,127 | 4,924,110 | 400,000 | 56,668 | 5,380,778 |
| Balance at 1 January 2024 | 2,786,983 | 752,540 | 886,815 | 721,844 | 280,698 | (841,372) | 1,800,525 | 4,587,508 | 1,000,000 | 471,434 | 6,058,942 |
| Transfer from OCI reserve | - | - | - | (644) | - | 644 | - | - | - | - | - |
| Distribution on Perpetual Tier 1 Capital Securities | - | - | - | (11,678) | - | - | (11,678) | (11,678) | - | - | (11,678) |
| Ordinary share dividend | - | - | - | - | (278,698) | - | (278,698) | (278,698) | - | - | (278,698) |
| Donations | - | - | - | - | (2,000) | - | (2,000) | (2,000) | - | - | (2,000) |
| Movement in associates | - | - | - | (5,080) | - | - | (5,080) | (5,080) | - | - | (5,080) |
| Movement in subsidiaries | - | - | - | 12,750 | - | (12,750) | - | - | (600,000) | (408,902) | (1,008,902) |
| Total comprehensive income for the period | - | - | - | 385,156 | - | (135,023) | 250,133 | 250,133 | - | 1,187 | 251,320 |
| Balance at 30 June 2024 | 2,786,983 | 752,540 | 886,815 | 1,102,348 | - | (988,501) | 1,753,202 | 4,540,185 | 400,000 | 63,719 | 5,003,904 |

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND
ATTRIBUTION RELATED TO QUASI-EQUITY

Six months ended 30 June 2025 (Reviewed)

| | <i>Six months ended 30 June</i> | |
|---|-------------------------------------|-----------------|
| | <i>2025</i> | <i>2024</i> |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| Gross financing income | 902,881 | 1,019,224 |
| Less: Income not attributable to quasi-equity | (308,574) | (641,253) |
| | 594,307 | 377,971 |
| Adjusted for: | | |
| Expenses attributable to quasi-equity | (49,061) | (19,763) |
| Bank's share of income for its own / share of investments | (102,037) | (64,034) |
| Allowance of impairment and credit losses - attributable to quasi-equity | (1,413) | (1,963) |
| Total income attributable for quasi-equity | 441,796 | 292,211 |
| Net Wakala fees and Mudarib share of profit | (42,536) | (108,776) |
| Net profit distributable to quasi-equity | 399,260 | 183,435 |

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

Six months ended 30 June 2025 (Reviewed)

| | <i>Participatory investments</i> | <i>Investments in real estate</i> | <i>Investments in sukuk, shares and other securities</i> | <i>Total</i> |
|----------------------------------|--------------------------------------|---------------------------------------|--|------------------|
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Balance at 1 January 2025 | 295,479 | 533,675 | 908,973 | 1,738,127 |
| Additions | 29,647 | - | 186,859 | 216,506 |
| Disposals / maturities | (24,628) | (125,287) | (252,632) | (402,547) |
| Net increase / (decrease) | 5,019 | (125,287) | (65,773) | (186,041) |
| Market movements | 9,633 | (5,719) | (181) | 3,733 |
| Balance at 30 June 2025 | 310,131 | 402,669 | 843,019 | 1,555,819 |
| Balance at 1 January 2024 | 455,157 | 837,388 | 665,009 | 1,957,554 |
| Additions | 27,306 | - | 203,318 | 230,624 |
| Disposals / maturities | (37,106) | (220,494) | (123,363) | (380,963) |
| Net (decrease) / increase | (9,800) | (220,494) | 79,955 | (150,339) |
| Market movements | (52,629) | (31,614) | 18,909 | (65,334) |
| Balance at 30 June 2024 | 392,728 | 585,280 | 763,873 | 1,741,881 |

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

1 CORPORATE INFORMATION

Kuwait Finance House B.S.C. (c) ("KFH Bahrain" or "the Bank") was incorporated in the Kingdom of Bahrain on 12 July 2000. The Bank and its subsidiaries (collectively referred to as "the Group") are engaged in banking business, global fund management and private banking services in the Kingdom of Bahrain, the Arab Republic of Egypt, Republic of Iraq, the United Kingdom and an overseas branch in Dubai International Financial Centre (DIFC). It also operates through its associate in the State of Libya. The Bank operates under a Islamic retail banking license issued by the Central Bank of Bahrain ("CBB"). The Bank's registered office is located at Building 2495, Road 2832, Al Seef District 428, Kingdom of Bahrain.

KFH Bahrain is a 100% owned subsidiary of Kuwait Finance House K.S.C.P. ("KFH"). KFH is a public shareholding company incorporated in the State of Kuwait on 23 March 1977 and operates under an Islamic banking licence issued by the Central Bank of Kuwait and its ordinary shares are listed in the Boursa Kuwait and Bahrain Bourse.

In line with the Bank's plan to convert its operations in compliance with the Islamic Shari'a principles, after complying with all the requirements and guidelines by the respective central banks of Bahrain, UK, Egypt, Iraq and their respective Shari'a boards, the Group has converted its Bahrain, UK, Egypt and Iraq based conventional business according to the Islamic Shari'a principles and commenced its operations under the licence of an Islamic retail bank in Bahrain effective 10 December 2023 and in the UK, Egypt and Iraq from 22 August 2024, 1 September 2024 and 1 January 2025 respectively. From these dates, all activities in Bahrain, UK, Egypt and Iraq are conducted in accordance with the Islamic Shari'a principles.

Effective 10 July 2025, the legal name of the Bank was changed from Ahli United Bank B.S.C. (c) to Kuwait Finance House B.S.C. (c). All legal and regulatory formalities were completed in this regard.

All income and expenses from non-Shari'a compliant activities are treated based on the guidelines provided by the Shari'a Supervisory Board.

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2025 were authorised for issue in accordance with a resolution of the Board of Directors ("BOD") dated 5 August 2025.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with Financial Accounting Standard FAS 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI") and the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank in conformity with the Bahrain Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. The interim consolidated net profit for the six-month period ended 30 June 2025 may not represent a proportionate share of the annual net profit or loss due to variability of income and operating expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

2 ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

For matters not covered by FAS, the Group uses relevant IFRS Accounting Standards as issued by the International Accounting Standards Board. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in previous year.

Certain corresponding figures for comparative financial information have been reclassified in order to conform to the presentation of interim condensed consolidated financial statements for the current period. Such reclassifications do not affect previously reported net profit or shareholders' equity.

2.2 New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below.

- FAS 45: Quasi - Equity (Including Investment Accounts)

AAOIFI issued FAS 45 "Quasi - Equity (Including Investment Accounts)" in 2023. The objective of this standard is to establish the principles of financial reporting related to instruments classified as Quasi - Equity, such as investment accounts and similar instruments invested with Islamic Financial Institutions. Quasi - Equity is an element of financial statements of an institution in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

- FAS 46: Off - Balance - Sheet Assets Under Management

AAOIFI issued FAS 46 "Off - Balance - Sheet Assets Under Management" in 2023. The objective of this standard is to establish the principles of financial reporting related off - balance - sheet assets under management in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

- FAS 47: Transfer of Assets between Investment Pools

AAOIFI issued FAS 47 "Transfer of Assets between Investment Pools" in 2023. The objective of this standard is to establish the principles that apply in respect of transfer of assets between various investment pools of an Islamic Financial Institution. This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2025 (Reviewed)

3 EARNINGS PER ORDINARY SHARE

| | <i>Three months ended 30 June</i> | | <i>Six months ended 30 June</i> | |
|--|---------------------------------------|------------------|-------------------------------------|------------------|
| | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| For basic and diluted earnings per share computation | | | | |
| Net profit attributable to the owner of the Bank | 167,940 | 160,201 | 305,884 | 385,156 |
| Less: Share of Perpetual Tier 1 Capital Securities and Sukuk distributions | (11,678) | (11,678) | (11,678) | (11,678) |
| Adjusted net profit for the period attributable to the owner of the Bank for basic and diluted earnings per ordinary share | 156,262 | 148,523 | 294,206 | 373,478 |
| Weighted average ordinary shares outstanding during the period (in millions) | 11,147.9 | 11,147.9 | 11,147.9 | 11,147.9 |
| Basic and diluted earnings per ordinary share (US cents) | 1.4 | 1.3 | 2.6 | 3.4 |
| Issued and fully paid ordinary shares of US\$ 0.25 each (in millions) | 11,147.9 | 11,147.9 | 11,147.9 | 11,147.9 |

4 CONTINGENCIES AND COMMITMENTS

The Group had the following credit related contingent liabilities:

| | <i>(Reviewed) 30 June 2025 US\$ '000</i> | <i>(Audited) 31 December 2024 US\$ '000</i> |
|-------------------------------|--|---|
| Contingent liabilities: | | |
| Guarantees | 1,848,307 | 1,496,583 |
| Letters of credit | 254,721 | 336,388 |
| | 2,103,028 | 1,832,971 |
| Irrevocable commitments: | | |
| Undrawn financing commitments | 128,012 | 158,570 |

5 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into four major business segments:

- Retail banking
- Corporate banking
- Treasury and investments
- Private banking

Transactions between segments are conducted at approximate market rates on an arm's length basis. Profit is charged / credited to business segments based on a pool rates, which approximates the cost of funds.

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2025 (Reviewed)

5 SEGMENT INFORMATION (continued)

Segmental information for the period was as follows:

| | <i>Retail banking</i> | <i>Corporate banking</i> | <i>Treasury and investments</i> | <i>Private banking</i> | <i>Total</i> |
|--|---------------------------|------------------------------|-------------------------------------|----------------------------|------------------|
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Six months ended 30 June 2025: | | | | | |
| Net financing and similar income | 66,820 | 94,921 | 170,684 | 24,813 | 357,238 |
| Fees and commissions - net | 8,749 | 16,048 | 7,681 | 2,435 | 34,913 |
| Other operating income | 76 | 127 | 132,180 | 535 | 132,918 |
| OPERATING INCOME | 75,645 | 111,096 | 310,545 | 27,783 | 525,069 |
| (Allowance) / reversal for impairment, credit losses and others | (8,537) | (919) | 3,726 | (286) | (6,016) |
| NET OPERATING INCOME | 67,108 | 110,177 | 314,271 | 27,497 | 519,053 |
| Operating expenses | 37,331 | 40,712 | 52,479 | 20,315 | 150,837 |
| PROFIT BEFORE TAX | 29,777 | 69,465 | 261,792 | 7,182 | 368,216 |
| Tax expense | | | | | 59,690 |
| NET PROFIT FOR THE PERIOD | | | | | 308,526 |
| Attributable to non-controlling interests | | | | | 2,642 |
| NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK | | | | | 305,884 |
| Inter segment financing income (cost) included in net financing income above | 103,389 | (122,857) | (115,700) | 135,168 | - |
| | | | | | |
| | <i>Retail banking</i> | <i>Corporate banking</i> | <i>Treasury and investments</i> | <i>Private banking</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Six months ended 30 June 2024: | | | | | |
| Net financing and similar income | 78,027 | 112,827 | 177,807 | 27,058 | 395,719 |
| Fees and commissions - net | 11,002 | 18,689 | 8,600 | 3,117 | 41,408 |
| Other operating income | 1,074 | 8 | 206,584 | 161 | 207,827 |
| OPERATING INCOME | 90,103 | 131,524 | 392,991 | 30,336 | 644,954 |
| Allowance for impairment, credit losses and others | (13,087) | (48,237) | (19,953) | (566) | (81,843) |
| NET OPERATING INCOME | 77,016 | 83,287 | 373,038 | 29,770 | 563,111 |
| Operating expenses | 36,982 | 30,099 | 68,897 | 18,814 | 154,792 |
| PROFIT BEFORE TAX | 40,034 | 53,188 | 304,141 | 10,956 | 408,319 |
| Tax expense | | | | | 23,730 |
| NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | | | | | 384,589 |
| Profit after tax expense for the period from discontinued operations | | | | | 10,891 |
| Attributable to non-controlling interests | | | | | 10,324 |
| NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK | | | | | 385,156 |
| Inter segment financing income (cost) included in net financing income above | 108,196 | (162,626) | (4,786) | 59,216 | - |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

6 FINANCING RECEIVABLES AND IJARAH ASSETS

a) Credit quality of financing receivables and ijarah assets

| | <i>30 June 2025 (Reviewed)</i> | | | |
|---------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| | <i>Stage 1</i> <i>US\$ '000</i> | <i>Stage 2</i> <i>US\$ '000</i> | <i>Stage 3</i> <i>US\$ '000</i> | <i>Total</i> <i>US\$ '000</i> |
| High standard grade | 5,565,146 | 96,717 | - | 5,661,863 |
| Standard grade | 3,062,990 | 1,484,699 | - | 4,547,689 |
| Credit impaired | - | - | 272,013 | 272,013 |
| | 8,628,136 | 1,581,416 | 272,013 | 10,481,565 |
| ECL allowances | (74,257) | (245,180) | (202,966) | (522,403) |
| | 8,553,879 | 1,336,236 | 69,047 | 9,959,162 |
| | <i>31 December 2024 (Audited)</i> | | | |
| | <i>Stage 1</i> <i>US\$ '000</i> | <i>Stage 2</i> <i>US\$ '000</i> | <i>Stage 3</i> <i>US\$ '000</i> | <i>Total</i> <i>US\$ '000</i> |
| High standard grade | 5,925,621 | 203,779 | - | 6,129,400 |
| Standard grade | 2,868,239 | 1,286,874 | - | 4,155,113 |
| Credit impaired | - | - | 254,591 | 254,591 |
| | 8,793,860 | 1,490,653 | 254,591 | 10,539,104 |
| ECL allowances | (79,474) | (249,640) | (204,443) | (533,557) |
| | 8,714,386 | 1,241,013 | 50,148 | 10,005,547 |

b) Reconciliation of ECL allowances

| | <i>2025 (Reviewed)</i> | | | |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| | <i>Stage 1</i> <i>US\$ '000</i> | <i>Stage 2</i> <i>US\$ '000</i> | <i>Stage 3</i> <i>US\$ '000</i> | <i>Total</i> <i>US\$ '000</i> |
| At 1 January 2025 | 79,474 | 249,640 | 204,443 | 533,557 |
| Transfer from Stage 1 | (2,033) | 2,033 | - | - |
| Transfer from Stage 2 | 3,001 | (5,984) | 2,983 | - |
| Transfer from Stage 3 | - | 2,062 | (2,062) | - |
| Net remeasurement of ECL allowances | (7,970) | 928 | 15,501 | 8,459 |
| Amounts written-off | - | - | (16,383) | (16,383) |
| Exchange rate and other adjustments | 1,785 | (3,499) | (1,516) | (3,230) |
| At 30 June 2025 | 74,257 | 245,180 | 202,966 | 522,403 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

6 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

b) Reconciliation of ECL allowances (continued)

| | <i>2024 (Reviewed)</i> | | | |
|-------------------------------------|------------------------|------------------|------------------|------------------|
| | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| At 1 January 2024 | 82,490 | 274,664 | 225,939 | 583,093 |
| Transfer from Stage 1 | (1,914) | 1,914 | - | - |
| Transfer from Stage 2 | 542 | (12,049) | 11,507 | - |
| Transfer from Stage 3 | - | 17 | (17) | - |
| Net remeasurement of ECL allowances | 730 | 52,965 | 51,981 | 105,676 |
| Amounts written-off | - | - | (54,756) | (54,756) |
| Exchange rate and other adjustments | (6,262) | (19,917) | (9,545) | (35,724) |
| At 30 June 2024 | 75,586 | 297,594 | 225,109 | 598,289 |

c) Allowance for impairment, credit losses and others

| | <i>Six months ended</i> | |
|---|-------------------------|------------------|
| | <i>30 June</i> | |
| | <i>2025</i> | <i>2024</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Net remeasurement of ECL on financing receivables and ijarah assets (note 6 b) | (8,459) | (105,676) |
| Recoveries from financing receivables and ijarah assets during the period (from fully provided financing receivables and ijarah assets written-off in previous years) | 12,814 | 2,670 |
| Net remeasurement of ECL for non-trading investments (note 7 b) | (1,819) | 7,259 |
| Net remeasurement of ECL on off-balance sheet exposures and others | (1,196) | (5,709) |
| Net other provision (charges) / write-back | (7,356) | 19,613 |
| | (6,016) | (81,843) |

7 NON-TRADING INVESTMENTS

a) Credit quality of non-trading investments

| | <i>30 June 2025 (Reviewed)</i> | | | |
|----------------------------------|--------------------------------|------------------|------------------|------------------|
| | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| High standard grade | 5,965,762 | - | - | 5,965,762 |
| Standard grade | 3,531,514 | 42,211 | - | 3,573,725 |
| | 9,497,276 | 42,211 | - | 9,539,487 |
| ECL allowances | (11,973) | (1,520) | - | (13,493) |
| | 9,485,303 | 40,691 | - | 9,525,994 |
| Equity instruments at fair value | | | | 2,053,904 |
| | | | | 11,579,898 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

7 NON-TRADING INVESTMENTS (continued)

a) Credit quality of non-trading investments (continued)

| <i>31 December 2024 (Audited)</i> | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| High standard grade | 5,604,807 | - | - | 5,604,807 |
| Standard grade | 3,740,622 | 209,998 | - | 3,950,620 |
| | 9,345,429 | 209,998 | - | 9,555,427 |
| Less: ECL allowances | (10,094) | (1,402) | - | (11,496) |
| | 9,335,335 | 208,596 | - | 9,543,931 |
| Equity instruments at fair value | | | | 1,770,215 |
| | | | | 11,314,146 |

Equity instruments held at fair value include investments amounting to US\$ 9.3 million (31 December 2024: US\$ 9.2 million) which are designated as fair value through income statement. Income from these investments for the period amounted to US\$ 0.1 million (30 June 2024: US\$ 0.1 million).

b) Reconciliation of ECL allowances

| <i>2025 (Reviewed)</i> | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| At 1 January 2025 | 10,094 | 1,402 | - | 11,496 |
| Net remeasurement of ECL allowances | 1,784 | 35 | - | 1,819 |
| Exchange rate and other adjustments | 95 | 83 | - | 178 |
| At 30 June 2025 | 11,973 | 1,520 | - | 13,493 |

| <i>2024 (Reviewed)</i> | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| At 1 January 2024 | 25,661 | 2,572 | - | 28,233 |
| Net remeasurement of ECL allowances | (6,106) | (1,153) | - | (7,259) |
| Exchange rate and other adjustments | 264 | (61) | - | 203 |
| At 30 June 2024 | 19,819 | 1,358 | - | 21,177 |

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

8 QUASI-EQUITY

Quasi-equity balances

| Type of quasi-equity | (Reviewed) | (Audited) |
|-------------------------|-------------------|-------------------|
| | 30 June | 31 December |
| | 2025 | 2024 |
| | US\$ '000 | US\$ '000 |
| Mudaraba-based accounts | 775,223 | 764,400 |
| Wakala-based accounts | 11,605,367 | 11,048,173 |
| | 12,380,590 | 11,812,573 |

Assets in which Quasi Equity Account Holders' (QEH) funds were invested jointly with the Group's own funds are as follows:

| 30 June 2025 (Reviewed) | | | |
|---|-------------------------|----------------------------|-------------------|
| US\$ '000 | | | |
| | Self financed assets | Jointly financed assets | Total |
| Cash and balances with central banks | 850,949 | 117,039 | 967,988 |
| Due from central banks and sukuk | - | 1,007,973 | 1,007,973 |
| Due from banks | 2,177,713 | 145,937 | 2,323,650 |
| Financing receivables and ijarah assets | 140,063 | 9,819,099 | 9,959,162 |
| Non-trading investments | 10,289,356 | 1,290,542 | 11,579,898 |
| Investment in associates | 34,579 | - | 34,579 |
| Investment properties | 108,184 | - | 108,184 |
| Profit receivable and other assets | 846,203 | - | 846,203 |
| Premises and equipments | 189,965 | - | 189,965 |
| Goodwill and other intangible assets | 108,052 | - | 108,052 |
| | 14,745,064 | 12,380,590 | 27,125,654 |
| 31 December 2024 (Audited) | | | |
| US\$ '000 | | | |
| | Self financed assets | Jointly financed assets | Total |
| Cash and balances with central banks | 849,919 | 319,593 | 1,169,512 |
| Due from central banks and sukuk | 579,953 | 239,866 | 819,819 |
| Due from banks | 1,576,760 | 291,448 | 1,868,208 |
| Financing receivables and ijarah assets | 2,478,097 | 7,527,450 | 10,005,547 |
| Non-trading investments | 7,879,930 | 3,434,216 | 11,314,146 |
| Investment in associates | 455,713 | - | 455,713 |
| Investment properties | 108,184 | - | 108,184 |
| Profit receivable and other assets | 1,096,841 | - | 1,096,841 |
| Premises and equipments | 188,443 | - | 188,443 |
| Goodwill and other intangible assets | 107,420 | - | 107,420 |
| | 15,321,260 | 11,812,573 | 27,133,833 |

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2025 (Reviewed)

9 MOVEMENT IN OTHER RESERVES

| | Other comprehensive income | | | | | | Total other reserves |
|---|----------------------------|------------------------------------|---|-----------------------|-------------------------------|----------------------------|----------------------------|
| | Capital reserve | Property revaluation reserve | Foreign exchange translation reserve | Cumulative changes in | | | |
| | | | | OCI reserve | Cash flow hedge reserve | Pension fund reserve | |
| | | | | | | | |
| | | | | | | | |
| US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | |
| Balance at 1 January 2025 | 17,240 | 35,090 | (939,077) | 85,803 | - | (55,145) | (856,089) |
| Currency translation adjustments | - | - | (28,833) | - | - | (312) | (29,145) |
| Transfers to interim condensed consolidated statement of income | - | - | - | (24,649) | - | - | (24,649) |
| Net fair value movements | - | - | - | 276,957 | (366) | - | 276,591 |
| Balance at 30 June 2025 | 17,240 | 35,090 | (967,910) | 338,111 | (366) | (55,457) | (633,292) |

| | Other comprehensive income | | | | | | Total other reserves |
|---|----------------------------|------------------------------------|---|-----------------------|-------------------------------|----------------------------|----------------------------|
| | Capital reserve | Property revaluation reserve | Foreign exchange translation reserve | Cumulative changes in | | | |
| | | | | OCI reserve | Cash flow hedge reserve | Pension fund reserve | |
| | | | | | | | |
| | | | | | | | |
| US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | |
| Balance at 1 January 2024 | 17,240 | 39,840 | (837,247) | (6,161) | - | (55,044) | (841,372) |
| Currency translation adjustments | - | (54) | (183,845) | - | - | 45 | (183,854) |
| Transfers to interim condensed consolidated statement of income | - | - | - | (1,875) | - | - | (1,875) |
| Transfers to retained earnings on sale of equity investments | - | - | - | 644 | - | - | 644 |
| Net fair value movements | - | - | - | (53,329) | 35 | - | (53,294) |
| Transfers to retained earnings on sale of subsidiary | - | (4,696) | - | (8,054) | - | - | (12,750) |
| Transfers to interim condensed consolidated statement of income on sale of subsidiary | - | - | 104,000 | - | - | - | 104,000 |
| Balance at 30 June 2024 | 17,240 | 35,090 | (917,092) | (68,775) | 35 | (54,999) | (988,501) |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

10 FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities, with the exception of non-trading investments that are carried at amortised cost, approximate their carrying values. The fair value of the non-trading investments held at amortised cost was US\$ 6,537.0 million as at 30 June 2025 (31 December 2024: US\$ 6,526.5 million). Carrying value of these non-trading investments was US\$ 6,490.5 million as at 30 June 2025 (31 December 2024: US\$ 6,421.0 million).

The Group's primary medium and long-term financial liabilities are sukuk payable and term financing. The fair values of these financial liabilities are not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

| <i>30 June 2025 (Reviewed)</i> | | | | |
|--|------------------|------------------|------------------|------------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Equity instruments at fair value | 1,936,593 | 59,888 | 57,423 | 2,053,904 |
| Debt instruments (FVTOCI) | 3,019,715 | 19,380 | - | 3,039,095 |
| Financing receivables and ijarah assets | - | - | 6,084 | 6,084 |
| Islamic derivative financial assets | - | 291,865 | - | 291,865 |
| Islamic derivative financial liabilities | - | 211,790 | - | 211,790 |
| <i>31 December 2024 (Audited)</i> | | | | |
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Equity instruments at fair value | 1,655,233 | 57,559 | 57,423 | 1,770,215 |
| Debt instruments (FVTOCI) | 3,098,970 | 27,586 | - | 3,126,556 |
| Financing receivables and ijarah assets | - | - | 7,518 | 7,518 |
| Islamic derivative financial assets | - | 533,329 | - | 533,329 |
| Islamic derivative financial liabilities | - | 161,930 | - | 161,930 |

During the six months ended 30 June 2025 and 2024, there have been no transfers between Level 1, 2, 3 and no significant movements were noted in Level 3 instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

11 RELATED PARTY TRANSACTIONS

The Group enters into transactions with major shareholder, associates, directors, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business. All the financing receivables and ijarah assets to related parties are performing and subject to ECL and impairment assessment.

The income, expense and the period end balances in respect of related parties included in the interim condensed consolidated financial statements were as follows:

| | <i>Major shareholders US\$ '000</i> | <i>Associates US\$ '000</i> | <i>Board of Directors US\$ '000</i> | <i>Senior Management US\$ '000</i> | <i>Other related parties US\$ '000</i> |
|---|---|---------------------------------|---|--|--|
| <i>For the six months ended</i> | | | | | |
| <i>30 June 2025 (Reviewed)</i> | | | | | |
| Financing and similar income | 1,060 | - | 51 | - | - |
| Finance and similar cost | 10,055 | 172 | 226 | 59 | - |
| Fees and commissions - net | 13 | 846 | 1 | 3 | - |
| Dividend income | 26,789 | - | - | - | - |
| Short term employee benefits | - | - | - | 3,177 | - |
| End of service benefits | - | - | - | 232 | - |
| Directors' fees and related expenses | - | - | 1,203 | - | - |
| <i>As of 30 June 2025 (Reviewed)</i> | | | | | |
| Due from banks | 139,149 | 167 | - | - | - |
| Financing receivables and ijarah assets | - | - | 1,293 | 134 | - |
| Non-trading investments | 1,936,063 | - | - | - | - |
| Profit receivable and other assets | 1,848 | - | 92 | - | - |
| Due to banks | 202,282 | 31,464 | - | - | - |
| Customers' accounts and quasi-equity | 580,688 | - | 4,027 | 1,842 | - |
| Sukuk payable and term financing | 75,000 | - | - | - | - |
| Profit payable and other liabilities | 2,694 | - | 9 | - | - |
| Perpetual Tier 1 Sukuk | 400,000 | - | - | - | - |
| Commitments and contingent liabilities | 2,495 | 18,092 | - | - | - |

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

11 RELATED PARTY TRANSACTIONS (continued)

| | <i>Major shareholders US\$ '000</i> | <i>Associates US\$ '000</i> | <i>Board of Directors US\$ '000</i> | <i>Senior Management US\$ '000</i> | <i>Other related parties US\$ '000</i> |
|---|---|---------------------------------|---|--|--|
| <i>For the six months ended</i> | | | | | |
| <i>30 June 2024 (Reviewed)</i> | | | | | |
| Financing and similar income | 32 | - | 83 | - | - |
| Finance and similar cost | 18,501 | 106 | 209 | 119 | - |
| Fees and commissions - net | - | 475 | - | 2 | - |
| Short term employee benefits | - | - | - | 3,937 | - |
| Dividend income | 20,325 | - | - | - | - |
| End of service benefits | - | - | - | 334 | - |
| Directors' fees and related expenses | - | - | 1,094 | - | - |
| Net operating income (loss) from | - | - | - | - | - |
| discontinued operations | (10,436) | 17 | (78) | - | (849) |
| <i>As of 31 December 2024 (Audited)</i> | | | | | |
| Due from banks | 34,410 | 2,038 | - | - | - |
| Financing receivables and ijarah assets | - | - | 1,581 | 93 | - |
| Non-trading investments | 1,654,753 | - | - | - | - |
| Profit receivable and other assets | 797 | - | 92 | - | - |
| Due to banks | 135,867 | 49,194 | - | - | 17 |
| Customers' accounts and quasi-equity | 308,202 | - | 3,639 | 5,102 | - |
| Sukuk payable and term financing | 75,000 | - | - | - | - |
| Profit payable and other liabilities | 5,407 | 989 | 9 | - | - |
| Commitments and contingent liabilities | 2,319 | 46,597 | - | - | - |

Kuwait Finance House B.S.C. (c)
[formerly, Ahli United Bank B.S.C. (c)]

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

12 CAPITAL ADEQUACY AND NET STABLE FUNDING RATIO (NSFR)

The total capital ratio is calculated in accordance with the capital adequacy guidelines, under Basel III, issued by the CBB. The minimum capital adequacy ratio as per CBB is 12.5%, including mandatory Capital Conservation Buffer (CCB) of 2.5%. KFH Bahrain had been designated as a Domestic Systemically Important Banks (DSIB) by the CBB. CBB has mandated in its rule book (DS-1.2.1) that DSIBs must hold additional Common Equity Tier 1 (CET 1) capital buffer of 1.5% of total RWA as calculated for the purpose of capital adequacy. Consequently, KFH Bahrain is required to maintain minimum total capital adequacy ratio of 14.0%. The Group's total capital ratio is 25.4% as of 30 June 2025 (31 December 2024: 27.6%).

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR ratio as of 30 June 2025 is 118.7% (31 December 2024: 116.3%).

| | <i>(Reviewed)</i> 30 June 2025 <i>US\$ '000</i> | <i>(Audited)</i> 31 December 2024 <i>US\$ '000</i> |
|--|--|---|
| <u>Available Stable Funding:</u> | | |
| Regulatory capital | 5,520,628 | 5,614,995 |
| Stable accounts | 4,195,325 | 4,283,133 |
| Wholesale funding | 6,426,202 | 6,175,570 |
| Others | 175,489 | 445,330 |
| Total Available Stable Funding (A) | 16,317,644 | 16,519,028 |
| <u>Required Stable Funding:</u> | | |
| High-Quality Liquid Assets (HQLA) | 1,998,420 | 1,819,632 |
| Performing financing receivables and ijarah assets | 7,215,558 | 7,047,966 |
| Securities (other than HQLA) | 3,127,641 | 3,257,556 |
| Islamic derivative financial instruments | 400,501 | 618,422 |
| Others | 803,394 | 1,250,201 |
| Off-balance sheet items | 199,748 | 205,671 |
| Total Required Stable Funding (B) | 13,745,262 | 14,199,448 |
| NSFR (%) (A/B) | 118.7% | 116.3% |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2025 (Reviewed)

13 DISPOSAL OF INVESTMENT IN ASSOCIATE

During the period, the Group sold its entire 35% equity stake in Ahli Bank S.A.O.G. to a group of investors in the Sultanate of Oman for a purchase consideration of US\$ 419.5 million. The resultant gain on sale of associate has been recognised in "investment and other income" line in the interim condensed consolidated statement of income.

14 TAXATION

The tax expense for the period was as follows:

| | <i>Six months ended</i> | |
|------------------------------------|-------------------------|------------------|
| | <i>30 June</i> | |
| | <i>2025</i> | <i>2024</i> |
| | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Domestic minimum top-up tax (DMTT) | 34,286 | - |
| Income tax excluding DMTT | 25,404 | 23,730 |
| | 59,690 | 23,730 |

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) Pillar 2 model rules, under which multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. Most of the jurisdictions in which the Group operates have enacted the Pillar 2 legislation, of which Bahrain is the most impactful for the Group, since there was no tax in the Kingdom of Bahrain.

The Kingdom of Bahrain issued Decree-Law no (11) of 2024 (the "Law") on 1 September 2024 introducing DMTT effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. This was followed by executive regulations issued on 15 December 2024 under decision no (172) of 2024. Similar DMTT laws were announced in State of the Kuwait of which the Group is part of. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within the Kingdom of Bahrain. The Group has performed an assessment and estimated the top-up tax charge in line with the regulations and based on OECD guidance. As the regulatory framework continues to evolve and implementation guidance is further clarified, the Group continues to monitor developments and assess the impact of evolving Pillar 2 tax regulations on its future financial performance and resultant tax obligations.

15 PERPETUAL TIER 1 CAPITAL SECURITIES

On 29 April 2025, the Bank recalled its existing Basel III compliant Additional Perpetual Tier I Capital Securities amounting to US\$ 400 million.

On 22 April 2025, the Bank through a Shari'a compliant sukuk arrangement issued Perpetual Tier 1 Sukuk amounting to US\$ 400 million. The Tier 1 Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the underlying Mudaraba Agreement. The Perpetual Tier 1 Sukuk is callable by the Bank after five year period ending in April 2030 (the "First Call Date") or any profit payment date thereafter, subject to certain redemption conditions. Perpetual Tier 1 Sukuk bears an estimated profit rate of 6.709% per annum to be paid semi-annually in accordance with the terms of the Mudaraba agreement.