Basel III – Pillar 3 Disclosures

31 December 2025

Table of Disclosures

Introduction

The Qatar Central Bank (QCB) supervises Dukhan Bank (the Bank) and its subsidiaries (together referred to as the “Group”) on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. The capital requirements are computed at a Group level using the Basel III framework as laid out in QCB circular 3/2014 dated 06/01/ 2014. The Basel framework is structured around three ‘pillars’, with the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process complemented by Pillar 3 market discipline. These disclosures are in line with the requirements of Pillar 3 under Basel Framework and is required by QCB bide circular 6/2022 dates 08/01/2022.

Pillar 3 Disclosure December 2025

Pillar 3 disclosures complement the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing disclosure requirements which allow market participants to assess specified information on the scope of application of Basel III, capital, particular risk exposures and risk assessment processes, and hence the capital adequacy of the Group. Disclosures consist of both qualitative and quantitative information and are provided at a consolidated level. The disclosures presented as part of this document are in line with disclosure template provided by Basel Committee of Banking Supervision in DIS 10 dates 11/11/2021 and QCB circular 6/2022 dated 08/01/2022. The figures mentioned in the disclosures are in QAR Mn, unless stated otherwise.

The QCB issued Basel III capital regulations in 2014 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Total Capital. Additional capital buffers (Capital Conservation Buffer - 2.5%) introduced are over and above the minimum CET1 requirement of 6%. In November 2022 QCB published revised capital guidelines mainly focused on updates on Pillar 1 capital requirements introduced Basel III – Reforms with January 2024 as timeline for adaption.

DIS20: Overview of risk management, key prudential metrics and RWA

KM1: Key Metrics (at consolidated group level)

		Dec-25	Jun-25	Dec-24
	Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	12,284	12,268	11,784
1a	Fully loaded ECL accounting model	-	-	-
2	Tier 1	14,105	14,089	13,605
2a	Fully loaded ECL accounting model Tier 1	-	-	-
3	Total capital	15,040	14,913	14,375
3a	Fully loaded ECL accounting model total capital	-	-	-
	Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	82,530	81,501	82,942

		Dec-25	Jun-25	Dec-24
	Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	14.88%	15.05%	14.21%
5a	Fully loaded ECL accounting model CET1 (%)			
6	Tier 1 ratio (%)	17.09%	17.29%	16.40%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)			
7	Total capital ratio (%)	18.22%	18.30%	17.33%
7a	Fully loaded ECL accounting model total capital ratio (%)			
	Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	3.00%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.88%	6.05%	5.21%
	Leverage Ratio			
13	Total leverage ratio measure	140,734	133,637	132,399
14	Leverage ratio (%) (row 2/row 13)	10.13%	10.54%	10.28%
14a	Fully loaded ECL accounting model leverage ratio (%)	10.13%	10.54%	10.28%
	Liquidity Coverage Ratio			
15	Total HQLA	25,406	22,388	19,694
16	Total net cash outflow	14,513	17,578	11,770
17	LCR ratio (%)	175.06%	127.4%	167.3%
	Net Stable Funding Ratio			
18	Total available stable funding	82,637	78,335	78,284
19	Total required stable funding	75,651	73,522	73,156
20	NSFR ratio (%)	109.2%	106.5%	107.0%

OVA: Bank Risk Management Approach

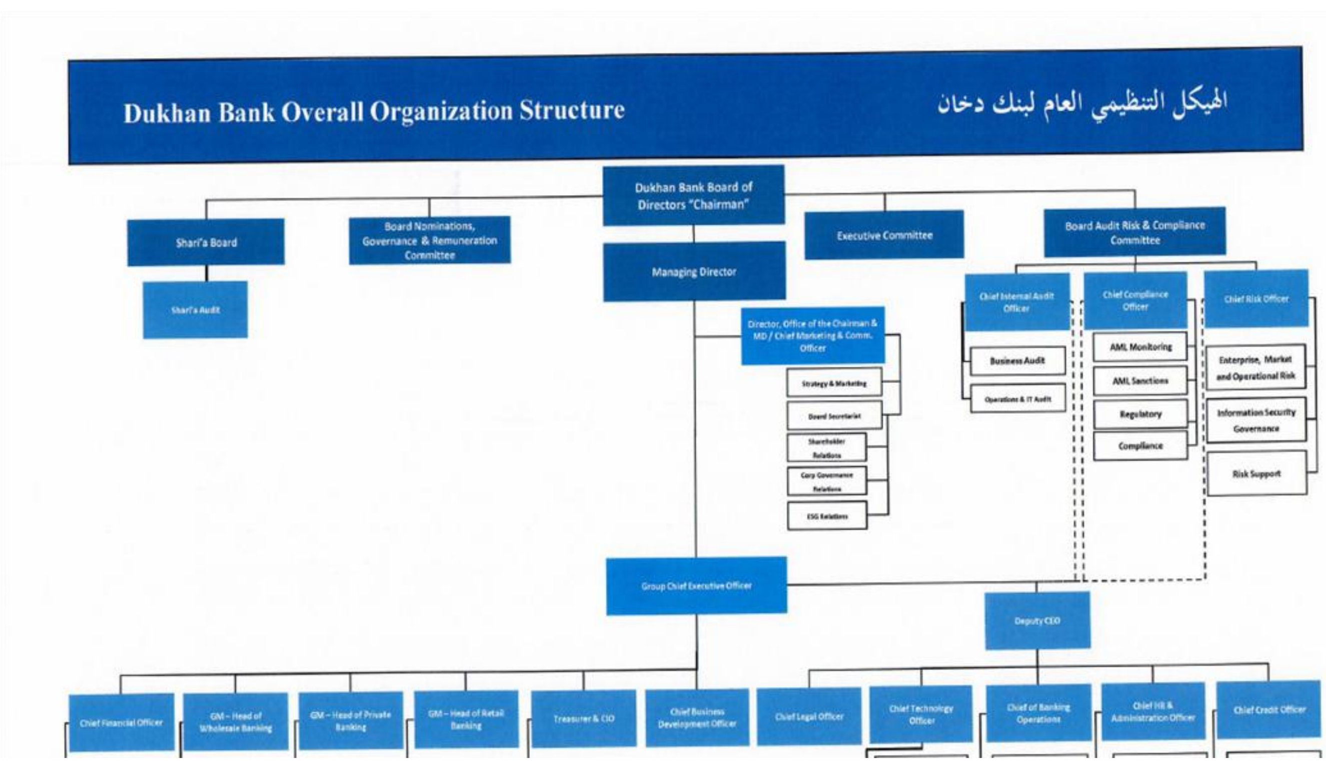
Dukhan Bank faces various financial and non-financial risks in its business and operations, including capital, credit, liquidity, market (trading and banking book), compliance, legal, IT and cyber security and operational risks. To manage these risks, the Bank has developed procedures (Risk Policies and Procedures) to ensure that appropriate risk governance is exercised at all levels of the Bank, including the Board of Directors, Executive Committees, the Senior Management team as well as all the departments in the Bank.

The Banks Risk Policies and Procedures document the framework for the identification and measurement of a wider array of risk types as set out above, prescribe appropriate risk limitations, monitor, and record the events of such risks on an ongoing basis and prescribe appropriate remedial action. The Bank has established a risk management framework for the entire group, which is reviewed on an annual basis. At the same time, Bank maintains its compliance with Basel III, QCB and other regulatory guidelines.

Risk Management Framework

Risk is inherent in the business of Banking; however, it is managed though established mechanisms that identify, assess, measure, monitor and control that risk. The prudence in the risk management framework of Dukhan Bank is largely due to pre-determined roles and responsibilities assigned to Board of Directors, Risk management committees, Executive committees, Senior Management along with individual employees in the Bank.

Risk management is critical to the Bank's continuing profitability and sustainability and everyone in the Bank is responsible for risk exposure related to their roles in accordance with "three lines of defense" principle. The Bank promotes a robust risk culture across the organization though a top-down risk governance structure (as shown below)



The overall responsibility of risk management (executed via pertinent committees/ Senior Management/ Risk Management Division- RMD) rests with the Board of Directors (BOD). Therefore, it is the duty of the BOD to recognize the risks to which the Bank is exposed and to ensure the Implementation of a risk management framework and maintaining adequate and capable infrastructure to support the framework.

The Board Audit Compliance Risk Committee (BACRC) is designated by the BOD to fulfill its oversight responsibilities which includes

- Ensuring the existence of sound internal controls within the Bank.
- Examining and following up on issues raised by internal auditors, external auditors and QCB.
- Reviewing progress made by Bank in the identification of risks.
- Ensuring implementation of action plans to monitor and manage all risks across the Bank
- Reviewing matters of compliance to ensure the Bank meets regulatory and legal requirements.
- Reviewing and approving risk measurement methodologies and assumptions.
- Reviewing various Risk reports on a periodic basis and identifying appropriate action.

The day-to-day risk management and implementation of the risk management framework is achieved through Risk management Division (RMD) under the guidance of the Chief Risk Officer (CRO). The RMD as the second line of defense is responsible administration, maintenance and support the overall risk management framework. The key responsibilities of RMD are

- Monitoring and reporting the risk positions to respective executive risk management committees and BACRC
- Proposing risk limits and quantification of risks in terms of capital and provision requirements.
- Ensuring proper implementation of Board approved risk framework
- Ensuring timely implementation of regulatory guidelines related to risk management department
- Co-ordinate with both first line and third line of defense (Internal Auditor) strengthen the existing risk management framework
- Provide awareness and training to business and operations divisions (first line of defense) related to risk management
- Ensuring adoption of robust risk culture across all departments of the Bank
- Carry out Bank wide periodical risk assessment, measurement, stress testing and regulatory reporting.

The Internal Audit department has the objective of providing assurance and consulting functions designed to support the Bank to accomplish its goals by bringing a systematic auditing approach to evaluate the effectiveness of risk management, control, and governance processes. The Internal Audit, as a third line of defense, is organizationally independent from all other functions in the Bank, and is accountable to provide independent assurance to the BOD through the **Board Audit Compliance Risk Committee** (BACRC).

The Bank has also established executive level committees for ensuring wholistic risk management across the organization.

Asset & Liability Management Committee (ALCO) is responsible for

- Develop and review the ALM strategy of the Bank.
- Propose liquidity, profit rate, foreign exchange, investment strategies, objectives, policies and limits and submit them to the Risk management and Compliance Committee (Risk Committee)
- Propose to the management committee and implement policies to allocate available capital and other funding to the operations, together with the related cost of such funding.
- Review and approve Contingency Liquidity Plan (CLP) for the bank.

- Propose emergency funding policies to the Board of Directors
- Communicate the approved strategies and policies to all concerned in the Bank.
- Identify funding requirements for each business group and means to address funding gaps.
- Ensure compliance with the ALM guidelines set by the Risk committee.
- Ensure that procedures and controls are put in place for implementing the policies.
- Define Funds transfer pricing guidelines.
- Suggest the hurdle rates for the business unit level.
- Review the scenarios to be considered for the recovery plan and identify the set of recovery options that can be executed in the event of crisis, where the survival of the Bank is at risk.

The Operational Risk Management Committee is responsible for

- Committee is responsible for managing and overseeing all aspects of operational risk including the business continuity in the Bank.
- Committee ensures that all operational risk policies are effectively implemented and the system / platform to monitor and report inherent operational risks is robustly protecting the interests of the Bank.
- Approve and oversee the implementation of ORMF to explicitly manage operational risk as a distinct risk to the Bank's safety and soundness.
- To facilitate the identification and pro-active management of the top operational risks in the Organization.
- Review and approve policies and procedures relating to operational risk to ensure compliance with applicable laws and regulations.
- To analyze frauds and other significant operational losses or exceptions, including areas of regulatory non-compliance and breaches, and to recommend corrective measures (lessons learned) to prevent recurrences across all areas in the Bank.
- To raise awareness of new trends and developments in operational risk management techniques and alignment with best practices.

To promote a sound risk culture in the Bank that proactively manages risk.
Develop and implement BCM (Business Continuity Management) strategy, policies, processes, and procedures required to ensure critical business activities are continued in case of emergencies and major unforeseen disasters.
Develop, review, and oversee implementation of Information Security policies and procedures, review emerging threats to the organization and endorse necessary plans /budgets to address the same.
To review and discuss significant Operational Risk Reports on key Operational Risks and action plans.

The responsibilities of the credit risk committee are

- Evaluate the investment proposals in line with the risk appetite and strategy of the Bank.
- Recommend investment proposals to BACRC for review (if required) and ensure adequate mitigation actions are put in place.
- Ensure compliance with risk parameters and prudential limits approved by the Board.
- Monitor implementation of Credit Risk Management policy approved by the Board.
- Review the provisions for key investments.
- Review all past due cases.
- Promote a Risk Culture in the Group that proactively manages risk.
- Monitor adherence to Credit Policy
- Monitor trends in the credit quality of the bank's loan portfolio

- Approve/ recommend new requests/ renewals as per delegated authority.
- Approved product programs
- Approving excess limits
- Approving extensions - beyond 90 days
- Approve amendments in terms and conditions
- Approve Deferral of documentation
- Approve/Recommend restructuring arrangements
- Approved Provisions
- Approve write-offs in line with QCB Guidelines

Risk Measurement Systems

As a key part of Pillar I risks, Dukhan Bank manages its credit risk as per established credit risk policies, internal credit ratings, regular obligor credit reviews and active monitoring at a credit portfolio level. Diversification of credit risk is managed with concentration limits at the individual, industry, geography, and product level. Other credit risk mitigation occurs using collateral, guarantees, credit structures and appropriate credit documentation. The Bank manages its market risk exposures in line with market risk policies. Key traded risk mitigation occurs through a detailed framework of policies and management of capital resources. These tools and techniques provide the Risk Committee and the Board of Directors with the ability to control risk appetite, capital allocations and active monitoring of strategic targets.

The user uses a leading asset-liability management and liquidity management solution to help optimize the management of the balance sheet and ensure that risk monitoring and controls are of the highest standards. Operational risk management has been enhanced with further implementation of data security systems, continuous training and awareness, improved business continuity infrastructure and disaster recovery sites. The same risk governance impetus is scheduled to continue in line with the continued implementation of the Banks business strategy.

The strategic risk management approach of the Bank leads to group-wide portfolio management, enterprise risk standards, asset/liability risk management, liquidity and market risk management, risk systems, , Internal Capital Adequacy Assessment Process (ICAAP) and regulatory relationships. Enterprise risk management standards are established in order to direct the overall internal control and governance activities, including risk model validations, and the establishment of relevant group policies in relation to principal risks and overall group risk classifications, detailed limit framework and regular monitoring. Other material risks including compliance, regulatory and legal risk, and reputational risk are managed through comprehensive policies & procedures and well-established processes for assessment, monitoring and mitigation of these risks.

Stress Testing

Following the principles set out in the Basel III Accord and regulatory guidelines provided by QCB, Dukhan Bank has in place an advanced framework for stress testing, which is wholly integrated with the Banks strategy, business decisions and financial forecast development. The key components of the stress testing framework emphasize the use of scenarios which capture the current economic and geopolitical challenges, integration with the Bank's risk governance, prudence of the methodologies being applied at each level of testing, and stresses relatable to the products of the Bank.

Various levels of stress testing and scenario analysis is performed to inform a holistic assessment of risk, probe loss potential, augment risk identification and monitoring. These include: (i) Top-down stress testing which informs strategic decisions, for example capital adequacy, and aids articulation and challenge of enterprise-level risk appetite and Strategic Risk Objectives; and (ii) Bottom-up stress testing which informs tactical risk specific actions, by way of portfolio monitoring, risk profitability measurement and reviewing appetite thresholds for enhanced internal controls. The suite of scenarios covers various historical, forward-looking, sensitivity stresses and what-if scenarios. Stress testing and scenario analysis can be performed at various levels of granularity.

The Bank considers stress testing and scenario analysis as one of the most important tools for risk management. Stress testing exercise provides useful insight into the specific vulnerabilities and risk characteristics of the Bank's portfolio. In addition, stress testing is a core aspect of the risk appetite calibration process linking bottom-up business plans and top-down Board risk appetite and capacity. Various emerging risks in the short-term could pose a threat to strategic goals. Consolidated stress tests and scenario analysis probe the loss potential of plausible downturn scenarios. The impact on the credit outlook and market risk factors is calibrated and the potential volatility in the Bank earnings and capital adequacy quantified. In addition, scenarios and stress testing is also used to assess the capital and liquidity adequacy of the Bank (including subsidiaries and branches) as required by local regulators, and for internal risk management purposes. Scenario analysis is essential in strategic and financial planning purposes.

In accordance with IFRS 9 and FAS 30 guidelines for determining applicable credit impairment losses, the methodology incorporates forward-looking indicators in both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of expected credit loss (ECL). The Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by Qatar governmental bodies and global monetary authorities.

The Group follows a rigorous and forward-looking stress testing procedure (in line with pillar 2 requirements of Basel 3 Accord as well as taking into consideration QCB guidelines) that identifies possible events or changes in market conditions (or risk factors) that could adversely impact the Group. This requires foreseeing situations under hypothetical scenarios considering the question 'what -if' and development of stress tests in such scenarios. This enables the Group to be well equipped to cope with the crisis situations when they arise. Risk function has the responsibility of conducting periodic stress testing of the credit portfolio.

The stress-testing program of the Group involves the following steps:

- Capturing reliable data (accuracy and timeliness)
- Identification of risk factors that have an impact on the portfolio value. The different categories of risk factors used by the Group are:
  a. Obligor rating
  b. Environment (industry, economic, political, real estate prices, etc.)
  c. Model (assumptions, holding period, etc.)
  d. Analytics (correlation, transition matrices, etc.)
- Construction of stress tests based on single factor or multi-factor scenarios
- Deciding magnitude of factor shock
- Running stress tests
- Reporting results of stress tests
- Assessing the impact of abovementioned results on capital adequacy of the Group
- Reassessing the relevance of stress tests on yearly basis.

Risk Mitigation

The Bank has set up a framework for credit risk mitigation as a step towards reducing credit risk in exposure, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance. Examples of the types of Credit Risk Mitigation (CRM) include netting agreements, collateral, and security, guarantees and other non-contractual support. The Bank ensures that all documentation is binding on all parties and is legally enforceable in all relevant jurisdictions. The Bank also ensures that all the documents are reviewed by appropriate authority and have appropriate legal opinions to verify and ensure its enforceability. Dukhan Bank has historically implemented a conservative credit policy. The Bank believes that its conservative approach to lending ensures that there is an adequate spread of the risk through a diverse product range and customer base (by geography, industry, and obligor type). The Bank also ascertains that its conservative credit policy promotes the application of effective credit risk limits in its business, while providing adequate returns on the risk that is on par with the management's expectations. The Bank's effective monitoring of its risk, together with a conservative internal risk rating system and a timely recovery strategy, further augments Dukhan Bank's approach to risk mitigation.

The Bank has deployed a robust operational risk framework, which mandates RCSA, a process of identification of risk and associated controls for risk mitigation. Any deficiency in the controls is immediately addressed along with close monitoring of the specific risk. The three lines of defense framework adopted by the Bank also support risk mitigation through the bottom's up approach.

OV1: Overview of Risk Weighted Assets

		a	b	c	
		RWA		Minimum capital requirements	
		Dec-25	Jun-25	Dec-25	Jun-25
1	Credit risk (excluding counterparty credit risk)	74,008.28	72,704.38	9,621.08	9,451.57
2	Of which: standardized approach (SA)	74,008.28	72,704.38	9,621.08	9,451.57
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	Counterparty credit risk (CCR)	258.29	346.15	33.58	45.00
7	Of which: standardized approach for counterparty credit risk	258.29	346.15	33.58	45.00
8	Of which: IMM	-	-	-	-

		a	b	c	
		RWA		Minimum capital requirements	
		Dec-25	Jun-25	Dec-25	Jun-25
9	Of which: other CCR	-	-	-	0.00
10	Credit valuation adjustment (CVA)	258.29	346.15	33.58	45.00
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	-	-	-	-
12	Equity investments in funds – look-through approach	-	-	-	-
13	Equity investments in funds – mandate-based approach	133.02	198.44	17	26
14	Equity investments in funds – fallback approach	0.00	59.37	0	8
15	Settlement risk	-	-	-	-
16	Securitization exposures in banking book	-	-	-	-
17	Of which: securitization IRB approach (SEC-IRBA)	-	-	- -	- -
18	Of which: securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	- -	- -
19	Of which: securitization standardized approach (SEC-SA)			0.00	0.00
20	Market risk	3,353.52	3,562.80	435.96	463.16
21	Of which: standardized approach (SA)	3,353.52	3,562.80	435.96	463.16
22	Of which: internal model approach (IMA)		-	-	-
23	Capital charge for switch between trading book and banking book		-	-	-
24	Operational risk	4,518.67	4,283.83	587.43	556.90

		a	b	c	
		RWA		Minimum capital requirements	
		Dec-25	Jun-25	Dec-25	Jun-25
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-
26	Output floor applied	-	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-	-
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	82,530.06	81,501.13	10,728.91	10,595.15

Note on Material change in CVA and CCR

The increment in counterparty credit risk and credit value adjustment RWA is driven by additional derivative positions taken by the Bank during the financial year. These additional positions are primarily for hedging of the FX and profit rate risk.

DIS25: Composition of capital and TLAC

CCA: Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) - eligible instruments

		Equity Shares	QAR 1.8 Bn AT1 instrument
1	Issuer	**Dukhan Bank**	
2	Unique identifier (eg Committee on Uniform Security Identification Procedures (CUSIP), International Securities Identification Number (ISIN) or Bloomberg identifier for private placement)		
3	Governing law(s) of the instrument	**Qatar Laws**	

		Equity Shares	QAR 1.8 Bn AT1 instrument
4	Transitional Basel III rules	CET 1	AT 1
5	Post-transitional Basel III rules	CET 1	AT 1
6	Eligible at solo/group/group and solo	Group & Solo	Group & Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares, Retained Earning and Reserves	Perpetual Additional Tier 1 capital notes
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	11,784.40	1,820.75
9	Par value of instrument	11,784.40	1,820.75
10	Accounting classification	Total Equity	Instrument eligible for additional capital
11	Original date of issuance	NA	
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	NA	NA

CC1: Composition of Regulatory Capital

		Dec-25	Jun-25
	Common Equity Tier 1 capital: instruments and reserves	**Amounts**	**Amounts**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	5,234.10	5,234.10
2	Retained earnings	837.60	1,083.77
3	Accumulated other comprehensive income (and other reserves)	6,904.63	6,657.80
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)		-
5	Common share capital issued by third parties (amount allowed in group CET1)	0.00	-
6	**Common Equity Tier 1 capital before regulatory deductions**	**12,976.33**	**12,975.67**
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments		

		Dec-25	Jun-25
8	Goodwill (net of related tax liability)	678.31	717.546
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	0	0
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	0	0
11	Cash flow hedge reserve	(0.44)	-24.158
12	Securitization gain on sale		-
13	Gains and losses due to changes in own credit risk on fair valued liabilities		-
14	Defined benefit pension fund net assets		-
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	14.29	14.312
16	Reciprocal cross-holdings in common equity		-
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
20	Amount exceeding 15% threshold	-	-
21	Of which: significant investments in the common stock of financials	-	-
22	Of which: deferred tax assets arising from temporary differences	-	-
23	QCB specific regulatory adjustments	-	-
24	**Total regulatory adjustments to Common Equity Tier 1**	**692.161**	707.7
25	**Common Equity Tier 1 capital (CET1)**	**12,284.17**	**12,268.06**
	Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	1820.75	1,820.75
27	OF which: classified as equity under applicable accounting standards	1820.75	1,820.75
28	Of which: classified as liabilities under applicable accounting standards	-	-
29	Directly issued capital instruments subject to phase-out from additional Tier 1	-	-
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	-

		Dec-25	Jun-25
31	Of which: instruments issued by subsidiaries subject to phase-out	-	-
32	Additional Tier 1 capital before regulatory adjustments	1820.75	1,820.75
	Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	-	-
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
36	QCB specific regulatory adjustments	-	-
37	Total regulatory adjustments to additional Tier 1 capital	-	-
38	**Additional Tier 1 capital (AT1)**	**1820.75**	1,820.75
39	**Tier 1 capital (T1= CET1 + AT1)**	**14,104.92**	**14,088.81**
	Tier 2 capital: instruments and provisions		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-
41	Directly issued capital instruments subject to phase-out from Tier 2	-	-
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-
43	Of which: instruments issued by subsidiaries subject to phase-out	-	-
44	Provisions	935.53	824.13
45	**Tier 2 capital before regulatory adjustments**	**935.53**	824.13
46	**Tier 2 capital: regulatory adjustments**		
47	Investments in own Tier 2 instruments	-	-
48	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
49	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
50	QCB specific regulatory adjustments	-	-
51	**Total regulatory adjustments to Tier 2 capital**	-	-
52	**Tier 2 capital (T2)**	935.53	824.12
53	**Total regulatory capital (TC = T1 + T2)**	15,040.44	14,912.93
54	**Total risk-weighted assets**	82,530.06	81,501.13
55	**Capital ratios and buffers**		

		Dec-25	Jun-25
56	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	14.88%	15.05%
57	**Tier 1 (as a percentage of risk-weighted assets)**	17.09%	17.29%
58	**Total capital (as a percentage of risk-weighted assets)**	18.22%	18.30%
59	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**		
60	**Of which: capital conservation buffer requirement**	2.50%	2.50%
61	**Of which: bank-specific countercyclical buffer requirement**		
62	**Of which: higher loss absorbency requirement (e.g. DSIB)**	0.50%	0.50%
63	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	5.88%	6.05%
64	**The QCB Minimum Capital Requirement**		
65	Common Equity Tier 1 minimum ratio	8.50%	8.50%
66	Tier 1 minimum ratio	10.50%	10.50%
67	Total capital minimum ratio	12.50%	12.50%

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As of Dec-25	As of Dec-25
Assets		
Cash and balances with the Central Bank	5,124	5,124
Due from banks and financial institutions	1,094	1,094
Islamic financing and investing assets, net	90,013	90,013
Investments in Islamic Sukuk	25,017	25,017
Investments in associates and joint ventures	15	15
Investment property	134	134
Fixed assets	845	845
Intangible assets	678	678
Other assets	862	862
Total assets	**123,782**	**123,781.51**
Liabilities		
Customer's deposits	87,792.72	87,792.72
Due to banks and financial institutions	11,221.55	11,221.55
Sukuk issued	2,935.32	2,935.32
Payables and other liabilities	6,481.46	6,481.46
Zakat payable	0	0.00
Total liabilities	**108,431.05**	**108,431.05**
Shareholders' equity		
Share capital	5,234.10	5,234.10
Tier 1 sukuk	1,820.75	1,820.75
Other reserves and treasury shares	6,866.34	6,864.85
Investments fair value reserve	39.78	39.78
Exchange translation reserve	0	0.00
Retained earnings	1,389	837.60
Non-controlling Profits	0.09	0.09
Total shareholders' equity	**15,350.47**	**14,797.17**

DIS26: Capital distribution constraints

CDC: Capital distribution constraints

The capital distribution constraints relate to the CAR which result to constraints in dividend distribution. Recovery planning and stress testing is done by the Bank annually to identify CAR triggers which will result in dividend/ capital distribution and accordingly strategic planning is undertaken. The current CAR triggers are in line with regulatory capital requirement as shown below

		CET1 capital ratio that would trigger capital distribution constraints (%)	Dec-24	Dec-25
			Current CET1 capital ratio (%)	Current CET1 capital ratio (%)
1	CET1 minimum requirement plus capital buffers (not considering CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	<8.5%	14.21%	14.9%
2	CET1 capital plus capital buffers (considering CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	< 9%	14.21%	14.9%

DIS30: Links between financial statements and regulatory exposures

The Bank currently does not have any differences between accounting and regulatory exposures and consolidation.

DIS31: Asset encumbrance

ENC: Asset encumbrance

		a	b	c	d
The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired	Period	Encumbered assets	[Optional] Central bank facilities	Unencumbered assets	Total
	Dec-25	3,471	5,124	115,186	123,782
	Jun-25	2,075	3,700	112,489	118,264

DIS 35: Remuneration

REMA: Remuneration Policy

The Remuneration Committee (RC) is appointed to assist the Board in formulating and reviewing the Bank's related policies and rules, including the administrative policy, and to handle all remuneration processes including remuneration and compensation of the Board and executive management.

Remuneration Committee Structure

The RC is composed of a minimum of three members excluding the chairman of the RC (the "Chairman"). The members of the RC, including the Chairman and vice-chairman (the "Vice-Chairman"), is nominated by the Board. The members include non-executive directors, with the majority preferably being independent directors, and selected according to the Board's identified need for skill, experience, and independence.

The Chairman may not assume the same position in any other Board committee. The key responsibilities of the remuneration committee are

- Preparing a policy for granting rewards and incentives and presenting it to the Board for approval, considering that such policy is in line with best banking and international practices and the instructions of the Bank in this regard, and that it includes all rewards and incentives for the Chairman, the members of the Board, all officials including the chief executive officer, and the employees of the Bank.
- Supervising the implementation and periodic review of the policy for granting rewards and incentives.
- Ensuring that the policy for granting rewards and incentives takes into account all types of risks which the Bank is exposed to when granting rewards, so that the achieved profits are balanced against the degree of risks associated with them.
- Determining the general policy for granting bonuses on a yearly basis, including the method for determining the remuneration of the Chairman and members of the Board, provided that the annual remuneration of the Board does not exceed 5% of the net profit of the Bank after deducting legal reserves and deductions and distributing cash and in-kind profits to shareholders.
- Recommending to the Board additional benefit and pension plans and schemes.
- Preparing and supervising the implementation and periodic review of the compensation and remunerations policy.
- Preparing an annual report that entails all remunerations granted to the Board and executive senior management.
- Reviewing and approving sales commission plans.
- Reviewing management administrative decisions related to termination and remuneration entitlements to avoid rewarding poor performance in the event of expected early contract termination.
- approving the terms to determine the specific remuneration arrangements for designations from chief investment officer, chief risk officer, and chief operating officer and other senior executives.
- Reviewing recommendations for the compensation program, the share incentive program, and the Sharia'a supervisory board remuneration.
- Determining the disclosure policy with respect to the Board and executive remuneration, to define the extent and nature of information to be made public regarding:
    - the Bank's remuneration policy and approach to remuneration setting; and
    - the level of remuneration paid to individuals and its composition.
- Reviewing administrative decisions and referring all decisions beyond the RC's own scope of authority to the Board.
- Reviewing and approving performance-based remuneration by reference to the corporate goals and objectives (Key Performance Indicators) specified by the Board from time to time; and
- Reporting to the Board on a regular basis (i.e. every six months) on all matters within its duties and responsibilities.

Scope and features of Remuneration Policy

The Remuneration policy is within the HR Policy with detailed procedures specified in SOPs. Salary and Grade Structure guidelines are set separately which should be approved by RC. The remuneration policy is formed considering the current business environment and risks as well as potential future risks.

The Bank identifies material risk takers as well as significant employees aiding the material risk takers in management of their responsibilities. All C-level employees are considered as material risk takers by the Bank followed by immediate sub-ordinates as significant employees.

Remuneration Policy was reviewed in relation to the merger of IBQ and Barwa Bank to create a new Salary restructure as per job grade and job family. This aimed to achieve job and pay equity among employees who came from 2 banks who used to have different grading and salary scale. The remuneration policy and practice at the Bank takes into consideration the independence of the Risk management division as well other departments aiding the 2nd and 3rd line of defense. The variable pays and other remuneration structure for these departments are independent of the business performance of the Bank.

The performance metrics are specific and set divisional-wise and as per direction of the Chief in line with the bank overall target. The bank has an existing Remuneration policy with regards to promotion, salary increments, performance-based bonuses, Incentive in Retail Banking staff (material risk-takers). Performance Management System is a measure that bank uses to identify outstanding and poor performances and based on the performance score the bonus amount is awarded. The Bank also seeks to adjust remuneration to consider longer term performance. End of Service Benefit (Gratuity) is a variable remuneration as part of employee retention and to keep long-term performance. Employees are awarded with higher gratuity based on years of service.

Types of Variable remuneration in the Bank

Existing **Variable Remunerations** are:
Annual Bonus - across from bank employees except Retail banking staff who are eligible to Incentives. This bonus is linked to the result of the individual performance as identified under the Performance Management system of the bank and as per the bank bonus criteria.
Incentive - Sales Incentive for Retail Banking staff (material risk-takers)
Shift Allowances - for Retail Banking and some Operations staff
Overtime Pay - eligible staff as specified in the HR policy
Incentive / Commission - for Subsidiaries staff (material risk-takers)

REM1: Remuneration awarded during financial year

			Senior Management	Other Material Risk-takers
1	Fixed Remuneration	Number of employees	17	36
2		Total fixed remuneration (3 + 5 + 7)	2,483.33	2,498.36
3		Of which: cash-based	2,483.33	2,498.36
4		Of which: deferred	N/A	N/A
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		Of which: other forms		
8		Of which: deferred		

			Senior Management	Other Material Risk-takers
9	Variable Remuneration	Number of employees	16	35
10		Total variable remuneration (11 + 13 + 15)	71,329.61	46,608.37
11		Of which: cash-based	30,566.47	14,490.49
		Of which: deferred	40,763.14	32,145.04
12		Of which: shares or other share-linked instruments	N/A	N/A
13		Of which: deferred		
14		Of which: other forms		
15		Of which: deferred		
17	Total Remuneration (2+10)		**73,812.94**	**49,106.74**

The Bank has considered Head of the departments including C-suit as Senior Management. The other material risk takers refer to immediate one-downs of Senior Management.

REM2: Special payments

The Bank is not in practice of giving guaranteed or pre-determined bonuses to any employee. The Bank does not have any provisions for giving sing-on bonus or severance payments. Hence, there are no special payments which can be disclosed.

REM3: Deferred remuneration

Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment
Senior management	17	17
Cash	40,763.14	40,763.14
Shares	N/A	
Cash-linked instruments		
Other		
Other material risk-takers	36	36
Cash	32,145.04	32,145.04
Shares	N/A	
Cash-linked instruments		
Other		
Total	53	53

End of Service Benefit (Gratuity) is a deferred remuneration which is being given to employees at the time of leaving their employment service. The gratuity is variable based on length of service and as per the last basic salary drawn. There is higher gratuity for a long years of service

DIS40: Credit risk

CRA: General Qualitative information about Credit Risk

Dukhan Bank manages its credit risk exposure through diversification of its lending and financing, investments and capital markets activities to avoid undue concentrations of risk with individuals or groups of customers in specific locations or business lines. It also ensures that adequate collateral is obtained wherever possible, including cash, treasury bills, guarantees, sukuks, mortgages over real estate properties and pledges over shares. The Bank uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products. Formal sustainability requirements are integrated within the wholesale credit policy, and the Bank has incorporated environmental, social and governance due diligence into the credit review practices.

The Bank, acting through the Credit Committee, has implemented corporate credit approval processes governing all lending by the Bank. Management believes that the Bank success in achieving low levels of non-performing loans has been due to the Bank's strict adherence to this approval process. Before any credit exposure can be onboarded by the Bank, the relationship manager for the respective customer must provide a credit application, in a prescribed format, to the Credit Risk Department, which will review, analyses and prepare an independent credit assessment and a recommendation for consideration by the Credit Committee. The credit presentation must include a detailed background on the borrower, including its intermediate and ultimate owners, sector, business operations, non-financial risks, historical financial statements, forward-looking financial information, the facility structure, relevant documentation and available collateral. Each credit application also includes a calculation of the RAROC at both facility and customer level and an obligor risk rating and facility risk rating in accordance with Bank's group-wide corporate risk rating policy.

Internal Risk Rating and Related Credit exposure

It is Bank's policy to maintain accurate and consistent risk ratings across its credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly, and the system consists of a 10-scale credit rating system with positive and negative modifiers, giving a total scale range of 22 (compared to QCB's five-scale credit rating system), of which 19 (with positive and negative modifiers) relate to "performing", and three to "non-performing", as follows:

Internal Risk Rating	TTC PD	12 Month PD	Equivalent Moody's Rating	Grades
1	0.03%	0.03%	Aaa	Investment Grade
2+	0.03%	0.03%	Aa1	
2	0.03%	0.03%	Aa2	
2-	0.03%	0.03%	Aa3	
3+	0.04%	0.03%	A1	
3	0.06%	0.03%	A2	

Internal Risk Rating	TTC PD	12 Month PD	Equivalent Moody's Rating	Grades
3-	0.10%	0.03%	A3	
4+	0.15%	0.05%	Baa1	
4	0.22%	0.09%	Baa2	
4-	0.34%	0.15%	Baa3	
5+	0.52%	0.26%	Ba1	Sub-investment Grade
5	0.79%	0.46%	Ba2	
5-	1.21%	0.81%	Ba3	
6+	1.85%	1.39%	B1	
6	2.83%	2.34%	B2	
6-	4.32%	3.85%	B3	
7+	6.60%	6.20%	Caa1	
7	10.08%	9.82%	Caa2	Watchlist
7-	15.40%	15.46%	Caa3 to C	
8	20% Provision		D	Default
9	50% Provision		D	
10	100% Provision		D	

Non-Performing Financing

Dukhan Bank classifies problem financing as “Substandard” (8), “Doubtful” (9) and “Bad Debt” (10). The overall management of problem financing is the responsibility of the Remedial Department, which reports to the Chief Credit Officer. Profit accruals in respect of problem financing are suspended automatically when the underlying financing has not been serviced for 90 days and, consequently, such financing is downgraded. If a borrower has more than one credit facility with the Bank, a downgrade of any single facility will lead to a full assessment of all outstanding credit with that borrower and will require the Remedial Department to recommend a plan of recovery.

The following are considered indications of non-performance under a credit facility:

- Failure to pay amounts due under the credit facility in full and on time and such payments remained outstanding for more than 90 days past due.
- Failure to pay amounts due in full and on time under other credit facilities that the Bank may have with the obligor
- Where an obligor has defaulted on a facility with another financial institution and a cross-default clause may be invoked
- Where the customer enters into a rescheduling agreement or analogous arrangement
- When the QCB, or other competent regulator, requests that an asset be classified in one of the non-performing categories, including as a Special Mention asset then, as a matter of policy, the rating requested by the regulator shall be the one used by the Bank.

Restructuring of Credit Facilities

In line with industry's best practices and widely approved regulatory standards, the Bank typically defines an existing obligor with a 90 Days Past Due instance over its credit commitments (and / or repayments) as in default. Besides, as cited in the Basel supervisory framework, if the bank considers that the obligor is unlikely to pay its credit obligations to the bank in full, without recourse by the bank to actions such as liquidating collateral (if collateral is held) the obligor will be classified as default as well. Conditions describing unlikeliness to pay comprise a wide range of events including but not limited to cross-default, being classified as default in another financial institution, adverse market information etc. However, specific conditions of remedial cases, as defined under the Wholesale and Institutional Banking Credit Policy, apply for obligors in default, ORR 8, 9, and 10 must be used with due approvals from designated Credit Officers / Credit Committee. The Policy recognizes that supervisory rules relevant at local / jurisdictional level may be different from the 'standard' 90 days Past-Due definitions.

Financings modified purely because of non-stress reasons like retaining a reputed customer etc. are regarded as commercially modified assets. The bank does not incur material losses due to these kinds of restructuring. The losses due to these kinds of restructuring would be compensated for by future benefits. Some examples of Restructured cases where asset modification due to commercial reasons occurs are as follows:

- Any changes in profit rates for strategic reasons
- Any payment holidays declared for groups due to strategic or at behest of regulator
- Any change to maturity that is initiated by the customer, who is in no financial difficulty, and the
- Bank is comfortable that even if the modification is not made, the client would be able to service the debt.

Such assets that are modified due to commercial reasons can be treated as Stage 1 of (IFRS 9/ FAS 30) as there are no signs of significant increase of credit risk.

<u>CR1: Credit Quality of Asset</u>

As of Dec-25

		Gross carrying values of		Allowances/ Impairments (c)	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures (a)	Non-defaulted exposures (b)		Allocated in regulatory category of Specific (d)	Allocated in regulatory category of General (e)	
1	Loans	4,114.89	85,681.41	3,583.94	3,008.69	575.241	86,212.37
2	Debt securities	0	3,657.61	7.52	-	7.515	3,650.09
3	Off-balance sheet exposures	171.02	36,023.74	352.24	165.67	186.57	35,842.52
4	**Total**	4,285.91	125,362.76	3,943.69	3,174.36	769.32	125,704.98

As of Dec-25

		Gross carrying values of		Allowances/ Impairments (c)	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures (a)	Non-defaulted exposures (b)		Allocated in regulatory category of Specific (d)	Allocated in regulatory category of General (e)	
1	Loans	3,965	89,974	3,926	3,001	925	90,013
2	Debt securities	0	5,975	5	0	5	5,970
3	Off-balance sheet exposures	153	44,466	326	136	190	44,293
4	**Total**	4,118	140,415	4,257	3,137	1,120	140,276

The definition of default is same as the definition of non-performing asset mentioned in CRA (page 25)

CR2: Changes in Stock of Defaulted Financing and Sukuks

		Dec-25
1	**Defaulted Financing and Sukuk at the end Dec 23**	4,115
2	Financing and Sukuks that have defaulted since Dec 22	42
3	Returned to non-default status	-988
4	Amounts written off	-59
5	Other changes	-856
6	**Defaulted Financing and Sukuk at the end Dec 24 (1+2-3-4+5)**	**3,965**

The Bank do not include off-balance sheet exposures in non-performing asset reporting.

CRB: Additional disclosure related to the credit quality of assets

The Bank used the same definition of default and past due for both accounting and regulatory purposes. The definition of default and restructuring has been mentioned in CRA -page 25 & 26. The Bank follows FAS 30/ IFRS 9 to determine the provision required for both performing and non-performing financing and investment book.

Excepted Credit Loss (ECL) Measurement mechanism

The following FAS 30/ IFRS 9 for estimating ECL on performing book. The Bank follows provisioning guidelines mentioned in QCB rule book -2013 determining required provisions for non-performing book.

The ECL calculation mechanism has been explained in Note 4. Credit Risk of Audited Financial statement of the Bank.

Region Wise Exposure					
Funded	**Qatar**	**Other GCC**	**Europe**	**Others**	**Total**
Balances with Qatar Central Bank	5,124	-	-	-	5,124
Due from banks	0.714	29	261	90	1,094
Financing assets	81,405	10	3,462	5,136	90,013
Investment securities debt type	21,822	2.46	630	106	25,017
Other assets	2,301	-	-	-	2,301
Total	**110,653**	**2.50**	**4,587**	**5,331**	**123,782**

Unfunded

Guarantees	20,603	157	804	1,084	22,648
Letters of credit	1,153	-	187	-	1,340
Unutilized credit facilities	17,999	46	256	2,329	20,630
Total	**39,755**	**203**	**1,248**	**3,413**	**44,619**

Industry Wise Exposure
Funded and unfunded

Government	46,664
Industry and Manufacturing	6,008
Commercial	17,135
Financial services	8,449
Contracting and engineering	16,133
Real estate	21,429
Personal	8,174
Services and others	41,517
Total	**165,508**

Maturity Analysis of Credit Risk Exposure	**Carrying Amount**	**Less than 1 Month**	**1-3 Months**	**3 months -1 year**	**1-5 years**	**More than 5 years**
Balances with Qatar Central Bank	4,704	1,274	-	-	-	3,429
Due from banks	1,094	414	-	-	679	-
Financing assets	90,013	5,933	3,884	11,553	24,705	43,938
Investment securities-debt type	24,381	538	-	3,535	17,019	3,288
Other assets	698	67	134	496	0.44	0
Total financial assets	**120,889**	**8,227**	**4,018**	**15,584**	**42,403**	**50,656**

	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 5	114,743	3,253	-	117,995
Sub-investment grade - ORR 6 to 7	14,854	8,660	-	23,514
Substandard - ORR 8	-	-	48	48
Doubtful ORR 9	-	-	128	128
Loss - ORR 10	-	-	3,943	3,943

CRC: Qualitative disclosure related to credit risk mitigation techniques

The Bank, in the ordinary course of financing activities holds collateral as security to mitigate credit risk in financing. Collaterals mostly include customer deposits and other cash deposits, highly rated sovereign securities issues in major currencies, financial guarantees, local and international equities listed in major indexes, real estate and other property and equipment. The collateral is held mainly against commercial and consumer financing and managed against relevant exposures related to financing. Enforceability, value and the volatility of the value of the asset, and the liquidity of the assets are the key considerations for the eligible collaterals. The fair value of collateral is based on valuation performed by independent experts, quoted prices in regulated exchanges and common valuation techniques. Valuations methods and valuation frequencies comply with relevant regulatory rules. Experts have used various approaches in determining the fair value of real estate collateral, including market comparable approach based on recent actual sales or discounted cash flow approach considering risk adjusted discount. The Bank uses the credit risk mitigation approach as mentioned in Basel III Standardized approach and QCB circular 3/2014 for purpose of capital calculation.

It is essential to manage credit mitigation using collateral, guarantees, credit structures and the protection of the Bank's position through proper use of the appropriate credit documentation, collateral, security and other support and legal documentation. Concentration must be considered when accepting collateral or security assets which might be highly correlated to the exposure that it is securing. The Bank aims to diversify security assets and achieve low financing to value thresholds which can help mitigate the risk of collateral value depreciation and provide cushion for adverse market conditions. The Bank seeks to manage its credit risk exposure through diversification of its financing to ensure there is no undue concentration of risks with individuals or groups of customers in specific geographical locations or economic sectors, which is achieved through Risk Appetite thresholds, Target Market Criteria and Risk Acceptance Criteria.

The credit risk exposure in respect of a debtor, counterparty or other obligor is mitigated or reduced by taking various types of collateral. Every effort is made to ensure that any collateral provided by a potential client is perfected in accordance with local legal requirements before credit is provided against that collateral. Such collateral is also maintained in a secure format, and valuations are undertaken as required during the lifetime of credit exposure. The Bank has historically implemented a conservative credit policy. The Bank believes that its conservative approach to lending ensures that there is an adequate spread of the risk through a diverse product range and customer base (by geography, industry and obligor type). The Bank also believes that its conservative credit policy promotes the application of effective credit risk limits in its business, while providing adequate returns on the risk that is on par with the management's expectations. The Bank's effective monitoring of its risk, together with a conservative internal risk rating system and a timely recovery strategy, further strengthens the Bank's belief that it adequately meets and exceeds all regulatory limits and guidelines to which its business is subject.

CR3: Credit risk mitigation techniques – overview

	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral
Loans	8,797	82,153	17,849
Debt securities	24,053	0	0
Total	32,850	82,153	17,849
Of which defaulted	228	0	737

CRD: Qualitative disclosure on banks' use of external credit ratings under the standardized approach for credit risk

The Bank used external credit rating under Standardized approach according with QCB circular 3/2014. The external credit assessment institution (ECAIs) recognized by the Bank are

i) Moody's Investor Services
ii) S&P Global Ratings
iii) Fitch Ratings
iv) Capital Intelligence

The above-mentioned ECAIs are recognized by QCB for capital calculation under Standardized approach. The Group uses the ECAIs for the assessment of externally rated Corporates, Banks and Other institutions.

CR4: Standardized approach - credit risk exposure and CRM effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM			RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Net Credit Exposure	RWA	RWA density
Sovereigns and their central banks	45,939	36,415	33,070	4	33,074	595	1.80%
Qatar Government Entities and Public Sector Entities	5,686	2,122	6,323	318	6,641	2,982	44.90%
Multilateral development banks	940	-	940	-	940	-	0.00%
Banks	2,865	3,313	2,865	2,218	5,083	2,012	39.58%
Corporates	21,367	37,483	17,087	13,962	31,048	31,724	102.18 %
Of which: securities firms and other financial institutions	-	-	-	-	-	-	

Of which: specialised lending	-	-	-	-	-	-	
Subordinated debt, equity and other capital	222	-	222	-	222	227	102.08 %
Retail	10,085	23	9,794	2	9,796	8,284	84.56%
Real estate	30,390	1,488	31,907	496	32,403	26,066	80.44%
Of which: general RRE	4,665	135	4,659	23	4,682	2,277	48.63%
Of which: IPRRE	7,923	419	7,589	129	7,718	5,420	70.23%
Of which: general CRE	1,927	0	1,927	0	1,927	3	0.16%
Of which: IPCRE	16,110	722	16,053	318	16,371	15,809	96.56%
Of which: land acquisition, development and construction	1,687	212	1,679	25	1,705	2,557	150.00 %
Defaulted Exposures	965	17	963	4	966	597	61.80%
Other assets	2,127	-	2,127	-	2,127	1,706	80.23%
Total	**120,586**	**80,861**	**105,296**	**17,003**	**122,299**	**74,008**	**60.51%**

CR5: Standardized approach - exposures by asset classes and risk weights

Risk Weight / Asset Classes	0%	20%	30 %	50 %	75 %	100 %	150 %	Others	Total credit exposures amount (post CCF and post-CRM)
Sovereigns and their central banks	32,408	-	-	142	-	523	-	-	33,074
Qatar Government Entities and Public Sector Entities	421	427	-	5,793	-	-	-	-	6,641
Multilateral development banks	940	-	-	-	-	-	-	-	940
Banks	-	448	2,980	1,362	-	183	110	-	5,083
Corporates	-	632	-	386	2,187	27,840	-	3	31,048
Of which: securities firms and other financial institutions	-	-	-	-	-	-	-	-	0
Of which: specialised lending	-	-	-	-	-	-	-	-	0
Subordinated debt, equity and other capital	-	-	-	-	-	-	89	133	222
Retail	-	-	-	-	6,048	3,748	-	-	9,796

Real estate	-	774	1,963	14	458	1,922	1,705	25,568	32,403
Of which: general RRE	-	774	956	14	-	-	-	2,939	4,682
Of which: IPRRE	-	-	1,007	-	458	-	-	6,252	7,718
Of which: general CRE	-	-	-	-	-	1,922	-	5	1,927
Of which: IPCRE	-	-	-	-	-	-	-	16,371	16,371
Of which: land acquisition, development and construction	-	-	-	-	-	-	1,705	-	1,705
Defaulted Exposures	-	-	-	738	-	228	-	-	966
Other assets	421	-	-	-	-	1,706	-	-	2,127
Total	**34,189**	**2,281**	**4,943**	**8,435**	**8,694**	**36,151**	**1,903**	**25,704**	**122,299**

DIS42: Counterparty credit risk

<u>CCR1: Quantitative disclosure related to CCR</u>

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	53	589		1.4	899	258
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	Value-at-risk (VaR) for SFTs						
6	**Total**						

CCR3: Quantitative disclosure related to CCR

	a	b	c	d	e	f	g	h	i
Risk weight*→ / Regulatory portfolio*↓	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	114								114
Non-central government public sector entities									
Multilateral development banks									
Banks								785	785
Securities firms									
Corporates									0
Regulatory retail portfolios									
Other assets									
Total									899

DIS42: Counterparty Credit Risk

CCRA: Qualitative disclosure related to counterparty credit risk

a) Counterparty Credit Risk (CCR)

Counterparty Credit Risk (CCR) refers to the risk that a counterparty may default prior to the maturity or settlement of a transaction. A loss may arise where the transaction has a positive replacement value to the Bank at the time of default, meaning the transaction is economically beneficial or 'in profit' from the Bank's perspective. The Bank mitigates CCR through prudent credit assessment, collateral arrangements, exposure limits, and ongoing monitoring of counterparty exposures.

b) Collateral Management

Collateral is obtained and managed to mitigate counterparty credit risk and protect the Bank against potential losses arising from counterparty default. The collateral management framework includes periodic monitoring of collateral adequacy.

c) Credit Risk Management and Exposure Limits

Counterparty exposure limits are established and approved in accordance with the Bank's credit risk policies, risk appetite, and delegated authority framework. Counterparties are subject to independent credit assessments and are assigned appropriate risk ratings based on their creditworthiness. The Bank continuously monitors counterparty exposures and concentration limits to ensure compliance with internal policies and regulatory requirements.

d) **Counterparty Credit Risk Capital Calculation**

For regulatory capital purposes, the Bank calculates capital requirements for over-the-counter (OTC) Islamic derivative transactions using the prescribed regulatory methodologies for counterparty credit risk. In accordance with QCB circular 33/2022, the capital requirement for CVA is the same as CCR since the derivative exposure of the Bank is less than 400 billion QAR.

DIS50: Market risk

MRA: General qualitative disclosure requirements related to market risk

Market risk is the risk of the change in Dukhan Bank's earnings or capital due to changes in profit rates, foreign exchange rates, equity and bond security prices. The Bank's exposure to market risk arises due to positions held in both trading and banking books. Market Risk is monitored using a range of metrics within tightly defined limits and within closely defined product mandates, reflecting the Bank's conservative approach to market risk.

The management of Market Risk is defined by Board approved policies, where oversight of market risk is delegated by the Board to the ALCO, which in turn defines the limits and mandates to the First Line of Defense functions in the Bank. Second line of Defense oversight is provided by the Market Risk Management, which monitors all market risks within the ALCO-approved delegated authority limits and product mandates. The Bank's Internal Audit acts as the third line of defense in this management process

The market risk limits are set at conservative levels to reflect a limited appetite for this type of risk exposure.

Market risk exposures primarily relate to profit rate risk in the trading book and FX risks that generally arise as a result of the Bank's day-to-day business activities. These risks are generated through the course of the Bank's primary activity of financing and investments funded via liabilities with different profiles – primarily with respect to profit rates and currency (FX). These mismatches between profit rate and currencies are the primary drivers of market risk for Dukhan Bank.

FX and profit rate derivatives are used in both the Trading and Banking Book, primarily for the purposes of hedging to ensure that market risk remains within risk appetite and management limits. Derivatives are used to manage risk at a transaction or "back-to-back" level as well as to manage overall positions. The exposures to market risk are measured and monitored via a number of metrics against management limits as described below

i) Net currency open position
ii) Daily and monthly stop loss limits
iii) Concentration and other position exposures

Limits are monitored by Market Risk Management team on a daily basis with results reported to First line of defense and Executive Management. Any breaches of Group ALCO or Board limits are immediately escalated to relevant Executive stakeholders. In addition, the above metrics are supplemented with regular stress testing analysis based upon a range of historical and hypothetical severe but plausible events, as well as "forward looking" ad hoc scenario analysis to assess the potential impacts of evolving market issues. Periodic reports are provided to the Board of Directors, ALCO and Management Risk Committee summarizing key exposure measurements versus limits as well as summaries and recommendations with respect to new and emerging risks.

Trading Book Classification:

Trading book will consist of instruments that are held for trading activities. This includes financial as well as hedging instruments where there is no legal obligation against selling them or using them as a hedge in a Shariah Compliant manner.

As per the new QCB standards (Circular 33/2022), bank will place all the instruments having the following characteristics in the trading book and market risk capital will be calculated for the purpose of Capital Adequacy Ratio (CAR).

- Instruments held as accounting trading assets or liabilities,
- Listed Equities,
- Equity Investment in funds where the bank cannot look through the composition of the fund and is not provided daily price quotes of the fund,
- Hedging instruments that are held for the purpose of hedging any position of the trading book,
- Options including Shariah Compliant hedging instruments from instruments that the bank issued out of its own banking book and that relate to credit or equity risk,
- Trading related repo transactions where the purpose of the transaction is excluding liquidity management or the transaction being valued at accrual for accounting purpose,

In addition to the above characteristics, bank will make sure to place every instrument that it holds to gain profit from short term price movements in the trading book. For listed equities, if the bank is holding such equities for a purpose other than trading such as, gaining dividends then the bank will write to the QCB regarding the same as the circular permits the banks to deviate from the presumptive list of trading book after the confirmation from QCB.

Instruments that are placed in the trading book will be fair valued on daily basis and any valuation change will be recognized in the Profit and Loss account.

The above set of characteristics will be referred to for the evaluation of instruments in and out of the trading book to evaluate whether they are properly classified at the acquisition level in the trading book. This evaluation will be done at-least annually by the banks internal control functions and will be a part of the market risk management framework with regular reporting if there is any deviation from the list on an on-going basis.

Movement Between Regulatory Book

Bank will make sure there is limited or no movement between trading and banking book. If under any major publicly announced event, such as a bank restructuring, bank is forced to move some instruments within the regulatory book then after getting the approval the senior management of the Bank and QCB, bank will make sure to calculate the total capital requirement before and after the switch. If there is a negative difference between the two capital amounts (After-Before), then the bank will add that in Pillar 1 as a capital surcharge. This surcharge will be allowed to run off as the position matures or expires on a case-to-case basis in a manner agreed with QCB.

Bank is not required to get approval from QCB if any instrument is reclassified as accounting trading asset or liability and it can be automatically switched from banking to trading book.

Internal Risk Transfers

Bank will document any transfer of risk in the following two conditions:

- Transfer within the same book (Banking or Trading),
- Transfer from one book to another (Banking to Trading or Trading to Banking)

In accordance with the QCB circular, Bank is not required to recognize any regulatory capital in the instance where there is an internal risk transfer from Trading Book to Banking Book for any reason (e.g economic rea-sons). For the transfer of Credit, Equity and Profit Rate Risk from Banking to Trading Book, Bank will follow the guidelines prescribed by QCB for the recognition of Capital in either Banking book or Trading book as per the characteristics of the hedging instrument.

Bank will exclude any eligible external hedges that are included in the Credit Valuation Adjustment (CVA) capital requirement from its Market Risk Capital calculation. A transfer of Risk between the trading book and the CVA portfolio will have CVA portfolio side and a non CVA portfolio side where Bank will include the non-CVA side in the market risk framework while excluding the CVA portfolio side from the market risk capital calculation as per the instructions given by QCB.

MR3: Market risk under the simplified standardized approach

		a	b	c	d
		Outright products	Options		
			Simplified approach	Delta-plus method	Scenario approach
1	Profit rate risk	305	-	-	-
2	Equity risk	2998	-	-	-
3	Commodity risk	-	-	-	-
4	Foreign exchange risk	50	0.02	-	-
5	Securitization	-			
6	Total	3,354	0.02	0.00	0.00

DIS60: Operational risk

ORA: General qualitative information on a bank's operational risk framework

Operational risk is defined by the Bank as the risk of direct or indirect loss caused due to an event or action resulting in failure of internal processes, people, and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

The key components of the operational risk framework followed by the Bank are

Operational risk strategy

Dulhan Bank has a proactive approach to operational risk management, and it is an integral part of the Bank's activities and has been embedded into each process, product and system. Bank has taken following strategic initiatives to implement operational risk strategy:

i) Appointment of UORMs in each unit/ department
ii) Operational risk review and approval for system change requests and annual review of system user access by Information Security (IS).
iii) Operational risk review and approval of all new /amendments to Policies, Product Programs, Standard Operating Procedures, frameworks, strategy, delegations, committee TOR/ charter documents for all the functions of the bank.
iv) Risk assessment of new products, process and systems which are conducted by OR and IS in coordination with Business/ Sponsor Department. PMO/ Business shall involve OR and IS from initiation of any new product/ project.

Operational Risk Appetite

The Strategic and financial objectives set by the Board lay down the foundation for setting the overall risk appetite for the bank. The formulation of risk appetite considers the Bank's risk capacity, its financial position, the strength of its core earnings and the resilience of its reputation and brand.

ORA is the amount of exposure or potential adverse impact from an event that the group is willing to accept or retain. While Basel makes reference to ORA, unlike for credit or market risk, there is no risk/reward trade-off for assuming greater levels of operational risk. Thus, it may be more accurate to refer to the risk tolerance levels of the Group with regard to operational risk.

Operational Risk Governance

The Board has the ultimate responsibility for understanding the nature and level of risk accepted by the Bank. The Board has delegated its following roles and responsibilities to the Risk & Compliance Committee (Sub-Committee of Board) with respect to Operational Risk Management:

i) Establishing a sound operational risk management framework at the Bank.
ii) Approving and reviewing the bank's ORMF including operation risk strategy and appetite.
iii) Approving the Bank's operational risk policy including management responsibilities and accountabilities.
iv) Ensuring that senior management is carrying out its risk management responsibilities.
v) Ensuring adequate segregation of responsibilities between business lines, support functions (including control functions) to avoid any conflict of interest; and
vi) Regularly reviewing the Bank's ORMF to ensure that it is continuously updated.

Operational risk committee is responsible for managing and overseeing all aspects of operational risk in the Bank. The Committee is responsible to ensure all operational risk policies and standards are effectively implemented, and the system /platform to monitor and report inherent operational risks are robustly protecting the interests of the Bank. ORC is accountable for the governance of operational risk and should be represented by all department heads of the respective group subsidiaries.

The Operational risk governance framework of the Bank further consists of sub-groups i.e. UROMs at department level, Incident response team for immediate management response to operational risk incidents and effective investigation and resolution of incidents.

The role of Internal Audit is also included within the framework as independent validator by

i) Ensuring adherence to the Bank's ORMF and verifying that it has been effectively implemented by the ORM and the all departments.
ii) Validating the ORMF including review of the risk management systems, RCSA, monitoring and reporting framework.
iii) Independently advising the management on the regular review processes within the operational risk environment, and how implementation or ongoing operational risk management can be improved; and
iv) Checking the accuracy of the data inputs/ outputs of the operational risk management tool through testing.

Operational Risk Organizational Structure

The group's Operational Risk function, as an independent function within the group, has the responsibility for setting policies and standards for Operational Risk across various subsidiaries of the group. Furthermore, Operational Risk Committee is responsible for ensuring Operational Risk Policies and Standards are effectively implemented. Each unit has a Unit Operational Risk Manager (UORM) who would take care of Operational Risk Management within the unit and would have a working relationship with ORM. ORM is responsible for setting up ORC for each group subsidiary and conducting periodic meetings for the committee.

Dukhan Bank Group follows the 'Three Lines model' to manage operation risk across the group. By this model, Group distinguishes among three lines involved in effective operational risk management:

i) First Line (Functions that own and manage risks): The first line comprises the businesses in which operational risk management is decentralized and the direct responsibility for operational risk control lies with the relevant unit/ department heads and reporting is done by the designated UORMs within each unit/ department.

ii) Second Line (Functions that oversee risks): The second line comprises the Risk Management function which includes ORM. Members in the second line define, co-ordinate, facilitate and oversee the effectiveness and integrity of the ORMF.

iii) Third Line (Functions that provide independent assurance): The third line is responsible for providing an independent and objective assurance of the operational risk management process. This is comprised of Internal Audit, which provides independent assurance of the robustness of the operational risk management processes and methodologies.

Operational Risk Management System (ORMS)

The ORMS is application software which is designed to record, store and report all operational risk and loss issues. ORMS plays a critical role in putting discipline across the group for logging and managing operational issues and losses. It is the responsibility of ORC to ensure availability of ORMS and for ORM to be the custodian of the same and to ensure its training and usage across the organization.

Operational Risk Reporting Framework

Management oversight at senior management level is one of the key requirements to demonstrate commitment to risk management by the Bank. In order to support adequate management oversight, regular, objective, and independent reporting on the status of operational risks is needed. The following reporting activities should be undertaken by the ORM:

i) BACRC, ORC and CRO Dashboards: These reporting packs to senior management / committees include overall operational risk profile of the Bank. Key highlights of reporting include top risks,

issues / incidents, operational risk losses, emerging risks, OR trends, BCP & DR updates and information security updates.
ii) Risk profiles and RCSA reports.
iii) Operational risk incident root cause analysis and reports.
iv) Issues and incident monitoring via ORMS.

Operational Risk Capital Calculation

The operational risk capital calculation method is based on QCB regulations. The Bank is currently following Standardized Approach for calculating Pillar 1 capital to cover Operational Risk.

Beyond the minimum capital requirements for operational risk captured in Pillar 1, Dukhan Bank calculates the adequate capital under the ICAAP for Pillar 2. The ICAAP at Dukhan Banks comprehensive in its approach – its coverage includes all material risks, capital planning and management framework, strategic plans and macro-economic factors, as well as the risk culture of the Bank and is guided by market best practices and QCB guidelines. A Capital adequacy assessment has been carried out in accordance with the nature, size and complexity of the Bank.

OR1: Historical losses **Amount in QAR 000**

		a	b	c	d	e	f	g	h	i	j	k
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Ten-year average
1	Total amount of operational losses net of recoveries (no exclusions)	965	2,493	21	353	0	0	0	569	1,142	1,806	735
2	Total number of operational risk losses	9	7	1	2	0	0	0	7	6	4	4
3	Total amount of excluded operational risk losses	0	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	0	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	592	893	21	353	0	0	0	569	1,142	1,806	538
6	Total amount of operational losses net of recoveries (no exclusions)	732	2,453	0	319	0	0	0	177	1,054	1,702	644
7	Total number of operational risk losses	4	6	0	1	0	0	0	1	4	1	2
8	Total amount of excluded operational risk losses		-	-	-	-	-	-	-	-	-	-
9	Total number of exclusions		-	-	-	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	430	853	0	319	0	0	0	177	1,054	1,702	453
11	Are losses used to calculate the ILM (yes/no)?	No										
12	If “no” in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	No										
13	Loss event threshold: QAR 20,000 or QAR 100,000 for the operational risk capital calculation if applicable	Yes										

OR2: Business indicator and subcomponents

		a	b	c
	BI and its subcomponents	T	T–1	T–2
1	Interest, lease and dividend component	2,243.82		
1a	Interest and lease income	-	-	-
1b	Interest and lease expense	-	-	-
1c	Interest earning assets	116,998.89	115,112.28	111,854,38
1d	Dividend income	23.17	32.02	45.08
2	Services component	714.63		
2a	Fee and commission income	610.15	530.40	565.95
2b	Fee and commission expense	169.34	138.61	122.60
2c	Other operating income	57.66	287.42	92.29
2d	Other operating expense	66.34	31.52	38.33
3	Financial component	54.01		
3a	Net P&L on the trading book	19.38	40.23	102.40
3b	Net P&L on the banking book			
4	BI			
5	Business indicator component (BIC)	3,012.45.00		

OR3: Minimum required operational risk capital

		a
		a
1	Business indicator component (BIC)	3,012.45
2	Internal loss multiplier (ILM)	1
3	Minimum required operational risk capital (ORC)	361.49
4	Operational Risk RWA	4,518.67

DIS70: Profit rate risk in the banking book

PRRBBA: Profit rate risk in the banking book (PRRBB) risk management objective and policies

PRRBB refers to the current or prospective risk to both the bank's capital and earnings arising from adverse movements in the risk-free profit rates, which affects the banking book exposures. The methodology that bank uses to set of capital requirements for profit rate risk in the banking book (PRRBB) is described below:

The following are considered as the primary sources of the profit rate risk:

- Gap Risk - arises from the term structure of banking book instruments and describes the risk arising from the timing of instruments' rate changes. The extent of gap risk depends on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).
- Basis Risk - describes the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rate indices.
- Option Risk - arises from option derivative positions or from optional elements embedded in a bank's assets, liabilities and/or off-balance sheet items, where the bank or its customer can alter the level and timing of their cash flows. Option risk can be further characterized into automatic option risk and behavioral option risk.

The bank has assessed the PRRBB as detailed below:

Measurement and Monitoring

- The market risk department has the responsibility for the development, implementation and measuring Profit Rate Risk on a quarterly basis and reporting the same to ALCO.
- The Bank calculate both economic value arising from all the six-prescribed profit rate risk shock scenarios and earning-based method based on the first two prescribed shock scenarios as described below:

S.No	Scenario Type	Description
1	Parallel shock up	Short rates and long rates up – a constant parallel
2	Parallel shock down	Short rates and long rates down – a constant parallel
3	Steepened shock	Short rates are down and long rates up - rotation to the term structure of the profit rates whereby both the long and sort rates are shocked.
4	Flattener shock	Short rates up and long rates down - rotation to the term structure of the profit rates whereby both the long and sort rates are shocked.
5	Short rates shock up	Short rates up – greatest at shortest tenor midpoint
6	Short rates shock down	Short rates down – greatest at shortest tenor midpoint

- The banks classify the non-maturity deposits for each currency according to the nature of the deposit and depositor and segment them into two categories:
- The more stable deposits include personal deposits regardless of their size and deposits made by small business customers with total aggregated deposits from each small business customer and then including all other types of deposits.
- The fund remain undrawn with a high degree of like hood is considered stable fund (core deposits) and the non-stable parts of each NMD category.

Earnings Perspective:

- The focus of analysis is the impact of changes in profit rates on accrual or reported earnings over a 1-year horizon. The Profit Gap report is the main profit rate sensitivity measurement tool used by the Bank to measure profit rate risk from an earnings perspective. Where the methodology organizes the expected cash flows (including commercial margins and other spread components) arising from all profit rate-sensitive assets, liabilities and off-balance sheet items into “re pricing buckets” .The Gap is calculated by subtracting Rate Sensitive Liabilities (RSL) from Rate Sensitive Assets (RSA).
- Rate sensitive instruments are classified on the basis that their yield fluctuates with changes in market rates. The impact of 200 basis points parallel shift in yield curve is calculated on each time re pricing bucket where only the cumulative impact of a 1-year time horizon is assessed.

Principles of the repricing gap analysis

- All Fixed Rate Assets and Liabilities are bucketed into time bands based on the contractual profile.
- All Floating Rate Assets and Liabilities are bucketed into time bands based on the next re-pricing date.
- Non-maturing assets and liabilities are bucketed into time bands based on the statistical maturity analysis.
- Only rate-sensitive Assets and Liabilities are considered in preparing the Re-pricing gap report.
- Parallel shocks for currencies applied according to the specified shocks in basis points as per QCB regulations

As per the bank-developed model for the bucketing of withdrawals, the table below contains the weighted average percentages for CASA bucketing.

Buckets	Overnight	1M	3M	6M	9M	1Y	1.5Y	2Y	3Y	4Y	4.5Y	Total
Weighted Average Percentage of CASA Deposit Withdrawal	28%	1%	3%	4%	4%	4%	8%	8%	15%	15%	10%	100%

PRRBB1 – Quantitative information on PRRBB

In reporting currency	ΔEVE		ΔNPI	
Period	**Dec-25**	**Dec-24**	**Dec-25**	**Dec-24**
Parallel up	(549.59)	(649.20)	-	-
Parallel down	-	(95.82)	(379.85)	(565.00)
Steepener	(402.12)	(453.52)		
Flattener	-	-		
Short rate up	(60.92)	(141.09)		
Short rate down	(69.99)	(199.46)		
Maximum	(649.20)	(649.20)	(379.85)	(479.40)
Period	**Dec-25**		**Dec-24**	
Tier 1 capital	14,105		13,605	

DIS80: Leverage Ratio

LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure

		a
1	Total consolidated assets as per published financial statements	123,782
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	
4	Adjustments for temporary exemption of central bank reserves (if applicable)	

5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	642
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	17,003
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	-692
13	**Leverage ratio exposure measure**	140,734

LR2 – Leverage Ratio Common disclosure template

	Item	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs)	123,782
2	**Less** (Asset amounts deducted in determining Basel III Tier 1 capital)	-692
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	123,089
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	53
5	Add-on amounts for Potential Future Exposure (PFE) associated with all derivatives transactions	589
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	**Less** (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	**Less** (Exempted Central Counter Party (CCP) leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	**Less** (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivative exposures (sum of lines 4 to 10)**	642
	Securities financing transaction exposures	

	Item	Leverage ratio framework
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13	**Less** (Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty Credit Risk (CCR) exposure for SFT assets	
15	Agent transaction exposures	
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**0**
	Other off-balance sheet exposures	
17	**Off-balance sheet exposure at gross notional amount (As per the Table & CCF given below)**	17,003
18	**Less** (Adjustments for conversion to credit equivalent amounts)	
19	**Off-balance sheet items (sum of lines 17 and 18)**	17,003
	Capital and total exposures	
20	Tier 1 capital	14,105
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	140,734
	Leverage ratio	
22	**Basel III leverage ratio**	**10.02%**

DIS85: Liquidity

LIQA – Liquidity risk management

Liquidity risk is the risk that an institution is unable to meet its funding obligations as they fall due, leading to an inability to support normal business activity or to incur unacceptable costs. The Bank considers the prudent management of liquidity essential to ensuring a sustainable and profitable business and retaining the confidence of the financial markets.

The Board has overall responsibility for ensuring that liquidity risk is appropriately managed. These expectations, including the delegation of roles and responsibilities, are covered in the Liquidity Risk Management Policy. Board liquidity tolerance is defined within the Risk Appetite.

The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet liabilities when due, under both normal and stressful conditions, without incurring unacceptable losses or risk of damage to the Group's reputation. The primary objective of liquidity risk management over which the Asset and Liability Committee (ALCO) have oversight, is to provide a planning mechanism for unanticipated changes in the demand or needs for liquidity created by customer behavior or abnormal market conditions. The ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes. Deposit mobilization plans are regularly reviewed for consistency with the liquidity policy requirements. A contingency plan is also in place which is reviewed periodically.

Liquidity risk is actively managed to meet its obligations under normal and stressful conditions. Risks are mitigated via its diversified funding strategy to meet obligations under most expected scenarios, along with the maintenance of a buffer of High-Quality Liquid Assets (HQLA) and other readily marketable securities that can be drawn upon to manage requirements during stress conditions.

The Bank also maintains a Contingency Funding Plan that details its plan of action in emergency and stress situations. The plan defines the roles and responsibilities, procedures and immediate actions that would be taken in response to a stress event, to ensure that the Bank continues to meet its obligations. Customized measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, considering off-balance sheet risks which are specific to that bank. In addition to regulatory liquidity metrics, the Bank monitors several internal metrics as part of a broader liquidity Key Risk Indicator (KRI) framework. These metrics include maturity mismatch projections, measurements of areas of key concentrations by counterparty type, geography, product type, etc.

Refer to the Note 4 (c) of the annual Financial Statement for further quantitative disclosures on liquidity risk.

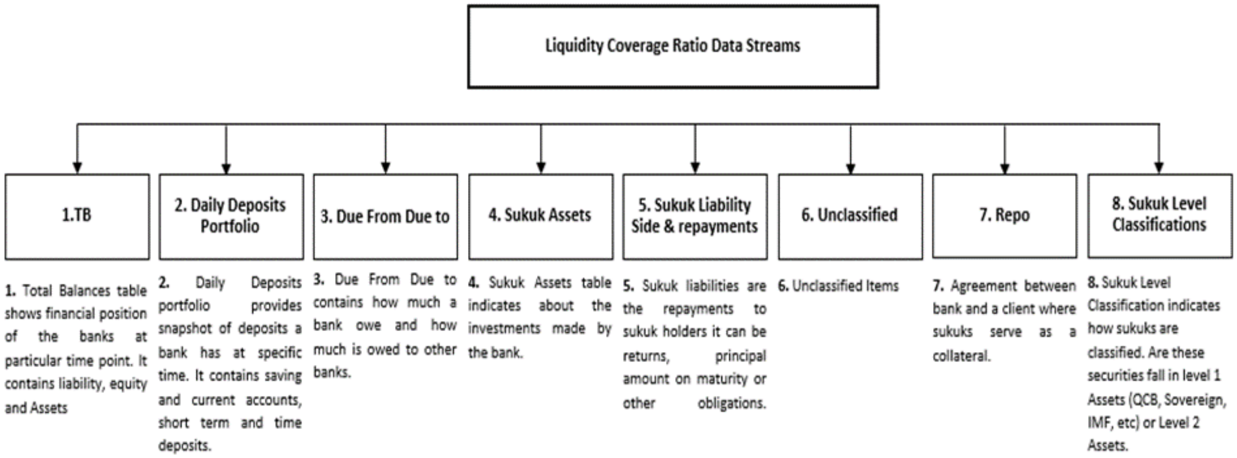
The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less than any deposits from banks, other borrowings and commitments maturing within the next month.

Liquidity Coverage Ratio

A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by QCB. Liquidity coverage ratio (LCR) is used to assess whether a financial institution can withstand liquidity disruption during times of stress or not. It promotes bank resilience by ensuring banks have enough high-quality liquid assets for a 30-day period of stress. Bank follows QCB circular 2/2024 for the computation of LCR where LCR is given by: -

$$LCR = \frac{High\ Quality\ Liquid\ Assets}{Total\ net\ cash\ Outflows\ over\ the\ next\ 30\ Days - \min\ (\ Cash\ inflows, 75\%\ of\ Cash\ Outflows\ (30 days))}$$

LCR computation is based on 3 components as shown in the formula (Inflows, Outflows and HQLA), these components are further subdivided into multiple segments. To understand the data, one must know how the data stream is being developed. Figure 1 depicts the structure which is followed for LCR calculation where each component is calculated as per the QCB circular related to LCR.



High Quality Liquid Assets

High-quality liquid assets (HQLA) are financial assets that are easily convertible into cash with little or no loss of value, even in stressed market conditions. Characteristics of high-quality liquid assets include:

1.High Liquidity: HQLA can be readily converted into cash without significant discounts or price fluctuations, even in stressed market conditions. This ensures that financial institutions can access liquidity quickly to meet their obligations. These assets should be central bank eligible.

2.Low Credit Risk: HQLA are typically issued or guaranteed by entities with strong creditworthiness, such as central banks, sovereign governments, and highly rated financial institutions. This reduces the risk of default and loss of principal associated with these assets.

3.Marketability: HQLA trades in active and liquid markets, allowing financial institutions to buy and sell these assets quickly and efficiently to meet their liquidity needs. The ability to easily liquidate HQLA enhances their attractiveness as a source of liquidity.

These characteristics ensure that the LCR is not overestimated and accurately reflect the bank's liquidity state, enabling the bank to implement effective preventive and corrective measures.

High-quality liquid assets are classified into 2 categories, Level 1 Assets and Level 2 Assets.

Banks follow QCB guidelines for calculating the LCR.

Cash Outflows

Cash outflows are defined as “liabilities” which are about to mature within 30 days period. These outflows are determined by applying specific run-off rates (as defined by QCB) to different categories of liabilities and off-balance-sheet commitments, reflecting the likelihood and extent of cash outflows during stress conditions.

Cash Inflows

To calculate the Liquidity Coverage Ratio (LCR), accurately assessing cash inflows is crucial. This involves capturing reliable sources of income that the bank expects to receive within a specified time frame. These inflows help balance against anticipated expenditures and ensure a thorough evaluation of liquidity resilience. As per QCB guidelines, to prevent excessive reliance on anticipated cash inflows for meeting liquidity requirements and to ensure bank maintain a sufficient level of High-Quality Liquid Assets (HQLA), Bank limits the amount of inflows that can offset outflows where bank is permitted to count only 75% of their projected total cash outflows during a 30-day stress period as inflows that mitigate these outflows. This measure strengthens their resilience against liquidity stress scenarios and promotes sound liquidity risk management practices.

Net Stable Funding Ratio

NSFR, or Net Stable Funding Ratio, is a critical regulatory requirement for financial institutions. In essence, it's a measure of a bank's ability to fund its activities with sufficiently stable sources of funding to mitigate the risk of future funding stress. The bank is effectively calculating and managing NSFR.

This measure includes both on balance sheet and off-balance sheet items, requiring banks to assess the stability of their funding sources against the liquidity profile of their assets and activities. By evaluating components such as loans, investments, deposits, and liabilities, the NSFR aims to enhance banking sector resilience. Following is the formula used to compute NSFR:

$$NSFR = \frac{Available\ Stable\ Funding\ (ASF)}{Required\ Stable\ Funding\ (RSF) + Off\ Balance\ Items}$$

All calculations are performed in accordance with QCB guidelines. The breakdown of components can be seen in the quantitative disclosure (LIQ2) where each component is broken down based on the residual maturity.

Banks follow QCB guidelines for calculating the NSFR.

LIQ1: Liquidity Coverage Ratio (LCR)

		Dec-25	
		Total unweighted value (average)	**Total weighted value (average)**
	High-quality liquid assets		
1	Total HQLA		**25,406**
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits	19,100	385
4	Less stable deposits	23,373	2,346
5	**Unsecured wholesale funding, of which:**		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	24,012	14,416
7	Non-operational deposits (all counterparties)	-	-
8	Unsecured debt	-	-
9	**Secured wholesale funding**		-

10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	55	55
12	Outflows related to loss of funding of debt products		
13	Credit and liquidity facilities	-	-
14	**Other contractual funding obligations**		
15	**Other contingent funding obligations**	23,376	2,045
16	**TOTAL CASH OUTFLOWS**		**19,247**
Cash inflows			
17	**Secured lending (eg reverse repo)**	-	-
18	**Inflows from fully performing exposures**	7,621	3,811
19	**Other cash inflows**	923	923
20	**TOTAL CASH INFLOWS**		4,734
			Total adjusted value
21	**Total HQLA**		25,406
22	**Total net cash outflows**		14,513
23	**Liquidity coverage ratio (%)**		175.06%

LIQ2: Net Stable Funding Ratio (NSFR)

		Unweighted value by residual maturity				Weighted value
		No maturity	**<6 months**	**6 months to <1 year**	**≥1 year**	
Available stable funding (ASF) item						
1	Capital:	14,947	0	0	0	14,947
2	*Regulatory capital*	13,126	0	0	0	13,126
3	*Other capital instruments*	1,821	0	0	0	1,821
4	Retail deposits and deposits from small business customers:	20,752	18,207	11,556	10,847	49,014
5	*Stable deposits*	20,708	18,172	3483	0	38,127
6	*Less stable deposits*	44	35	8,073	10,847	10,887
7	Wholesale funding:	6,246	27,292	3,305	0	18,278
8	*Operational deposits*		0	0	0	-
9	*Other wholesale funding*	6,246	27,292	3,305	0	18,278
10	Liabilities with matching interdependent assets		0	0	0	0
11	Other liabilities:	20,459	0	797	0	399

12	*NSFR derivative liabilities*	20,459	0	0	0	0
13	*All other liabilities and equity not included in the above categories*	-	0	797	0	399
14	**Total ASF**					**82,636.894**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)	24,941	1,962	0	0	1,126
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:					
18	*Performing loans to financial institutions secured by Level 1 HQLA*					
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	0	0	0	0	0
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*					
21	*With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk*	0	0	12	0	6
22	*Performing residential mortgages, of which:*					
23	*With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk*	-	-	-	44,683.86	37,981

24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*					
25	Assets with matching interdependent liabilities	0	0	0	18,763	12,196
26	Other assets:					
27	*Physical traded commodities, including gold*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*			0		0
30	*NSFR derivative liabilities before deduction of variation margin posted*			66.05		
31	*All other assets not included in the above categories*	9,208	0	25,659.74	0	22,038
32	Off-balance sheet items					1,624
33	***Total RSF***					75,651
34	***Net Stable Funding Ratio (%)***					109.2%