Kuwait Finance House - Group

Net Stable Funding Ratio Disclosure – 30th June 2026

Introduction:

Under the directive (2/RBA/357/2015) issued by the Central Bank of Kuwait (CBK) dated 25 October 2015, Islamic Banks licensed in the State of Kuwait adopted the Net Stable Funding Ratio (NSFR) as part of CBK's continuous implementation of Basel III reforms.

The objective of the NSFR is to promote resilience of the bank's liquidity risk profiles. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The ratio's numerator, Available Stable Funding (ASF), is defined as the portion of capital and liabilities expected to be reliable over specific time horizons whereas the denominator, Required Stable Funding (RSF), is defined as the portion of assets and off-balance sheet exposures expected to be funded on an ongoing basis over similar time horizons.

The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability. It's two components, ASF and RSF, contrast durational and behavioral characteristics for available funding sources with liquidity, quality and tenor characteristics for required funding to properly assess the funding ratio.

Scope of reporting and monitoring occurs at both local and group level, KFH Kuwait and KFH Group respectively.

Results Analysis and Main Drivers

KFH Group's total weighted value of Available Stable Funding (ASF) stood at roughly KD 30.789 billion while the total weighted value of Required Stable Funding (RSF) stood at roughly KD 25.127 billion as of the end of June 30, 2026. Furthermore, the NSFR for the stated period was 122.53%.

The ASF portfolio is driven mainly by a robust capital base and substantial retail deposit base along with reliable wholesale funding. After applying relevant factors, the contribution of the capital base, retail & SMEs deposits, and wholesale funding to the ASF portfolio stood at 22.33%, 45.60%, 26.67% respectively.

The RSF portfolio is driven mainly by financing various stakeholders including but not limited to financial institutions (FIs), non-financial corporate clients, retail and small business customers, sovereigns, central banks, and PSEs.

KFH Group's High-Quality Liquid Assets (HQLA), detailed in the LCR disclosure[1], requires minimal funding due to its highly rated nature and liquidity thus after applying relevant factors it makes up merely 9.31% of the RSF portfolio whereas performing financing makes up 62.73% and other assets 22.51%.

Other assets (row 29), not separately detailed in the NSFR Common Disclosure Template, include sukuk issued or guaranteed by banks and financial institutions, real estate investments, unclassified listed and unlisted investments, non-performing financings, and other residual asset classes.

[1] Available under the Economic Reports section at https://kfh.com/en/home/Personal/Investor-Relations.html

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Quantitative information on the Net Stable Funding Ratio is provided in the table below where values are as of 30th June 2026 for KFH Group.

Table 4: NSFR Common Disclosure*

"KWD '000s"

Sr.	Item	Unweighted Values (i.e. before applying relevant factors)				Total weighted value
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF):						
1	Capital:					
2	* Regulatory Capital	6,874,611	-	-	-	6,874,611
3	* Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits and investment accounts from small business customers:					
5	* Stable deposits	-	1,974	31	-	1,905
6	* Less stable deposits	-	13,366,590	1,462,555	706,641	14,052,872
7	Wholesale funding:					
8	* Operational deposits and investment accounts	-	5,004	-	636	3,138
9	* Other wholesale funding	-	11,566,476	3,047,332	3,264,962	8,207,479
10	Other liabilities:					
11	* NSFR Sharīʼah-compliant hedging contract liabilities	175,121	-	-	-	-
12	* All other liabilities not included in the above categories	1,333,657	571,564	246,124	1,194,324	1,648,917
13	**Total ASF**	**8,383,390**	**25,511,609**	**4,756,042**	**5,166,563**	**30,788,922**
Required Stable Funding (RSF):						
14	Total NSFR Sharīʼah-compliant high-quality liquid assets (HQLA)	7,590,214	-	476,234	972,273	2,339,291
15	Deposits and investment accounts held at other financial institutions for operational purposes	13,103	221,229	-	-	117,166
16	Performing financing and securities:					
17	* Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	* Performing financing to financial institutions secured by non-Level 1 HQLA and unsecured performing financing to financial institutions	-	2,815,818	262,239	576,931	1,130,423
19	* Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	8,937,298	3,354,497	9,366,509	13,752,988
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio – Basel 3 guidelines	-	-	-	949,112	616,922
21	* Performing residential financing, of which:					
22	- With a risk weight of less than or equal to 35% under the CBK Capital Adequacy Ratio – Basel III Guidelines	-	-	-	402,129	261,384
23	* Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	629,023	534,669
24	Other assets:					
25	* Physical traded commodities, including gold	229,649	-	-	-	195,202
26	* Assets posted as initial margin for Sharīʼah-compliant hedging contracts and contributions to default funds of CCPs	35,619	-	-	-	30,276
27	* NSFR Sharīʼah-compliant hedging contract assets	-	-	-	-	-
28	* NSFR Sharīʼah-compliant hedging contract liabilities before deduction of variation margin posted	55,902	-	-	-	55,902
29	* All other assets not included in the above categories	3,697,339	710,892	275,963	1,464,111	5,654,877
30	Off-balance sheet items	6,281,154	785,627	532,477	1,161,951	438,061
31	**Total RSF**	**17,902,980**	**13,470,863**	**4,901,410**	**15,522,039**	**25,127,161**
32	**NSFR (%)**					**122.53%**

* Quarterly Statement.