

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 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 September 2025, comprising of the interim condensed consolidated balance sheet as at 30 September 2025, the related interim condensed consolidated statements of income, comprehensive income for the three-month period and nine-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 nine-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.



9 November 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

Nine months ended 30 September 2025 (Reviewed)

	Note	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</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		468,981	500,125	1,371,862	1,519,349
Finance and similar cost		87,501	169,231	233,884	609,301
Net distribution to quasi-equity		199,557	147,232	598,817	330,667
Net financing and similar income		181,923	183,662	539,161	579,381
Fees and commissions - net		20,985	17,260	55,898	58,668
Trading income		8,655	10,563	21,473	29,020
Investment and other income		56,624	46,906	176,724	236,276
Fees and other income		86,264	74,729	254,095	323,964
OPERATING INCOME		268,187	258,391	793,256	903,345
Reversal / (allowance) for impairment, credit losses and others	6c	17,639	27,380	11,623	(54,463)
NET OPERATING INCOME		285,826	285,771	804,879	848,882
Staff costs		37,498	35,129	110,501	108,118
Depreciation		8,063	6,769	23,945	20,242
Other operating expenses		37,729	32,894	99,681	101,224
OPERATING EXPENSES		83,290	74,792	234,127	229,584
PROFIT BEFORE TAX		202,536	210,979	570,752	619,298
Tax expense	14	29,728	13,243	89,418	36,973
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		172,808	197,736	481,334	582,325
Profit after tax for the period from discontinued operations		-	-	-	10,891
NET PROFIT FOR THE PERIOD		172,808	197,736	481,334	593,216
Non-controlling interests		2,803	2,753	5,445	9,711
Non-controlling interests - discontinued operations		-	-	-	3,366
NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK		170,005	194,983	475,889	580,139
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNER OF THE BANK					
Basic and diluted earnings per ordinary share (US cents)	3	1.5	1.7	4.2	5.1

Hamad Abdulmohsen Almarzouq
Chairman

Adel A. El-Labban
Deputy Chairman

Shadi A. Zahran
Group Chief Executive Officer

The attached notes 1 to 16 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

Nine months ended 30 September 2025 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	172,808	197,736	481,334	593,216
<i>Other Comprehensive Income (OCI)</i>				
Items that may be reclassified subsequently to consolidated statement of income				
Foreign currency translation adjustments	16,128	(1,696)	(12,599)	(90,479)
Net change in fair value of equity investments measured at fair value through OCI	(21,407)	23,528	243,200	(49,456)
Net change in fair value of debt-type instruments held as fair value through OCI	93,026	10,479	105,636	29,926
Transfers to consolidated statement of income arising on sale of debt-type instruments	(14,301)	(6,140)	(39,002)	(8,015)
Net change in fair value of cash flow hedges	251	(294)	(115)	(259)
Other comprehensive income / (loss) for the period	73,697	25,877	297,120	(118,283)
Total comprehensive income for the period	246,505	223,613	778,454	474,933
Total comprehensive income attributable to non-controlling interests	3,576	2,855	6,844	1,974
Total comprehensive income attributable to non-controlling interests - discontinued operations	-	-	-	2,068
Total comprehensive income attributable to the owner of the Bank	242,929	220,758	771,610	470,891

The attached notes 1 to 16 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 September 2025 (Reviewed)

		<i>(Reviewed)</i> <i>30 September</i> <i>2025</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i>
	<i>Note</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
ASSETS			
Cash and balances with central banks		1,001,142	1,169,512
Due from central banks and sukuk		1,093,488	819,819
Due from banks		1,783,760	1,868,208
Financing receivables and ijarah assets	6	10,864,805	10,005,547
Non-trading investments	7	12,015,061	11,314,146
Investment in associates	13	35,783	455,713
Investment properties		108,184	108,184
Profit receivable and other assets		829,597	1,096,841
Premises and equipments		189,354	188,443
Goodwill and other intangible assets		108,984	107,420
TOTAL ASSETS		28,030,158	27,133,833
LIABILITIES, QUASI-EQUITY AND OWNER EQUITY			
LIABILITIES			
Due to banks		573,194	906,982
Term financing against sukuk		4,678,987	4,942,979
Customers' accounts		1,942,385	2,457,856
Sukuk payable and term financing		1,208,487	806,518
Profit payable and other liabilities		874,192	758,680
TOTAL LIABILITIES		9,277,245	9,873,015
QUASI-EQUITY			
Banks		1,835,413	1,449,554
Non-banks and individuals		10,707,614	9,797,602
Sukuk payable		582,668	565,417
TOTAL QUASI-EQUITY		13,125,695	11,812,573
OWNER EQUITY			
Ordinary share capital		2,786,983	2,786,983
Share premium and reserves		2,379,992	2,207,836
Equity attributable to the owner of the Bank		5,166,975	4,994,819
Perpetual Tier 1 Sukuk / Capital Securities	15	400,000	400,000
Non-controlling interests		60,243	53,426
TOTAL OWNER EQUITY		5,627,218	5,448,245
TOTAL LIABILITIES, QUASI-EQUITY AND OWNER EQUITY		28,030,158	27,133,833
OFF-BALANCE SHEET			
Assets under management		1,604,548	1,738,127
Contingencies and commitments	4	2,460,775	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 16 form part of these interim condensed consolidated financial statements

Kuwait Finance House B.S.C. (c)
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2025 (Reviewed)

		Nine months ended	
		30 September	
	Note	2025 US\$ '000	2024 US\$ '000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		570,752	619,298
Profit before tax from discontinued operations		-	11,880
Adjustments for:			
Depreciation		23,945	20,242
Net gain on sale of investments		(75,281)	(79,385)
(Reversal) / allowance for impairment, credit losses and others	6c	(11,623)	54,463
Profit share from associates		(4,242)	(32,394)
Operating profit before changes in operating assets and liabilities		503,551	594,104
Changes in:			
Mandatory reserves with central banks		(31,923)	233,156
Due from central banks and sukuk		(318,795)	(219,078)
Due from banks		850,622	(521,612)
Financing receivables and ijarah assets		(830,388)	1,033,870
Profit receivable and other assets		267,244	222,903
Due to banks and quasi-equity		52,071	422,911
Term financing against sukuk		(263,992)	(409,499)
Customers' accounts and quasi-equity		394,541	(1,030,713)
Profit payable and other liabilities		63,446	(134,026)
Net cash flows generated from operations		686,377	192,016
Tax paid		(62,524)	(32,374)
Net cash flows generated from operating activities		623,853	159,642
INVESTING ACTIVITIES			
Purchase of non-trading investments		(2,030,150)	(1,708,959)
Proceeds from sale or redemption of non-trading investments		1,710,548	2,217,765
Movement in subsidiaries		(178)	-
Proceeds from sale of investment in associates	13	419,544	7,987
Net movement in investment properties		-	(3,148)
Net movement in premises and equipments		(24,857)	(1,088)
Dividend received from associates		-	9,612
Net cash flows generated from investing activities		74,907	522,169
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		399,641	-
Issuance / (repayment) of term financing		400,000	(500,000)
Dividends paid		(585,266)	(278,698)
Net cash flows used in financing activities		(197,303)	(790,376)
NET CHANGE IN CASH AND CASH EQUIVALENTS		501,457	(108,565)
Net foreign exchange difference		19,301	(41,702)
Cash and cash equivalents at 1 January		2,144,838	2,345,190
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		2,665,596	2,194,923
Cash and cash equivalents comprise:			
Cash and balances with central banks, excluding mandatory reserves		427,282	648,096
Due from banks, central banks and sukuk			
with an original maturity of three months or less		2,238,314	1,546,827
		2,665,596	2,194,923
Additional cash flow information:			
Profit received		1,365,236	1,547,328
Profit paid		789,524	912,613

The attached notes 1 to 16 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

Nine months ended 30 September 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	-	-	-	(359)	-	-	(359)	(359)	-	-	(359)
Ordinary share dividend	-	-	-	-	(585,266)	-	(585,266)	(585,266)	-	-	(585,266)
Donations	-	-	-	-	(2,000)	-	(2,000)	(2,000)	-	-	(2,000)
Movement in subsidiaries	-	-	-	(151)	-	-	(151)	(151)	-	(27)	(178)
Total comprehensive											
income for the period	-	-	-	475,889	-	295,721	771,610	771,610	-	6,844	778,454
Balance at 30 September 2025	2,786,983	758,170	958,630	1,223,560	-	(560,368)	2,379,992	5,166,975	400,000	60,243	5,627,218
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	-	-	-	(548)	-	548	-	-	-	-	-
Distribution on Perpetual Tier 1											
Capital Securities (note 3)	-	-	-	(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	-	-	-	(7,619)	-	-	(7,619)	(7,619)	-	-	(7,619)
Movement in subsidiaries	-	-	-	12,750	-	(12,750)	-	-	(600,000)	(408,902)	(1,008,902)
Total comprehensive											
income / (loss) for the period	-	-	-	580,139	-	(109,248)	470,891	470,891	-	4,042	474,933
Balance at 30 September 2024	2,786,983	752,540	886,815	1,294,888	-	(962,822)	1,971,421	4,758,404	400,000	66,574	5,224,978

The attached notes 1 to 16 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

Nine months ended 30 September 2025 (Reviewed)

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2025</i>	<i>2024</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Gross financing income	1,371,862	1,519,349
Less: Income not attributable to quasi-equity	(472,976)	(895,167)
	898,886	624,182
Adjusted for:		
Expenses attributable to quasi-equity	(62,768)	(27,280)
Bank's share of income for its own / share of investments	(149,177)	(100,042)
Allowance of impairment and credit losses - attributable to quasi-equity	(11,199)	(1,964)
Total income attributable for quasi-equity	675,742	494,896
Net Wakala fees and Mudarib share of profit	(76,925)	(164,229)
Net profit distributable to quasi-equity	598,817	330,667

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

Nine months ended 30 September 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	39,555	-	344,491	384,046
Disposals / maturities	(32,490)	(190,109)	(338,790)	(561,389)
Net increase / (decrease)	7,065	(190,109)	5,701	(177,343)
Market movements	14,828	9,366	19,570	43,764
Balance at 30 September 2025	317,372	352,932	934,244	1,604,548
 Balance at 1 January 2024	 455,157	 837,388	 665,009	 1,957,554
Additions	29,349	-	240,204	269,553
Disposals / maturities	(167,095)	(225,277)	(193,543)	(585,915)
Net (decrease) / increase	(137,746)	(225,277)	46,661	(316,362)
Market movements	(40,263)	(14,966)	59,183	3,954
Balance at 30 September 2024	277,148	597,145	770,853	1,645,146

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 September 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" or "Parent"). 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 nine-month period ended 30 September 2025 were authorised for issue in accordance with a resolution of the Board of Directors ("BOD") dated 09 November 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 nine-month period ended 30 September 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 September 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 September 2025 (Reviewed)

3 EARNINGS PER ORDINARY SHARE

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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	170,005	194,983	475,889	580,139
Less: Share of Perpetual Tier 1 Capital Securities and Sukuk distributions	-	-	(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	170,005	194,983	464,211	568,461
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)	1.5	1.7	4.2	5.1
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 September 2025</i>	<i>(Audited) 31 December 2024</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Contingent liabilities:		
Guarantees	2,083,377	1,496,583
Letters of credit	251,337	336,388
	2,334,714	1,832,971
Irrevocable commitments:		
Undrawn financing commitments	126,061	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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 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>
Nine months ended 30 September 2025:					
Net financing and similar income	102,045	145,190	254,400	37,526	539,161
Fees and commissions - net	14,388	26,721	11,277	3,512	55,898
Other operating income	110	161	197,306	620	198,197
OPERATING INCOME	116,543	172,072	462,983	41,658	793,256
(Allowance) / reversal for impairment, credit losses and others	(18,170)	(3,421)	34,768	(1,554)	11,623
NET OPERATING INCOME	98,373	168,651	497,751	40,104	804,879
Operating expenses	56,935	61,323	84,952	30,917	234,127
PROFIT BEFORE TAX	41,438	107,328	412,799	9,187	570,752
Tax expense					89,418
NET PROFIT FOR THE PERIOD					481,334
Attributable to non-controlling interests					5,445
NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK					475,889
Inter segment financing income (cost) included in net financing income above	157,126	(196,538)	(155,122)	194,534	-
	<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>
Nine months ended 30 September 2024:					
Net financing and similar income	107,223	174,696	261,655	35,807	579,381
Fees and commissions - net	16,216	26,674	11,491	4,287	58,668
Other operating income / (loss)	1,069	(6)	264,002	231	265,296
OPERATING INCOME	124,508	201,364	537,148	40,325	903,345
(Allowance) / reversal for impairment, credit losses and others	(15,084)	(64,201)	25,411	(589)	(54,463)
NET OPERATING INCOME	109,424	137,163	562,559	39,736	848,882
Operating expenses	55,212	45,397	99,709	29,266	229,584
PROFIT BEFORE TAX	54,212	91,766	462,850	10,470	619,298
Tax expense					36,973
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS					582,325
Profit after tax expense for the period from discontinued operations					10,891
Attributable to non-controlling interests					13,077
NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK					580,139
Inter segment financing income (cost) included in net financing income above	156,895	(231,518)	(11,452)	86,075	-

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6 FINANCING RECEIVABLES AND IJARAH ASSETS

a) Credit quality of financing receivables and ijarah assets

<i>30 September 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	5,698,875	109,535	-	5,808,410
Standard grade	3,812,832	1,446,490	-	5,259,322
Credit impaired	-	-	293,486	293,486
	9,511,707	1,556,025	293,486	11,361,218
ECL allowances	(79,785)	(198,772)	(217,856)	(496,413)
	9,431,922	1,357,253	75,630	10,864,805
<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	5,925,621	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>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	79,474	249,640	204,443	533,557
Transfer from Stage 1	(2,758)	2,758	-	-
Transfer from Stage 2	9,119	(10,946)	1,827	-
Transfer from Stage 3	-	3,014	(3,014)	-
Net remeasurement of ECL allowances	(8,856)	(42,231)	41,439	(9,648)
Amounts written-off	-	-	(29,786)	(29,786)
Exchange rate and other adjustments	2,806	(3,463)	2,947	2,290
At 30 September 2025	79,785	198,772	217,856	496,413

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6 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

b) Reconciliation of ECL allowances (continued)

	2024 (Reviewed)			
	Stage 1	Stage 2	Stage 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January 2024	82,490	274,664	225,939	583,093
Transfer from Stage 1	(2,190)	2,190	-	-
Transfer from Stage 2	13,865	(31,862)	17,997	-
Transfer from Stage 3	-	3,774	(3,774)	-
Net remeasurement of ECL allowances	(16,877)	11,400	101,273	95,796
Amounts written-off	-	-	(118,715)	(118,715)
Exchange rate and other adjustments	(6,599)	(19,410)	(6,970)	(32,979)
At 30 September 2024	70,689	240,756	215,750	527,195

c) Allowance for impairment, credit losses and others

	Nine months ended 30 September	
	2025	2024
	US\$ '000	US\$ '000
Net remeasurement of ECL on financing receivables and ijarah assets (note 6 b)	9,648	(95,796)
Recoveries from financing receivables and ijarah assets during the period (from fully provided financing receivables and ijarah assets written-off in previous years)	19,222	4,061
Net remeasurement of ECL for non-trading investments (note 7 b)	(3,802)	15,578
Net remeasurement of ECL on off-balance sheet exposures and others	(4,228)	3,801
Net other provision (charges) / write-back	(9,217)	17,893
	11,623	(54,463)

7 NON-TRADING INVESTMENTS

a) Credit quality of non-trading investments

	30 September 2025 (Reviewed)			
	Stage 1	Stage 2	Stage 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
High standard grade	6,211,900	-	-	6,211,900
Standard grade	3,772,376	13,841	-	3,786,217
	9,984,276	13,841	-	9,998,117
ECL allowances	(14,015)	(1,495)	-	(15,510)
	9,970,261	12,346	-	9,982,607
Equity instruments at fair value				2,032,454
				12,015,061

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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\$ 0.2 million (30 September 2024: US\$ 0.2 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	3,817	(15)	-	3,802
Exchange rate and other adjustments	104	108	-	212
At 30 September 2025	14,015	1,495	-	15,510

	<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	(14,385)	(1,193)	-	(15,578)
Exchange rate and other adjustments	(10)	(12)	-	(22)
At 30 September 2024	11,266	1,367	-	12,633

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8 QUASI-EQUITY

Type of quasi-equity	(Reviewed) 30 September 2025 US\$ '000	(Audited) 31 December 2024 US\$ '000
Mudaraba-based accounts	784,991	764,400
Wakala-based accounts	12,340,704	11,048,173
	13,125,695	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 September 2025 (Reviewed)			
US\$ '000			
	Self financed assets	Jointly financed assets	Total
Cash and balances with central banks	975,451	25,691	1,001,142
Due from central banks and sukuk	-	1,093,488	1,093,488
Due from banks	1,291,980	491,780	1,783,760
Financing receivables and ijarah assets	155,725	10,709,080	10,864,805
Non-trading investments	11,209,405	805,656	12,015,061
Investment in associates	35,783	-	35,783
Investment properties	108,184	-	108,184
Profit receivable and other assets	829,597	-	829,597
Premises and equipments	189,354	-	189,354
Goodwill and other intangible assets	108,984	-	108,984
	14,904,463	13,125,695	28,030,158

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

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9 MOVEMENT IN OTHER RESERVES

	Other comprehensive income						
	Capital reserve	Property revaluation reserve	Foreign exchange translation reserve	Cumulative changes in			
				OCI reserve	Cash flow hedge reserve	Pension fund reserve	
							Total other reserves
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	-	-	(13,419)	-	-	(292)	(13,711)
Transfers to interim condensed consolidated statement of income	-	-	-	(38,947)	-	-	(38,947)
Net fair value movements	-	-	-	348,494	(115)	-	348,379
Balance at 30 September 2025	17,240	35,090	(952,496)	395,350	(115)	(55,437)	(560,368)

	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)	(185,199)	-	-	(222)	(185,475)
Transfers to interim condensed consolidated statement of income	-	-	-	(7,997)	-	-	(7,997)
Transfers to retained earnings on sale of equity investments	-	-	-	548	-	-	548
Net fair value movements	-	-	-	(19,517)	(259)	-	(19,776)
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 September 2024	17,240	35,090	(918,446)	(41,181)	(259)	(55,266)	(962,822)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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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\$ 6,682.4 million as at 30 September 2025 (31 December 2024: US\$ 6,526.5 million). Carrying value of these non-trading investments was US\$ 6,567.9 million as at 30 September 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 September 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	1,921,659	53,372	57,423	2,032,454
Debt instruments (FVTOCI)	3,402,955	17,271	-	3,420,226
Financing receivables and ijarah assets	-	-	6,084	6,084
Islamic derivative financial assets	-	268,469	-	268,469
Islamic derivative financial liabilities	-	183,304	-	183,304

	<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 nine months ended 30 September 2025 and 2024, there have been no transfers between Level 1, 2, 3 and no significant movements were noted in Level 3 instruments.

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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 nine months ended</i>					
<i>30 September 2025 (Reviewed)</i>					
Financing and similar income	5,291	-	71	-	-
Finance and similar cost	16,427	271	351	68	-
Fees and commissions - net	25	1,142	1	4	-
Dividend income	50,943	-	-	-	-
Short term employee benefits	-	-	-	4,756	-
End of service benefits	-	-	-	339	-
Directors' fees and related expenses	-	-	1,799	-	-
<i>As of 30 September 2025 (Reviewed)</i>					
Due from banks	23,988	1,574	-	-	-
Financing receivables and ijarah assets	-	-	3,979	165	-
Non-trading investments	1,921,142	-	-	-	-
Profit receivable and other assets	1,496	-	110	-	-
Due to banks	190,581	23,664	-	-	-
Customers' accounts and quasi-equity	436,542	-	6,407	1,969	-
Sukuk payable and term financing	482,860	-	-	-	-
Profit payable and other liabilities	4,321	-	10	-	-
Perpetual Tier 1 Sukuk	400,000	-	-	-	-
Commitments and contingent liabilities	2,457	19,403	-	-	-

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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 nine months ended</i>					
<i>30 September 2024 (Reviewed)</i>					
Financing and similar income	380	-	121	-	-
Finance and similar cost	30,880	177	301	192	11,721
Fees and commissions - net	2	949	-	3	-
Dividend income	42,655	-	-	-	-
Short term employee benefits	-	-	-	5,915	-
End of service benefits	-	-	-	495	-
Directors' fees and related expenses	-	-	1,664	-	-
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	-	-	-

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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 27.3% as of 30 September 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 September 2025 is 116.8% (31 December 2024: 116.3%).

	<i>(Reviewed)</i> 30 September 2025 <i>US\$ '000</i>	<i>(Audited)</i> 31 December 2024 <i>US\$ '000</i>
<u>Available Stable Funding:</u>		
Regulatory capital	5,746,341	5,614,995
Stable accounts	4,368,785	4,283,133
Wholesale funding	6,983,025	6,175,570
Others	178,184	445,330
Total Available Stable Funding (A)	17,276,335	16,519,028
<u>Required Stable Funding:</u>		
High-Quality Liquid Assets (HQLA)	1,940,709	1,819,632
Performing financing receivables and ijarah assets	7,929,608	7,047,966
Securities (other than HQLA)	3,567,077	3,257,556
Islamic derivative financial instruments	330,050	618,422
Others	806,796	1,250,201
Off-balance sheet items	220,295	205,671
Total Required Stable Funding (B)	14,794,535	14,199,448
NSFR (%) (A/B)	116.8%	116.3%

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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>Nine months ended</i>	
	<i>30 September</i>	
	<i>2025</i>	<i>2024</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Domestic minimum top-up tax (DMTT)	49,468	-
Income tax excluding DMTT	39,950	36,973
	89,418	36,973

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 September 2025 (Reviewed)

16 SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Bank sold its 100% equity interest in Ahli United Company W.L.L. ("AUC") to its Parent for a total consideration of US\$ 1.9 billion. The consideration comprised a 100% equity interest in Baytik Bahrain Real Estate Holding Company W.L.L., valued at US\$ 1.2 billion, with the remaining balance payable in the form cash and other financial instruments.