



DUKHAN BANK Q.P.S.C.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025**

Draft Subject to QCB Approval of Financial Statements



DUKHAN BANK Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2025

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Independent auditor's report to the shareholders of Dukhan Bank (Q.P.S.C.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dukhan Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB).

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2025;
- The consolidated statement of income for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of income and attribution related to quasi-equity for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended;
- The consolidated statement of changes in off-balance sheet assets under management for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of consolidated financial statements of public interest entities and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements in the State of Qatar.



Independent auditor's report to the shareholders of Dukhan Bank (Q.P.S.C.) (continued)

Our audit approach Overview

Key audit matters

- Impairment of financing facilities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Draft Subject to QCB Approval of Consolidated Financial Statements

Independent auditor's report to the shareholders of Dukhan Bank (Q.P.S.C.) (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of financing facilities</p> <p>Impairment allowances represent the Directors' best estimate of the losses arising from credit risk and particularly from financing facilities (financing assets and off-balance sheet financing). As described in the summary of significant accounting policies to the consolidated financial statements, the impairment losses have been determined in accordance with FAS 30.</p> <p>We focused on this area because the Directors make complex and subjective judgements over both the amount and the timing of recognition of impairment, such as:</p> <ul style="list-style-type: none"> Determining criteria for significant increase in credit risk. Choosing appropriate models and assumptions for the measurement of Expected Credit Losses (ECL) including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Establishing the relative weighting of forward-looking scenarios for each type of product/market and the associated ECL. Establishing groups of similar assets for the purpose of measuring the ECL. Determining disclosure requirements in accordance with the FAS. <p>Further, financing assets and off-balance sheet financing are material within the overall context of the consolidated financial statements.</p> <p>The Group's gross financing facilities that are subject to credit risk, include financing assets (net of deferred profit) amounting to QAR 93,939 million, and off-balance sheet finance amounting to QAR 44,619 million as at 31 December 2025, disclosed in note (10) and note (30) to the consolidated financial statements.</p> <p>Information on the credit risk and the Group's credit risk management is provided in note 4 to the consolidated financial statements.</p>	<p>Our audit procedures in relation to this key audit matter included the following:</p> <ul style="list-style-type: none"> Assessed and tested the design and operating effectiveness of the relevant key controls around origination and approval of financing facilities, monitoring of credit exposures, and impairment calculation. Evaluated the appropriateness of the Group's impairment provisioning policy in accordance with the requirements of FAS 30. Used our own internal experts to independently assess the reasonableness of the ECL methodology developed and applied by Directors including model risk parameters (PD, LGD, and EAD), forward-looking information, associated weighting, and staging analysis. Obtained an understanding of and compared inputs used in the ECL calculation to the observable data sets. Tested a sample of financing facilities to determine the appropriateness and application of staging criteria. Obtained an understanding of the methodology used to identify and calculate individual impairment allowance for stage 3 exposures and tested a sample of such exposures against the methodology. Obtained samples of the latest available credit reviews and checked that they include appropriate assessment and documentation of borrowers' ability to meet repayment obligations (principal, profit, and fees). Evaluated the adequacy of the consolidated financial statements disclosures to determine if they were in accordance with the requirements of FAS 30 and QCB regulations.

Independent auditor's report to the shareholders of Dukhan Bank (Q.P.S.C.) (continued)

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors and those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by AAOIFI as modified by QCB and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, and the QCB regulations, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report to the shareholders of Dukhan Bank (Q.P.S.C.) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the shareholders of Dukhan Bank (Q.P.S.C.) (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Bank has maintained proper books of account and the consolidated financial statements are in agreement therewith;
- The financial information included in the Board of Directors' report is in agreement with the books and records of the Bank; and
- Nothing has come to our attention, which causes us to believe that the Bank has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its consolidated financial position as at 31 December 2025.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni

Auditor's registration number 370

Doha, State of Qatar

Date:

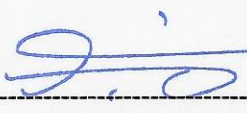


DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	2025 QAR'000	2024 QAR'000
Assets			
Cash and balances with Qatar Central Bank	8	5,124,363	3,638,626
Due from banks	9	1,093,855	5,811,325
Financing assets	10	90,012,883	86,212,369
Investment securities	11	25,016,750	19,882,112
Investment in associates	12	14,533	10,444
Investment in real estate	13	134,321	134,554
Fixed assets	14	844,863	830,161
Intangible assets	15	678,313	756,780
Other assets	16	861,630	663,298
Total assets		123,781,511	117,939,669
Liabilities			
Due to banks	17	11,221,546	14,307,611
Customer current accounts	18	18,688,040	15,581,744
Sukuk financing	19	2,935,316	2,933,144
Other liabilities	20	6,481,461	2,568,786
Total liabilities		39,326,363	35,391,285
Quasi-equity			
Participatory investment accounts	21	69,104,682	67,769,323
Equity			
Share capital	22(a)	5,234,100	5,234,100
Legal reserve	22(b)	5,049,623	4,889,319
Treasury shares	22(e)	(14,290)	(21,120)
Risk reserve	22(c)	1,750,742	1,682,594
Fair value reserve	11	39,775	(37,705)
Cash flow hedge reserve		442	(3,730)
Other reserves	22(d)	79,826	75,737
Retained earnings		1,389,407	1,139,025
Total equity attributable to owners of the bank		13,529,625	12,958,220
Non-controlling interests	23	91	91
Sukuk eligible as additional capital	24	1,820,750	1,820,750
Total equity		15,350,466	14,779,061
Total liabilities, quasi-equity and equity		123,781,511	117,939,669
Off-balance sheet assets under management	39	5,373,764	4,776,563
Contingent liabilities and commitments	30	83,340,760	58,100,488

These consolidated financial statements were approved by the Board of Directors on 13 January 2026 and were signed on its behalf by:


Abdulla Bin Fahad Bin
Jassim Al-Thani
Chairman


Mohamed Bin Hamad Bin Jassim Al Thani
Executive Board Member
Managing Director


Ahmed Hashem
Acting Group



Independent auditors' report is set out on pages 1 - 6.
The attached notes 1 to 41 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2025

	Notes	2025 QAR'000	2024 QAR'000
Net income from financing activities	25	4,776,252	5,189,877
Net income from investing activities	26	1,034,948	1,089,290
Finance cost		(951,292)	(996,921)
Income from financing and investing activities, Net		4,859,908	5,282,246
Fee and commission income		531,186	427,470
Fee and commission expense		(205,762)	(171,963)
Net fee and commission income	27	325,424	255,507
Net foreign exchange gain		171,084	142,836
Share of results of associates	12	4,089	557
Other income		59,915	111,456
Total income		5,420,420	5,792,602
Staff costs	28	(446,226)	(454,634)
Depreciation and amortization	14&15	(187,508)	(140,741)
Other expenses	29	(309,751)	(286,372)
Total expenses		(943,485)	(881,747)
Net impairment loss on financing assets	4(b)	(499,719)	(425,144)
Net (impairment loss)/ reversal on due from banks	4(b)	(60)	903
Net reversal/ (Impairment loss) on investment securities	4(b)	2,398	(720)
Net reversal/ (Impairment loss) on other exposures subject to credit risk	4(b)	23,264	(28,425)
Net profit for the year before tax and return to quasi-equity		4,002,818	4,457,469
Less: Net profit attributable to quasi-equity	21	(2,590,413)	(3,114,028)
Net profit for the year before tax		1,412,405	1,343,441
Tax expense		(940)	(855)
Net profit for the year		1,411,465	1,342,586
Net profit for the year attributable to:			
Equity holders of the Bank		1,411,465	1,342,586
Non-controlling interests		-	-
Net profit for the year		1,411,465	1,342,586
Earnings per share			
Basic and diluted earnings per share (QAR)	33	0.257	0.244



Independent auditors' report is set out on pages 1 - 6.
The attached notes 1 to 41 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Notes	2025 QAR'000	2024 QAR'000
NET PROFIT FOR THE YEAR		1,411,465	1,342,586
OTHER COMPREHENSIVE INCOME			
<i>Items that may not be subsequently classified to consolidated statement of income</i>			
Fair value changes of equity-type investments carried at fair value through other comprehensive income - net	11	74,588	20,592
<i>Items that may be subsequently classified to consolidated income statement</i>			
<i>Net movement in cash flow hedge reserve:</i>			
Net movement in cash flow hedges – effective portion of changes in fair value		38,220	(10,064)
Net amount transferred to consolidated statement of income		(34,048)	-
Share in the reserve attributable to quasi-equity		(2,980)	(700)
Total other comprehensive income for the year		75,780	9,828
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,487,245	1,352,414
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		1,487,245	1,352,414
Non-controlling interest		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,487,245	1,352,414



Independent auditors' report is set out on page 1 - 6.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.**CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY**
For the year ended 31 December 2025

	2025 QAR'000	2024 QAR'000
Net profit for the year before net profit attributable to quasi-equity after tax	4,001,878	4,456,614
Less: Income not attributable to quasi-equity	(1,842,082)	(1,968,585)
Add: Expenses not attributable to quasi-equity	<u>-</u>	<u>-</u>
Net profit attributable to quasi-equity before bank's Mudaraba income	2,159,796	2,488,029
Less: Mudarib's share	(2,064,066)	(2,320,297)
Add: Support provided by bank	2,494,683	2,946,296
NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY	<u>2,590,413</u>	<u>3,114,028</u>
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently classified to consolidated income statement		
Share in the reserve attributable to quasi-equity	2,980	700
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>2,980</u>	<u>700</u>
TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY	<u>2,593,393</u>	<u>3,114,728</u>



Independent auditors' report is set out on pages 1 – 6.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025
For the year ended 31 December 2025

	Share capital QAR '000	Legal reserve QAR '000	Treasury shares QAR '000	Risk reserve QAR '000	Fair value reserve QAR '000	Cash flow hedge reserve QAR '000	Other reserves QAR '000	Retained earnings QAR '000	Total equity attributable to owners of the bank QAR '000	Non-controlling interests QAR '000	Sukuk eligible as additional capital QAR '000	Total equity QAR '000
Balance at 1 January 2025	5,234,100	4,889,319	(21,120)	1,682,594	(37,705)	(3,730)	75,737	1,139,025	12,958,220	91	1,820,750	14,779,061
Net profit for the year	-	-	-	-	-	-	-	1,411,465	1,411,465	-	-	1,411,465
Other comprehensive income for the year	-	-	-	-	71,608	4,172	-	-	75,780	-	-	75,780
Total comprehensive income for the year	-	-	-	-	71,608	4,172	-	1,411,465	1,487,245	-	-	1,487,245
Sale of treasury shares	-	19,157	6,830	-	-	-	-	-	25,987	-	-	25,987
Transferred to retained earnings on disposal of equity-type instruments classified as FVOCI	-	-	-	-	5,872	-	-	(5,872)	-	-	-	-
Transfer to legal reserve	-	141,147	-	-	-	-	-	(141,147)	-	-	-	-
Transfer to risk reserve	-	-	-	68,148	-	-	-	(68,148)	-	-	-	-
Transfer to other reserves	-	-	-	-	-	-	4,089	(4,089)	-	-	-	-
Social and sports fund appropriation (Note 40)	-	-	-	-	-	-	-	(35,287)	(35,287)	-	-	(35,287)
Dividend paid for the year 2024 (Note 22 (f))	-	-	-	-	-	-	-	(417,038)	(417,038)	-	-	(417,038)
Interim dividend paid for the year 2025 (Note 22 (f))	-	-	-	-	-	-	-	(417,584)	(417,584)	-	-	(417,584)
Profit paid on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	(71,918)	(71,918)	-	-	(71,918)
Balance at 31 December 2025	5,234,100	5,049,623	(14,290)	1,750,742	39,775	442	79,826	1,389,407	13,529,625	91	1,820,750	15,350,466

Independent auditors' report is set out on pages 1 - 6.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.



DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025
For the year ended 31 December 2024

	Share capital QAR '000	Legal reserve QAR '000	Treasury shares QAR '000	Risk reserve QAR '000	Fair value reserve QAR '000	Cash flow hedge reserve QAR '000	Other reserves QAR '000	Retained earnings QAR '000	Total equity attributable to owners of the bank QAR '000	Non-controlling interests QAR '000	Sukuk eligible as additional capital QAR '000	Total equity QAR '000
Balance at 1 January 2024	5,234,100	4,705,334	(38,350)	1,487,077	(121,015)	6,334	75,180	1,543,855	12,892,515	91	1,820,750	14,713,356
Net profit for the year	-	-	-	-	-	-	-	1,342,586	1,342,586	-	-	1,342,586
Other comprehensive income for the year	-	-	-	-	19,892	(10,064)	-	-	9,828	-	-	9,828
Total comprehensive income for the year	-	-	-	-	19,892	(10,064)	-	1,342,586	1,352,414	-	-	1,352,414
Sale of treasury shares	-	49,726	17,230	-	-	-	-	-	66,956	-	-	66,956
Transferred to retained earnings on disposal of equity-type instruments classified as FVOCI	-	-	-	-	63,418	-	-	(63,418)	-	-	-	-
Transfer to legal reserve	-	134,259	-	-	-	-	-	(134,259)	-	-	-	-
Transfer to risk reserve	-	-	-	195,517	-	-	-	(195,517)	-	-	-	-
Transfer to other reserves	-	-	-	-	-	-	557	(557)	-	-	-	-
Social and sports fund appropriation (Note 40)	-	-	-	-	-	-	-	(33,565)	(33,565)	-	-	(33,565)
Dividend paid for the year 2023 (Note 22 (f))	-	-	-	-	-	-	-	(831,322)	(831,322)	-	-	(831,322)
Interim dividend paid for the year 2024 (Note 22 (f))	-	-	-	-	-	-	-	(416,860)	(416,860)	-	-	(416,860)
Profit paid on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	(71,918)	(71,918)	-	-	(71,918)
Balance at 31 December 2024	5,234,100	4,889,319	(21,120)	1,682,594	(37,705)	(3,730)	75,737	1,139,025	12,958,220	91	1,820,750	14,779,061

Independent auditors' report is set out on pages 1 - 6.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.



DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Notes	2025 QAR '000	2024 QAR '000
<u>Cash flows from operating activities</u>			
Net profit for the year before tax		1,412,405	1,343,441
<i>Adjustments for:</i>			
Net impairment loss/(reversal) on due from banks	4(b)	60	(903)
Net (reversal)/ impairment loss on other exposures subject to credit risk	4(b)	(23,264)	28,425
Net impairment loss on financing assets	4(b)	499,719	425,144
Net (reversal)/ impairment loss on investment securities	4(b)	(2,398)	720
Depreciation and amortization	14 & 15	187,508	140,741
Employees' end of service benefits provision	20.1	28,040	25,411
Net gain on sale of investment securities	26	(9,677)	(8,716)
Dividend income	26	(26,332)	(35,466)
Gain on disposal of fixed assets		(1,932)	(1,066)
Share of results of associates	12	(4,089)	(557)
Profit before changes in operating assets and liabilities		2,060,040	1,917,174
Change in reserve account with Qatar Central Bank		(212,848)	(69,580)
Change in due from banks		491,925	4,994,407
Change in financing assets		(4,300,233)	(9,052,344)
Change in other assets		(194,160)	226,671
Change in due to banks		(3,086,065)	(5,274,042)
Change in customer current accounts		3,106,296	(826,702)
Change in other liabilities		3,881,712	375,797
		1,746,667	(7,708,619)
Dividends received	26	26,332	35,466
Tax paid		(900)	(1,113)
Employees' end of service benefits paid	20.1	(9,142)	(14,419)
Net cash generated from/ (used in) operating activities		1,762,957	(7,688,685)
<u>Cash flows from investing activities</u>			
Acquisition of investments, net		(7,215,307)	(8,221,495)
Proceeds from sale of investments		2,164,587	8,360,950
Acquisition of fixed assets	14	(128,299)	(653,868)
Proceeds from sale of fixed assets		6,488	4,115
Net cash used in investing activities		(5,172,531)	(510,298)
<u>Cash flows from financing activities</u>			
Change in participatory investment accounts		1,335,359	6,175,682
Changes in sukuk financing	19	2,172	2,933,144
Dividend paid	22 (f)	(834,622)	(1,248,182)
Proceeds from sale of treasury shares		25,987	66,956
Profit paid on Sukuk eligible as additional capital		(71,918)	(71,918)
Net cash generated from financing activities		456,978	7,855,682
Net decrease in cash and cash equivalents		(2,952,596)	(343,301)
Cash and cash equivalents at 1 January		5,062,095	5,405,396
Cash and cash equivalents at 31 December	34	2,109,499	5,062,095



Independent auditors' report is set out on pages 1 - 6.
The attached notes 1 to 41 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the year ended 31 December 2025

For the year ended 31 December 2025

	Movements during the year					
	At 1 January 2025 Total value QAR '000	Net Investments/ withdrawals QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	Group's fee as an agent QAR'000
Discretionary Portfolio Management	791,722	456,841	5,838	-	-	-
Other Restricted Wakalas	3,984,841	93,004	33,055	119,437	(119,437)	8,463
	4,776,563	549,845	38,893	119,437	(119,437)	8,463

For the year ended 31 December 2024

	Movements during the year					
	At 1 January 2024 Total value QAR '000	Net Investments/ withdrawals QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	Group's fee as an agent QAR'000
Discretionary Portfolio Management	467,789	260,227	63,706	-	-	-
Other Restricted Wakalas	3,802,136	124,019	52,604	9,109	(9,109)	6,082
	4,269,925	384,246	116,310	9,109	(9,109)	6,082

Independent auditors' report is set out on pages 1 - 6.

The attached notes 1 to 41 form an integral part of these consolidated financial statements.



1. REPORTING ENTITY

Dukhan Bank Q.P.S.C. was incorporated as a Qatari Shareholding Company in the State of Qatar under Commercial Registration No. 38012 dated 28 January 2008 (the "date of incorporation"). Dukhan Bank (the "Bank") commenced its activities on 1 February 2009 under Qatar Central Bank ("QCB") License No. RM/19/2007. The Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") are primarily engaged in financing, investing and advisory activities in accordance with Islamic Shari'a rules as determined by the Shari'a Committee of the Bank and provisions of its Memorandum and Articles of Association. Investment activities are carried out for proprietary purpose and on behalf of customers.

On 21 April 2019, the Bank and International Bank of Qatar ("IBQ") merged, the merger became effective upon receiving QCB confirmation pursuant to Article 161(2) of the Central Bank Law, Article 278 of the Companies Law, and the Merger Agreement.

The Bank operates through its head office situated in Lusail and its 8 branches in the State of Qatar. The Bank post completion of merger is now 24.52% owned by the General Retirement and Social Insurance Authority 11.71% by the Military Pension Fund (Qatar), and 6.84% by Qatar Holding, strategic and direct investment arm of Qatar Investment Authority being the sovereign wealth fund of the State of Qatar; and remaining shares are owned by several individuals and corporate entities. The Bank rebranded itself from Barwa Bank to Dukhan Bank during October 2020 post obtaining necessary approvals as per the State of Qatar applicable laws and regulations.

On 15 January 2023, the extraordinary general assembly resolution resolved to convert the Bank from a Qatari Private Shareholding Company to a Qatari Public Shareholding Company and subsequently list on the Qatar Stock Exchange. On 22 January 2023, pursuant to Resolution No. 2 of 2023 by the Minister of Industry and Commerce, the Bank was converted from a Qatari Private Shareholding Company to a Qatari Public Shareholding Company. The conversion was formally announced in the Constitutional General Assembly meeting held on 25 January 2023. Consequently, there were no changes in the interest held by the shareholders of the Bank. On 1 February 2023, Qatar Financial Markets Authority ("QFMA") approved the listing of the Bank's shares on the Qatar Stock Exchange. Following the QFMA's approval, trading of the Bank's shares on the Qatar Stock Exchange commenced on 21 February 2023.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on 13 January 2026.

The subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Year of incorporation	Percentage of ownership	
			2025	2024
The First Investor P.Q.S.C. ("TFI") (i)	Qatar	1999	100%	100%
First Finance Company P.Q.S.C. ("FFC") (ii)	Qatar	1999	100%	100%
First Leasing Company P.Q.S.C. ("FLC") (iii)	Qatar	2008	100%	100%
BB Islamic Derivatives (iv)	Cayman Islands	2018	100%	100%

- (i) TFI provides a full range of investment banking products and services that comply with Shari'a principles and QCB regulations.
- (ii) FFC is engaged in Shari'a compliant financing activities in accordance with its Articles of Association and QCB regulations.
- (iii) FLC is primarily engaged in the Islamic leasing business.
- (iv) BB Islamic Derivatives was incorporated in the Cayman Islands to engage in conducting derivative transactions on behalf of the Bank.



1. REPORTING ENTITY (CONTINUED)

a) Shari'ah governance framework

The Group follows Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") Governance Standards (GSs) in their entirety along with the regulators' requirements related to Shari'ah governance / Shari'ah governance framework. In line with the requirements of the same, the Group has a comprehensive governance mechanism comprising of Shari'ah supervisory board, Shari'ah compliance function, internal Shari'ah audit, external Shari'ah audit, etc. These functions perform their responsibilities in line with AAOIFI GSs as well as the regulators' requirements related to Shari'ah governance.

The GSs also require the Board of Directors and those charged with governance to discharge their duties in line with Shari'ah governance and fiduciary responsibilities.

b) Shari'ah principles and rules

The Group follows the hierarchy of Shari'ah principles and rules as defined in paragraph 165 of FAS 1 "General Presentation and Disclosures in the Financial Statements".

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards ("FAS") as issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Qatar Central Bank ("QCB").

In addition, the consolidated financial statements have been prepared in accordance with the Islamic Shari'a Rules and Principles as determined by the Shari'a Committee of the Group, the applicable provisions of the QCB regulations and the applicable provisions of Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standards (IFRS Accounting Standards).

The Qatar Central Bank modifications to Financial Accounting Standards ("FAS") has been disclosed below:

Investments classified as fair value through other comprehensive income

QCB Circular 12/2020 dated 29 April 2020 modified the requirements of FAS 33 "Investments in Sukuk, shares and similar instruments" and FAS 30 "Impairment, credit losses and onerous commitments" and requires Islamic Banks to follow principles of IFRS 9 "Financial Instruments" in respect of impairment on equity-type investments carried at fair value through other comprehensive income. The Bank has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the Bank, which did not result in any material adjustment.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for investments carried at fair value through other comprehensive income, investments carried at fair value through the statement of income, derivatives held for risk management purposes and Shari'a compliant risk management instruments, which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Group's functional currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousands. The functional currencies for the Group entities have also been assessed as Qatari Riyals.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with FAS as modified by QCB requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Group has adopted QCB guidelines on staging and provisioning of certain exposures, which modifies the requirements of FAS 30 "Impairment, credit losses and onerous commitments".

Information about significant areas of estimation uncertainty and critical judgments applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is described in Note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) New standards, amendments and interpretations effective from 1 January 2025

FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions

AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies. The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari'a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 43 – Accounting for Takaful: Recognition and Measurement, provided that FAS 1 (Revised 2021) has already been adopted or is simultaneously adopted.

The adoption of this standard did not have any impact on the Group's financial statements.

FAS 43 – Accounting for Takaful: Recognition and Measurement

AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions.

The adoption of this standard did not have any impact on the Group's financial statements.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New standards, amendments and interpretations issued but not yet effective

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

FAS 45 – Quasi-Equity (Including Investment Accounts)

AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the participatory investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026.

The concept of quasi-equity has been introduced in FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021) which was adopted by the Group during the year 2024. The Group shall address the requirements of FAS 45 – Quasi-Equity (Including Investment Accounts) on the effectivity date of the standard.

Draft Subject to QCB Approval of Financial Statements



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New standards, amendments and interpretations issued but not yet effective (continued)

FAS 46 – Off-Balance-Sheet Assets Under Management

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterization of off-balance-sheet assets under management, and the related principles of financial reporting in line with the “AAOIFI Conceptual Framework for Financial Reporting”. The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements, particularly aligning the same with the requirements of the revised FAS 1 – General Presentation and Disclosures in the Financial Statements in respect of the statement of changes in off-balance-sheet assets under management. This standard, along with FAS 45 “Quasi-Equity (Including Investment Accounts)”, supersedes the earlier FAS 27 “Investment Accounts”. This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 – Quasi-Equity (Including Investment Accounts).

FAS 47 – Transfer of Assets Between Investment Pools

AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners’ equity, quasi-equity and off-balance-sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari’a principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial periods beginning on or after 1 January 2026 and supersedes the earlier FAS 21 – Disclosure on Transfer of Assets.

FAS 48 – Promotional Gifts and Prizes

AAOIFI has issued FAS 48 on 9 December 2024. This standard prescribes the accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment accountholders. This standard shall be effective for the financial periods beginning on or after 1 January 2026.

FAS 50 – Financial Reporting for Islamic Investment Institutions (Including Investment Funds)

AAOIFI has issued FAS 50 on 24 December 2024. This standard supersedes the earlier FAS 14 “Investment Funds.” This standard sets out the principles of financial reporting for Islamic Investment Institutions (“IIIs”) particularly prescribing overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari’a principles and rules. This standard shall be effective on the annual financial statements of an IIIs beginning on or after 1 January 2027.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. The Group consolidates a subsidiary when it controls it. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. However, in individual circumstances, the Group may still exercise control with a less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity’s shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

- The purpose and design of the investee.
- The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities.
- Contractual arrangements such as call rights, put rights and liquidation rights.
- Whether the Bank is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

Profit or loss are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is generally assumed when the Group holds, directly or indirectly, majority of the voting rights of the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Non-controlling interests

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated statement of financial position in shareholders' equity. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in consolidated income statement. In addition, any amounts previously recognised in equity in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other equity are reclassified to consolidated income statement.

(iii) Transactions eliminated on consolidation

Intra-group balances, income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but not to control or joint control over those policies, generally significant influence presumed to exist when the Group has 20% or more of the voting rights. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(iv) Associates (continued)

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in associate).

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements in reserve is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in equity is reclassified to consolidated income statement where appropriate.

Intergroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses in associates are recognised in the consolidated income statement. The accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

(v) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(v) Business combination and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(d) Foreign currency transactions and balances

Foreign currency transactions are denominated, or that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated statement of income.

Foreign currency differences are generally recognised in consolidated statement of income. However, foreign currency differences arising from the translation of the fair value through other comprehensive income investments (except on impairment, in which case foreign currency differences that have been recognized in consolidated statement of changes in equity are reclassified to consolidated income statement).

Fair value through other comprehensive income investments (except on impairment, in which case foreign currency differences that have been recognized in consolidated statement of changes in equity are reclassified to consolidated income statement);

(e) Investment securities

Investment securities comprise investments in debt-type and equity-type financial instruments.

(i) Classification

Under FAS 33 "Investment in Sukuks, shares and similar instruments", each investment is to be categorized as investment in:

- a) equity-type instruments;
- b) debt-type instruments, including (monetary and non-monetary);
- c) other investment instruments.

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through other comprehensive income or (iii) fair value through income statement, on the basis of both:

- a) the Bank's business model for managing the investments; and
- b) the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment securities (continued)

(i) Classification (continued)

Amortised cost

An investment shall be measured at amortised cost if both of the following conditions are met:

- a) the investment is held within a business model whose objective is to hold such investment in order to collect expected cash flows till maturity of the instrument; and
- b) the investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

Fair value through other comprehensive income ("FVOCI")

An investment shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and
- b) the investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

Fair through income statement ("FVIS")

An investment shall be measured at fair value through income statement unless it is measured at amortised cost or fair value through other comprehensive income or if irrevocable classification at initial recognition is applied.

Irrevocable classification at initial recognition

The Group may make an irrevocable election to designate a particular investment, at initial recognition, being:

- a) an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through other comprehensive income; and
- b) a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

(ii) Recognition and derecognition

Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

(iii) Measurement

Initial recognition

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment securities (continued)

(iii) Measurement (continued)

Subsequent measurement

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognised in the consolidated statement of income in the period in which they arise. Subsequent to initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated statement of income.

Fair value through other comprehensive income

Policy applicable after the issuance of QCB circular 12/2020

The Group adapted Qatar Central Bank's Circular number 12/2020 dated 29 April 2020 (the adoption date) which amended the requirements of FAS 33 "Investment in Sukuk, Shares and similar instruments" and FAS 30 "Impairment, credit losses and onerous commitments" and required banks to follow the requirements of International Financial Reporting Standard No. ("IFRS") 9 "Financial Instruments" relating to equity Investments at fair value through other comprehensive income. As QCB circular 12/2020, equity type instruments classified as fair value through other comprehensive income are not tested for impairment.

Investments at fair value through other comprehensive income are measured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in equity and presented in a separate fair value reserve within equity. The Group may elect to present in statement of changes in equity, changes in the fair value of certain investments in equity-type instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated income statement, including on disposal. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in statement of changes in equity.

Whereas for debt type investments classified as fair value through other comprehensive income, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is transferred to the consolidated statement of income.

(iv) Measurement principles

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment securities (continued)

(iv) Measurement principles (continued)

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or an obligation settled between well-informed and willing parties (seller and buyer) in an arm's length transaction. The Group measures the fair value of quoted investments using the market bid price for that instrument at the close of business on the consolidated statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

(f) Financing assets

Financing assets comprise Shari'a compliant financing provided by the Group with fixed or determinable payments. These include financing provided through Murabaha, Mudaraba, Musawama, Ijarah, Istisna'a, Wakala and other modes of Islamic financing. Financing assets are stated at their amortised cost, less impairment allowances (if any).

Murabaha and Musawama

Murabaha and Musawama receivables are sales on deferred terms. The Group arranges a Murabaha and Musawama transaction by buying a commodity (which represents the object of the Murabaha) and selling it to the Murabeh (a beneficiary) at a margin of profit over cost. The sales price (cost plus the profit margin) is repaid in installments by the Murabeh over the agreed period. Murabaha and Musawama receivables are stated net of deferred profits and impairment allowance (if any). Based on QCB instructions, the Group applies the rule of binding the purchase orderer to its promise in the Murabaha sale and not enters into any Murabaha transaction in which the purchase orderer does not undertake to accept the goods if they meet the specifications.

Musawama receivables are stated net of deferred profits and impairment allowance (if any). On initial recognition Murabaha receivables are classified and measured at:

- Amortised cost when the contractual terms of the Murabaha receivables give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Mudaraba

Mudaraba financing is partnerships in which the Group contributes the capital. These contracts are stated at fair value of consideration given less impairment allowance (if any).

Ijarah

Ijarah receivables arise from financing structures when the purchase and immediate lease of an asset are at cost plus an agreed profit (in total forming fair value). The amount is settled on a deferred payment basis. Ijarah receivables are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any).

Istisna'a

Istisna'a is a sales contract in which the Group acts as 'al-sani' (a seller) with an 'al-mustasni' (a purchaser) and undertakes to manufacture or otherwise acquire a product based on the specification received from the purchaser, for an agreed upon price. Istisna'a revenue is the total price agreed between the seller and purchaser including the Group's profit margin. The Group recognises Istisna'a revenue and profit margin based on percentage of completion method by taking in account the difference between total revenue (cash price to purchaser) and Group's estimated cost. The Group's recognises anticipated losses on Istisna'a contract as soon as they are anticipated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financing assets (continued)

Wakala

Wakala contracts represent agency agreements between two parties. One party, the provider of funds (Muwakkil) appoints the other party as an agent (Wakeel) with respect to the investment of the Muwakkil funds in a Shari'a compliant transaction. The Wakeel uses the funds based on the nature of the contract and offers an anticipated return to the Muwakkil. Wakala contracts are stated at amortised cost.

(g) Other financial assets and liabilities

(i) Recognition and initial measurement

The Group initially recognises due from banks, financing assets, investments, customer current accounts, due to banks, and financing liabilities including sukuk and fixed income financing on the date at which they are originated. All other financial assets and liabilities are initially recognised on the settlement date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through income statement, transaction costs that are directly attributable to its acquisition or issue.

After initial measurement, other financial assets and liabilities are subsequently measured at amortised cost using the effective profit rate method net of any amounts written off and provision for impairment.

(ii) De-recognition of financial assets and financial liabilities

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in consolidated income statement.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial assets for a fee. The transferred asset is de-recognised if it meets the de-recognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group de-recognises financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Offsetting

Financial assets and liabilities are offset only when there is a legal or religious enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other financial assets and liabilities (continued)

(iv) Modification of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement. If such modification is carried out because of financial difficulties of the financed counterparty, then the gain or loss is presented together with impairment losses. In other cases, it is presented as net income from financing activities.

Financial liabilities

The Group derecognises financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated income statement.

(h) Impairment of financial assets

(i) Measurement of ECL

ECLs are recognised in two stages. For credit exposures, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at fair value through income statement:

- Financial assets that are debt instruments;
- Financial guarantee contracts issued; and
- Financing commitments issued.

With effect from the issuance of QCB circular 12/2020, equity type instruments classified as fair value through other comprehensive income are not tested for impairment.

Impairment and ECL are used interchangeably throughout these consolidated financial statements.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of financial assets (continued)

(i) Measurement of ECL (continued)

The determination of the FAS 30 provision results from a two-step approach:

Step 1: The facilities will have to be allocated to one of the three impairment stages by determining whether a significant increase in credit risk has occurred since initial recognition or whether the facility has been credit impaired.

Step 2: The expected credit loss is calculated i.e., 12-month expected loss for all facilities in stage 1 and lifetime expected credit loss for all facilities in stage 2. The facilities in stage 3 are covered by specific provisions as per QCB regulations.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn financing commitments and letter of credit: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

(ii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from existing asset;
- If the expected restructuring will result in derecognition of existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. The amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date.

(iii) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of financial assets (continued)

(iii) Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a financing asset by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether an investment in sovereign debt, other than that of the home country sovereign (i.e. Qatar), is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.

Any credit exposures to the Government of Qatar, represented by the Ministry of Finance and QCB are exempted from the application of expected credit loss model as per QCB's Circular 9 / 2017.

(iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Financing commitments and financial guarantee contracts: generally, as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment / off balance sheet component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn components is presented as a provision in other liabilities; and
- Debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

(v) Write-off

Financing assets and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(l) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand; unrestricted balances held with central banks and highly liquid financial assets with maturities of less than three months from the reporting date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments in real estate

Properties held for rental or for capital appreciation purposes are classified as investments in real estate. Investments in real estate are measured initially at cost, including transaction costs and borrowing costs that are directly attributable to construction of the asset. The carrying amount includes the cost of replacing part of an existing investment furniture at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment in real estate. Subsequent to initial recognition, investments in real estate are carried at historical cost less accumulated depreciation and impairment. Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

Investments in real estate are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the period of derecognition. In determining the amount of consideration from the derecognition of investments in real estate the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Major expenditure incurred by the entity related to additions and improvement subsequent to its acquisition will be added to the carrying amount of investments in real estate in the consolidated statement of financial position, provided that the Group expects that such expenditure will increase the future economic benefits to the Group from the investment property. However, if such economic benefits are not expected to take place, the entity will recognize this expenditure in the consolidated statement of income in the financial period in which it is incurred.

Transfers are made to (or from) investments in real estate only when there is a change in use. For transferring from investments in real estate to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investments in real estate, the difference between the carrying value and the fair value at the reporting date of transfer is recognised as a revaluation reserve in the consolidated statement of equity and is released to the consolidated statement of income upon disposal of such property.

(k) Risk management instruments

Risk management instruments are measured at fair value on the consolidated statement of financial position, and any resulting gain or loss is recognised in the consolidated statement of income in the financial period in which it is incurred.

(l) Fixed assets

Items of fixed assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchasing software that is integral to the functionality of the related equipment is capitalised as part of related equipment. The cost of self-constructed assets includes the cost of materials and direct labor, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised financing costs. The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed assets and is recognised in other income/other expenses in consolidated income statement.

The cost of replacing a component of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in consolidated statement of income as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Fixed assets (continued)

Depreciation is recognised in consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of fixed assets since this closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative years are given below.

Useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

Buildings	20 years
IT Equipment (hardware/software)	3-5 years
Fixtures, fittings and office equipment	4-7 years
Motor vehicles	5-7 years

(m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

A summary of the useful lives and amortisation methods of Group's intangible assets are as follows:

	Goodwill	Customer relationship	Core deposits
Useful lives	Indefinite	Finite (10 years)	Finite (8.5 years)
Amortization method used	Tested for impairment either individually or at cash generating unit level	Amortized on a straight line basis over the periods of availability	Amortized on a straight line basis over the periods of availability
Internally generated or acquired	Acquired	Acquired	Acquired



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in consolidated statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill cannot be subsequently reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Customer current accounts

Balances in current accounts are recognised when received by the Group. The transactions are measured as the amount received by the Group at the time of contracting. At the end of the reporting period, these accounts are measured at amortised cost.

(p) Participatory investment account

Participatory investment accounts are funds held by the Group, which it can invest at its own discretion. Participatory investment account holders authorises the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

The Group charges a management fee (Mudarib fees) to participatory investment account holders. Of the total income from investment accounts, the income attributable to account holders is allocated to participatory investment accounts after setting aside provisions and deducting the Group's share of income as a Mudarib. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms and conditions of the investment accounts. Investment accounts are carried at their book values (amortised cost).



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Distribution of profit between participatory investment account holders and shareholders

The Group complies with the directives of the QCB as follows:

- Net profit is arrived at after taking into account all income and expenses at the end of the financial year, and is distributed between participatory investment account holders and its equity holders.
- The share of profit of participatory investment account holders is calculated on the basis of their daily deposit balances over the year, after reducing the Group's agreed and declared Mudaraba profit.
- In case of any expense or loss, which arises out of negligence on the part of the Group due to non-compliance with QCB regulations and instructions, then such expenses or loss shall not be borne by the participatory investment account holders. Such matter is subject to the QCB decision.
- In case the results of the Group at the year-end are net losses, then QCB, being the authority responsible for determining the Group's accountability for these losses, shall decide how these shall be treated without violation to the Islamic Shari'a rules.
- Due to pooling of investment funds with the Group's funds for the purpose of investment, no priority has been given to either party in the appropriation of profit.

(r) Off balance sheet assets under management

Off balance sheet assets under management accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or (Wakala) agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Group in the consolidated financial statements.

(s) Sukuk eligible as additional capital

Sukuk issued by the Group which are perpetual, unsecured, subordinated to ordinary equity shares and the payment of profit for such sukuk is non-cumulative, and are made at the discretion of Group are initially recognized as equity. The Group has the right not to pay profit on the sukuk, and the sukuk holders will have no claim with respect to nonpayment. The sukuk does not have a fixed maturity date.

The Group incurs various costs in issuing its own instruments which are accounted as equity as mentioned in the above paragraph. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense. Profit distributions on perpetual sukuk are recognized as a deduction in equity after declaration due to their profit's non-cumulative feature.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(u) Employee benefits

Defined contribution plans

The Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost under note 28 in the consolidated financial statements. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Defined benefit scheme

The Group provides for employees end of service benefits determined in accordance with the requirements of Qatar Labour law pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Group on the basis of employees' salaries and the number of years of service at the statement of financial position date.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Revenue recognition

Murabaha and Musawama

Profit from Murabaha and Musawama transactions is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when it is actually realised. Income related to non-performing accounts is excluded from the consolidated income statement.

Mudaraba

Income on Mudaraba financing is recognised when the right to receive payment is established or on distribution by the Mudarib, whereas losses are charged to the consolidated statement of income on declaration by the Mudarib. In case Mudaraba capital is lost or damaged prior to the inception of work without misconduct or negligence on the part of Mudarib, then such losses are deducted from Mudaraba capital and are treated as loss to the Group. In case of termination or liquidation, unpaid portion by Mudarib is recognized as receivable due from Mudarib.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Revenue recognition (continued)

Musharaka

Income on Musharaka financing is recognised when the right to receive payments is established or on distribution.

Ijara

Ijara income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated statement of income.

Istisna'a

Revenue and the associated profit margin are recognised in the Group's consolidated statement of income according to the percentage of completion method.

Wakala

Income from Wakala placements is recognised on a time apportioned basis so as to yield a constant periodic rate of return based on the balance outstanding.

Income from investment banking services

Income from investment banking services (presented in fee and commission income), including placement, advisory, marketing and performance fees, is recognised as per contractual terms when the service is provided and income is earned. This is usually when the Group has performed all significant acts in relation to a transaction and it is highly probable that the economic benefits from the transaction will flow to the Group. Significant acts in relation to a transaction are determined based on the terms agreed in the contracts for each transaction. The assessment of whether economic benefits from a transaction will flow to the Group is based on the extent of binding firm commitments received from other parties.

Fees and commission income

Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, management, arrangement and syndication fees, are recognised as the related services are performed.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

(w) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the net profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Fiduciary activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporate and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

(z) Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account, the Group reserve these funds for charitable purposes as defined by Sharia supervisory board.

(aa) Taxation

The Group operations inside Qatar are not subject to tax, except for TFI, FFC, and FLC, whose profits are subject to tax to the extent of the Group's foreign shareholders. Further the Bank and its subsidiaries that meet the criteria as prescribed by tax authorities are required to file income tax returns annually with the General Tax Authority.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

On 27 March 2025, Law No. 22 of 2024 was published in the Official Gazette of Qatar, introducing an Income Inclusion Rule (IIR) and a Domestic Minimum Top-Up Tax (DMTT) applicable to fiscal years beginning on or after 1 January 2025. The legislation closely aligns with the Organisation for Economic Co-operation and Development (OECD) Pillar Two Model Rules and expressly states, under Article 23, that the rules are to be interpreted and applied in accordance with the OECD Model Rules, related commentary, and OECD Administrative Guidance.

Article 9.3 of the OECD Model Rules provides for a transitional exclusion under the Undertaxed Profits Rule (UTPR) for multinational enterprise (MNE) groups that are in the initial phase of their international expansion. In addition, paragraph 118.51 of the Qualified Domestic Minimum Top-up Tax (QDMTT) commentary outlines the options available to jurisdictions regarding the adoption of Article 9.3 within their QDMTT legislation.

At present, the executive regulations have not yet been issued and are therefore not in force. Nevertheless, the Group will still be required to register for DMTT purposes and may be subject to Pillar Two-related filing and disclosure obligations. The tax law introducing the QDMTT refers directly to the OECD Pillar Two Model Rules, which include exemptions similar to those contemplated in the draft regulations. Applying the same exemption principles under the OECD Model Rules, the Bank would be exempted from any Pillar Two tax liability.

(ab) Financial information of the parent

A statement of financial position and income statement of the Parent as disclosed at the end of the consolidated financial statements are prepared following the same accounting policies as mentioned above except for investment in subsidiaries and associates which are carried at cost.

(ac) Repossessed collaterals

Repossession collateral against settlement of customer debts are stated within the consolidated statement of financial position under "Other assets" at their acquired value net of allowance for impairment. The repossession collateral are not to be used in the Bank's operations.

According to QCB instructions, the Group should dispose of any land and properties acquired against settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) Wakala payables

The Group accepts deposits from customers under wakala arrangement under which return payable to customers is agreed in the wakala agreement. There is no restriction on the Group for the use of funds received under wakala agreements. Wakala payables are carried at cost plus accrued profit.

(ae) Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit and guarantees. Financial guarantees are initially recognized in the consolidated financial statements at fair value, being the premium received on the date the guarantee was given, and the initial fair value is amortised over the life of the financial guarantee. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amortised amount and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the consolidated statement of income. The amortisation of the premium received is recognized in the consolidated statement of income under "fee and commission income".

(af) Share capital and reserves

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders of the Group.

(ag) Sukuk and fixed income financing

Financing raised under Sukuks, or fixed income financing program are recognised at amortised cost and disclosed as a separate line in the consolidated statement of financial position as "Sukuk and fixed income financing". Profit expense is recognised periodically till maturity of the program using applicable effective profit rate.

(ah) Derivatives held for Risk management Purposes and Hedge Accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the consolidated statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated and on ongoing basis. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Fair Value Hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective profit method is used, is amortised to profit or loss as part of the recalculated effective profit rate of the item over its remaining life.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) Derivatives held for Risk management Purposes and Hedge Accounting (continued)

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the consolidated statement of income as a reclassification adjustment.

4. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, liquidity risk, market risks, operational risk and other risks.

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risks, however, there are separate independent functions responsible for managing and monitoring risks.

Risk Management and Compliance Committee

The Risk Management and Compliance Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Credit Committee

The Board of Directors has delegated authority to Credit Committee to approve, sub-delegate, direct, monitor and reviews the Group's financing activities, within specified limits, and to ensure that the credit policies are adhered to, and credit operations are conducted in the most effective manner.

The Credit Committee is the highest level of executive credit approval authority in the Group and is responsible for taking credit decisions within its delegated authority, recommending credit policies and future direction of the credit activities in the Group.



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Introduction and overview (continued)

Asset Liability Committee (ALCO)

ALCO is responsible for the overall balance sheet management of the Group. ALCO set guidelines for the overall management of the liquidity and profit rate risk. ALCO also determine the borrowing and funding strategy (asset allocation) of the Group in order to maximize the profit and minimize risk.

Operational Risk Committee

The Operational Risk Committee is responsible for managing and overseeing all aspects of operational risk in the Group. The Committee is responsible for the effective implementation of all operational risk policies and standards.

Internal Audit

Risk management processes are audited by the Group Internal Audit function which examines both the adequacy and compliance with the procedures in addition to a specific audit of the Group Risk function itself as per the approved audit plan. Group Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group manages credit risk through diversification of investments, capital markets, lending and financing activities to avoid undue concentrations of credit risk with individuals or groups of customers in specific locations or businesses. It also obtains collaterals when appropriate.

Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, obligor or customer (collectively referred as "counterparties"). It is the risk that a loss will be incurred if counterparty defaults or fails to honor a financial obligation that is due. It takes into account both probability of involuntary default, wherein the counterparty does not possess the financial means to repay, and strategic default, wherein counterparty with the ability to repay deliberately defaults.

Credit risk may have the following results:

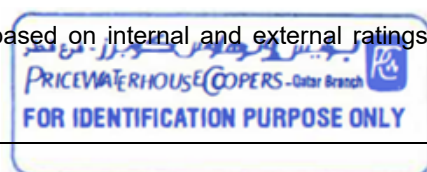
- Delay in payment obligation;
- Partial loss of the credit exposure; or
- Complete loss of the credit exposure.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk up to a specified limit to its Credit Committee, which is responsible for management of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, compliance with QCB regulations, other applicable legal and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Facilities exceeding a certain threshold require Board of Directors approval;
- Developing and maintaining the Group's risk grading in order to categories exposures according to the degree of financial risk;
- Limiting geographical exposures, concentration risk based on internal and external ratings, exposure limits and QCB guidelines;



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Management of credit risk (continued)

- Collateralising the exposures by adequate tangible and intangible collaterals. The types of collaterals obtained include cash, mortgages over real estate properties, pledges over shares and personal/corporate guarantees, as appropriate; and
- Reviewing business units compliance of agreed exposure limits, including those for selected industries, country risk and product types. Regular review of the credit is performed and appropriate corrective actions are taken when required.

The Group has implemented Moody's Risk Analyst Rating System, in order to effectively monitor credit risk at an obligor's level on the Group's portfolio and align capital adequacy to such risks. The system is globally proven and enables the Group to rate credit risk on a more objective basis.

(i) Credit risk measurement

Group regularly analyze the quality of the overall credit portfolio with particular focus on the problem credits and the remedial management process.

This includes:

- Transaction level review.
- Obligor level review.
- Portfolio based review.
- Exception based review.

Credit review and Credit Administration units are responsible to ensure that all financing activity is undertaken within the approved framework and any deviations are promptly detected, reported and followed up for remedial action.

Credit portfolio management

Objective and responsibility

Portfolio management is an integral part of the credit process that enables the Group to limit concentrations, reduce volatility, increase liquidity and achieve optimum earnings. It does so by incorporating portfolio strategy and planning, performance assessment and reporting functions into one comprehensive management process.

Group is responsible for carrying out the activities in relation to credit risk portfolio management by seeking information from different business units on a regular basis to perform this function. The portfolio analyst undertakes the review, monitoring and control of limits structures based on the portfolio diversification parameters. Further, it prepares portfolio studies and periodic sector/ regional exposure information for management review.

Portfolio diversification

The Group takes into consideration the following parameters to assess the diversification of the credit portfolio across:

- Group exposure limits.
- Industry/ sector exposure limits.
- Country exposure limits.
- Product exposure limits.
- Exposure to a particular credit risk mitigant.



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

Credit portfolio management (continued)

Stress testing of credit portfolio

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 on the basis of 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.

Credit risk management information system (MIS)

Information on all elements of the Group's risk asset portfolio, and most particularly on irregular accounts and on those displaying characteristics of deterioration, are readily available with the concerned staff. Reports are thoroughly scrutinized and, where indicated, triggers appropriate response from the department concerned.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies

The Group has processes in place for mitigating credit risk which mainly include processes for credit Initiation, credit standards, collateral management and large exposure management.

Collateral

The Group secures credit exposures through a variety of collaterals including cash margins, lien on fixed deposits, real estate and marketable securities. Independent valuation of real estate collaterals are obtained periodically to determine collateral coverage. The value of marketable securities is constantly monitored to determine whether any replenishments /disposals are required.

Financing limits (for risk management instrument and financing books)

The Group has defined limits by counterparty, borrowing group, country, Board of Directors, subsidiaries and affiliates. Exposures against these limits are monitored and any breach is reported to the Board through Risk Management and Compliance Committee.

(iii) Maximum exposure to credit risk before collateral held or other credit enhancements

As at 31 December	2025 QAR'000	2024 QAR'000
Credit risk exposures relating to financial assets recorded on the consolidated statement of financial position are as follows:		
Balances with Qatar Central Bank	4,703,834	3,282,983
Due from banks	1,093,855	5,811,325
Financing assets	90,012,883	86,212,369
Investment securities debt type	24,380,995	19,131,631
Other assets	697,871	579,496
	120,889,438	115,017,804
Other credit risk exposures are as follows:		
Guarantees	22,648,283	19,927,274
Letters of credit	1,340,544	803,873
Unutilised credit facilities	20,630,186	15,463,613
	44,619,013	36,194,760

The above tables represent a worse-case scenario of credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached. For assets recorded on the consolidated statement of financial position, the exposures set out above are based on net carrying amounts as reported on the consolidated statement of financial position.

(iv) Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.



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4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Geographical sectors (continued)

31 December 2025	Qatar QAR '000	Other GCC QAR '000	Europe QAR '000	Others QAR '000	Total QAR '000
Assets recorded on the consolidated statement of financial position:					
Balances with Qatar Central Bank	4,703,834	-	-	-	4,703,834
Due from banks	713,671	29,322	261,096	89,766	1,093,855
Financing assets	81,404,908	10,074	3,462,279	5,135,622	90,012,883
Investment securities debt type	21,635,334	2,111,028	591,786	42,847	24,380,995
Other assets	465,060	-	232,811	-	697,871
	108,922,807	2,150,424	4,547,972	5,268,235	120,889,438

31 December 2024	Qatar QAR '000	Other GCC QAR '000	Europe QAR '000	Others QAR '000	Total QAR '000
Assets recorded on the consolidated statement of financial position:					
Balances with Qatar Central Bank	3,282,983	-	-	-	3,282,983
Due from banks	5,305,381	23,736	100,710	381,498	5,811,325
Financing assets	82,483,748	26,798	3,701,823	-	86,212,369
Investment securities debt type	16,521,845	852,011	645,494	1,112,281	19,131,631
Other assets	440,802	-	138,694	-	579,496
	108,034,759	902,545	4,586,721	1,493,779	115,017,804

31 December 2025	Qatar QAR '000	Other GCC QAR '000	Europe QAR '000	Others QAR '000	Total QAR '000
Other credit risk exposures					
Guarantees	20,603,034	156,977	804,438	1,083,834	22,648,283
Letters of credit	1,152,969	-	187,575	-	1,340,544
Unutilised credit facilities	17,999,023	45,853	256,296	2,329,014	20,630,186
	39,755,026	202,830	1,248,309	3,412,848	44,619,013

31 December 2024	Qatar QAR '000	Other GCC QAR '000	Europe QAR '000	Others QAR '000	Total QAR '000
Other credit risk exposures					
Guarantees	18,130,516	147,136	435,829	1,213,793	19,927,274
Letters of credit	803,873	-	-	-	803,873
Unutilised credit facilities	15,233,954	11,080	218,579	-	15,463,613
	34,168,343	158,216	654,408	1,213,793	36,194,760

Industry sectors

The following table breaks down the Group's credit exposure at carrying amount before taking into account collateral held or other credit enhancements, as categorised by the industry sectors of the Group's counterparties.

FOR IDENTIFICATION PURPOSE ONLY

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Industry sectors (continued)

As at 31 December	Total exposure	
	2025 QAR'000	2024 QAR'000
<i>Funded and unfunded</i>		
Government	46,663,735	40,276,235
Industry and Manufacturing	6,008,320	5,354,191
Commercial	17,134,777	8,119,651
Financial services	8,448,672	10,124,386
Contracting and engineering	16,132,725	16,302,504
Real estate	21,429,334	20,049,122
Personal	8,174,223	8,374,755
Services and others	41,516,665	42,611,720
	165,508,451	151,212,564

Credit risk exposure

The tables below presents an analysis of financial assets by rating agency designation:

As at 31 December	2025 QAR'000	2024 QAR'000
Equivalent grades		
Aaa to Aa3	46,275,517	39,370,272
A1 to A3	4,549,758	9,368,664
Baa1 to Baa3	4,655,851	1,348,111
Ba1 to B3	1,978,722	1,390,591
Unrated	108,048,603	99,734,926
	165,508,451	151,212,564

(v) Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings except retail portfolio. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system with positive and negative modifiers, giving a total scale range of 22, of which 19 (with positive and negative modifiers) relate to performing and three to non-performing. Within performing, ORR 1 to 5 represents investment grade and ORR 6 to 7 represents sub-investment while grade ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

The following table sets out information about the credit quality of financial assets, commitments and financial guarantees.



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4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) Credit quality (continued)

Due from banks	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	1,093,941	-	-	1,093,941	5,804,445
Sub-investment grade – ORR 6 to 7	86	-	-	86	6,992
Substandard - ORR 8	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-
	1,094,027	-	-	1,094,027	5,811,437
Loss allowance	(172)	-	-	(172)	(112)
Carrying amount	1,093,855	-	-	1,093,855	5,811,325
Financing assets	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	77,963,265	2,264,396	-	80,227,661	72,612,351
Sub-investment grade - ORR 6 to 7	2,751,958	6,994,019	-	9,745,977	13,069,062
Substandard - ORR 8	-	-	47,994	47,994	23,140
Doubtful ORR 9	-	-	127,676	127,676	197,567
Loss - ORR 10	-	-	3,789,394	3,789,394	3,894,184
	80,715,223	9,258,415	3,965,064	93,938,702	89,796,304
Loss allowance	(131,982)	(792,772)	(2,773,160)	(3,697,914)	(3,383,361)
Suspended profit	-	-	(227,905)	(227,905)	(200,574)
	(131,982)	(792,772)	(3,001,065)	(3,925,819)	(3,583,935)
Carrying amount	80,583,241	8,465,643	963,999	90,012,883	86,212,369
Investment securities	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	2,509,234	-	-	2,509,234	2,997,871
Sub-investment grade - ORR 6 to 7	542,756	-	-	542,756	659,734
Substandard - ORR 8	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-
	3,051,990	-	-	3,051,990	3,657,605
Loss allowance	(5,117)	-	-	(5,117)	(7,515)
Carrying amount	3,046,873	-	-	3,046,873	3,650,090



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) Credit quality (continued)

Financing commitments and financial guarantees

	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	30,252,556	988,112	-	31,240,668	29,613,074
Sub-investment grade - ORR 6 to 7	11,559,040	1,665,996	-	13,225,036	6,410,668
Substandard - ORR 8	-	-	46	46	28
Doubtful ORR 9	-	-	4	4	23
Loss - ORR 10	-	-	153,259	153,259	170,967
	41,811,596	2,654,108	153,309	44,619,013	36,194,760
Loss allowance	(141,933)	(48,082)	(136,328)	(326,343)	(352,237)
Carrying amount	41,669,663	2,606,026	16,981	44,292,670	35,842,523

(vi) Collaterals

The Group obtains collaterals and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no material deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group. The Group has collateral in form of blocked deposits, pledge of shares and legal mortgages. The aggregate fair value of collateral as at 31 December 2025 is QAR 74,651.3 million (31 December 2024: QAR 79,215.4 million). The value of the collateral held against credit-impaired financing assets and advances as at 31 December 2025 is QAR 2,542.9 million (31 December 2024: QAR 2,665.1 million).

The contractual amount of financial assets written off during the year, subject to enforcement activity as at 31 December 2025 QAR 193.9 million and 31 December 2024 was QAR 520.3 million.

(vii) Inputs, assumptions and techniques used for estimating impairment

To determine if the risk of default of a financial instrument has increased significantly since origination, the current risk of default at the reporting date is compared with the risk of default at initial recognition. The Group considers Significant increase in credit risk (SICR) based on the rating migration data, historical default rates, Days Past Due (DPD) status of the account, the internal credit rating of the Group and QCB guidelines. The SICR criteria for Internally rated portfolio (Wholesale and Private banking), Un-rated portfolio (Retail banking) and externally rated portfolio (Financials institution/ Banks) has been described below.

Internally rated portfolio:

For the internally rated portfolio the below criteria are used to determine the SICR for each facility

1. Two notches downgrade from ratings 1,2,3 and 4
2. One notch downgrade from ratings 5 and 6
3. Accounts classified under rating 7
4. 30-59 Days Past Due (subject to rebuttal)
5. 60-89 Days past Due
6. Renegotiated accounts in last 12 months



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(vii) Inputs, assumptions and techniques used for estimating impairment (continued)

Externally rated financial instruments

For all the financing portfolio and investments which are externally rated will be subject to the below criteria for determining the SICR:

1. Investment Grade – 2 notches downgrade from Aaa to Baa3.
2. Speculative Grade – 1 notch downgrade from Ba1 to Caa3.
3. Unrated exposures.
4. Restructured accounts.

Retail Portfolio

The following staging criteria based on Days Past Dues (DPDs) has been fixed for retail portfolio as per the FAS 30 and QCB guidelines:

FAS 30 presumes 30 DPD criteria for Stage 2 classification. This will be further assessed through forward and backward flow rates to rebut the 30 DPD criteria. However, in any case, this should not exceed 60 days as a back stop measure as defined by QCB.

Apart from the above-mentioned staging criteria based upon rating grades and DPD buckets, following qualitative criteria is also evaluated by the management to categorize a particular borrower or portfolio into Stage 2 by providing appropriate reasoning for the same at the time of ECL computation.

1. Any particular industry/sector under stress can be treated as stage 2 for a temporary period as a whole irrespective of individual borrower ratings;
2. Any cross-border exposures leading to deterioration in credit quality based upon worsening economic conditions of the country can be adjudged as stage 2 (e.g. all exposures to a country X can be deemed Stage 2);

For retail stage 2 assets, based upon its internal experience, the Group may treat sub portfolios differently as compared to portfolio level staging in case a significant increase in credit risk is seen for a particular segment of borrowers (e.g. by salary bands, employer, nationality etc.).

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD to determine Expected Credit Loss (ECL). The Group has used different methodology for different portfolios based on the default history and rating methodologies. The statistical techniques include Transition matrix analysis for corporate portfolio, Pluto Tasche methodologies for low default portfolio like private Banking, and flow rate analysis for retail portfolio.

Renegotiated financial assets

The contractual terms of a financing asset may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing asset whose terms have been modified may be derecognised and the renegotiated financing asset recognised as a new financing asset at fair value. Where possible, the Group seeks to restructure financing assets rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new financing asset conditions. Management continuously reviews renegotiated financing assets to ensure that all criteria are met and that future payments are likely to occur. As at 31 December 2025, QAR 3,761.1 million (31 December 2024: QAR 2,362.4 million) of deals were restructured.

The accounts which are renegotiated due to credit reasons in past 12 months will be classified under Stage 2.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(vii) Inputs, assumptions and techniques used for estimating impairment (continued)

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is rated 8, 9 or 10.

In assessing whether a borrower is in default, the Group also considers indicators that are:

- quantitative e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

The Group employs statistical models to incorporate macro-economic factors to reflect all potential future deterioration scenarios for the loan according to their associated probability. This estimation integrates all information available including current conditions and anticipations of future potential economic conditions. The group has developed Merton model (with Principal Component Analysis), along with other statistical analyses for incorporation of forward-looking information.

In case none of the macro - economic parameters are statistically significant or the results of forecasted shall be used by management after analyzing the portfolio as per the diagnostic tool. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Forecasts Outlook: IMF country data and economic forecast periodically published by World Bank and Qatar Central Bank, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are primarily based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external credit assessment data where available.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and recovery costs of any collateral that is integral to the financial asset.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(vii) Inputs, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

LGD estimation includes:

- 1) Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing accounts.
- 2) Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.
- 3) Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is the amount that is outstanding at the time of default.

The off-Balance Sheet instruments such as lending commitments and financial guarantees, the EAD estimation is calculated after applying the credit conversion factor (CCF) to the nominal amount of the off-balance sheet instruments.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- credit risk grading's;
- product type; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Comparative amounts represent allowance account for credit losses and reflect measurement basis under relevant FAS.

Due from banks

	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Balance at 1 January	112	-	-	112	1,015
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impairment allowance for the year, net	60	-	-	60	(903)
Amounts written off	-	-	-	-	-
	172	-	-	172	112



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(vii) Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

Financing assets	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Balance at 1 January	118,516	456,725	3,008,694	3,583,935	3,658,105
Transfers to Stage 1	728	(728)	-	-	-
Transfers to Stage 2	(5,651)	5,651	-	-	-
Transfers to Stage 3	(3,032)	(3,786)	6,818	-	-
Impairment allowance for the year, net	21,421	334,910	143,388	499,719	425,144
Suspended profit, net movement	-	-	36,117	36,117	21,022
Amounts written off	-	-	(193,952)	(193,952)	(520,336)
	131,982	792,772	3,001,065	3,925,819	3,583,935
Investment securities	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Balance at 1 January	7,515	-	-	7,515	6,795
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impairment allowance for the year, net	(2,398)	-	-	(2,398)	720
Amounts written off	-	-	-	-	-
	5,117	-	-	5,117	7,515
Contingent liabilities and commitments	2025				2024
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Balance at 1 January	138,121	48,446	165,670	352,237	323,812
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	(1,467)	1,467	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impairment allowance for the year, net	5,279	(1,831)	(26,712)	(23,264)	28,425
Amounts written off	-	-	(2,630)	(2,630)	-
	141,933	48,082	136,328	326,343	352,237

(viii) Write-off policy

The Group writes off a financing asset or an investment in debt-type security balance, and any related allowances for impairment losses, when the Group determines that the financing asset or security is uncollectible and after QCB approval is obtained.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(viii) Write-off policy (continued)

This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of e.g. customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for risk management instruments etc. Such outflows would deplete available cash resources for client financing, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil financing commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Group monitor its liquidity risk according to QCB's guidelines on Basel III through two key ratios, the Liquidity Coverage Ratio (LCR) to monitor the short term (30 days) resilience of the bank's liquidity and non-risk based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements.

(i) Management of liquidity risk

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 stressed 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) has 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.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. Liquidity policy and procedures are subject to review and approval of the Board of Directors and ALCO. A summary report, including any exceptions and remedial action taken, is submitted regularly to the Board of Directors and ALCO.

(ii) Exposure to 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 any deposits from banks, other borrowings and commitments maturing within the next month. The Group ratio of liquid assets to customer deposits at 31 December 2025 was 25.4% (31 December 2024: 22.0%).

A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by QCB. As at 31 December 2025, liquidity coverage ratio as per QCB prescribed method was 175.1% (31 December 2024: 167.3%). The minimum liquidity ratio determined by the QCB is 100%.

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4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(iii) Maturity analysis

Maturity analysis of Group's financial assets and liabilities are prepared on the basis of their contractual maturities. The contractual maturities have been determined on the basis of the remaining period at the statement of financial position date and do not take into account effective maturities as indicated by the Group's deposit retention history. Cash in hand is not considered for liquidity risk management.

	Carrying amount	Less than 1 month	1-3 Months	3 months- 1 year	1-5 Years	More than 5 years
31 December 2025	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000
Balances with Qatar						
Central Bank	4,703,834	1,274,115	-	-	-	3,429,719
Due from banks	1,093,855	414,855	-	-	679,000	-
Financing assets	90,012,883	5,932,825	3,884,040	11,553,233	24,704,869	43,937,916
Investment						
securities-debt type	24,380,995	538,280	-	3,535,040	17,019,162	3,288,513
Other assets	697,871	67,177	134,485	495,766	443	-
Total financial assets	120,889,438	8,227,252	4,018,525	15,584,039	42,403,474	50,656,148
Due to banks	11,221,546	8,007,520	764,451	365,405	2,084,170	-
Customer current accounts	18,688,040	18,688,040	-	-	-	-
Sukuk financing	2,935,316	-	-	30,258	2,905,058	-
Other liabilities	5,581,861	5,458,658	108,809	2,947	9,970	1,477
Total financial liabilities	38,426,763	32,154,218	873,260	398,610	4,999,198	1,477
Total Participatory investment accounts	69,104,682	21,827,020	15,019,059	17,123,615	15,134,988	-
Total	107,531,445	53,981,238	15,892,319	17,522,225	20,134,186	1,477
Liquidity gap	13,357,993	(45,753,986)	(11,873,794)	(1,938,186)	22,269,288	50,654,671
	Carrying amount	Less than 1 month	1-3 Months	3 months- 1 year	1-5 Years	More than 5 years
31 December 2024	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000
Balances with Qatar						
Central Bank	3,282,983	66,112	-	-	-	3,216,871
Due from banks	5,811,325	4,248,721	391,619	1,170,985	-	-
Financing assets	86,212,369	6,940,578	2,248,998	5,303,900	27,524,982	44,193,911
Investment						
securities-debt type	19,131,631	57,895	574,311	2,424,062	15,221,486	853,877
Other assets	579,496	535,883	36,177	4,828	2,463	145
Total financial assets	115,017,804	11,849,189	3,251,105	8,903,775	42,748,931	48,264,804
Due to banks	14,307,611	9,828,532	399,650	2,052,693	2,026,736	-
Customer current accounts	15,581,744	15,581,744	-	-	-	-
Sukuk financing	2,933,144	-	-	30,258	2,902,886	-
Other liabilities	1,714,195	791,382	150,419	771,702	-	692
Total financial liabilities	34,536,694	26,201,658	550,069	2,854,653	4,929,622	692
Total Participatory investment accounts	67,769,323	19,903,185	19,200,536	15,219,498	13,446,104	-
Total	102,306,017	46,104,843	19,750,605	18,074,151	18,375,726	692
Liquidity gap	12,711,787	(34,255,654)	(16,499,500)	(9,170,376)	24,373,205	48,264,112

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4. FINANCIAL RISK MANAGEMENT (CONTINUED)
(c) Liquidity risk (continued)
(iv) Maturity analysis (Financial liabilities)

	Carrying amount QAR '000	Gross undiscounted cash flows QAR '000	Less than 1 month QAR '000	1-3 months QAR '000	3 months- 1 year QAR '000	1-5 years QAR '000	More than 5 years QAR '000
31 December 2025							
Non-derivative financial liabilities							
Due to banks	11,221,546	11,456,102	8,017,079	767,660	378,642	2,292,721	-
Customer current accounts	18,688,040	18,688,040	18,688,040	-	-	-	-
Sukuk financing	2,935,316	3,436,840	-	-	132,841	3,303,999	-
Other liabilities	5,581,861	5,581,861	5,458,658	108,809	2,947	9,970	1,477
Total liabilities	38,426,763	39,162,843	32,163,777	876,469	514,430	5,606,690	1,477
Participatory investment accounts	69,104,682	70,793,872	21,847,138	15,112,800	17,487,199	16,346,735	-
	107,531,445	109,956,715	54,010,915	15,989,269	18,001,629	21,953,425	1,477
31 December 2024							
Non-derivative financial liabilities							
Due to banks	14,307,611	14,612,951	9,849,373	405,233	2,158,852	2,199,493	-
Customer current accounts	15,581,744	15,581,744	15,581,744	-	-	-	-
Sukuk financing	2,933,144	3,586,635	-	-	132,841	3,453,794	-
Other liabilities	1,714,195	1,714,195	791,382	150,419	771,702	-	692
Total liabilities	34,536,694	35,495,525	26,222,499	555,652	3,063,395	5,653,287	692
Participatory investment accounts	67,769,323	68,448,431	19,806,867	19,102,253	15,615,807	13,923,504	-
	102,306,017	103,943,956	46,029,366	19,657,905	18,679,202	19,576,791	692

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as profit rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the profit rate management of the entity's retail and corporate banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's debt-type and equity-type investments.

(i) Management of market risks

Overall authority for market risk is vested in ALCO. Group Market Risk is responsible for the development of detailed risk management policies (subject to review and approval by Board of Directors) and for the day-to-day review of their implementation.

The Board of Directors has set risk limits based on different factors including country-wise exposure limits. These limits are closely monitored by senior management and reviewed by ALCO on a regular basis.

(ii) Exposure to market risks - trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). A fully integrated VaR computation system is used by the Group to calculate VaR through historical simulation, analytical and Monte Carlo approaches, which is based upon a 99 percent confidence level assuming a 1-day, 10-day and 30-day holding periods. Taking account of market data from the previous one year, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements. Market Risk limits are set and monitored by the Market Risk Management function endorsed by BOD. The Group uses VaR limits for total market risk and specific foreign exchange, profit rate, equity and other price risks. The overall structure of VaR limits are reviewed by ALCO and approval by the Board of Directors. VaR limits are allocated to trading portfolios.

The Group's trading portfolio is comparatively insignificant in size, consist mainly of equities however, the Group has established policies for VaR measurement to overlook the trends for market risk management. In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios, such as periods of prolonged market illiquidity, on individual trading portfolios and the Group's overall position.

(iii) Exposure to profit rate risk - non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group central Treasury in its day-to-day monitoring activities.

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4. FINANCIAL RISK MANAGEMENT (CONTINUED)
(d) Market risks (continued)
(iii) Exposure to profit rate risk - non-trading portfolios (continued)

The Islamic Financial Services Board ("IFSB") has issued a document on Risk Management guidelines for Institutions (other than Insurance Institutions) offering only Islamic Financial Service ("IFS"). This includes sections on 'Rate of Return Risk' and 'Liquidity Risk'. The Group adheres to the guidelines on 'Rate of Return Risk' and 'Liquidity Risk'.

A summary of the Group's profit rate gap position on non-trading portfolios is as follows:

31 December 2025	Carrying amount QAR '000	Less than 3 months QAR '000	3-12 months QAR '000	1-5 years QAR '000	More than 5 years QAR '000	Non-profit rate sensitive QAR '000	Effective profit rate
Balances with Qatar Central Bank	4,703,834	1,274,115	-	-	-	3,429,719	
Due from banks	1,093,855	1,093,855	-	-	-	-	4.3%
Financing assets	90,012,883	40,819,236	16,368,109	10,409,934	15,778,914	6,636,690	5.7%
Investment securities-debt type	24,380,995	538,280	3,535,040	17,019,162	3,288,513	-	4.4%
	<u>120,191,567</u>	<u>43,725,486</u>	<u>19,903,149</u>	<u>27,429,096</u>	<u>19,067,427</u>	<u>10,066,409</u>	
Due to banks	11,221,546	10,856,141	365,405	-	-	-	4.8%
Sukuk financing	2,935,316	-	30,258	2,905,058	-	-	4.6%
Participatory investment accounts	69,104,682	36,846,079	20,765,115	11,493,488	-	-	4.0%
	<u>83,261,544</u>	<u>47,702,220</u>	<u>21,160,778</u>	<u>14,398,546</u>	<u>-</u>	<u>-</u>	
Sensitivity gap	<u>36,930,023</u>	<u>(3,976,734)</u>	<u>(1,257,629)</u>	<u>13,030,550</u>	<u>19,067,427</u>	<u>10,066,409</u>	
Cumulative profit rate sensitivity gap	<u>36,930,023</u>	<u>(3,976,734)</u>	<u>(5,234,363)</u>	<u>7,796,187</u>	<u>26,863,614</u>	<u>36,930,023</u>	



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4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(ii) Exposure to profit rate risk non-trading portfolios (continued)

	Carrying amount QAR '000	Less than 3 months QAR '000	3-12 months QAR '000	1-5 years QAR '000	More than 5 years QAR '000	Non-profit rate sensitive QAR '000	Effective profit rate
31 December 2024							
Balances with Qatar Central Bank	3,282,983	66,112	-	-	-	3,216,871	
Due from banks	5,811,325	4,248,721	1,562,604	-	-	-	4.3%
Financing assets	86,212,369	41,327,533	17,099,390	12,666,953	12,782,076	2,336,417	6.4%
Investment securities-debt type	19,131,631	632,206	2,424,062	15,221,486	853,877	-	4.3%
	<u>114,438,308</u>	<u>46,274,572</u>	<u>21,086,056</u>	<u>27,888,439</u>	<u>13,635,953</u>	<u>5,553,288</u>	
Due to banks	14,307,611	10,225,743	3,044,344	1,037,524	-	-	5.6%
Sukuk financing	2,933,144	-	30,258	2,902,886	-	-	4.6%
Participatory investment accounts	67,769,323	38,678,741	15,454,059	13,636,523	-	-	4.7%
	<u>85,010,078</u>	<u>48,904,484</u>	<u>18,528,661</u>	<u>17,576,933</u>	<u>-</u>	<u>-</u>	
Sensitivity gap	29,428,230	(2,629,912)	2,557,395	10,311,506	13,635,953	5,553,288	
Cumulative profit rate sensitivity gap	<u>29,428,230</u>	<u>(2,629,912)</u>	<u>(72,517)</u>	<u>10,238,989</u>	<u>23,874,942</u>	<u>29,428,230</u>	



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(iii) Exposure to profit rate risk non-trading portfolios (continued)

Sensitivity analysis

Management monitors sensitivity of the Group's financial assets and liabilities to various standard and non - standard profit rate scenarios. Standard scenario that is considered on a monthly basis include a 100 basis points (bp) parallel fall or rise in yield curve. An analysis of the Group's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net profit

	100 bp parallel increase QAR'000	100 bp parallel decrease QAR'000
31 December 2025		
At 31 December	(116,757)	116,757
Average for the year	(90,182)	90,182
31 December 2024		
At 31 December	(34,566)	34,566
Average for the year	(29,593)	29,593

Profit rate movements affect reported equity in the following way:

- retained earnings arising from increases or decreases in net profit and the fair value changes reported in consolidated income statement.

Overall non-trading profit rate risk positions are managed by Treasury & Investments Group (TIG), which uses financial investments, advances to banks, deposits from banks and risk management instruments to manage the overall position arising from the Group's non-trading activities. The use of risk management instruments to manage profit rate risk.

(iv) Exposure to other market risks non-trading portfolios

Foreign currency transactions

Foreign exchange risks arise from the movement of the rate of exchange over a period of time. Positions are monitored on a regular basis to ensure positions are maintained within approved limits established by the Board of Directors.

As at the reporting date the net foreign currency exposures, other than USD which is pegged to the Qatari Riyal, and their respective sensitivities to a 5% change in the rate is as follows:

Functional currency of the Group entities

As at 31 December	2025 QAR'000	2024 QAR'000
Net foreign currency exposure:		
Pounds Sterling	15,534	(1,290)
Euro	1,656	2,168
Other currencies*	21,632	24,994



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(iv) Exposure to other market risks non-trading portfolios (continued)

Foreign currency transactions (continued)

Functional currency of the Group entities (continued)

	<i>Increase / (decrease) in profit</i>		<i>Increase / (decrease) in equity</i>	
5% increase / (decrease) in currency exchange rate as at 31 December	2025 QAR'000	2024 QAR'000	2025 QAR'000	2024 QAR'000
Pounds Sterling	777	(65)	777	(65)
Euro	83	108	83	108
Other currencies*	1,082	1,250	1,082	1,250

* Other currencies include net exposure to Other GCC currencies amounting to QAR 14.8 million (31 December 2024: QAR 16.5 million).

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through income statement and fair value through other comprehensive income.

The Group is also exposed to equity price risk and the sensitivity analysis thereof is as follows:

As at 31 December	2025 QAR'000	2024 QAR'000
5% increase / (decrease) in QE and other index		
Increase / (decrease) in profit and loss	2,162	1,522
Increase / (decrease) in equity	18,192	22,678

The above analysis has been prepared on the assumption that all other variables such as profit rate, foreign exchange rate, etc. are held constant and is based on historical correlation of the equity securities to the relevant index, and the actual movement may be different from the one stated above.

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational risks (continued)

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The strategy and framework for operational risk management is set by the Operational Risk Committee (ORC) and is implemented consistently across the Group. While the management of operational risk is the primary responsibility of each function or service responsible, the implementation of an integrated Operational Risk Management Framework is coordinated by a dedicated and independent team led by an Operational Risk Manager (ORM). This team reports to the Chief Risk Officer (CRO) of the Group. Each business unit has nominated a "Unit Operational Risk Manager (UORM)" who acts as a single point of contact for ORM regarding all Operational Risks for the respective business unit.

The organization has also invested in a state-of-the-art Operational Risk System to create a repository for all Operational risk incidents, losses and near-miss events. There is a robust process for reporting of issues, conducting of root cause analysis (where applicable) and rolling out mitigation plans to avoid recurrence of the issues.

(f) Compliance Risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Group incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards).

The Group's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Group operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Group, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

(g) Capital management

Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The capital adequacy ratio of the Group is calculated in accordance with the Basel Committee guidelines as adopted by the QCB. The Group's regulatory capital position under Basel III and QCB regulations was as follows:



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital management (continued)

Regulatory capital (continued)

As at 31 December	2025 QAR'000	2024 QAR'000
Common equity tier 1 (CET 1) capital	12,433,727	11,784,402
Additional tier 1 capital	1,820,750	1,820,750
Tier 1 capital	14,254,477	13,605,152
Tier 2 capital	935,530	769,435
Total regulatory capital	15,190,007	14,374,587

Risk weighted assets and carrying amounts

As at 31 December	Risk weighted amount		Carrying amount	
	2025 QAR'000	2024 QAR'000	2025 QAR'000	2024 QAR'000
Balances with Qatar Central Bank	-	-	4,703,834	3,282,983
Due from banks	421,753	1,233,653	1,093,855	5,811,325
Financing assets	56,416,195	56,120,690	90,012,883	86,212,369
Investment securities	1,683,202	2,410,897	24,042,577	18,887,628
Investment in associates	21,800	15,666	14,533	10,444
Other assets	1,706,493	1,493,459	1,706,493	1,493,459
Off balance sheet assets	14,408,426	13,608,635	44,482,685	36,029,090
Total risk weighted assets for credit risk	74,657,869	74,883,000	166,056,860	151,727,298
Risk weighted assets for market risk	3,353,516	3,775,559	766,731	752,073
Risk weighted assets for operational risk	4,518,674	4,283,834	-	-
	7,872,190	8,059,393	766,731	752,073
			2025 QAR'000	2024 QAR'000
Total risk weighted assets			82,530,059	82,942,393
Total regulatory capital			15,190,007	14,374,587
Common Equity Tier 1 (CET 1) Ratio			15.1%	14.2%
Tier 1 Ratio			17.3%	16.4%
Total Capital Ratio			18.4%	17.3%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital management (continued)

Risk weighted assets and carrying amounts (continued)

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2025 are as follows:

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and DSIB buffer	Total capital including conservation buffer, DSIB buffer and ICAAP Pillar II capital charge
31 December 2025						
Actual	15.1%	15.1%	17.3%	18.4%	18.4%	18.4%
Minimum QCB limit	6.0%	8.5%	10.5%	12.5%	13.0%	14.6%
31 December 2024						
Actual	14.2%	14.2%	16.4%	17.3%	17.3%	17.3%
Minimum QCB limit	6.0%	8.5%	10.5%	12.5%	13.0%	14.6%

The Group has also adopted new capital requirements for Profit Rate Risk on Banking Book (PRRBB) and have set aside capital based on new standard under Pillar II.

5. USE OF ESTIMATES AND JUDGMENTS

(a) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

(b) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Allowances for credit losses

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL, refer to note 4 (b) (vii) Inputs, assumptions and techniques used for estimating impairment for more information.

(ii) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Key sources of estimation uncertainty (continued)

(iii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in significant accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(c) Critical accounting judgments in applying the Group's accounting policies

(i) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have determined by market participants acting at arm's length.

The Group has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.



5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(c) Critical accounting judgments in applying the Group's accounting policies (continued)

(ii) Financial asset and liability classification

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 QAR '000	Level 2 QAR '000	Level 3 QAR '000	Total QAR '000
31 December 2025				
Risk management instruments assets	-	129,798	-	129,798
Investment securities carried at fair value	689,125	22,370	262,678	974,173
	<u>689,125</u>	<u>152,168</u>	<u>262,678</u>	<u>1,103,971</u>
Risk management instruments liabilities	-	79,689	-	79,689
	<u>-</u>	<u>79,689</u>	<u>-</u>	<u>79,689</u>
31 December 2024				
Risk management instruments assets	-	31,142	-	31,142
Investment securities carried at fair value	677,155	20,414	296,915	994,484
	<u>677,155</u>	<u>51,556</u>	<u>296,915</u>	<u>1,025,626</u>
Risk management instruments liabilities	-	119,598	-	119,598
	<u>-</u>	<u>119,598</u>	<u>-</u>	<u>119,598</u>

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- in classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- in designating financial assets or liabilities at fair value through income statement, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.

For the purpose of disclosure of fair value of financial assets and liabilities which are carried at amortised cost, the level 2 valuation method has been used except for the impaired financing assets for which level 3 valuation method has been used. Details of the Group's classification of financial assets and liabilities are given in note 7.

(iii) Impairment of investments in equity and debt securities

Investments in equity and debt securities are evaluated for impairment on the basis described in the significant accounting policies note 3.

(iv) Useful lives of fixed assets

The Group's management determines the estimated useful life of fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.



5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(v) Useful life of intangible assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible.

6. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Management Committee reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Wholesale Banking	Includes financing, deposits and other transactions and balances with wholesale customers.
Retail and private Banking	Includes financing, deposits and other transactions and balances with retail and private customers including part asset management activities for private customers.
Treasury and Investments division	Undertakes the Group's funding and centralised risk management activities through borrowings, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities. Further it also manages Group's trading of investments and corporate finance activities.
Subsidiaries	Includes subsidiaries of the Bank.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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6. OPERATING SEGMENTS (CONTINUED)

Information about operating segments

31 December 2025	Wholesale banking QAR '000	Retail and Private banking QAR '000	Treasury and Investments division QAR '000	Subsidiaries QAR '000	Unallocated QAR '000	Total QAR '000
Financing & Investment Income	2,195,439	2,430,143	1,023,487	162,131	-	5,811,200
Fees & Commission income, net	249,250	33,259	16,168	26,747	-	325,424
Total Income	2,602,765	1,899,580	701,319	216,756	-	5,420,420
Net profit - before impairment	676,034	641,171	522,554	124,291	(78,468)	1,885,582
Impairments	(415,063)	(73,189)	2,288	11,847	-	(474,117)
Net profit - after impairment	260,971	567,982	524,842	136,137	(78,468)	1,411,465
Total assets	42,973,630	46,615,559	30,480,786	1,966,906	1,744,630	123,781,511
Total liabilities and participatory investments accounts	47,281,276	45,905,559	14,326,277	91,002	826,931	108,431,045



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6. OPERATING SEGMENTS (CONTINUED)

Information about operating segments (continued)

31 December 2024	Wholesale banking QAR '000	Retail and Private banking QAR '000	Treasury and Investments division QAR '000	Subsidiaries QAR '000	Unallocated QAR '000	Total QAR '000
Financing & Investment Income	2,655,376	2,390,934	1,079,537	153,320	-	6,279,167
Fees & Commission income, net	164,252	43,758	25,996	21,501	-	255,507
Total Income	3,211,419	1,887,212	498,306	195,665	-	5,792,602
Net profit - before impairment	819,556	526,868	392,092	135,924	(78,468)	1,795,972
Impairments	(568,927)	109,872	(722)	6,391	-	(453,386)
Net profit - after impairment	250,629	636,740	391,370	142,315	(78,468)	1,342,586
Total Assets	41,441,464	43,737,849	29,094,565	1,964,878	1,700,913	117,939,669
Total liabilities and participatory investments accounts	41,483,178	43,296,916	17,360,353	88,721	931,440	103,160,608



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7. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

31 December 2025	Fair value through income statement QAR'000	Fair value through other comprehensive income QAR'000	Amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
Cash and balances with Qatar Central Bank	-	-	5,124,363	5,124,363	5,124,363
Due from banks	-	-	1,093,855	1,093,855	1,093,855
Financing assets	-	-	90,012,883	90,012,883	90,012,883
Investment securities:					
- Carried at fair value	390,910	583,263	-	974,173	974,173
- Carried at amortised cost	-	-	24,042,577	24,042,577	24,036,481
	<u>390,910</u>	<u>583,263</u>	<u>120,273,678</u>	<u>121,247,851</u>	<u>121,241,755</u>
Due to banks	-	-	11,221,546	11,221,546	11,221,546
Customer current accounts	-	-	18,688,040	18,688,040	18,688,040
Sukuk financing	-	-	2,935,316	2,935,316	2,954,543
	<u>-</u>	<u>-</u>	<u>32,844,902</u>	<u>32,844,902</u>	<u>32,864,129</u>
Participatory investment accounts	-	-	69,104,682	69,104,682	69,104,682
	<u>-</u>	<u>-</u>	<u>101,949,584</u>	<u>101,949,584</u>	<u>101,968,811</u>

* Carrying value of other assets and other liabilities approximate their fair value as at reporting date.



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7. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

31 December 2024	Fair value through income statement QAR'000	Fair value through other comprehensive income QAR'000	Amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
Cash and balances with Qatar Central Bank	-	-	3,638,626	3,638,626	3,638,626
Due from banks	-	-	5,811,325	5,811,325	5,811,325
Financing assets	-	-	86,212,369	86,212,369	86,212,369
Investment securities:					
- Carried at fair value	274,437	720,047	-	994,484	994,484
- Carried at amortised cost	-	-	18,887,628	18,887,628	18,901,772
	<u>274,437</u>	<u>720,047</u>	<u>114,549,948</u>	<u>115,544,432</u>	<u>115,558,576</u>
Due to banks	-	-	14,307,611	14,307,611	14,307,611
Customer current accounts	-	-	15,581,744	15,581,744	15,581,744
Sukuk financing	-	-	2,933,144	2,933,144	2,896,551
	<u>-</u>	<u>-</u>	<u>32,822,499</u>	<u>32,822,499</u>	<u>32,785,906</u>
Participatory investment accounts	-	-	67,769,323	67,769,323	67,769,323
	<u>-</u>	<u>-</u>	<u>100,591,822</u>	<u>100,591,822</u>	<u>100,555,229</u>

*Carrying value of other assets and other liabilities approximate their fair value as at reporting date



8. CASH AND BALANCES WITH QATAR CENTRAL BANK

	2025 QAR '000	2024 QAR '000
Cash on hand	420,529	355,643
Cash reserve with QCB*	3,429,719	3,216,871
Other balances with QCB	1,274,115	66,112
	5,124,363	3,638,626

* The cash reserve with QCB is not available for use in the Group's day to day operations.

9. DUE FROM BANKS

	2025 QAR '000	2024 QAR '000
Current accounts	252,958	199,471
Wakala placements with banks	28,948	5,511,643
Mudaraba placements	130,205	33,522
Commodity Murabaha receivable	679,000	27,653
Accrued profit	2,916	39,148
Allowance for impairment*	(172)	(112)
	1,093,855	5,811,325

* For stage wise exposure and allowance for impairment refer note 4(b) (v).

10. FINANCING ASSETS

(a) By type

	2025 QAR '000	2024 QAR '000
Murabaha	82,016,215	81,915,468
Ijarah Muntahia Bittamleek	3,836,845	3,867,792
Istisna	666,502	574,413
Musawama	1,332,150	1,264,289
Acceptances	4,788,984	780,681
Cards	188,783	178,361
Others	1,395,186	1,499,854
Accrued profit	701,983	695,473
Total financing assets	94,926,648	90,776,331
Less: Deferred profit	987,946	980,027
Allowance for impairment on financing assets	3,697,914	3,383,361
Suspended profit on nonperforming financing assets	227,905	200,574
Allowance for impairment*	3,925,819	3,583,935
Net financing assets	90,012,883	86,212,369

* For stage wise exposure, allowance for impairment and profit in suspense refer note 4(b) (v). The total non-performing financing assets at 31 December 2025 amounted to QAR 3,965.0 million, representing 4.2% of the gross financing assets net of deferred profit (31 December 2024: QAR 4,114.9 million, representing 4.6%).



10 FINANCING ASSETS (CONTINUED)

(a) By type (continued)

Others include QAR 1,395.2 million net loans acquired on business combination, which are in process of conversion to sharia compliant equivalent products. These are carried at amortised cost, and its corresponding income is recognised on a time-apportioned basis over the period of the loan term using effective profit rate till conversion is completed.

	2025 QAR '000	2024 QAR '000
Government	19,449,643	18,580,514
Corporate	44,561,265	43,404,079
Retail and Private	30,915,740	28,791,738
	<u>94,926,648</u>	<u>90,776,331</u>
Less: Deferred profit	987,946	980,027
Allowance for impairment on financing assets	3,697,914	3,383,361
Suspended profit on non performing financing assets	227,905	200,574
Allowance for impairment	3,925,819	3,583,935
	<u>90,012,883</u>	<u>86,212,369</u>

(b) Movement in the allowance (provision) for impairment on financing assets:

	2025 QAR '000	2024 QAR '000
Balance at 1 January	3,383,361	3,412,962
Charge for the year	555,460	812,215
Recoveries during the year	(55,741)	(387,071)
	499,719	425,144
Written off during the year	(185,166)	(454,745)
	<u>3,697,914</u>	<u>3,383,361</u>
Break down as below:		
Allowance for impairment on financing assets-Specific	<u>2,773,160</u>	<u>2,808,120</u>
Allowance for impairment on financing assets-Expected Credit Losses	<u>924,754</u>	<u>575,241</u>

(c) Movement in the suspended profit on non performing financing assets:

	2025 QAR '000	2024 QAR '000
Balance at 1 January	200,574	245,143
Additions during the year	49,920	39,088
Recoveries during the year	(13,803)	(18,066)
	36,117	21,022
Written off during the year	(8,786)	(65,591)
Balance at the year end	<u>227,905</u>	<u>200,574</u>

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10. FINANCING ASSETS (CONTINUED)

(d) Movement in the provision for specific impairment and suspended profit on financing assets - sector wise:

	Corporates QAR '000	SMEs QAR '000	Retail and Private QAR '000	Total QAR '000
Balance at 1 January 2025	1,263,398	100,199	1,645,097	3,008,694
Charge for the year	143,652	16,580	88,817	249,049
Recoveries during the year	(4,500)	(19,209)	(45,835)	(69,544)
Transfer from ECL during the year	-	1,281	5,537	6,818
Written off during the year	(49,158)	(38,589)	(106,205)	(193,952)
Balance at 31 December 2025	1,353,392	60,262	1,587,411	3,001,065

	Corporates QAR '000	SMEs QAR '000	Retail and Private QAR '000	Total QAR '000
Balance at 1 January 2024	683,963	282,894	2,088,985	3,055,842
Charge for the year	717,529	12,500	73,145	803,174
Recoveries during the year	(155,383)	(21,749)	(228,005)	(405,137)
Transfer from ECL during the year	66,700	4,237	4,214	75,151
Written off during the year	(49,411)	(177,683)	(293,242)	(520,336)
Balance at 31 December 2024	1,263,398	100,199	1,645,097	3,008,694

(e) By sector

	2025 QAR '000	2024 QAR '000
Government	19,449,643	18,580,514
Industry and Manufacturing	3,123,394	2,746,225
Commercial	12,087,647	7,803,913
Contracting	3,645,991	3,421,250
Real estate	22,868,444	21,745,500
Consumer	8,813,766	8,610,215
Services & others	24,937,763	27,868,714
Total financing assets	94,926,648	90,776,331
Less: Deferred profit	987,946	980,027
Allowance for impairment	3,925,819	3,583,935
Net financing assets	90,012,883	86,212,369



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10. FINANCING ASSETS (CONTINUED)

(d) By sector

31 December 2025	Murabaha	Ijarah Muntahia Bittamleek	Istisna	Musawama	Acceptances	Cards	Others	Accrued Profit	Total
	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000
Government	19,449,643	-	-	-	-	-	-	-	19,449,643
Industry and manufacturing	2,037,379	265,695	209,042	8,691	493,720	-	104,111	4,756	3,123,394
Commercial	7,684,714	-	-	225,115	4,177,818	-	-	-	12,087,647
Contracting	3,514,119	-	-	51,661	80,211	-	-	-	3,645,991
Real estate	19,457,440	3,191,740	-	-	-	-	-	219,264	22,868,444
Services	8,002,049	-	-	133,967	37,235	-	600,000	135,293	8,908,544
Personal	7,268,479	343,632	-	902,552	-	188,783	-	110,320	8,813,766
Others	14,602,392	35,778	457,460	10,164	-	-	691,075	232,350	16,029,219
Total financing assets	<u>82,016,215</u>	<u>3,836,845</u>	<u>666,502</u>	<u>1,332,150</u>	<u>4,788,984</u>	<u>188,783</u>	<u>1,395,186</u>	<u>701,983</u>	<u>94,926,648</u>
Less:									
Deferred profit									987,946
Allowance for impairment on financing assets									<u>3,925,819</u>
Net financing assets									<u>90,012,883</u>



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10. FINANCING ASSETS (CONTINUED)

(d) By sector

31 December 2024	Murabaha	Ijarah Muntahia Bittamleek	Istisna	Musawama	Acceptances	Cards	Others	Accrued Profit	Total
	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000
Government	18,578,966	1,533	-	-	-	-	-	15	18,580,514
Industry and manufacturing	1,984,024	306,984	-	5,048	293,719	-	148,735	7,715	2,746,225
Commercial	7,168,824	2,715	-	244,457	386,575	-	-	1,342	7,803,913
Contracting	3,271,240	45,888	-	42,397	61,629	-	-	96	3,421,250
Real estate	18,116,538	3,196,788	116,952	-	-	-	-	315,222	21,745,500
Services	8,620,827	2,124	-	81,636	16,718	-	600,000	127,350	9,448,655
Personal	7,323,594	233,981	-	873,273	-	178,361	-	1,006	8,610,215
Others	16,851,455	77,779	457,461	17,478	22,040	-	751,119	242,727	18,420,059
Total financing assets	<u>81,915,468</u>	<u>3,867,792</u>	<u>574,413</u>	<u>1,264,289</u>	<u>780,681</u>	<u>178,361</u>	<u>1,499,854</u>	<u>695,473</u>	<u>90,776,331</u>
Less:									
Deferred profit									980,027
Allowance for impairment on financing assets									<u>3,583,935</u>
Net financing assets									<u>86,212,369</u>



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11. INVESTMENT SECURITIES

	2025			2024		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
<i>Investments classified as fair value through statement of income</i>						
-Equity-type investments	43,246	9,246	52,492	28,225	2,209	30,434
-Debt-type investments	325,294	13,124	338,418	225,798	18,205	244,003
	368,540	22,370	390,910	254,023	20,414	274,437
<i>Debt-type investments classified at amortised cost</i>						
-Fixed rate*	5,975,494	17,865,415	23,840,909	3,329,870	15,371,685	18,701,555
-Allowance for impairment**	(5,117)	-	(5,117)	(7,515)	-	(7,515)
	5,970,377	17,865,415	23,835,792	3,322,355	15,371,685	18,694,040
<i>Equity-type investments classified as fair value through other comprehensive income</i>						
	320,585	262,678	583,263	423,132	296,915	720,047
	6,659,502	18,150,463	24,809,965	3,999,510	15,689,014	19,688,524
Accrued profit income			206,785			193,588
			25,016,750			19,882,112

* Investments in unquoted debt-type instruments classified at amortised cost represent investments in Sovereign securities. It includes Sovereign bonds portfolio of QAR 1,397.4 million acquired on business combination.

** For stage-wise exposure and allowance for impairment, refer to Note 4(b) (v).

The carrying amount of the debt-type investments pledged under repurchase agreements amounted to QAR 3,470.7 million (31 December 2024: QAR 1,092.5 million).



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11. INVESTMENT SECURITIES (CONTINUED)

The cumulative change in fair value of equity-type investments designated as fair value through other comprehensive income during the year is as follows:

	2025 QAR'000	2024 QAR'000
Balance at 1 January	(37,705)	(121,015)
Net change in fair value	74,588	20,592
Transferred to retained earnings on disposal of equity-type instruments classified as FVOCI	5,872	63,418
	80,460	84,010
Appropriated to participatory investment accounts	(2,980)	(700)
Balance at year end	39,775	(37,705)

12. INVESTMENT IN ASSOCIATES

	2025 QAR'000	2024 QAR'000
Balance at 1 January	10,444	31,967
Share of results	4,089	557
Disposals during the year	-	(1)
Derecognition of the investment	-	(22,079)
Balance at year end	14,533	10,444

Name	Activities	Country	Ownership %		Amounts in QAR'000	
			2025	2024	2025	2024
Tanween W.L.L. (Tanween)	Real Estate development management	Qatar	48.0%	48.0%	14,533	10,444

The Group holds a significant influence on "Tanween". The financial position, revenue and results of Tanween based on latest financial statements, as at and for the year ended 31 December 2025 and 31 December 2024 are as follows:

31 December 2025

	2025 QAR'000	2024 QAR'000
Total assets	32,453	23,018
Total liabilities	2,178	1,259
Total revenue	11,504	3,442
Net Profit	8,519	1,160
Share of results	4,089	557



13 INVESTMENTS IN REAL ESTATE

Investments in real estate consist of lands and buildings with carrying amounts of QAR 131.9 million (2024: QAR 131.9 million) and QAR 2.4 million (2024: QAR 2.6 million) respectively.

Investments in real estate are located in the State of Qatar. The fair value of the Investments in real estate is not materially different from the carrying amount as of the reporting date.

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14 FIXED ASSETS

	Land and Buildings QAR'000	IT Equipment QAR'000	Fixtures, Fittings and office equipment QAR'000	Motor Vehicles QAR'000	Right of Use Assets QAR'000	Total QAR'000
Cost:						
Balance at 1 January 2024	177,620	380,555	248,332	41,879	69,799	918,185
Additions	506,603	30,736	67,799	36,093	12,637	653,868
Disposals	-	(2,026)	(9,151)	(7,841)	(62,526)	(81,544)
Balance at 31 December 2024	684,223	409,265	306,980	70,131	19,910	1,490,509
Balance at 1 January 2025	684,223	409,265	306,980	70,131	19,910	1,490,509
Additions	-	30,798	7,333	16,964	73,204	128,299
Disposals	-	(2,488)	(322)	(11,780)	-	(14,590)
Balance at 31 December 2025	684,223	437,575	313,991	75,315	93,114	1,604,218
Accumulated depreciation and impairment losses:						
Balance at 1 January 2024	12,246	347,266	240,355	12,588	64,114	676,569
Depreciation charged during the year	13,453	26,341	9,293	10,103	3,084	62,274
Disposals	-	(2,025)	(8,432)	(5,512)	(62,526)	(78,495)
Balance at 31 December 2024	25,699	371,582	241,216	17,179	4,672	660,348
Balance at 1 January 2025	25,699	371,582	241,216	17,179	4,672	660,348
Depreciation charged during the year	26,048	30,537	13,701	13,421	25,334	109,041
Disposals	-	(2,485)	(299)	(7,250)	-	(10,034)
Balance at 31 December 2025	51,747	399,634	254,618	23,350	30,006	759,355
Carrying amounts						
Net book value at 31 December 2025	632,476	37,941	59,373	51,965	63,108	844,863
Net book value at 31 December 2024	658,524	37,683	65,764	52,952	15,238	830,161



15. INTANGIBLE ASSETS

	Goodwill QAR'000	Customer Relationship QAR'000	Core Deposits QAR'000	2025 QAR'000	2024 QAR'000
Goodwill and Intangibles					
Balance at 1 January	443,060	257,031	56,689	756,780	835,247
Amortisation	-	(58,749)	(19,718)	(78,467)	(78,467)
Carrying amounts	443,060	198,282	36,971	678,313	756,780

Goodwill

	2025 QAR'000
Goodwill on business combination with IBQ	116,009
Goodwill on acquisition of subsidiaries	327,051
Total	443,060

The following approach was followed to estimate the fair value of identifiable intangibles:

Customer relationship

The income approach has been used in estimating the fair value of IBQ customer relationships as an intangible asset as at the Transaction Date. The income approach values the customer relationship as the present value of the future earnings that it is expected to generate over its remaining useful economic life.

Under the income approach, the Multi-period excess earnings method ("MEEM") has been utilized which is a commonly accepted method for valuing customer relationships. MEEM is a specific application of the discounted cash flow method where the value of an intangible asset is taken as the present value of the incremental cash flows attributable only to the subject intangible asset after deducting contributory asset charges ("CAC").

The principle behind CAC is that an intangible asset "rents" or "leases" from a hypothetical third party all the assets it requires to produce the cash flows resulting from its development, that each project rents only those assets it needs (including element of goodwill) and not the ones that it does not need, and that each project pays the owner of the assets a fair return on (and of, when appropriate) the fair value of the rented assets.

Thus, any net cash flows remaining after the CAC are attributable to the subject intangible asset being valued. The incremental cash flows attributable to the subject intangible assets are then discounted to their present value.

Core deposits

The incremental profit method under the income approach to valuation has been used in estimating the fair value of the core deposits as an intangible asset as at the Transaction Date. Under this method, the economic benefits earned from the core deposit have been computed over the life of the core deposits considering an attrition rate. Such benefits have then been discounted to the present value considering an appropriate discounting rate. The Incremental profit method utilized is a commonly accepted method for valuing core deposits.

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU"), being the Group's subsidiaries and goodwill acquired on IBQ acquisition at Bank level, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment testing of the CGU is carried out at each year-end. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. As per the assessment performed there is no impairment recognized for the current year as at 31 December 2025 (31 December 2024: Nil).

16 OTHER ASSETS

	2025 QAR'000	2024 QAR'000
Property acquired in settlement of financing assets	350,999	342,906
Positive fair value of risk management instruments	129,798	31,142
Projects under progress	120,653	61,189
Prepayments and advances	40,660	20,021
Operating lease receivables	2,446	2,592
Others	217,074	205,448
	<u>861,630</u>	<u>663,298</u>

17. DUE TO BANKS

	2025 QAR'000	2024 QAR'000
Commodity Murabaha payable*	3,623,184	1,674,083
Wakala payable	7,584,768	12,616,989
Profit payable	13,594	16,539
	<u>11,221,546</u>	<u>14,307,611</u>

* Part of this amount is related to repurchase agreements totaling QAR 3,281.8 million (as of 31 December 2024: QAR 1,036.3 million).

18. CUSTOMER CURRENT ACCOUNTS

	2025 QAR'000	2024 QAR'000
<i>Current accounts by sector:</i>		
Government & GREs	975,356	364,728
Non-Banking Financial Institutions	110,201	34,473
Corporate	3,444,853	2,159,468
Individuals	14,157,630	13,023,075
	<u>18,688,040</u>	<u>15,581,744</u>

19. SUKUK FINANCING

The Group has issued the following sharia compliant Sukuk during the year 2024 with a profit rate of 4.56%:

Instrument	Issuer	Currency	Maturity Date	2025 QAR'000	2024 QAR'000
Sukuk	BBG Sukuk limited	USD	09 October 2029	2,935,316	2,933,144

	2025 QAR'000	2024 QAR'000
Face value of sukuk and debt financing	2,913,200	2,913,200
Less: Unamortised transaction costs	(8,142)	(10,314)
Add: Profit Payable	30,258	30,258
	<u>2,935,316</u>	<u>2,933,144</u>

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19. SUKUK FINANCING (CONTINUED)

The movement in sukuk and debt financing issued by the Group during the year is as follows:

	2025 QAR'000	2024 QAR'000
Balance at 1 January	2,933,144	-
Net issuances during the year	-	2,902,343
Amortisation of transaction costs	2,172	543
Profit paid during the year	(132,841)	-
Finance expenses for the year	132,841	30,258
Balance at 31 December	2,935,316	2,933,144

20. OTHER LIABILITIES

	2025 QAR'000	2024 QAR'000
Acceptances	4,788,984	780,681
Allowance for impairment on other exposures subject to credit risk *	326,343	352,237
Accrued expenses	275,844	255,908
Employees' end of service benefits (note 20.1)	220,386	201,488
Cash margins	150,138	141,288
Unearned commission income	86,438	91,647
Sundry creditors	22,994	33,192
Social and sports fund appropriation	35,287	33,565
Negative fair value of risk management instruments	79,689	119,598
Others	495,358	559,182
	6,481,461	2,568,786

*For stage-wise exposure and allowance for impairment, refer to Note 4(b) (v).

20.1 Movement in employees end of service benefits is as follows:

	2025 QAR'000	2024 QAR'000
Balance at 1 January	201,488	190,496
Charge for the year	28,040	25,411
Paid during the year	(9,142)	(14,419)
Balance at 31 December	220,386	201,488

21. PARTICIPATORY INVESTMENT ACCOUNTS

	2025 QAR'000	2024 QAR'000
Participatory investment accounts before share of profit (a)	67,959,566	66,805,634
Distributable profits for the year (b)	2,590,413	3,114,028
Profit already distributed during the year	(1,450,505)	(2,152,567)
Profit payable to participatory investment account	1,139,908	961,461
Share in fair value reserve	5,208	2,228
Total participatory investment accounts	69,104,682	67,769,323

21. PARTICIPATORY INVESTMENT ACCOUNTS (CONTINUED)

	2025 QAR'000	2024 QAR'000
(a) Participatory investment accounts before share of profit		
(1) By type:		
Saving accounts	6,459,749	5,160,574
Call accounts	1,970,034	1,706,522
Term accounts	59,529,783	59,938,538
Total (a)	67,959,566	66,805,634
	2025 QAR'000	2024 QAR'000
(2) By sector:		
Government & GREs	36,993,191	37,745,965
Non-banking financial institution	2,698,748	2,534,281
Individuals	16,450,763	15,913,561
Corporate	11,816,864	10,611,827
Total (a)	67,959,566	66,805,634
	2025 QAR'000	2024 QAR'000
Participatory investment accounts share of profit for the year	2,159,796	2,488,029
Bank shares as Mudarib	(2,064,066)	(2,320,297)
Shareholders contribution	2,494,683	2,946,296
	430,617	625,999
(b) Distributable profits to participatory investment account for the year	2,590,413	3,114,028
	2025 QAR'000	2024 QAR'000
<i>Net return breakup as below:</i>		
Saving accounts	92,154	83,264
Call accounts	45,516	27,733
Term accounts - 1 month	171,086	337,415
Term accounts - 3 month	459,777	821,609
Term accounts - 6 month	450,434	382,068
Term accounts - 9 month	11,380	11,946
Term accounts - 1 year and above	1,360,066	1,449,993
Total (b)	2,590,413	3,114,028

22. EQUITY

(a) Share capital

	Ordinary shares	
	2025 QAR'000	2024 QAR'000
Issued	5,234,100	5,234,100

The authorised share capital of the Bank is 5,234,100 thousand ordinary shares (31 December 2024: 5,234,100 thousand ordinary shares), having a par value of QAR 1 each share. Out of this authorised capital 5,234,100 thousand ordinary shares (31 December 2024: 5,234,100 thousand) are issued and fully paid.



22. EQUITY (CONTINUED)

(b) Legal reserve

In accordance with QCB Law No.13 of 2012 and the Memorandum and Articles of Association of the Group, 10% of net profit attributable to the shareholders of the Group for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid-up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law and after QCB approval. The legal reserve includes the share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law. During the year ended 31 December 2025, the appropriation made to legal reserve amounts to QAR 141.1 million (31 December 2024: QAR 134.3 million). And QAR 19.2 million (31 December 2024: QAR 49.7 million) has been transferred to legal as a result of the sale of treasury shares.

(c) Risk reserve

In accordance with Qatar Central Bank regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total direct credit facilities granted by the Group inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees are excluded from the gross direct finance. During the year ended 31 December 2025, the appropriation made to risk reserve amounts to QAR 68.1 million (31 December 2024: QAR 195.5 million).

(d) Other reserves

In accordance with Qatar Central Bank regulations, income recognised from the share of profit from associates is not available for distribution, except to the extent of dividend received from the associates and should be transferred to a separate reserve account in equity. Further, the Group can set aside any amount on recommendation of the Board of Directors as a contingency reserve from retained earnings to protect the Group from any future losses that may arise from any unforeseen events. During the year ended 31 December 2025, the appropriation made to the other reserves amounts to 4.1 million (31 December 2024: 0.6 million).

	2025 QAR'000	2024 QAR'000
Undistributed profit from investments in associates	<u>79,826</u>	<u>75,737</u>
	79,826	75,737

(e) Treasury shares

Treasury shares represent ordinary shares of Dukhan Bank with nominal value of QAR 1 each. Treasury shares are presented as a deduction from equity. During the year ended 31 December 2025, the Group sold 6.8 million treasury shares (31 December 2024: 17.2 million) which resulted in a gain of QAR 19.2 million (31 December 2024: QAR 49.7 million) recorded under the legal reserve.

(f) Dividends

The Board of Directors, at its meeting held on 13 January 2026, proposed an additional cash dividend of 8% of the paid-up share capital, amounting to QAR 417.6 million (QAR 0.08 per share), subject to approval at the Annual General Meeting of the Bank's shareholders. This brings the total cash dividend for the year to 16% of the paid-up share capital, amounting to QAR 835.2 million (QAR 0.16 per share) (2024: 16%, amounting to QAR 833.9 million – QAR 0.16 per share).

During the year, the Board of Directors approved and paid an interim cash dividend for the six-month period ended 30 June 2025 of QAR 0.08 per share, amounting to QAR 417.6 million.

In 2023, the Bank declared and paid a cash dividend of 16% of the paid-up share capital, amounting to QAR 831.3 million (QAR 0.16 per share).



23. NON-CONTROLLING INTERESTS

This represents non-controlling interests in a Group's subsidiary.

24. SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

In 2021, the Group issued a perpetual, unsecured, subordinated sukuk eligible as additional tier 1 capital amounting to USD 500 million listed in London Stock Exchange. The sukuk is unsecured and the profit distributions are non-cumulative, payable semi-annually at an agreed expected profit rate of 3.95% and are made at the discretion of Dukhan Bank. Sukuk is redeemable solely at the discretion of the Bank. The Group has the right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. The applicable profit rate has a reset date as per the terms of the agreement of the issued sukuk. The sukuk does not have a maturity date and has been classified as equity.

25. NET INCOME FROM FINANCING ACTIVITIES

	2025 QAR'000	2024 QAR'000
Murabaha	4,314,051	4,678,254
Ijarah	226,691	249,446
Istisna	3,176	20,453
Musawama	128,531	120,454
Others	103,803	121,270
	4,776,252	5,189,877

26. NET INCOME FROM INVESTING ACTIVITIES

	2025 QAR'000	2024 QAR'000
Coupon income from investment in debt-type instruments, net of amortization	893,560	689,288
Income from inter-bank and Murabaha placements with Islamic banks	95,998	346,874
Dividend income	26,332	35,466
Net gain on sale of debt-type investments	5,411	3,998
Net gain on sale of equity-type investments	4,266	4,718
Net fair value and capital gain on investment securities carried as fair value through income statement	9,381	8,946
	1,034,948	1,089,290

27. NET FEE AND COMMISSION INCOME

	2025 QAR'000	2024 QAR'000
Management and other fee income	353,598	297,596
Commission income	174,076	128,131
Advisory fee income	2,228	1,655
Performance fee income	1,284	88
	531,186	427,470
Commission expense	(205,762)	(171,963)
Net fee and commission income	325,424	255,507

28. STAFF COSTS

	2025 QAR'000	2024 QAR'000
Basic salaries	167,299	158,257
Housing allowance	55,797	53,680
End of service indemnity	28,040	25,411
Education fee	17,701	17,751
Transport allowance	12,646	12,204
Medical expenses	11,019	9,509
Social Allowance	8,200	8,226
Others	145,524	169,596
	446,226	454,634

29. OTHER EXPENSES

	2025 QAR'000	2024 QAR'000
Legal and professional fees	67,923	34,831
Utilities and services	45,402	42,133
IT expenses	50,422	45,857
Advertising and marketing expenses	35,670	24,369
Board of directors' remuneration	17,300	17,100
Government fees and charges	4,545	4,398
Rent	5,776	37,838
Repair and maintenance	9,742	7,324
Travel expenses	2,528	1,929
Other expenses	70,443	70,593
	309,751	286,372

30. CONTINGENT LIABILITIES AND COMMITMENTS

	2025 QAR'000	2024 QAR'000
a) Contingent liabilities		
Unused credit facilities	20,630,186	15,463,613
Guarantees	22,648,283	19,927,274
Letters of credit	1,340,544	803,873
	44,619,013	36,194,760
b) Commitments		
Profit rate swaps	2,201,439	1,915,079
Options	331	146,685
Other risk management instruments – Wa'ad	36,519,977	19,843,964
	38,721,747	21,905,728

Unused credit facilities

Commitments to extend credit represent contractual commitments to make financings and revolving credits. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and Letters of credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as financings.

30. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Lease commitments

The Group leases a number of branches and office premises under operating leases. Non-cancellable operating lease rentals are payable as follows:

	2025 QAR'000	2024 QAR'000
Within one year	<u>4,438</u>	<u>11,930</u>
After one year but not more than five years	<u>681</u>	<u>-</u>

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31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY

(a) Geographical sector

Following is the concentration of assets, liabilities and quasi-equity into geographical sectors regions:

31 December 2025	Qatar QAR'000	Other GCC QAR'000	Europe QAR'000	North America QAR'000	Others QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	5,124,363	-	-	-	-	5,124,363
Due from banks	713,671	29,322	261,096	81,671	8,095	1,093,855
Financing assets	81,404,908	10,074	3,462,279	5,135,174	448	90,012,883
Investment securities	21,821,710	2,458,591	630,360	3,661	102,428	25,016,750
Investment in associates	14,533	-	-	-	-	14,533
Investment in real estate	134,321	-	-	-	-	134,321
Intangible assets	678,313	-	-	-	-	678,313
Fixed assets	844,863	-	-	-	-	844,863
Other assets	628,819	-	232,811	-	-	861,630
Total assets	111,365,501	2,497,987	4,586,546	5,220,506	110,971	123,781,511
Liabilities and quasi-equity						
Liabilities						
Due to banks	5,718,485	1,549,294	3,283,504	-	670,263	11,221,546
Customer current accounts	18,623,141	24,527	17,677	280	22,415	18,688,040
Sukuk financing	-	-	2,935,316	-	-	2,935,316
Other liabilities	2,569,293	3,832,479	79,689	-	-	6,481,461
Total liabilities	26,910,919	5,406,300	6,316,186	280	692,678	39,326,363
Participatory investment accounts	64,109,844	38,816	401,011	3,644,797	910,214	69,104,682
Total liabilities and quasi-equity	91,020,763	5,445,116	6,717,197	3,645,077	1,602,892	108,431,045



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31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (CONTINUED)

(a) Geographical sector (continued)

Following is the concentration of assets, liabilities and quasi-equity into geographical sectors regions:

31 December 2024	Qatar QAR'000	Other GCC QAR'000	Europe QAR'000	North America QAR'000	Others QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	3,638,626	-	-	-	-	3,638,626
Due from banks	5,305,381	23,736	100,710	95,282	286,216	5,811,325
Financing assets	82,483,748	26,798	3,701,823	-	-	86,212,369
Investment securities	16,656,071	1,216,059	789,114	29,693	1,191,175	19,882,112
Investment in associates	10,444	-	-	-	-	10,444
Investment in real estate	134,554	-	-	-	-	134,554
Intangible assets	756,780	-	-	-	-	756,780
Fixed assets	830,161	-	-	-	-	830,161
Other assets	525,303	-	120,778	17,217	-	663,298
Total assets	110,341,068	1,266,593	4,712,425	142,192	1,477,391	117,939,669
Liabilities and quasi-equity						
Liabilities						
Due to banks	12,220,529	416,843	1,589,756	-	80,483	14,307,611
Customer current accounts	15,546,772	8,813	12,095	151	13,913	15,581,744
Sukuk financing	-	-	2,933,144	-	-	2,933,144
Other liabilities	2,460,826	31,426	72,816	3,718	-	2,568,786
Total liabilities	30,228,127	457,082	4,607,811	3,869	94,396	35,391,285
Participatory investment accounts	65,882,003	44,396	1,152,623	3,445	686,856	67,769,323
Total liabilities and quasi-equity	96,110,130	501,478	5,760,434	7,314	781,252	103,160,608



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31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (CONTINUED)
(b) Industrial sector

Following is the concentration of assets, liabilities and quasi-equity into industrial sectors regions:

31 December 2025	Real estate QAR'000	Construction, engineering and manufacturing QAR'000	Oil and gas QAR'000	Financial services QAR'000	Individuals QAR'000	Others QAR'000	Total QAR'000
Assets							
Cash and balances with central bank	-	-	-	420,529	-	4,703,834	5,124,363
Due from banks	-	-	-	1,093,855	-	-	1,093,855
Financing assets	21,263,993	6,163,352	-	2,083,203	7,489,138	53,013,197	90,012,883
Investment securities	89,447	168,743	178,291	3,188,522	-	21,391,747	25,016,750
Investment in associates	14,533	-	-	-	-	-	14,533
Investment in real estate	134,321	-	-	-	-	-	134,321
Intangible assets	-	-	-	678,313	-	-	678,313
Fixed assets	-	-	-	-	-	844,863	844,863
Other assets	-	-	-	31,142	-	830,488	861,630
Total assets	21,502,294	6,332,095	178,291	7,495,564	7,489,138	80,784,129	123,781,511
Liabilities and quasi-equity							
Liabilities							
Due to banks	-	-	-	11,221,546	-	-	11,221,546
Customer current accounts	809,656	524,043	5,227	65,967	14,332,308	2,950,839	18,688,040
Sukuk financing	-	-	-	2,935,316	-	-	2,935,316
Other liabilities	-	400,281	-	3,912,297	-	2,168,883	6,481,461
Total liabilities	809,656	924,324	5,227	18,135,126	14,332,308	5,119,722	39,326,363
Participatory investment accounts	1,262,795	1,282,830	3,476,631	2,752,892	16,406,260	43,923,274	69,104,682
Total liabilities quasi-equity	2,072,451	2,207,154	3,481,858	20,888,018	30,738,568	49,042,996	108,431,045



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31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (CONTINUED)

(b) Industrial sector (continued)

Following is the concentration of assets, liabilities and quasi-equity into industrial sectors regions:

31 December 2024	Real estate QAR'000	Construction, engineering and manufacturing QAR'000	Oil and gas QAR'000	Financial services QAR'000	Individuals QAR'000	Others QAR'000	Total QAR'000
Assets							
Cash and balances with central bank	-	-	-	355,643	-	3,282,983	3,638,626
Due from banks	-	-	-	5,811,325	-	-	5,811,325
Financing assets	19,926,265	5,420,871	-	2,154,677	7,454,890	51,255,666	86,212,369
Investment securities	155,529	64,144	236,920	2,045,858	-	17,379,661	19,882,112
Investment in associates	10,444	-	-	-	-	-	10,444
Investment in real estate	134,554	-	-	-	-	-	134,554
Intangible assets	-	-	-	756,780	-	-	756,780
Fixed assets	-	-	-	-	-	830,161	830,161
Other assets	-	-	-	31,142	-	632,156	663,298
Total assets	20,226,792	5,485,015	236,920	11,155,425	7,454,890	73,380,627	117,939,669
Liabilities and quasi-equity							
Liabilities							
Due to banks	-	-	-	14,307,611	-	-	14,307,611
Customer current accounts	65,179	471,537	5,613	34,473	13,023,075	1,981,867	15,581,744
Sukuk financing	-	-	-	2,933,144	-	-	2,933,144
Other liabilities	-	780,681	-	119,598	-	1,668,507	2,568,786
Total liabilities	65,179	1,252,218	5,613	17,394,826	13,023,075	3,650,374	35,391,285
Participatory investment accounts	3,150,175	901,680	5,083,751	2,534,281	15,913,561	40,185,875	67,769,323
Total liabilities quasi-equity	3,215,354	2,153,898	5,089,364	19,929,107	28,936,636	43,836,249	103,160,608



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32. MATURITY PROFILE

31 December 2025	Up to 3 months QAR'000	3 to 6 months QAR'000	6 months - 1 year QAR'000	1 to 3 years QAR'000	Over 3 years QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	1,694,644	-	-	-	3,429,719	5,124,363
Due from banks	414,855	-	-	-	679,000	1,093,855
Financing assets	9,816,865	3,640,689	7,912,544	15,077,898	53,564,887	90,012,883
Investment securities	1,045,778	1,452,540	2,082,500	13,700,437	6,735,495	25,016,750
Investment in associates	-	-	-	-	14,533	14,533
Investment in real estate	-	-	-	-	134,321	134,321
Intangible assets	-	-	-	-	678,313	678,313
Fixed assets	-	-	-	65,746	779,117	844,863
Other assets	204,754	42,339	614,193	344	-	861,630
Total assets	13,176,896	5,135,568	10,609,237	28,844,425	66,015,385	123,781,511
Liabilities and quasi-equity						
Liabilities						
Due to banks	8,771,971	-	365,405	2,084,170	-	11,221,546
Customer current accounts	18,688,040	-	-	-	-	18,688,040
Sukuk financing	-	30,258	-	-	2,905,058	2,935,316
Other liabilities	5,676,990	585,499	-	534	218,438	6,481,461
Total liabilities	33,137,001	615,757	365,405	2,084,704	3,123,496	39,326,363
Participatory investment accounts	36,846,079	10,049,566	7,074,049	11,412,050	3,722,938	69,104,682
Total liabilities and quasi-equity	69,983,080	10,665,323	7,439,454	13,496,754	6,846,434	108,431,045
Maturity gap	(56,806,184)	(5,529,755)	3,169,783	15,347,671	59,168,951	15,350,466



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32. MATURITY PROFILE (CONTINUED)

31 December 2024	Up to 3 months QAR'000	3 to 6 months QAR'000	6 months - 1 year QAR'000	1 to 3 years QAR'000	Over 3 years QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	421,755	-	-	-	3,216,871	3,638,626
Due from banks	4,640,340	1,111,296	59,689	-	-	5,811,325
Financing assets	9,189,576	1,556,112	3,747,788	5,132,216	66,586,677	86,212,369
Investment securities	1,253,654	34,206	2,389,856	10,837,562	5,366,834	19,882,112
Investment in associates	-	-	-	-	10,444	10,444
Investment in real estate	-	-	-	-	134,554	134,554
Intangible assets	-	-	-	-	756,780	756,780
Fixed assets	-	-	-	90,675	739,486	830,161
Other assets	79,490	17,408	566,255	-	145	663,298
Total assets	15,584,815	2,719,022	6,763,588	16,060,453	76,811,791	117,939,669
Liabilities and quasi-equity						
Liabilities						
Due to banks	10,228,182	27,865	2,024,828	1,589,756	436,980	14,307,611
Customer current accounts	15,581,744	-	-	-	-	15,581,744
Sukuk financing	-	30,258	-	-	2,902,886	2,933,144
Other liabilities	987,882	1,378,782	224	1,706	200,192	2,568,786
Total liabilities	26,797,808	1,436,905	2,025,052	1,591,462	3,540,058	35,391,285
Participatory investment accounts	39,103,721	8,088,307	7,131,191	13,440,104	6,000	67,769,323
Total liabilities and quasi-equity	65,901,529	9,525,212	9,156,243	15,031,566	3,546,058	103,160,608
Maturity gap	(50,316,714)	(6,806,190)	(2,392,655)	1,028,887	73,265,733	14,779,061



33. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share ("EPS") are calculated by dividing the net profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2025 QAR'000	2024 QAR'000
Net profit for the year attributable to the owners of the Group	1,411,465	1,342,586
Less: Profit attributable to sukuk eligible as additional capital	(71,918)	(71,918)
Net profit for EPS computation	1,339,547	1,270,668
Weighted average number of outstanding shares	5,219,055	5,206,181
Basic and diluted earning per share (QAR)	0.257	0.244

The weighted average number of shares have been calculated as follows:

Number of ordinary shares	5,234,100	5,234,100
Less: Weighted average treasury shares	(15,045)	(27,919)
Weighted average number of outstanding shares at 31 December	5,219,055	5,206,181

(i) There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

34. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with maturities of less than three months:

	2025 QAR'000	2024 QAR'000
Cash and balances with Qatar Central Bank (excluding reserve account with Qatar Central Bank)	1,694,644	421,755
Due from banks	414,855	4,640,340
	2,109,499	5,062,095

35. RELATED PARTIES

Parties that are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholders and entities over which the Group and the shareholders exercise significant influence, directors and executive management of the Group. All transactions conducted with related parties are at arm's length. The related party transactions and balances included in these consolidated financial statements are as follows:

	31 December 2025		
	Subsidiaries* QAR'000	Board of directors QAR'000	Others QAR'000
Assets:			
Financing assets	12,516	8,853,333	-
Liabilities:			
Customer current and Participatory investment accounts	455,766	899,045	4,432,230
Off balance sheet items:			
Contingent liabilities and commitments	11,367	380,405	-

35. RELATED PARTIES (CONTINUED)

	31 December 2024		
	Subsidiaries* QAR'000	Board of directors QAR'000	Others QAR'000
Assets:			
Financing assets	15,175	9,544,432	-
Liabilities:			
Customer current and Participatory investment accounts	509,286	855,872	4,015,023
Off balance sheet items:			
Contingent liabilities and commitments	7,642	474,793	-

Consolidated statement of income items for the year ended in the same order as above:

	31 December 2025			31 December 2024		
	Subsidiaries* QAR'000	Board of Director QAR'000	Other QAR'000	Subsidiaries* QAR'000	Board of Director QAR'000	Other QAR'000
Profit income	794	467,949	-	353	603,879	-
Profit expense	12,117	13,272	207,789	35,695	61,163	231,294

Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the Group as follows:

	2025 QAR'000	2024 QAR'000
Financing to key management personnel	28,429	22,639

Key management personnel compensation comprised as:

	2025 QAR'000	2024 QAR'000
Short-term employee benefits	72,054	74,258
Post-employment benefits	8,731	7,252
	80,785	81,510

* Balances and transactions with the subsidiaries are eliminated on these consolidated financial statements.



36. RISK MANAGEMENT INSTRUMENTS

	Positive fair value QAR'000	Negative fair value QAR'000	Notional amount QAR'000	<i>Notional / expected amount by term to maturity</i>			
				within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
31 December 2025							
Risk management instruments:							
Profit rate swaps	39,017	(38,575)	2,201,439	122,400	261,243	436,980	1,380,816
Options	141	(1)	331	-	331	-	-
Forward foreign exchange contracts- Wa'ad	90,640	(41,113)	36,519,977	26,449,824	10,070,153	-	-
Total	129,798	(79,689)	38,721,747	26,572,224	10,331,727	436,980	1,380,816
At 31 December 2024:							
Risk management instruments:							
Profit rate swaps	11,500	(15,230)	1,915,079	21,499	-	1,893,580	-
Options	3,219	(3,219)	146,685	146,685	-	-	-
Forward foreign exchange contracts- Wa'ad	16,423	(101,149)	19,843,964	13,423,724	5,874,015	546,225	-
Total	31,142	(119,598)	21,905,728	13,591,908	5,874,015	2,439,805	-



37. ZAKAH

Zakah is directly borne by the shareholders. The Group does not collect or pay Zakah on behalf of its shareholders, in accordance with the Articles of Association.

38. SHARI'A SUPERVISOR BOARD

The Shari'a supervisory Board of the Group consists of three scholars who are specialised in Shari'a principles and they ensure the Group's compliance with general Islamic principles and work in accordance with the issued Fatwas and guiding rules. The Shari'a Board's review includes examining the evidence related to documents and procedures adopted by the Group in order to ensure that its activities are according to the principles of Islamic Shari'a.

39. OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

Assets under management represent the funds belonging to Group's customers, for which it has assumed investment management responsibilities in accordance with the terms and conditions of the investment agreement entered into with the customers. Such funds are invested on behalf of the customers by the Group, acting as an agent or a trustee, and accordingly such funds and the attributable investment gains or losses are not included in these consolidated financial statements and are directly paid to the customers after deduction of the Group's stated share of profit or fee. As of 31 December 2025, such assets total was QAR 5.4 billion (31 December 2024: QAR 4.8 billion). All assets were held in fiduciary capacity.

40. SOCIAL AND SPORTS FUNDS APPROPRIATION

The Group discharges its social responsibilities through donations to charitable causes and organizations when profits are reported. The Group has created provisions during the year 2025 of QAR 35.2 million (2024: QAR 33.6 million) which represents 2.5% of net profit as per law No.13 for year 2008 and explanatory notes issued for 2010.

41. SOURCES AND APPLICATION OF CHARITY FUND FOR THE YEAR

	2025 QAR'000	2024 QAR'000
Undistributed charity fund as at 1 January	(2,650)	1,748
Net earnings prohibited by Shari'a during the year	3,108	2,736
Total source of charity fund	458	4,484
Use of charity fund	-	(7,134)
Undistributed charity fund as at 31 December	458	(2,650)



PARENT BANK

The statement of financial position and statement of income of the Parent are presented below:

i. STATEMENT OF FINANCIAL POSITION OF THE PARENT

	2025 QAR'000	2024 QAR'000
Assets		
Cash and balances with Qatar Central Bank	5,124,221	3,638,520
Due from banks	1,088,149	5,780,801
Financing assets	88,910,361	85,151,770
Investment securities	24,777,239	19,671,644
Investment in associates	2,153,125	2,153,125
Investment in real estate	131,990	131,990
Fixed assets	758,858	743,815
Intangible assets	351,262	429,729
Other assets	832,652	643,643
Total assets	124,127,857	118,345,037
Liabilities		
Due to banks	11,221,546	14,307,611
Customer current accounts	18,818,216	15,646,554
Sukuk financing	2,935,316	2,933,144
Other liabilities	6,402,846	2,495,927
Total liabilities	39,377,924	35,383,236
Quasi-equity		
Participatory investment accounts	69,425,064	68,211,571
Equity		
Share capital	5,234,100	5,234,100
Legal reserve	5,031,569	4,871,265
Treasury shares	(2,490)	(9,320)
Risk reserve	1,750,742	1,682,594
Cash flow hedge reserve	442	(3,730)
Fair value reserve	50,456	(9,833)
Retained earnings	1,439,300	1,164,404
Total equity attributable to owners of the bank	13,504,119	12,929,480
Sukuk eligible as additional capital	1,820,750	1,820,750
Total equity	15,324,869	14,750,230
Total liabilities, quasi equity and equity	124,127,857	118,345,037
Off-balance sheet assets under management	2,852,796	2,377,274
Contingent liabilities and commitments	83,340,760	58,100,488

PARENT BANK (CONTINUED)

The statement of financial position and income statement of the Parent are presented below:
(continued)

ii. STATEMENT OF INCOME OF THE PARENT

	2025 QAR'000	2024 QAR'000
Net income from financing activities	4,625,582	5,046,310
Net income from investing activities	1,023,487	1,079,537
Finance cost	(951,292)	(996,921)
Income from financing and investing activities, Net	4,697,777	5,128,926
Fee and commission income	504,439	405,969
Fee and commission expense	(205,762)	(171,963)
Net fee and commission income	298,677	234,006
Net foreign exchange gain	171,084	142,836
Dividend from subsidiaries	151,388	100,346
Other income	36,127	91,169
Total income	5,355,053	5,697,283
Staff costs	(392,037)	(403,874)
Depreciation	(172,122)	(128,215)
Other expenses	(274,896)	(256,647)
Total expenses	(839,055)	(788,736)
Net impairment loss on financing assets	(511,407)	(431,533)
Net (Impairment loss)/ reversal on due from banks	(60)	903
Net reversal/ (Impairment loss) on investment securities	2,239	(722)
Net reversal/ (Impairment loss) on other exposures subject to credit risk	23,264	(28,425)
Net profit for the year before tax and return to quasi equity	4,030,034	4,448,770
Less: Net profit attributable to quasi equity	(2,603,318)	(3,148,152)
Net profit for the year before tax	1,426,716	1,300,618
Tax expense	-	-
Net profit for the year	1,426,716	1,300,618