Kuwait Finance House - Group

Net Stable Funding Ratio Disclosure – 30th September 2025

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 28.405 billion while the total weighted value of Required Stable Funding (RSF) stood at roughly KD 23.967 billion as of the end of September 30, 2025. Furthermore, the NSFR for the stated period was 118.52%.

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 23.36%, 48.27%, 23.52% 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 7.65% of the RSF portfolio whereas performing financing makes up 63.97% and other assets 22.73%.

Other assets (Sr. 29) not detailed in the NSFR Common Disclosure Template on the following page include sukuk issued or guaranteed by banks and FIs, investments in real estate, uncategorized listed and unlisted investments, NPFs and all other assets. Much of the required funding after applying relevant factors is distributed between performing financing and all other assets categories, 63.97% & 22.73% respectively.

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

Quantitative information on the Net Stable Funding Ratio is provided in the table below where values are as of 30th September 2025 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	6,634,343	-	-	-	6,634,343
3	* Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits and investment accounts from small business customers:					
5	* Stable deposits	-	5,758	156	1	5,619
6	* Less stable deposits	-	13,064,460	1,349,817	733,004	13,705,854
7	Wholesale funding:					
8	* Operational deposits and investment accounts	-	6,283	-	932	4,074
9	* Other wholesale funding	-	12,644,811	2,752,019	2,170,442	6,677,079
10	Other liabilities:					
11	* NSFR Sharī'ah-compliant hedging contract liabilities	-	-	-	-	-
12	* All other liabilities not included in the above categories	1,361,753	625,208	49,545	960,078	1,377,980
13	**Total ASF**	**7,996,096**	**26,346,521**	**4,151,537**	**3,864,457**	**28,404,948**
Required Stable Funding (RSF):						
14	Total NSFR Sharī'ah-compliant high-quality liquid assets (HQLA)	6,424,138	-	778,918	574,264	1,833,758
15	Deposits and investment accounts held at other financial institutions for operational purposes	11,441	18,549	-	-	14,995
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	-	3,710,895	166,291	1,043,232	1,683,012
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:	-	9,003,329	2,881,291	8,412,545	12,596,295
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio – Basel 3 guidelines	-	-	-	853,011	551,607
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	-	-	-	403,883	262,524
23	* Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	1,145,479	973,657
24	Other assets:					
25	* Physical traded commodities, including gold	96,106	-	-	-	81,691
26	* Assets posted as initial margin for Sharī'ah-compliant hedging contracts and contributions to default funds of CCPs	55,582	-	-	-	47,244
27	* NSFR Sharī'ah-compliant hedging contract assets	86,221	-	-	-	86,221
28	* NSFR Sharī'ah-compliant hedging contract liabilities before deduction of variation margin posted	22,996	-	-	-	22,996
29	* All other assets not included in the above categories	3,926,856	598,530	305,380	1,069,354	5,448,165
30	Off-balance sheet items	5,176,686	925,992	287,217	899,051	364,447
31	**Total RSF**	**15,800,027**	**14,257,294**	**4,419,097**	**14,400,819**	**23,966,612**
32	**NSFR (%)**					**118.52%**

* Quarterly Statement.