Kuwait Finance House B.S.C. (c)

Pillar 3 Disclosures - Basel III

30 June 2026

TABLE - 1 CAPITAL STRUCTURE

	US$ '000		
A. NET AVAILABLE CAPITAL	***CET1***	***AT1***	***Tier2***
NET AVAILABLE CAPITAL	**4,692,682**	**402,612**	**246,794**
TOTAL ELIGIBLE CAPITAL BASE (CET1 + AT1 + Tier2)			**5,342,088**
RISK WEIGHTED EXPOSURES			
Credit Risk Weighted Exposures			16,379,179
Market Risk Weighted Exposures			119,059
Operational Risk Weighted Exposures			1,822,176
TOTAL RISK WEIGHTED EXPOSURES			**18,320,414**
CET1 and Capital Conservation Buffer (CCB)			25.6%
Tier 1 - Capital Adequacy Ratio (CET1, AT1 and CCB)			27.8%
Total - Capital Adequacy Ratio			**29.2%**

B. CAPITAL ADEQUACY RATIO

As at 30 June 2026, the capital adequacy ratio of banking subsidiaries under Basel III, unless mandated otherwise were:

	Subsidiaries		
	Kuwait Finance House (U.K.) PLC (KFH UK)	***Kuwait Finance House (Egypt) S.A.E. (KFHE)***	***Commercial Islamic Bank of Iraq P.S.C. (CIBIQ)***
Tier 1 - Capital Adequacy Ratio	18.8%	14.4%	122.9%
Total - Capital Adequacy Ratio	18.8%	15.4%	123.0%

TABLE - 2 GROSS CREDIT RISK EXPOSURES

	US$ '000			
	Total		**Total Exposure**	
	As at 30 June 2026	***Average monthly balance***	***Self financed %***	***Jointly financed %***
Balances with central banks	869,764	861,448	2.4%	0.9%
Due from central banks and sukuk	1,137,945	1,071,189	1.4%	2.8%
Due from banks	1,815,463	2,213,840	4.9%	1.8%
Financing receivables and ijarah assets	12,963,092	12,175,869	5.6%	42.6%
Non-trading investments	9,552,837	10,038,018	33.7%	1.9%
Profit receivable and other assets	542,906	548,541	2.0%	0.0%
TOTAL FUNDED EXPOSURES	**26,882,007**	**26,908,905**	**50.0%**	**50.0%**
Contingent liabilities	2,581,988	2,505,700	92.4%	0.0%
Undrawn financing commitments	213,551	207,306	7.6%	0.0%
TOTAL UNFUNDED EXPOSURES	**2,795,539**	**2,713,006**	100.0%	0.0%
TOTAL GROSS CREDIT RISK EXPOSURE	**29,677,546**	**29,621,911**	**54.7%**	**45.3%**

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

TABLE 3 - RISK WEIGHTED EXPOSURES AND CAPITAL REQUIREMENT

A) Overall - Risk Weighted Exposures And Capital Requirement

	US$ '000				*US$ '000*					
	Self Financed (A)				*Jointly Financed (B)*				**Gross Exposure (%)**	
	Gross exposure	*Secured by eligible CRM*	*Risk weighted exposures after CRM*	*Capital requirement (a)*	*Gross exposure*	*Secured by eligible CRM*	*Risk weighted exposures after CRM*	*Capital requirement (b)*	**Self Financed**	**Jointly Financed**
Claims on sovereigns and MDBs	4,852,679	-	864,534	121,035	2,118,309	-	108,702	15,218	15.2%	6.6%
Claims on public sector entities	1,566,464	-	979,115	137,076	1,372,613	-	125,610	17,585	4.9%	4.3%
Claims on banks	2,994,127	-	1,227,326	171,826	386,661	-	32,668	4,574	9.4%	1.2%
Claims on corporates	5,336,744	101,325	4,220,092	590,813	8,479,121	354,210	2,421,853	339,059	16.7%	26.6%
Regulatory retail exposures	787,128	6,626	580,657	81,292	248,295	96,745	33,666	4,713	2.5%	0.8%
Residential mortgage exposures	475,993	-	330,094	46,213	1,063,559	-	144,555	20,238	1.5%	3.3%
Equity	49,179	-	92,839	12,997	137	-	61	9	0.2%	0.0%
Investments in funds	3,245	-	3,245	454	34,882	-	15,697	2,198	0.0%	0.1%
Other exposures	2,245,232	-	5,198,466	727,786	1	-	(1)	(0)	6.7%	0.0%
TOTAL	**18,310,791**	**107,951**	**13,496,368**	**1,889,492**	**13,703,578**	**450,955**	**2,882,811**	**403,593**	**57.1%**	**42.9%**

	Total (A) + (B)	
	Risk weighted exposures after CRM	*Capital requirement*
TOTAL CREDIT RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH) - (a+b)	**16,379,179**	**2,293,085**
TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)	**119,059**	**16,668**
TOTAL OPERATIONAL RISK CAPITAL REQUIREMENT (BASIC INDICATOR APPROACH) *	**1,822,176**	**255,105**
Total	**18,320,414**	**2,564,858**

*Indicator for operational risk exposure is gross income, adjusted for exceptional items, as per BIA. This approach uses average of adjusted gross income for previous three financial years (US$ 971,827 thousands) for operational risk computation.

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

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

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

B) Capital Requirements By Type of Islamic Financing Contract

	US$ '000
	Capital Requirement
Type of Islamic Financing Contracts	
Murabaha and Tawarruq	471,261
Ijarah	67,270
Others	16,460
Total	**554,991**

TABLE - 4 GEOGRAPHIC DISTRIBUTION OF GROSS CREDIT EXPOSURES

	US$'000						
	Total						
	GCC countries	***United Kingdom***	***Europe (excluding United Kingdom)***	***Arab Republic of Egypt***	***Asia (excluding GCC countries)***	***Rest of the World***	***Total***
Balances with central banks	138,325	363,534	-	317,794	50,077	34	869,764
Due from central banks and sukuk	801,052	-	-	313,992	22,901	-	1,137,945
Due from banks	862,537	225,363	286,080	56,053	2,205	383,225	1,815,463
Financing receivables and ijarah assets	7,619,201	1,580,391	358,416	2,797,748	462,968	144,368	12,963,092
Non-trading investments	6,687,360	40,984	690,850	618,647	1,038,061	476,935	9,552,837
Profit receivable and other assets	202,795	179,057	74,170	64,379	14,910	7,595	542,906
Total funded exposures	**16,311,270**	**2,389,329**	**1,409,516**	**4,168,613**	**1,591,122**	**1,012,157**	**26,882,007**
Contingent liabilities	921,366	7,012	461,076	560,743	500,966	130,825	2,581,988
Undrawn financing commitments	99,558	45,400	19,452	48,540	601	-	213,551
Total unfunded exposures	**1,020,924**	**52,412**	**480,528**	**609,283**	**501,567**	**130,825**	**2,795,539**
TOTAL	**17,332,194**	**2,441,741**	**1,890,044**	**4,777,896**	**2,092,689**	**1,142,982**	**29,677,546**
	58.4%	**8.2%**	**6.4%**	**16.1%**	**7.1%**	**3.9%**	**100.0%**
Self financed % - Funded	**25.2%**	**7.2%**	**1.4%**	**13.4%**	**1.7%**	**1.1%**	**50.0%**
Jointly financed % - Funded	**35.5%**	**1.7%**	**3.9%**	**2.2%**	**4.2%**	**2.5%**	**50.0%**

TABLE - 5 SECTORAL CLASSIFICATION OF GROSS CREDIT EXPOSURES

	US$ '000				*Funded*		*Unfunded*
	Funded	*Unfunded*	*Total*	*% Total*	*%Self Financed*	*%Jointly Financed*	*%Self Financed*
Balances with central banks	**2,261,598**	**-**	**2,261,598**	**7.6%**	**5.6%**	**2.8%**	**0.0%**
Banks and other financial institutions	**4,248,619**	**276,316**	**4,524,935**	**15.2%**	**8.0%**	**7.8%**	**9.9%**
Consumer/personal	**1,236,411**	**20,947**	**1,257,358**	**4.2%**	**3.4%**	**1.2%**	**0.7%**
Residential mortgage	**1,173,213**	**-**	**1,173,213**	**4.0%**	**1.4%**	**3.0%**	**0.0%**
Trading and manufacturing	**4,634,726**	**1,044,099**	**5,678,825**	**19.1%**	**5.5%**	**11.8%**	**37.3%**
Real estate	**2,577,063**	**59,879**	**2,636,942**	**8.9%**	**1.6%**	**8.0%**	**2.1%**
Services	**3,113,915**	**894,011**	**4,007,926**	**13.5%**	**3.5%**	**8.0%**	**32.0%**
Government/public sector	**6,699,528**	**30,419**	**6,729,947**	**22.7%**	**20.5%**	**4.4%**	**1.1%**
Others	**936,934**	**469,868**	**1,406,802**	**4.7%**	**0.5%**	**3.0%**	**16.8%**
TOTAL	**26,882,007**	**2,795,539**	**29,677,546**	**100.0%**	**50.0%**	**50.0%**	**100.0%**
Jointly financed %	**90.6%**	**9.4%**	**100.0%**				

TABLE - 6 RESIDUAL CONTRACTUAL MATURITY OF GROSS CREDIT EXPOSURES

	US$ '000							
	Total							
	Up to one month	*One month to three months*	*Over three months to one year*	*Over one year to five years*	*Over five to ten years*	*Over ten to twenty years*	*Over twenty years*	*Total*
Balances with central banks	869,764	-	-	-	-	-	-	**869,764**
Due from central banks and sukuk	637,649	85,872	414,424	-	-	-	-	**1,137,945**
Due from banks	1,705,861	92,772	16,830	-	-	-	-	**1,815,463**
Financing receivables and ijarah assets	848,539	1,265,572	3,049,950	4,854,718	2,393,039	447,776	103,498	**12,963,092**
Non-trading investments	52,113	11,699	692,462	4,243,533	3,855,209	392,010	305,811	**9,552,837**
Profit receivable and other assets	255,131	41,857	106,026	132,032	4,555	-	3,305	**542,906**
Total funded exposures	**4,369,057**	**1,497,772**	**4,279,692**	**9,230,283**	**6,252,803**	**839,786**	**412,614**	**26,882,007**
Contingent liabilities	721,683	656,461	1,064,682	135,119	4,043	-	-	**2,581,988**
Undrawn financing	57,466	53,508	76,478	24,218	1,881	-	-	**213,551**
Total unfunded exposures	**779,149**	**709,969**	**1,141,160**	**159,337**	**5,924**	**-**	**-**	**2,795,539**
TOTAL	**5,148,206**	**2,207,741**	**5,420,852**	**9,389,620**	**6,258,727**	**839,786**	**412,614**	**29,677,546**
Self financed % - Funded	**9.2%**	**1.4%**	**3.9%**	**17.2%**	**15.5%**	**1.7%**	**1.1%**	**50.0%**
Jointly financed % - Funded	**7.1%**	**4.2%**	**12.0%**	**17.1%**	**7.7%**	**1.5%**	**0.4%**	**50.0%**
Self financed % - Unfunded	**1.4%**	**7.0%**	**55.2%**	**34.0%**	**2.4%**	**0.0%**	**0.0%**	**100.0%**

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

	US$ '000				
	Impaired financing receivables (Stage 3) as at 30 June 2026	*ECL allowances (Stage 3) as at 30 June 2026*	*Net ECL charge (Stage 3) for the period ended 30 June 2026*	*Write-offs during the period ended 30 June 2026*	*ECL allowances (Stage 1 & Stage 2) as at 30 June 2026*
Consumer/personal	42,744	34,627	7,097	12,429	30,361
Trading and manufacturing	95,452	79,123	11,610	-	87,727
Real estate	57,603	51,323	(38,622)	5,081	57,646
Residential mortgage	84,941	24,993	805	-	2,293
Banks and other financial institutions	826	568	-	-	5,047
Services	35,900	32,402	801	-	75,512
Government/public sector	-	-	-	-	5,130
Others	13,421	10,580	1,767	-	40,278
TOTAL	**330,887**	**233,616**	**(16,542)**	**17,510**	**303,994**

TABLE - 8 GEOGRAPHICAL DISTRIBUTION OF IMPAIRMENT ALLOWANCES FOR FINANCING RECEIVABLES

	US$ '000						
	GCC countries	*United Kingdom*	*Europe (excluding United Kingdom)*	*Arab Republic of Egypt*	*Asia (excluding GCC countries)*	*Rest of the World*	*Total*
ECL allowances (Stage 1 & 2)	178,461	765	9,170	111,438	1,527	2,633	**303,994**
ECL allowances (Stage 3)	161,256	19,893	-	51,919	114	434	**233,616**
TOTAL	**339,717**	**20,658**	**9,170**	**163,357**	**1,641**	**3,067**	**537,610**

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

Refer note 6b of the interim condensed consolidated financial statements of the Group for the period ended 30 June 2026 for ECL allowance movements for financing receivables and ijarah assets.

TABLE - 10 IMPAIRED FINANCING RECEIVABLES - AGE ANALYSIS

i) By Geographical Region

	US$ '000			
	Three months one year	***Over one year to three years***	***Over three years***	***Total***
GCC countries	82,701	54,411	51,242	**188,354**
United Kingdom	26,585	49,318	1,020	**76,923**
Arab Republic of Egypt	46,587	17,698	711	**64,996**
Asia (excluding GCC countries)	163	-	17	**180**
Rest of the World	-	434	-	**434**
TOTAL	**156,036**	**121,861**	**52,990**	**330,887**
	47.2%	**36.8%**	**16.0%**	**100%**

ii) By Industry Sector

	US$ '000			
	Three months one year	***Over one year to three years***	***Over three years***	***Total***
Consumer/personal	32,498	8,342	1,904	**42,744**
Trading and manufacturing	66,579	27,903	970	**95,452**
Real estate	5,349	5,060	47,194	**57,603**
Residential mortgage	31,216	50,885	2,840	**84,941**
Banks and other financial institutions	-	826	-	**826**
Services	7,050	28,798	52	**35,900**
Others	13,344	47	30	**13,421**
TOTAL	**156,036**	**121,861**	**52,990**	**330,887**
	47.2%	**36.8%**	**16.0%**	**100%**

TABLE - 11 RESTRUCTURED CREDIT FACILITIES	***US$ '000***
Balance of any restructured credit facilities as at period end	753,288
Financing receivables restructured during the period	142,745

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

TABLE - 12 BREAKUP OF GROSS EXPOSURE COVERED BY COLLATERAL

The Bank uses a variety of tools to mitigate its credit risk, the primary one being that of securing the exposure by suitable and eligible collateral. While existence of collateral security is not a policy precondition for financing, in practice a large part of existing exposures are at least partially supported by collateral. The Bank has clear policies on the type of assets that can be accepted as collateral security and the mode of valuation of these assets. In general, all assets accepted as collateral are valued at least once in a year. The validity and enforceability of the documents used for creating these collaterals are legally vetted.

	US$'000
Portfolios	**Total exposures covered by eligible collateral (after appropriate haircuts**
Murabaha and Tawarruq	666,899
Ijarah	95,626
Others	22,147
Total	**784,672**

TABLE - 13 COUNTERPARTY CREDIT RISK IN DERIVATIVE TRANSACTIONS

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

i) Breakdown of the credit exposure

	US$ '000	
	Notional amount	***Credit Equivalent Exposure***
a) Derivatives utilised for customer-focused activities		
Foreign Exchange Contracts (WAAD)	3,031,628	37,932
Profit Rate Swaps (PRS)	1,506,270	64,057
Others	8,259	-
	4,546,157	**101,989**
b) Banking (Derivatives held as fair value hedges)		
Profit Rate Swaps (PRS)	9,996,199	244,764
	9,996,199	**244,764**
	14,542,357	**346,754**

	US$ '000
ii) Amounts of cash collateral	**49,620**

TABLE - 14 RELATED PARTY TRANSACTIONS

Refer note 11 to the interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2026. Related party transactions are entered with related parties in ordinary course of business at arm's length. Further, as of 30 June 2026, exposures in excess of limits prescribed by Credit Risk Management Module amounted to US$ 21 million. These exposures are risk weighted at 800%.

TABLE - 15 COMPONENTS OF MARKET RISK AND CURRENCY RISK

	US$ '000			
	Risk weighted exposures	*Capital requirement*	*Maximum value*	*Minimum value*
Profit rate risk	53,486	7,488	14,878	7,488
Equity position risk	20,553	2,877	2,879	2,877
Foreign exchange risk	44,874	6,283	6,283	5,624
Others	146	20	26	20
	119,059	**16,668**	**24,064**	**16,010**

The Bank consolidates the results of Kuwait Finance House (U.K.) PLC (KFH UK), Kuwait Finance House (Egypt) S.A.E. (KFHE), and Commercial Islamic Bank of Iraq P.S.C. (CIBIQ), which report in GBP, EGP, and IQD, respectively. The impact of foreign exchange rate movements on the translation of these subsidiaries is reflected in the Condensed Consolidated Interim Financial Statements.

TABLE - 16 EQUITY POSITION RISK IN BANKING BOOK

The following table summarizes the amount of total and average gross exposure of equity investments and funds as of 30 June 2026:

						US$'000
	Total gross exposures	**Average gross exposure [1]**	**Listed**	**Unlisted**	**Risk weighted assets**	**Capital requirements**
Equity investments	49,316	57,413	706	48,610	93,044	13,026
Funds	42,121	43,841	3,245	38,876	63,559	8,898
	91,436	**101,254**	**3,951**	**87,486**	**156,603**	**21,924**

Average balances are computed based on quarter end balances.

TABLE - 17 PROFIT RATE RISK AND SENSITIVITY ANALYSIS

PROFIT RATE RISK

	US$'000			
ASSETS	*Less than three months*	*Three months to one year*	*Over one year*	*Total*
Cash and balances with central banks	869,764	-	-	869,764
Due from central banks and sukuk	723,521	414,424	-	1,137,945
Due from banks	1,223,685	30,362	10,416	1,264,463
Financing receivables and ijarah assets	9,710,738	2,099,350	1,153,004	12,963,092
Non-trading investments	37,388	937,669	8,566,795	9,541,852
	12,565,096	3,481,805	9,730,215	25,777,116
LIABILITIES				
Due to banks	1,144,684	245,000	2,438	1,392,122
Term financing against sukuk	3,939,656	-	-	3,939,656
Customers' accounts	1,103,759	445,896	581,311	2,130,966
Sukuk payable and term financing	1,538,974	-	-	1,538,974
QUASI-EQUITY				
Banks	1,190,883	853,706	-	2,044,589
Non-banks and individuals	6,442,711	3,234,291	1,119,773	10,796,775
Sukuk payable	-	-	-	-
	15,360,667	4,778,893	1,703,522	21,843,082
Perpetual Tier 1 Capital Securities	**-**	**-**	**400,000**	**400,000**
On balance sheet gap	(2,795,571)	(1,297,088)	7,626,693	
Off balance sheet gap	-	-	-	
Total profit sensitivity gap	(2,795,571)	(1,297,088)	7,626,693	3,534,034
Cumulative profit sensitivity gap	(2,795,571)	(4,092,659)	3,534,034	

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

SENSITIVITY ANALYSIS

ANNUALISED

	US$ '000
at 25 bps increase (+) /decrease (-)	11,608

The impact of a +/- 200bps profit rate shock on assets and liabilities which, are carried at fair value and the consequent impact on equity as of 30 June 2026 is as per the following table.

	US$ '000		
	Assets	*Liabilities*	*Equity*
at 200 bps - increase (+)	287,511	(288,568)	(1,057)
at 200 bps - decrease (-)	(287,511)	288,568	1,057

TABLE - 18 GAIN / (LOSS) ON EQUITY INSTRUMENTS

	US$ '000
Net gain recognised in Tier1 Capital (CET1)	
Net unrealised gain recognised in the balance sheet	(26,046)
Realised loss recognised in the equity	-

TABLE - 19 QUANTITATIVE INDICATORS OF FINANCIAL PERFORMANCE AND POSITION

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

	*HY 2026**	*2025*	*2024*	*2023*	*2022*
Return on average equity	*10.5%*	*14.7%*	*15.4%*	*15.3%*	*12.3%*
Return on average assets	1.8%	2.8%	2.6%	1.8%	1.4%
Cost to income ratio	34.4%	26.1%	27.9%	26.2%	25.8%

The indicators have been annualized for H1 2026 reporting.

DISCLOSURES RELATED TO QUASI EQUITY ACCOUNT HOLDERS (QEAH)

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

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

The Risk weighted assets of the bank include the assets funded by QEAH which are subject to the 30% alpha factor on the respective risk weights.

TABLE - 20 QUASI-EQUITY ACCOUNT HOLDERS BY TYPE

The following table summarises the breakdown of quasi-equity account holders accounts as of 30 June 2026:

		US$'000
	Amount	**Profit Distributed**
Banks	2,640,937	49,550
Individuals and non-banks	10,796,775	315,287
Total	**13,437,712**	**364,837**

Bank's jointly financed assets to total quasi-equity investment account holders as of 30 June 2026 is 64%

TABLE - 21 RETURN ON AVERAGE QUASI- EQUITY ASSETS

	H1 2026	**2025**	**2024**
Average profit earned on average quasi-equity assets	568,246	1,208,286	981,205
Total income attributable to quasi-equity (before wakala fees and Mudarib share of profit	459,344	912,248	762,142
Average profit paid on average quasi-equity holders	364,837	802,317	541,249
Rate of profit earned on average quasi-equity assets	8.7%	9.5%	9.5%
Rate of profit paid on average quasi-equity assets	5.6%	6.3%	5.2%
RWA (Quasi Equity Assets) after CRM	2,882,811	2,772,944	2,719,626.0
Quasi Equity Balances	13,437,712	13,403,295	11,812,573.0

The ratio of average profit distributed to average profit earned for quasi-equity account holders is 64.2%.

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

US$'000

Gross Financing Assets	Self financed (A)	Jointly financed (B)	Total (A)+(B)	% of jointly financed to total
A) Murabaha and Tawarruq				
Corporate	213,338	9,872,873	10,086,211	97.9%
Retail	836,980	924,895	1,761,875	52.5%
Total - Murabaha and Tawarruq (A)	**1,050,318**	**10,797,767**	**11,848,086**	**91.1%**
B) Ijarah Muntahia Bittamleek				
Corporate	-	888,681	888,681	100.0%
Retail	472,326	210,936	683,262	30.9%
Total - Ijarah Muntahia Bittamleek (B)	**472,326**	**1,099,617**	**1,571,944**	**70.0%**
(C) Others				
Corporate	73,892	-	73,892	0.0%
Retail	6,779	-	6,779	0.0%
Total - Others (C)	**80,671**	**-**	**80,671**	**0.0%**
Gross Total (A)+(B)+(C)	**1,603,316**	**11,897,385**	**13,500,701**	**88.1%**

TABLE - 23 PROFIT PAID TO QUASI-EQUITY HOLDERS

	Gross return on equity of Quasi-Equity Holders	Mudarib / Wakala fees	Profit paid to Quasi-Equity Holders
			US$'000
	A	B	(A-B)
Account type			
Mudaraba	5,246	4,734	512
Wakala	454,099	89,774	364,325
	459,345	**94,508**	**364,837**

Profits earned from the pool of assets funded by the equity of quasi-equity account holders, after administrative expenses of US$ 45.1 million incurred in connection with the management of the funds, are allocated between the owners' equity and equity of investment account holders.

The average mudarib and wakala fees charged by Bank during the twelve month period ended 30 June 2026 was 21% .

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

The following table summarises the average distributed rate of return or profit rate on mudaraba investment accounts for the year ended 30 June 2026:

Quasi-Equity (Mudaraba based) Accounts	**Up to 3-month**	**3-6 month**	**6-12 month**	**12-36 month**
Average profit distributed	2.68%	2.50%	2.35%	2.20%

The Bank has no profit equalization reserve (PER) and Investment Risk Reserve (IRR) as of 30 June 2026.

TABLE - 25 EQUITY OF INVESTMENT ACCOUNT HOLDERS TYPE OF ASSETS

The following table summarises the types of assets in which the funds are invested and the actual allocation among various types of assets for the period ended 30 June 2026:

	As of 1 January 2026	**Movement**	**As of 30 June 2026**
			US$'000
Cash and balances with banks and Central Bank	1,067,044	422,504	1,489,548
Financing contracts	11,526,419	(80,212)	11,446,207
Investment securities	809,832	(307,875)	501,957
Total	**13,403,295**	**34,417**	**13,437,712**

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

TABLE - 26 LIQUIDITY RISK EXPOSURE INDICATORS

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

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

The liquidity coverage ratio as of 30 June was 173.2%.

TABLE - 27 DISPLACED COMMERCIAL RISK (DCR)

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

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

TABLE - 28 SHARI'A AND LEGAL COMPLIANCE

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

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

Late Payment Donations recovered from customers are treated and disbursed under the guidance, supervision, and approval of the Shari’a Supervisory Board.

Legal cases resulting from normal course of business are handled by the Bank’s in-house legal team and external legal consultants are consulted on such matters, as and when required. The bank has assessed that there were no material legal contingency as at 30 June 2026.

Kuwait Finance House B.S.C. (c)

Regulatory Capital & Leverage Ratio Disclosures - Basel III

30 June 2026

APPENDIX I - REGULATORY CAPITAL DISCLOSURES

PD 1 : Capital Composition Disclosure Template

Basel III Common disclosure template	*US$ '000* *PIRI as on 30 Jun 2026*	*Reference*
Common Equity Tier 1 capital: instruments and Reserves		
Directly issued qualifying common share capital plus related stock surplus	2,786,983	A1
Retained earnings	975,036	B1+B2+B3+B4
Accumulated other comprehensive income (and other reserves)	1,092,071	C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	12,188	D
Common Equity Tier 1 capital before regulatory adjustments	**4,866,278**	
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments		
Goodwill (net of related tax liability)	90,413	E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	83,183	F1+F2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	G1-G2
Cash-flow hedge reserve	-	C7
Shortfall of provisions to expected losses		
Securitization gain on sale (as set out in paragraph 562 of Basel II framework)		
Not applicable		
Defined-benefit pension fund net assets		
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
Reciprocal cross-holdings in common equity	-	K
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	H1 + H2
Total regulatory adjustments to Common equity Tier 1	**173,596**	
Common Equity Tier 1 capital (CET1)	**4,692,682**	
Additional Tier 1 capital: instruments		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	400,000	I
Additional Tier 1 instruments (and CET1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group AT1)	2,612	J
Additional Tier 1 capital before regulatory adjustments	**402,612**	
Total regulatory adjustments to Additional Tier 1 capital	**-**	
Additional Tier 1 capital (AT1)	**402,612**	
Tier 1 capital (T1 = CET1 + AT1)	**5,095,294**	
Tier 2 capital: instruments and provisions		
Tier 2 instruments (and CET1 and AT1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	6,965	L
Expected Credit Losses & Reserves	239,830	M1+M2
Tier 2 capital before regulatory adjustments	**246,795**	
Total regulatory adjustments to Tier 2 capital	**-**	
Tier 2 capital (T2)	**246,795**	
Total capital (TC = T1 + T2)	**5,342,089**	
Total risk weighted assets	**18,320,415**	

Capital ratios		
Common Equity Tier 1 (as a percentage of risk weighted assets)	25.6%	
Tier 1 (as a percentage of risk weighted assets)	27.8%	
Total capital (as a percentage of risk weighted assets)	**29.2%**	
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement expressed as a percentage of risk weighted assets)	10.5%	
of which: Capital Conservation Buffer requirement	2.5%	
of which: bank specific countercyclical buffer requirement (N/A)	NA	
of which: D-SIB buffer requirement	1.5%	
National minima (if different from Basel III)		
CBB Common Equity Tier 1 minimum ratio (including buffers)	10.5%	
CBB Tier 1 minimum ratio (including buffers)	12.0%	
CBB total capital minimum ratio (including buffers)	14.0%	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	70,445	
Significant investments in the common stock of financial entities	19,423	
Applicable caps on the inclusion of Expected Credit Losses in Tier 2		
Expected Credit Losses (Stages 1 and 2) eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	321,618	N
Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach	204,740	M2

PD 2 : Reconciliation Of Regulatory Capital

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

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

	US$ '000
Balance sheet as per published financial statements	**29,023,007**
ECL - Stages 1 and 2	321,618
Balance sheet as in Regulatory Return	**29,344,625**

ii) Step 2: Expansion of the Balance Sheet under Regulatory scope of Consolidation *US$ '000*

Assets	*Balance as per published financial statements*	*Consolidated PIRI data (Regulatory Reporting)*	*Reference*
Cash and balances with central banks	934,970	934,970	
Financial assets at fair value through Profit & Loss		11,699	
Due from central banks and sukuk	1,137,945	1,137,945	
Due from banks	1,815,463	1,815,735	
Financing receivables and Ijarah assets	12,963,092	13,267,086	
Non-trading investments	9,634,991	9,640,511	
of which significant investment exceeding regulatory threshold		-	H1
of which reciprocal cross-holdings in common equity		-	K
of which investment NOT exceeding regulatory threshold		9,640,511	
Investment properties	729,573	729,573	
Profit receivable and other assets	825,081	825,214	
of which deferred tax assets		-	G1
Investments in associates	680,974	680,974	
of which significant investment exceeding regulatory threshold		-	H2
of which significant investment NOT exceeding regulatory threshold		680,974	
Goodwill and other intangible assets	108,246	108,246	
of which Goodwill		90,413	E
of which other intangibles (excluding MSRs)		17,833	F1
Premises and equipments	192,672	192,672	
of which software		65,350	F2
TOTAL ASSETS	**29,023,007**	**29,344,625**	
Liabilities			
Due to banks	1,392,122	1,392,122	
Customers' accounts	2,130,966	-	
of which Customer current accounts	1,812,943	1,812,943	
of which Funding Liabilities (eg. reverse commodity murabaha, etc.)	318,023	-	
Funding Liabilities (eg. reverse commodity murabaha, etc.)	-	5,796,653	
of which other Customers' accounts	-	318,023	
of which Term financing against sukuk	3,939,656	3,939,656	
of which Sukuk payable and term financing	1,538,974	1,538,974	
Profit payable and other liabilities	1,230,154	1,230,154	
of which deferred tax liabilities	-	1,576	G2
TOTAL LIABILITIES	**10,231,872**	**10,231,872**	
Quasi-Equity	13,437,712	13,437,712	
TOTAL QUASI-EQUITY	**13,437,712**	**13,437,712**	

Equity			
Paid-in share capital	2,786,983	2,786,983	
of which form part of Common Equity Tier 1		2,786,983	
Ordinary Share Capital		2,786,983	A1
Perpetual Tier 1 Capital Securities - KFH Bahrain	400,000	400,000	I
Reserves	2,102,196	2,102,196	
of which form part of Common Equity Tier 1			
Retained earnings/(losses) (excluding profit for the year)		975,035	B1
Proposed Dividend Payable		-	B2
Net profit for the current period		261,230	C1
Share premium		758,170	C2
Legal reserve		1,031,689	C3
Others		(38,167)	C4
FX translation adjustment		(970,792)	C5
Cumulative fair value changes on FVOCI investments		49,941	C6
Fair value changes of cash flow hedges		-	C7
of which form part of Tier 2			
Fixed assets revaluation reserves		35,090	M1
CBB modification loss (part of CET1)		-	B3
Non - controlling interest	64,244	64,244	
of which amount eligible for Common Equity Tier 1		12,188	D
of which amount eligible for Additional Tier 1		2,612	J
of which amount eligible for Tier 2		6,965	L
of which amount ineligible		42,479	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		321,618	N
of which amount eligible for Tier 2 (maximum 1.25% of RWA)		204,740	M2
of which amount included in CET1 as per CBB		-	B4
of which amount ineligible		116,878	
TOTAL OWNER EQUITY	**5,353,423**	**5,675,041**	
TOTAL LIABILITIES, QUASI-EQUITY AND OWNER EQUITY	**29,023,007**	**29,344,625**	

PD 3 : Main features of regulatory capital instruments

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

Leverage Ratio

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

Leverage Ratio components

	US$ '000
Tier1 Capital [A]	5,095,294
Total Exposure [B]	31,735,770
Leverage Ratio ([A] / [B])	**16.1%**