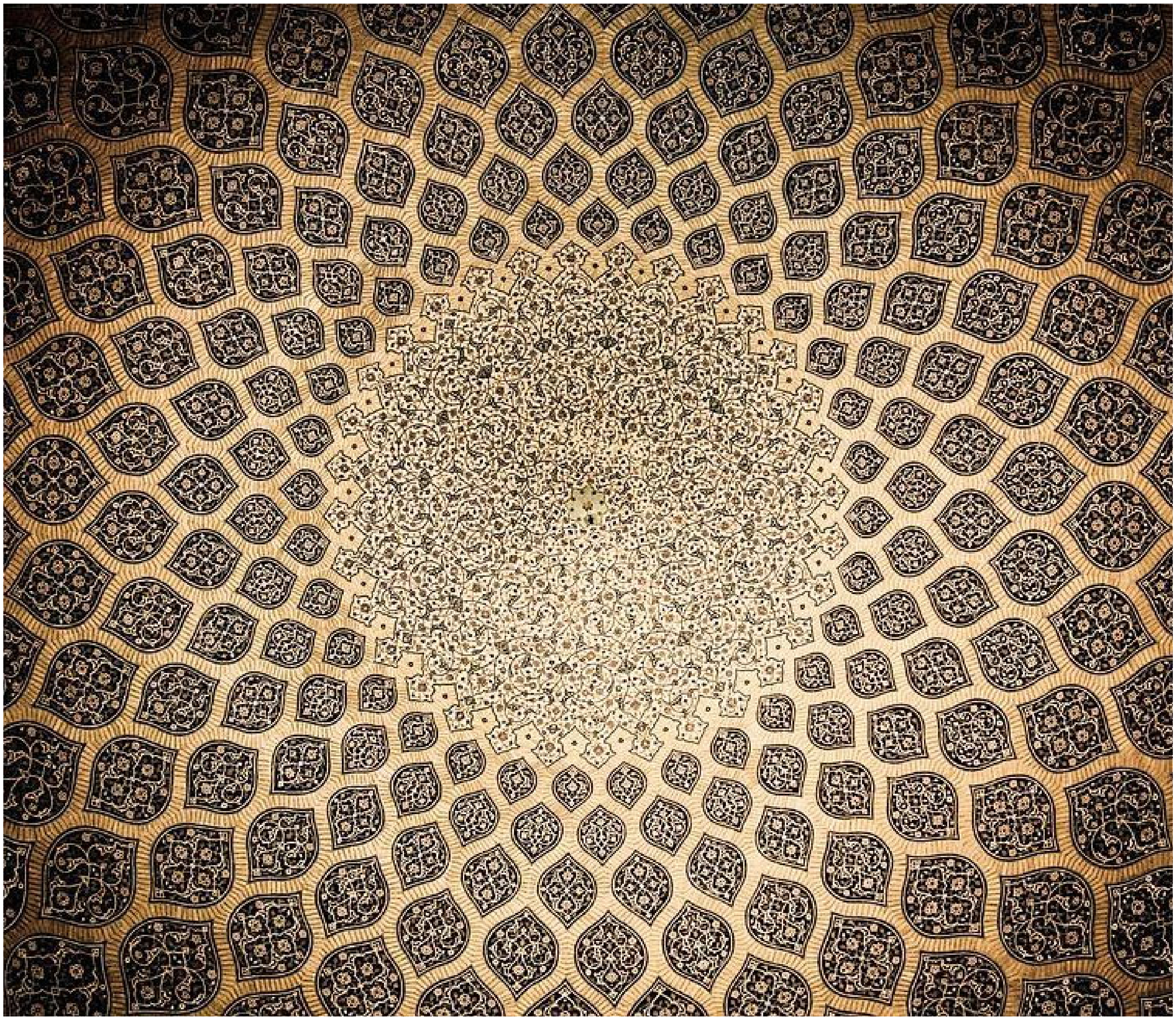

Dar Al-Maal Al-Islami Trust

ANNUAL REPORT
2025

Registered Office:

Dar Al-Maal Al-Islami Trust
Trinity Place Annex
Corner of Frederick and Shirley Streets
P.O. Box N-4805
Nassau
Commonwealth of the Bahamas

For information, please contact:

MFAI (Jersey) Ltd.
Bahrain Branch
Manama
Kingdom of Bahrain

Phone: +973 1756 0884
E-mail: Info@DMITrust.com

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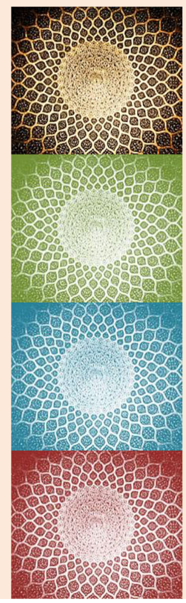


Board of Supervisors and Religious Board

Board of Supervisors

Omar Abdi Ali

Amr Mohamed Al Faisal Al Saud

Khalid Omar Abdel Rahman Azzam

Moustafa Abu Bakr Azzam

Abdulaziz Abdulrahman Alessa

Religious Board

Nasr Farid Mohamed Wasel, Chairman

Halil Gonenc

Osama Mohamed Ali

DAR AL-MAAL AL-ISLAMI TRUST

Dar Al-Maal Al-Islami Trust (DMI) was founded in 1981. It has an extensive network stretching over four continents, with well-integrated regional subsidiaries enabling it to respond to local business needs and conditions. Based on this geographic structure, the DMI Group and associates act as a financial bridge between the world's leading financial centres and Islamic countries.

The Group comprises three main business sectors: Islamic banking, Islamic investment and Islamic insurance.

The Group is offering commercial and retail banking in the Gulf region and other parts of the world. Fund management and financial services as well as Islamic investment companies are located in Bahrain, Egypt and Pakistan.

There are also associated Islamic insurance companies based in Bahrain and Jordan, providing services to the Islamic communities in the Middle East.

The Board of Supervisors of DMI directs and oversees the business of the Group.

DMI is an institution that creates, maintains and promotes Islamic financial institutions. Asset management is one of the Group's core business activities. Clients' funds are invested prudently with the objective of optimal return as well as asset preservation. DMI has devised a comprehensive range of Islamic financial instruments to channel investors' funds into viable Sharia compatible operations and investments.

CHAIRMAN'S MESSAGE

Dear Participants,

May the peace, blessings and mercy of Allah be upon you.

On behalf of the Board of Supervisors, I am pleased to present the forty-four Annual Report of Dar Al Maal Al Islami Trust ("DMIT") for the financial year ended 31 December 2025.

Resilience, Restructuring, Efficiency, Transformation, and Sustainability

The year 2025 marks a decisive progression in the Group's transformation journey. Building on the strategic reset initiated in 2024, we have adopted a comprehensive framework centred on resilience, restructuring, transformation, efficiency, and sustainability—five interrelated pillars that collectively define our approach to navigating an increasingly complex operating environment.

Our focus on resilience has been directed toward strengthening the balance sheet, preserving liquidity, and maintaining robust risk management practices to ensure the Group remains well-positioned to withstand external shocks.
At the same time, restructuring efforts have accelerated, with targeted actions to address legacy challenges, optimize the portfolio, and rationalize non-core exposures—particularly within underperforming segments of the Group.

In parallel, we are advancing transformation initiatives aimed at modernizing our operating model, enhancing digital capabilities, and positioning the Group for sustainable future growth in an evolving financial landscape. Efficiency remains a central discipline, with continued emphasis on cost optimization, productivity, and ensuring that resources are deployed in a manner that maximizes returns and supports long-term profitability.

Finally, sustainability underpins our long-term vision, reflecting our commitment to responsible growth, sound governance, and alignment with broader environmental, social, and economic priorities.

Taken together, these pillars represent a cohesive strategy—not only to navigate current challenges, but to position the Group for sustained value creation in the years ahead In Sha'a Allah.

Global Economic Environment and Geopolitical Disruption

According to estimates from the International Monetary Fund, World Bank including Reuters, and Fitch Ratings, global economic growth in 2025 moderated to the range of approximately 2.8%–3.0%, reflecting tighter financial conditions, elevated interest rates, and continued geopolitical uncertainty.

However, the global outlook has been materially reshaped in early 2026 by the escalation of geopolitical tensions, particularly the conflict involving the United States and Iran. The disruption of the Strait of Hormuz, through which approximately 20% of global oil supply flows, has introduced a significant external shock to the global economy.

Oil prices have surged toward $120–$150 per barrel in stress scenarios, reigniting inflationary pressures across both advanced and emerging economies. In addition, the conflict has disrupted supply chains, increased transportation and insurance costs, and driven higher prices across key commodities including natural gas, fertilizers, and industrial inputs.

These developments are expected to weigh on global growth prospects into 2026, while increasing volatility across financial markets and complicating the policy response of central banks.

Regional Dynamics

Kingdom of Saudi Arabia

According to the World Bank and Fitch, Saudi Arabia, the leading economy in the GCC, has demonstrated relative resilience amid current geopolitical developments. While partial disruptions to oil export routes have impacted volumes, the Kingdom has effectively mitigated this through alternative infrastructure, including increased utilization of westbound pipeline capacity.

Higher oil prices have largely offset export volume reductions, supporting fiscal revenues and maintaining growth momentum. Real GDP growth is expected to remain around 3.0%–3.1% in 2025–2026, with stronger recovery anticipated thereafter.
Tourism and non-oil sectors have experienced some moderation; however, the Kingdom remains structurally better positioned than other regional economies due to its scale, diversification strategy, and infrastructure resilience.

Egypt

According to Fitch Ratings and the World Bank Macro Poverty Outlook, Egypt's economy in 2025 reflects a phase of adjustment following significant macroeconomic reforms and external financing support. While inflationary pressures remain elevated, there are obvious signs of stabilization supported by policy measures and improving investor sentiment.

The Egyptian Pound has continued to experience pressures, reflecting structural imbalances and external constraints. Despite this, the banking sector has remained resilient, supported by strong deposit growth, and sustained demand for local currency instruments. Economic growth is gradually recovering, although the operating environment remains sensitive to global commodity price volatility and regional uncertainty.

Pakistan

According to the World Bank and Reuters reporting, Pakistan's economy remains highly exposed to current global and regional shocks. The surge in oil prices—driven by geopolitical tensions—has significantly increased the country's import bill, given its reliance on imported energy, placing pressure on both fiscal and external balances.

The Pakistani Rupee has continued to experience pressures, driven by rising external financing needs and constrained foreign exchange reserves. Inflation, which had begun to moderate, is expected to rise again due to higher fuel, electricity, and transportation costs, contributing to widespread cost-push inflation.
The widening trade deficit, pressure on the current account, and risks to remittance inflows—particularly from Gulf economies—highlight the structural vulnerabilities of the economy. While ongoing reforms and engagement with international financial institutions provide a pathway for stabilization, the near-term outlook remains challenging.

Review of Operations

Despite the complex backdrop, the Group delivered a resilient performance with a continued strengthening in underlying operating fundamentals.

Net profit for 2025 amounted to $28.7 million, compared to $30.6 million in 2024, while net profit attributable to Unitholders stood at $8.8 million, compared to $11.5 million in the prior year. The modest decline in headline profitability was primarily driven by higher taxation and increased operating costs, partially offset by stronger core income generation.

Operationally, performance improved meaningfully. Operating profit increased to $134.0 million, compared to $128.8 million in 2024, reflecting higher fee and commission income, stronger foreign exchange activity, and improved underlying business momentum. Total operating income rose to $381.8 million, compared to $328.0 million, supported by broad-based growth across core revenue streams, particularly financing and transactional income.

Total assets increased to $7.8 billion, compared to $7.1 billion in 2024, reflecting continued balance sheet expansion, particularly in financing assets and customer balances. Total Trust Capital also strengthened to $186.7 million, compared to $174.9 million in 2024, while Trust Capital per Unit improved from $44.26 to $47.24, reflecting 6.7% enhanced value creation for Unitholders.
While headline profitability reflects the impact of taxation and margin pressures, the underlying trajectory of the Group continues to improve, supported by stronger diversification of income streams, disciplined cost management, and the early benefits of ongoing restructuring and strategic realignment.

Subsidiary Performance

Faysal Bank Limited *("FBL")* continues to represent the Group's most significant driver of profitability and a cornerstone of its long-term strategy. Since January 2023, the Bank has been operating as a full-fledged Islamic bank and has continued to expand its retail footprint, enhance digital capabilities, and strengthen its service offerings across Pakistan. FBL expanded its branch network to 900 by December 2025.

FBL delivered a strong financial performance in 2025, with net profit reaching $77.2 million (PKR 21.7 billion), compared to $82.7 million (PKR 23.1 billion) in 2024, of which $51.7 million is attributable to Ithmaar, compared to $55.4 million in the prior year. This growth has been supported by continued expansion in its balance sheet, with total assets increasing to $6.3 billion (PKR 1.77 trillion), compared to $5.6 billion (PKR 1.56 trillion) in 2024, and deposits growing by 27% to $5.0 billion (PKR 1.41 trillion), compared to $3.7 billion in the previous year.

. Earnings per share marginally dropped from PKR 15.17 in 2024 to PKR 14.3 in 2025. The Bank also recorded strong revenue growth, with total income reaching $352 million (PKR 99.1 billion) in 2025, compared to $351 million (PKR 97.7billion) in 2024.

FBL continued to advance its strategic agenda in 2025 through a strong focus on digital transformation, customer-centric growth, financial inclusion, and operational resilience. In 2024 and 2025,

the Bank made significant strides in integrating Environmental, Social, and Governance (ESG) principles into its operations, earning the PICG ESG Stewardship Award (2024). The Bank's commitment to diversity, equity, and inclusion was also recognized globally, receiving fourteen awards at the GDEIB Awards 2025, including 10 Best Practice Awards and 4 Progressive Category Awards, reflecting a 25% improvement in inclusivity metrics.

Ithmaar Holding*'s* performance reflects a transitional phase driven by ongoing restructuring efforts. Profits attributable to shareholders declined to $1.1 million, compared to $10.4 million in 2024, primarily due to continued weaknesses in standalone operations, including inflated cost of funds and legacy asset quality challenges. While FBL continues to generate strong profitability to Ithmaar, the underlying performance of the Bahrain-based operations remains under pressure.

In response, the Group has accelerated a comprehensive restructuring programme within Ithmaar, focused on strengthening its capital base, improving asset quality, reducing funding costs, and simplifying its operating structure. These measures are essential to restoring sustainable profitability and enhancing long-term shareholder value.
Islamic Investment Company of the Gulf ("IICG") delivered a stable performance, with net profit of $12.32 million, compared to $12.30 million in 2024. Funds under management decreased marginally to $1.67 billion, compared to $1.68 billion in the prior year. Despite this, total equity increased to $135.4 million, compared to $128.1 million, reflecting prudent capital management and continued balance sheet strength.

Faisal Islamic Bank of Egypt experienced a normalization in profitability following an exceptional performance in 2024. Net profit for 2025 amounted to $88.1 million (L.E. 4.3 billion), compared to $264 million (L.E. 11.7 billion) in the prior year which includes a sum of $ 104 million FX gain, primarily reflecting changes in investment income dynamics and macroeconomic conditions, including currency movements.

Despite the decline unprofitability, the Bank continued to demonstrate strong balance sheet growth, with total assets increasing to $5.4 billion (L.E. 258 billion), compared to $4.7 billion in 2024 (L.E. 240 billion), and deposits rising to $4.1 billion (L.E. 195 billion), compared to $4.2 billion in the prior year (L.E. 177 billion). Total equity strengthened to $845.9 million (L.E. 41.6 billion), compared to $768.5 million (L.E. 39 billion), reinforcing its capital position and long-term resilience.

Outlook

The outlook for 2026 remains highly uncertain, shaped by geopolitical tensions, energy market volatility, and evolving global financial conditions.

The Group will continue to execute its strategic priorities with discipline: deepening restructuring efforts, enhancing efficiency, and strengthening its core franchises, while maintaining a prudent approach to risk management.

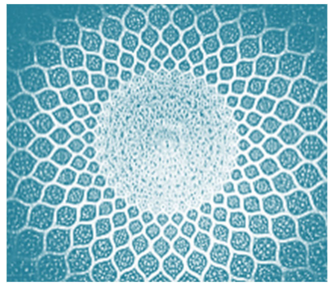
The progress achieved over the most recent years, provides a solid foundation. While external challenges persist, we are confident that the Group is better positioned today to navigate uncertainty and deliver more stable and sustainable performance over the medium term.

Appreciation

On behalf of the Board of Supervisors, I extend my sincere gratitude to our unitholders and clients for their continued trust and support, to the Religious Board for its guidance, and to the management and staff across the Group for their dedication and commitment.

Allah is the purveyor of success.

Omar Abdi Ali



REPORT OF THE RELIGIOUS BOARD

The DMI Trust Religious Board held a meeting in Cairo, Egypt, on Monday 08, Dhul Hijjah 1448H, corresponding to 25 May 2026.

During the said meeting the Religious Board went through and reviewed the investment operations of DMI and its subsidiaries during the period under review.

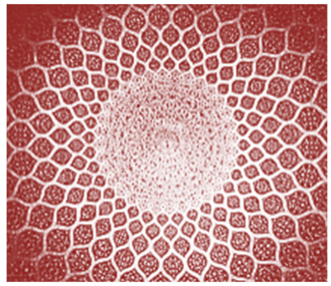
Furthermore the Religious Board reviewed the 2025 balance sheet and financial statements presented to it and after examining and discussing the same, the Religious Board considered that all DMI Group investment activities, projects and banking services undertaken during the year were in conformity with the principles of the glorious Sharia and in line with the standard contracts previously approved by the Religious Board.

The Board expressed its thanks to the DMI Group Management for the correct understanding and implementation of the standard contracts, rulings and directives issued by the Religious Board, complying thereby with principles of the Glorious Islamic Sharia.

The Board wishes further success to the DMI Group.

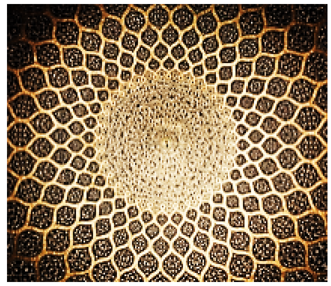
Allah is the purveyor of success.

Dr. Nasr Farid Mohamed Wasel
Chairman of the Religious Board



Ten-Year Financial Summary

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Group profit/(loss)	(26.5)	(46.5)	(44.9)	21	(52)	73.1	5.2	31.0	30.6	28.7
Net unitholders profit/(loss)	(41.7)	(14.6)	(27.5)	13.1	(26.9)	31.2	1.7	7.5	11.5	8.8
Funds under Management	9,053	8,705	8,620	8,271	8,969	9,493	7,371	7,429	7,366	8,682
Trust capital	295	289	168	180	137	153	154	164	175	187
Return on average Trust capital	(11.1) %	(5.0) %	(16.4) %	7.3%	(17.2) %	20.4%	1.1%	4.7%	6.8%	4.9%
Number of units in issue	3'955'606	3'955'606	3'955'606	3'955'606	3'955'606	3'955'606	3'955'606	3'955'606	3'955'606	3'955'606
Average number of employees	3,857	4,244	5,516	6,572	7,026	7,405	7,749	8,310	8,844	9,520
Book value per unit (US dollars)	94.75	73.06	42.53	45.62	34.68	38.77	38.98	41.38	44.26	47.24



Dar Al-Maal Al-Islami Trust

2025

Consolidated Financial Statements

1 January 2025 – 31 December 2025

Dar Al-Maal Al-Islami Trust
CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2025

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KPMG Fakhro
Audit
12th Floor, Fakhro Tower,
P.O. Box 710, Manama,
Kingdom of Bahrain

Telephone +973 17224807
Telefax +973 17227443
Website: www.kpmg.com/bh
CR No. 6220 - 2

Independent auditors' report

To the Shareholders of

Dar Al-Maal Al-Islami Trust
Nassau, Commonwealth of Bahamas

Qualified Opinion

We have audited the consolidated financial statements of Dar Al-Maal Al-Islami Trust (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' section of our report below, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Qualified Opinion

As described in Note 17 to the consolidated financial statements, the Group holds intangible assets, including goodwill, with a net carrying value of USD 127 million as at 31 December 2025 (31 December 2024: USD 131 million) that relate to Ithmaar Holding B.S.C., a cash-generating unit (CGU) of the Group. Based on an impairment assessment of goodwill performed by management, no impairment loss was recognized during the year ended 31 December 2025 or 31 December 2024. However, our independent evaluation of the key assumptions and estimates used in the impairment assessment indicate that certain assumptions and inputs used were not reflective of the performance, markets and financial position of the cash generating unit being assessed, and therefore intangible assets including goodwill may not be fully recoverable and impairment should have been recognised. We were unable to reach agreement with management's assessment of the recoverable amount of DMIT's interest in Ithmaar Holding B.S.C. due to differing views on certain underlying assumptions and methodologies. It was impracticable for us to quantify the financial effects of the necessary adjustments to the carrying value of intangible assets, accumulated losses and net profit as at and for the year ended 31 December 2024 and 31 December 2025 respectively. This also caused us to qualify our audit opinion on the consolidated financial statements for the year.

The Group has amounts due from funds under management of USD 119 million in the consolidated statement of financial position as at 31 December 2025 (31 December 2024: USD 109.6 million). The Group has not recorded expected credit losses on this asset in accordance with the requirements of IFRS 9 "Financial instruments". Had the Group recorded expected credit losses, the amount of the due from funds under management as at 31 December 2025 would have reduced by USD 11.5 million (31 December 2024: USD 11 million), net profit for the year ended 31 December 2025 would have reduced by USD 0.5 million (31 December 2024: USD 1 million) and net equity as at 31 December 2025 would have reduced by USD 11.5 million (31 December 2024: USD 11 million).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

Legal cases
We draw your attention to Note 36 to the consolidated financial statements which describes the various claims against the Group, in respect of its funds under management operations, amounting to USD 105.8 million as at 31 December 2025 (31 December 2024: USD 104.8 million). The Group is contesting the validity and jurisdiction of such claims which are in various stages of appeal. Our opinion is not qualified in respect of this matter.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines 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 board of directors is 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 board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the Board of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 Group 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 the board of directors 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.

KPMG

KPMG Fakhro
Partner Registration Number 137
12 July 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

In thousands of USD	Notes	**31 December 2025**	31 December 2024
Assets			
Cash and cash equivalents	5	432,787	424,647
Cash at Central Bank – statutory reserve	5	46,343	43,004
Placements with Islamic financial institutions	6	193,617	118,194
Investment securities carried at fair value through profit and loss ("FVTPL")	7	5,714	15,854
Investment securities carried at fair value through other comprehensive income ("FVOCI")	8	2,436,160	2,603,920
Investment securities carried at amortised cost	9	19,782	24,891
Investments in financings	10	3,271,779	2,521,570
Accounts receivable and other assets	12	463,399	356,764
Investment properties	13	295,652	341,865
Development properties	14	181,776	176,276
Investments in associates	15	108,580	106,584
Property, equipment and right-of-use assets	16	256,960	229,723
Intangible assets	17	127,371	131,078
Total assets		**7,839,920**	**7,094,370**
Liabilities and equity			
Liabilities			
Accounts payable	18	377,456	426,503
Current tax payable	19	58	249
Due to customers	20	5,925,880	4,503,112
Due to banks and other financial institutions	21	1,108,605	1,719,149
Provisions	22	69,500	69,480
Deferred tax liabilities	19	17,172	48,898
Total liabilities		**7,498,671**	**6,767,391**
Equity			
Trust capital attributable to equity participants			
Paid in capital		385,161	385,161
Reserves		(198,428)	(210,235)
Total trust capital		**186,733**	**174,926**
Non-controlling interests	34	154,516	152,053
Net equity		**341,249**	**326,979**
Total equity and liabilities		**7,839,920**	**7,094,370**

The consolidated financial statements were approved by the Board of Supervisors on 12 July 2026 and signed on its behalf by:

Omar Abdi Ali
Chairman

Moustafa Abu Bakr Azzam
Member of Board of Supervisors

The accompanying notes 1 to 47 are an integral part of these consolidated financial statements.

Dar Al-Maal Al-Islami Trust

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2025

In thousands of USD	Notes	**2025**	2024
Income			
Fund management and services	36	15,363	15,706
Income from foreign exchange trading	23	28,019	18,883
Income from investments carried at FVTPL		(6)	1,830
Income from investments carried at FVOCI	24	329,338	430,915
Income from investments carried at amortised cost	25	4,733	8,490
Income from placements with Islamic financial institutions	26	2,068	3,269
Income from investments in financings	27	304,823	347,504
Fee and commission income	28	57,333	44,042
Other income	29	17,264	4,681
		758,935	875,320
Profit paid to financial and non-financial institutions	30	(377,162)	(547,355)
Operating income		**381,773**	**327,965**
Expenses			
Staff costs	31	(89,379)	(84,790)
General and administrative expenses	32	(132,491)	(118,489)
Depreciation, amortisation and impairment of goodwill	16,17	(29,132)	(23,412)
Exchange gain		3,641	18,728
(Charge) / reversal of allowance for impairment		(440)	8,762
Total expenses		**(247,801)**	**(199,201)**
Operating profit		**133,972**	**128,764**
Share of loss of associated companies		(2,875)	(6,934)
Profit for the year before income taxes		**131,097**	**121,830**
Taxes	33	(102,366)	(91,249)
Profit for the year		**28,731**	**30,581**
Attributable to:			
Equity participants		**8,771**	**11,535**
Non-controlling interests	34	**19,960**	**19,046**
		28,731	**30,581**

The consolidated financial statements were approved by the Board of Supervisors on 12 July 2026 and signed on its behalf by:

Omar Abdi Ali
Chairman

Moustafa Abu Bakr Azzam
Member of Board of Supervisors

The accompanying notes 1 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	2025 Equity holders	**2025** Non-controlling interests	**2025** Total	2024 Equity holders	2024 Non-controlling interests	2024 Total
Profit for the year after income taxes	**8,771**	**19,960**	**28,731**	**11,535**	**19,046**	**30,581**
Items that may be subsequently reclassified to the consolidated statement of profit or loss						
Net movements in fair value reserves of associated companies	128	147	275	-	-	-
Net movement in fair value of debt investments carried at FVOCI	2,785	(12,584)	(9,799)	3,585	29,473	33,058
Net movements in deferred tax of investments at FVOCI	-	11,195	11,195	-	(13,194)	(13,194)
Foreign currency translation differences of foreign entities	83	333	416	(3,751)	2,372	(1,379)
Items that will not be reclassified to the consolidated statement of profit or loss						
Transfer to accumulated losses on disposal of FVOCI	40	(1,035)	(995)	-	(319)	(319)
Other comprehensive income	3,036	(1,944)	1,092	(166)	18,332	18,166
Total comprehensive income	**11,807**	**18,016**	**29,823**	**11,369**	**37,378**	**48,747**

The accompanying notes 1 to 47 are an integral part of these consolidated financial statements.

Dar Al-Maal Al-Islami Trust

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

In thousands of USD	Attributable to equity participants							
	Paid in capital	**Fair value reserve**	**Currency translation**	**Accumulated losses**	**Contingency reserve**	**Total reserves**	**Non-controlling interests**	**Total equity**
At 1 January 2024	385,161	4,999	(42,204)	(237,856)	53,457	(221,604)	139,972	303,529
Profit for the year after income taxes	-	-	-	11,535	-	11,535	19,046	30,581
Decrease in shareholding of subsidiary	-	-	-	-	-	-	(13,453)	(13,453)
Other comprehensive income	-	3,585	(3,751)	-	-	(166)	18,332	18,166
Transfers to contingency reserve*	-	-	-	(6,104)	6,104	-	-	-
Dividends for 2023	-	-	-	-	-	-	(11,844)	(11,844)
At 31 December 2024	385,161	8,584	(45,955)	(232,425)	59,561	(210,235)	152,053	326,979
At 1 January 2025	385,161	8,584	(45,955)	(232,425)	59,561	(210,235)	152,053	326,979
Profit for the year after income taxes	-	-	-	8,771	-	8,771	19,960	28,731
Decrease in shareholding of subsidiary	-	-	-	-	-	-	(2,914)	(2,914)
Other comprehensive income	-	2,953	83	-	-	3,036	(1,944)	1,092
Transfers to contingency reserve *	-	-	-	(5,966)	5,966	-	-	-
Dividends for 2024	-	-	-	-	-	-	(12,639)	(12,639)
At 31 December 2025	**385,161**	**11,537**	**(45,872)**	**(229,620)**	**65,527**	**(198,428)**	**154,516**	**341,249**

*As approved by the Board of Directors on 3 December 2017, discretionary amounts are transferred to a contingency reserve. This reserve is distributable at the discretion of the Board of Directors.

The accompanying notes 1 to 47 are an integral part of these consolidated financial statements.

Dar Al-Maal Al-Islami Trust

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

In thousands of USD	Notes	**2025**	2024
Cash flows from operating activities			
Profit for the year before income taxes and non-controlling interests		131,097	121,830
Adjustments for:			
Depreciation, amortisation and impairment		29,132	23,412
Interest expenses on lease liabilities	35	7,524	6,716
Fair value adjustments on investment carried at FVTPL		(4)	(996)
Loss from associated companies		2,875	6,934
Changes in fair value of investment properties	13, 29	(5,661)	10,740
Gain on disposal of property and equipment		(2,222)	(161)
Charge/(reversal) of allowance for impairment		440	(8,762)
Adjusted cash flow before changes in operating assets and liabilities		**163,181**	159,713
Net increase in placements with Islamic financial institutions		(75,423)	(114,539)
Net decrease of investment securities carried at FVTPL		10,140	8,525
Net increase in investments in financings		(750,209)	(188,563)
Net increase in accounts receivable and other assets		(102,808)	(2,494)
Net increase in development properties		(5,500)	(1,614)
Cash at central banks - statutory reserve		(3,339)	3,408
Net (decrease) / increase in accounts payable, excluding taxes		(46,583)	101,738
Net (decrease) / increase in due to banks and other financial institutions		(610,544)	531,106
Net increase in due to customers		1,422,751	53,531
Cash generated from operating activities		1,666	550,811
Taxes	19	(110,485)	(126,936)
Net cash (used in) / generated from operating activities		(108,819)	423,875
Cash flows from investing activities			
Purchase of investment securities at FVOCI		(1,945,417)	(725,454)
Proceeds on disposal of investment securities at FVOCI		2,051,372	497,450
Purchase of property, equipment, right-of-use assets and intangibles		(53,471)	(51,995)
Proceeds on disposal of property, equipment, right-of-use assets and intangibles		29,043	74
Net cash generated / (used in) from investing activities		81,527	(279,925)
Cash flows from financing activities			
Dividends paid to owners of the parent		(211)	(19)
Repayment of lease liabilities		(14,990)	(13,017)
Net cash used in financing activities		(15,201)	(13,036)
Net (decrease) / increase in cash and cash equivalents		(42,493)	130,914
Foreign currency translation		50,633	(63,489)
Cash and cash equivalents at beginning of year		424,647	357,222
Cash and cash equivalents at end of year		**432,787**	424,647
Addition to right-of-use assets (Notes 16, 35)		16,406	17,567
Addition to lease liabilities (Notes 16, 35)		16,406	17,567

The accompanying notes 1 to 47 are an integral part of these consolidated financial statements.

1. Reporting entity

Dar Al-Maal Al-Islami Trust (DMI) was formed by indenture under the laws of the Commonwealth of the Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and traditions. DMI subsidiaries and associates offer a wide range of Islamic financial services including investment, commercial and private banking, private equity, public and private issue of securities, mergers and acquisitions advice, takaful, equipment leasing real estate development and modarabas.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of DMI and its subsidiaries (collectively the “Group”) are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The consolidated financial statements are prepared under the historical cost convention, except for securities carried at fair value through other comprehensive income, investment securities carried at fair value through profit and loss and investment properties which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

New standards, amendments and interpretations

(i) Changes in material accounting policies

In the current year, the Group has applied the below amendments to accounting standards and interpretations of accounting standards that are effective for annual periods beginning on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- (i) Lack of Exchangeability - Amendments to IAS 21

(ii) New standards and amendments issued but not yet effective

At the date of the authorization of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but not yet effective:

- (i) Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- (ii) Annual Improvements to IFRS Accounting Standards - Volume 11
- (iii) IFRS 18 Presentation and Disclosure in Financial Statements
- (iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures
- (v) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments IFRS 10 and IAS 28

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for Management-defined performance measures ("MPM").

Other than IFRS 18, the management does not expect that the adoption of the above accounting standards will have a material impact on the Group's financial statements in future periods.

Material accounting policies

Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

2. Accounting policies (continued)
Material accounting policies (continued)
Consolidation(continued)
(a) Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non- controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Costs associated with the restructuring of a subsidiary as a part of the acquisition or subsequent to the acquisition are included in the consolidated statement of income upon the date of commitment.

(b) Transactions and non-controlling interests
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 remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income 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 comprehensive income are reclassified to the consolidated statement of profit or loss.

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

2. Accounting policies (continued)
Material accounting policies (continued)
Consolidation(continued)

(c) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post- acquisition movements in OCI of the investee is recorded in OCI.

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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounts for associated companies have been restated to conform with Group accounting policies, if necessary, except as otherwise disclosed.

Where a subsidiary or an associated company is acquired and held exclusively with a view to its disposal within the next twelve months, the subsidiary or associated company is classified as an investment held for sale in the Group's consolidated financial statements.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of profit or loss.

(d) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity accounted associates are eliminated to the extent of the Group's profit in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in United States Dollars ("USD"), which is DMI's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except where hedge accounting is applied.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as financial assets carried at fair value through other comprehensive income, are included in the consolidated statement of comprehensive income.

2. Accounting policies (continued)
Material accounting policies (continued)
Foreign currency translation (continued)

(c) Group companies
The results and financial position of all group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component in the consolidated statement of profit or loss.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other effective hedged portions of currency instruments designated as hedges of such investments, are taken to the statement of comprehensive income on consolidation. When a foreign operation is sold, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

Income from placements with Islamic financial institutions and investments in financings
Income from placements with Islamic financial institutions and investments in financings are both contractually determined and quantifiable at the commencement of the transaction and are accrued on the effective return method basis over the period of the transaction. Where income is not contractually determined or quantifiable, it is recognised when reasonably certain of realisation or when realised.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, income is thereafter recognised using the rate of return used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income
Fee and commission income is recognised over time on a straight-line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur. Other fee and commission income is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction.

The amount of fee or commission received, or receivable represents the transaction price for the services identified as distinct performance obligations.

Loan syndication fees are recognised as income when the syndication has been completed and the Group retains no part of the loan package for itself or retains a part at the same effective interest rate as for the other participants.

Offsetting financial instruments
Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. Accounting policies (continued)
Material accounting policies (continued)
Impairment of non-financial asset (continued)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets
(a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill on subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or the value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives (three to five years).

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives.

(c) Other acquired intangible assets
Other acquired intangible assets determined to have finite lives, such as core deposits and customer relationships, are amortised on a straight-line basis over their estimated useful lives of up to twenty years.

The original carrying amount of core deposits and customer relationships has been determined by independent appraisers, based on the interest differential on the expected deposit duration method.

Investment properties
Properties that are held to earn rentals or for capital appreciation or both, and that are not self-occupied by the Group are classified as investment properties. Transfers to or from, investment property into other categories such as inventory, development properties or furniture and equipment is made when there is a change in use of the property. Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. Fair value changes are recognised in the consolidated statement of profit or loss. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed every two years.

Development properties
Development properties represent land held by the Group for development and sale in the ordinary course of business, and include expenditure incurred in acquiring the properties and other costs incurred in bringing them to their existing condition.

2. Accounting policies (continued)
Material accounting policies (continued)
Development properties (continued)

Development properties are carried at the lower of cost or estimated net realisable value. Estimated net realisable value is determined using the estimated selling price in the ordinary course of business, less estimated development expenditure.

Property, equipment and depreciation
Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Land is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line method to write off the cost of each asset over its estimated useful life as follows:
- Building: 50 years
- Leasehold improvements: over the period of the lease or useful life
- Furniture, equipment and motor: 5 years
- Vehicles: 3-10 years

Depreciation is calculated separately for each significant part of an asset category. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The asset’s residual value and useful life are reviewed, and adjusted if appropriate, at each statement of financial position date.

Subsequent costs are included in the asset’s carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and renewals are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts. These are included as other operating income or expenses in the consolidated statement of profit or loss.

Right of use assets and lease liabilities
The Group lease consists of office spaces. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments for fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the interest rate implicit in the leases. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing. Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
· the amount of the initial measurement of lease liabilities and;
· any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. Accounting policies (continued)
Material accounting policies (continued)
Right of use asset and lease liabilities (continued)

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5,000) and those having variable lease payment terms. Such leases are recognised as expenses on a straight-line basis over the lease term.

Extension and termination options
Extension and termination options are included in the lease for the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Rental expense under operating leases is charged to profit or loss over the period of the respective lease.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the statement of financial position date.

Due to banks and financial institutions
Due to banks and financial institutions are initially recorded at fair value and subsequently measured at amortised cost using the effective return method.

Borrowings
Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective return method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Fees for structuring and arrangement of financing transactions for and on behalf of other parties are recognised when the Group has fulfilled all its obligations in connection with the related transaction.

Retirement benefit plans
Staff benefits and entitlements to annual leave, holiday air passage and other short-term benefits are recognised when they accrue to employees. The Group's contributions to defined contribution plans are charged to the consolidated statement of profit or loss in the period to which they relate. In respect of these plans, the Group has a legal and constructive obligation to pay the contributions as they fall due and no obligation exists to pay future benefits.

In respect of end of service benefits, to which certain employees of the Group are eligible, costs are assessed in accordance with the labour law requirements of the applicable jurisdiction.

For variable remuneration, a provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2. Accounting policies (continued)
Material accounting policies (continued)

Taxation
Taxes are provided and charged in the consolidated statement of income on the basis of the estimated tax expense payable currently and in future years, arising in respect of the results of current operations.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Group's subsidiaries and associates operate.

Deferred income taxes
Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their respective carrying values for financial reporting purposes.

The amount of deferred taxes on these differences is determined using the provisions of local tax laws, including rates, and is adjusted upon enactment of changes in these laws. Provision is made for potential taxes which could arise on the remittance of retained overseas earnings where there is a current intention to remit such earnings.

A deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses and tax credits can be utilised.

Deferred tax related to fair value remeasurement of investments carried at fair value through other comprehensive income which is charged or credited directly to the statement of comprehensive income, is also credited or charged directly to the consolidated statement of profit or loss and is subsequently recognised in the consolidated statement of income together with the deferred gain or loss.

Deferred tax related to fair value remeasurement of investment property, which is charged or credited to the consolidated statement of profit or loss, is also charged or credited to the consolidated statement of profit or loss.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Trust capital and treasury stock
1) Dividends on participation units
Dividends on participation units are recognised in Trust capital in the period in which they are declared.

2) Treasury stock
Where DMI purchases its own capital or obtains rights to purchase its own capital, the consideration paid is shown as a deduction from Trust capital.

3) Fiduciary risk reserve
The fiduciary risk reserve is a component of Trust capital and is established by an appropriation of net results, other reserves or by a transfer from paid in capital, for the financial year. The fiduciary risk reserve is not distributable and was created by the Board of Supervisors on their discretion.

Endorsements
Endorsements comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most endorsements to be settled simultaneously with the reimbursement from the customers.

Endorsements are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments, unless payment is probable.

2. Accounting policies (continued)
Material accounting policies (continued)

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition, including cash and non-restricted balances with central banks, amounts due from other banks and short-term securities with original maturity of less than 3 months.

Fiduciary activities
The Group through its asset management subsidiary provides fund management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements.

Income arising from fund management and advisory services comprises the revenues earned from the management of the funds in the modarabas accrued on the basis of the terms and conditions of the related management agreements.

Funds under management represent amounts invested by clients and placed with funds managed by the Group.

Financial assets:
Classification and subsequent measurement
The Group classifies its financial assets in the following measurement categories:
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:
- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories.

1) ***Amortised cost:*** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPP), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss ("ECL") allowance. Profit from these financial assets is included in profit or loss using the effective profit rate method.

2) ***FVOCI:*** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the asset's cash flow represents solely payments of principal and profit, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the consolidated statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated statement of income and recognised in 'Net investment income'. Profit from these financial assets is included in profit income' using the effective profit rate method.

2. Accounting policies (continued)
Material accounting policies (continued)
Financial assets (continued)

3) ***FVTPL***: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit or loss within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are net held for trading, in which case they are presented separately in Net investment income'. Profit from these financial assets is included in profit using effective profit rate method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments; cash flows represent solely payments of principal and profit (the 'SPPI' test). In making the assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with lending arrangement, the related financial assets are classified and measured at FVTPL.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual profit in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

The Group's policy is to designate equity instruments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Dividends, when representing a return on such investment, continue to be recognised in the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the 'Investments carried at FVTPL' line in the consolidated statement of profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

2. Accounting policies (continued)
Material accounting policies (continued)
Financial assets (continued)

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Derecognition other than on a modification
Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual profit.

Financial liabilities
Classification and subsequent measurement
In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at FVTPL: this classification is applied to derivatives.

Derecognition
Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Financial guarantee contracts and loan commitments
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
- The amount of the loss allowance; and
- The premium received on initial recognition is less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify ECL on the undrawn commitment component from those on the loan component, ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceeds the gross carrying amount of the loan, the ECL is recognised as a provision.

3. Significant accounting judgements and estimates

The preparation of consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant use of judgements and estimates are as follows:

Impairment assessment of financial contracts subject to credit risk

In determining expected credit losses (‘ECL’) on financial contracts subject to credit risk, significant estimates are made in determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

Impairment

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition, for which ECL is measured as 12-month ECL. 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. The measurement of the expected credit loss allowance of a receivable or exposure measured with the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria for definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar receivables for the purpose of measuring ECL.

ECL – Significant increase in credit risk (SICR)

To determine whether credit risk has significantly increased since initial recognition, the Group will compare the risk of default at the assessment date with the risk of default at initial recognition. This assessment is to be carried out at each assessment date.

For the Corporate portfolio, the Group assesses for significant increase in credit risk (SICR) at a counterparty level as the internal rating is currently carried out at a counterparty level and rating is not assigned at facility level. The Group maintains a facility level rating being the counterparty’s internal rating at date of facility origination and date of assessment.

For the Retail portfolio, the Group currently manages its retail portfolio at a facility level, therefore assessment for SICR on the retail portfolio is done on a facility level. Days past due (DPD) of individual facilities will reflect on the counterparty SICR assessment.

Determining whether credit risk has increased significantly

In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings, delinquency status of accounts, restructuring, expert credit judgement and, where possible, relevant historical experience.

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

3. Significant accounting judgements and estimates (continued)
Impairment assessment of financial contracts subject to credit risk (continued)
Determining whether credit risk has increased significantly (continued)

The Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews and validations.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:
- Stage 1- 12 month ECL: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.

- Stage 2 – lifetime ECL-not credit impaired: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Group recognises an allowance for the lifetime ECL for all financings categorized in this stage based on the actual / expected maturity profile including restructuring or rescheduling of facilities.

- Stage 3 – lifetime ECL-credit impaired: for credit-impaired financial instruments, the Group recognises the lifetime ECL. Default identification process i.e. DPD of 90 more is used as stage 3.

Non-Retail
The Group has set out the following definition of default.

Non-retail customers with the following characteristics:
- All or any of the facilities in which any instalment or part thereof is outstanding for a period of 90 days or more;
- All or any of the facilities put on non-accrual status (i.e. profit suspended);
- All or any of the facilities wherein ‘specific provision’ is set aside individually;

Event driven defaults such as declaration of bankruptcy, death of borrower (in absence of succession plan or professional management), and other specific events which would significantly impact the borrower’s ability the Group.

The Group will not consider the 90 days past due criteria in cases of technical defaults (e.g. facilities marked as 90+DPD due to administrative reasons and not credit related concerns and there is no dispute regarding repayment).

Its subsidiary, Faysal Bank Limited has incorporated an additional criterion of days past due for determining SICR, which requires that all financing facilities in which any instalment or part thereof is outstanding for 60 days or more at the reporting date shall be marked as stage 2, irrespective of the credit risk rating.

Retail
The Group has set out the following definition of default:

All facilities in which any instalment or part thereof is outstanding for a period of 90 days or more.

The Group will not consider the 90 days past due criteria in cases of technical defaults (e.g. facilities marked as 90+DPD due to administrative reasons and not credit related concerns and there is no dispute regarding repayment).

Measurement of ECL
ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the 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);

3. Significant accounting judgements and estimates (continued)
Impairment assessment of financial contracts subject to credit risk (continued)
Measurement of ECL (continued)

- 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 commitment: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group measures an ECL at an individual instrument level taking into account the projected cash flows, probability of default, loss given default, credit conversion factor (CCF) and discount rate. For portfolios wherein instrument level information is not available, the Group carries out ECL estimation on a collective basis.

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

i Probability of default (PD);
ii Loss given default (LGD);
iii 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, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. In case of non-availability of recovery data, the Group uses LGD estimate based on market practice.

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 its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount currently outstanding.

The period of exposure limits the period over which possible defaults are considered and thus affects the determination of PDs and measurement of ECLs (especially for Stage 2 accounts with lifetime ECL).

Subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Incorporation of forward looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group annually source macro-economic forecast data from the International Monetary Fund (IMF) and Economist Intelligence Unit (EIU) database for the relevant exposure country.

Management judgement is exercised when assessing the macroeconomic variables. The macro-economic variables used for PD modelling include, among others, GDP, Inflation and Domestic Credit Growth.

Generating the term structure of PD
Credit risk grades and days past due (DPD) are primary inputs into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by type of borrower, days past due and as well as by credit risk grading.

3. Significant accounting judgements and estimates (continued)
Impairment assessment of financial contracts subject to credit risk (continued)
Incorporation of forward looking information (continued)

The Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP, Inflation and Domestic Credit Growth.

Based on consideration of a variety of external actual and forecast information, the Group calculates PiT PD estimates under three scenarios, a base case, good case and bad case. An appropriate probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario.

For Corporate portfolio, through the yearly review of the corporate portfolio, the Group observes yearly performances to compute a count based PD over the one-year horizon for the past 5 years. These PDs are grouped as per internal risk ratings (i.e. from 1 to 7). An average default rate of the 5 yearly observed default provides the through the cycle PDs.

The retail portfolio is segmented based on products that exhibit distinguished behaviour into the following categories:

- Auto finance;
- Mortgage finance;
- Personal Finance; and
- Credit cards.

PDs for each segment are measured using Observed Default Estimation and thus PD is calculated based on DPD bucket level for each segment separately. Under this analysis, the delinquency status of accounts is tracked at an interval of one year with a moving month cycle. A minimum of 5 year DPD data is considered.

The PD’s derived are adjusted with forward looking information based on macro-economic variables and calibrated to derive the final PD’s separately for Corporate and Retail portfolio.

Modification of financial assets
If the terms of the financial assets are modified, then the Group evaluates whether the cashflows of the modified asset are substantially different. If the cashflows are substantially different, then the contractual rights to cashflows from the original financial assets are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction cost.

If the modification of a financial asset measured at amortized cost does not result in the derecognition of the financial asset then the Group first recalculates the gross carrying amount of the financial asset using the original effective profit rate of the asset and recognises the resulting adjustment as a modification gain or loss in consolidated statement of profit or loss.

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 the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the 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. This 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 using the original effective profit rate of the existing financial asset.

3. Significant accounting judgements and estimates (continued)
Impairment assessment of financial contracts subject to credit risk (continued)

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:
- All or any of the facility/ies in which any instalment or part thereof is outstanding for a period of 90 days or more
- All or any of the facility/ies put on non-accrual status (i.e. profit suspended)
- All or any of the facility/ies wherein ‘specific provision’ is set aside individually
- Breach of financial covenants that are considered material. The Group will determine materiality based on negative impact of breach on the credit rating of the obligor.
- Event driven defaults such as declaration of bankruptcy (filed by the borrower or initiated by the Group against the borrower), death of borrower (in absence of succession plan or professional management), and other specific events which would significantly impact the borrower’s ability the Group.
- The Group makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the Group taking on the exposure;
- The Group transfers the credit obligation at less than the cash equivalent value;
- The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of repayment instalments;
- Distressed restructuring refers to situations when the Group grants a concession that it would not otherwise consider, irrespective of whether the concession is at the discretion of the Group or otherwise. Forgiveness means reduction in repayment amount or profit. Postponement could include grace periods or changes in instalments leading to delayed maturity.
- The Group considers that the obligor is unlikely to pay its credit obligations in full (i.e. principal, profit, fees or any other amount), without taking actions such as realizing security (if held).

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Loss on undrawn commitments and financial guarantees are disclosed in other liabilities.

Write-off
Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Group writes off financial assets, in a whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery (i) ceasing enforcement activity and (ii) where the Group’s recovery method is foreclosing on a collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Group may however write-off financial assets that are still subject to enforcement activity.

Impairment of goodwill
Impairment exists when carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The recoverable amount of the cash-generating unit’s goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by the Board of Directors, extrapolated for three years projection using nominal projected growth rate. The determination of projected growth rate and discount rate involves judgment whereas, preparation of cash flow projections requires various management assumptions. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates based on the actual loss experience.

3. Significant accounting judgements and estimates (continued)
Presentation of allowance for ECL in the statement of financial position (continued)
Impairment of goodwill (continued)

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on estimated future cash flows and comparisons with market multiples. These calculations require the use of estimates, which are subject to judgement. Changes in the underlying assumptions may impact the reported numbers.

Impairment of investment securities at FVOCI

The Group determines that investments carried at fair value through other comprehensive income (FVOCI) are impaired when there has been a significant or prolonged decline in the fair value below their cost. This determination of what is significant or prolonged requires judgment. In the case of quoted equity securities in active markets, the Group generally considers a decline in value below cost of 30%, or a decline that persists for more than 12 months as an indicator of impairment. In the case where markets for the investment are assessed to be inactive, the Group determines impairment based on its assessment of fair value and the investee companies' financial health, industry and sector performance.

In the extra-ordinary market conditions, for the purpose of determination of what constitutes significant or prolonged decline in fair value of investments, the management takes into account the following additional factors:

- Their intention relating to the respective holding years of such investments i.e. for trading purposes, or with intention for strategic investment, or for long-term dividends and capital gains etc.;
- As to whether the decline in value of investment is in line with the overall trend of decline in the relevant or local market corresponding to the uncertain economic condition;
- Forecasts of expected recovery of market values within the expected holding years; and/ or
- Forecasts of the expected recovery of the core business of the investee entity within the expected holding years and consequential cash flows to the institution.

Measurement of the expected credit loss allowance

The measurement of ECL allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

Determining criteria for significant increase in credit risk;

a. Choosing appropriate models and assumptions for the measurement of ECL;
b. Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
c. Establishing groups of similar financial assets for the purposes of measuring ECL.

Each financing and investment exposure is evaluated individually for impairment.

In assessing impairment, the Group exercises judgement in the estimation of the amount and timing of future cash flows as well as an assessment of whether credit risk on the financial contracts has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL in accordance with impairment policy.

The staging and ECL of related party exposures is considered separately from the other financing assets.

The ECL is assessed using the cash shortfall method since the underlying collateral can be taken over without having to apply any haircut.

Further, the increase in credit risk is also assessed separately for related parties, given their commitment to honour the amounts due to the Group.

ECL were estimated based on a range of forecast economic conditions available as at the latest available date.

3. Significant accounting judgements and estimates (continued)

Fair value of investment properties and net realisable value of development property

Investment properties are carried at their fair values. Development property is stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

The Group reviews the carrying amounts of the investment properties and development properties at each annual reporting date to determine the fair value of the properties. In making this judgement, the Group evaluates the fair value of investment property based on a report from an independent valuer. Fair value is based on comparable transactions identified by an independent valuer with reference to proposed sales transactions in the same vicinity, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

For large development projects, a residual value approach is adopted which forecasts future cost to completion and use of the expected development. The management has forecasted the cost of completion of development properties and has engaged independent valuers to estimate the residual value of the development properties based on estimated /forecasted market selling prices for similar properties. Net realisable value estimates are made at a specific point in time, based on market conditions and information about the expected use of development property.

The Group calibrates the valuation techniques yearly and tests these for validity using either prices from observable current market transactions in the same contract or other available observable market data.

Income taxes

The Group is subject to income taxes in some jurisdictions. Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax asset / liability

The Group accounts for deferred taxation on material temporary differences using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised only if there is a reasonable expectation of realisation in the foreseeable future. Deferred tax is reduced to the extent that it is no longer probable that related tax benefits will be realised.

Consolidation of entities in which the Group holds less than 50%

The Group considers it has de facto control of Ithmaar Holding B.S.C. ("Ithmaar Holding") even though it has less than 50% of the voting rights. The Group is the majority shareholder with a 46.49% equity interest. As the Group maintains control over Ithmaar's Board of Directors and considering the dispersed nature of the remaining shareholders, DMI continues to consolidate Ithmaar Holding as a subsidiary based upon the Group's assessment under IFRS 10. There is no history of other shareholders forming a group to exercise their votes collectively.

The de facto control of Ithmaar Holding is constantly assessed for changes in shareholding which may impact this assessment.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The determination of whether an outflow is probable and the amount, which is assessed by Group management, in conjunction with the Group's legal and other advisors, requires the judgement of the Group's management. For details of provision on Funds under management, please refer to Note 22.

Impairment of associated companies

The Group assesses at each statement of financial position date whether there is objective evidence that its investments in associated companies are impaired. In general, an investment in an associated company is impaired and an impairment loss incurred when the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is defined as the higher of its fair value, less costs to sell and its value in use.

On assessing its investments for impairment at the year end, the Group has relied upon cash flow projections as approved by the board of the underlying associates that are based upon judgements and estimates related to future events which ultimately could have a significant impact on the recoverable amounts of these investments in the consolidated financial statements.

4. Financial instruments

A. Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of consolidated statement of financial positions, are:

(i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
(ii) To maintain a strong capital base to support the development of its business; and
(iii) To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate.

The Board of Directors are responsible to set out risk management policies and guidelines. In order to maintain or adjust the capital structure, the Board of Directors may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

DMI itself does not engage in banking business and is therefore not required to comply with any minimum capital adequacy requirements. The regulatory capital requirements are applicable to Ithmaar Bank B.S.C. (c) which is a 100% owned subsidiary of Ithmaar Holding.

Ithmaar Bank has not complied with the requirements of the Central Bank of Bahrain's Rulebook Volume 2 "Licensing requirements" which states that an Islamic retail bank licensee must maintain a minimum total shareholders' equity of BHD 100 million.

As at the reporting date other subsidiaries within the DMI group do not have any specific regulatory capital requirement.

In order to maintain or adjust capital, the Group may adjust the amounts of dividends paid to equity participants, issue new equity or sell assets. The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as due to banks and financial institutions and lease liabilities less cash and cash equivalents. Total capital is calculated as equity as shown on the face of the consolidated financial statements.

As at 31 December 2025 and 2024 the Group did not breach any covenant terms.

4. Financial instruments (continued)

B. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. 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's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by individual entities within the Group under policies approved by their respective Boards of Directors. The Boards provide written principles for overall management, as well as written policies covering specific areas, such as market rate risk, credit risk and use of non- derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit, liquidity and market risk. Market risk includes currency risk, profit rate and other price risk.

i. Credit risk

Credit risk is considered to be the most significant and pervasive risk for the Group. The Group takes on exposure to credit risk, which is the risk that the counter-party to a financial transaction will fail to discharge an obligation causing the Group to incur a financial loss. Credit risk arises principally from financing (credit facilities provided to customers), investment in debt-type securities, and from cash and deposits held with other banks and financial institutions. Further, there is credit risk in certain off-balance sheet financial instruments, including guarantees, letters of credit, acceptances and commitments to extend credit. Credit risk monitoring and control is performed by the Risk Management Department which sets parameters and thresholds for the Group's financing and off-balance sheet financial instruments.

The Group has taken preemptive measures to mitigate credit risk by adopting more cautious approach for credit approvals thereby tightening the criteria for extending credit to impacted sectors.

The management and the Board of Supervisors have been closely monitoring the potential impact of the challenging business environment on the Group's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts and debt covenants, outsourcing arrangements etc. The Group has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans including its liquidity requirements.

In preparing the consolidated financial statements, judgements made by management in applying the Group's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

4. Financial instruments (continued)
B. Financial risk management (continued)
i. Credit risk (continued)

Credit Risk Mitigation
Group uses a variety of tools to mitigate its credit risk, the primary one being that of securing the exposure by suitable collateral. While the existence of collateral is not a precondition for credit, exposures are fully or partially collateralized as a second line of defense. The Group has in place a Credit Risk Mitigation policy which provides guidelines on the types of assets that may be accepted as collateral and the methodology of valuation of these assets. In general, all collateral are valued periodically depending on the collateral type. The legal validity and enforceability of the documents used for collateral have been established by qualified personnel, including lawyers and Sharia scholars.

Group's credit portfolio is supported by various types of collateral such as real estate, listed equity, cash and guarantees. Group prefers liquid and marketable credit collateral; however other types of collateral are accepted provided that such collateral can be reasonably valued.

Collateral Valuation
Collateral when taken are identified as having reasonable value, their value would however change over a period of time due to prevailing economic conditions, plant and machinery becoming obsolete due to technological advancements, due to passage of time and due to increase in availability of similar collateralized securities. Listed securities are valued at quarterly intervals, unlisted securities are valued at annual intervals, real estate properties are valued at least once in two years' intervals, and special assets of the nature of marine vessels and aircrafts are valued at annual intervals. Value of collateral are accounted post assigning various levels of haircuts depending on the type of collateral, the same are provided in the Credit Risk Mitigation Policy. Real Estate Collaterals associated with exposures classified in stage 2 and stage 3 shall be valued annually.

Collateral Concentration
Group has established internal limits to avoid over concentration on certain class of collateral. Prudent maximum limits have been set for the acceptance of collateral as credit risk mitigation.

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)
i. Credit risk (continued)

Gross carrying amount and loss allowance
The following table further explains the changes in the gross carrying and loss allowance from 1 January to 31 December 2025:

	2025			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Cash and cash equivalents				
Gross exposure	432,896	-	-	432,896
Less: expected credit loss	(109)	-	-	(109)
Net exposure	432,787	-	-	432,787
Investments in financing				
Gross exposure	2,669,052	419,560	401,056	3,489,668
Less: expected credit loss (Note 10)	(5,162)	(77,868)	(134,859)	(217,889)
Net exposure	2,663,890	341,692	266,197	3,271,779
Accounts receivable and other assets (excluding prepayment, current tax receivable, deferred tax assets, repossessed asset and derivative financial instruments)				
Gross exposure	198,081	62,664	109,420	370,165
Less: expected credit loss (Note 12)	(2,194)	(6)	(53,340)	(55,540)
Net exposure	195,887	62,658	56,080	314,625
Placements with Islamic financial institutions				
Gross exposure	193,617	-	-	193,617
Less: expected credit loss	-	-	-	-
Net exposure	193,617	-	-	193,617
Cash at Central Bank- statutory reserve				
Gross exposure	46,343	-	-	46,343
Less: expected credit loss	-	-	-	-
Net exposure	46,343	-	-	46,343
Total gross exposure	3,539,989	482,224	510,476	4,532,689
Less: Total expected credit loss	(7,465)	(77,874)	(188,199)	(273,538)
Total Net exposure	3,532,524	404,350	322,277	4,259,151

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)
i. Credit risk (continued)
Gross carrying amount and loss allowance (continued)

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Cash and cash equivalents				
Gross exposure	424,790	-	-	424,790
Less: expected credit loss	(143)	-	-	(143)
Net exposure	424,647	-	-	424,647
Investments in financing				
Gross exposure	1,963,346	399,727	379,075	2,742,148
Less: expected credit loss (Note 10)	(5,714)	(80,106)	(134,758)	(220,578)
Net exposure	1,957,632	319,621	244,317	2,521,570
Accounts receivable and other assets (excluding prepayment, current tax receivable, deferred tax assets, repossessed asset and derivative financial instruments)				
Gross exposure	109,838	426	249,416	359,680
Less: expected credit loss (Note 12)	(1,828)	(120)	(56,100)	(58,048)
Net exposure	108,010	306	193,316	301,632
Placements with Islamic financial institutions				
Gross exposure	118,194	-	-	118,194
Less: expected credit loss	-	-	-	-
Net exposure	118,194	-	-	118,194
Cash at Central Bank- statutory reserve				
Gross exposure	43,004	-	-	43,004
Less: expected credit loss	-	-	-	-
Net exposure	43,004	-	-	43,004
Total gross exposure	2,344,946	638,601	354,297	3,337,844
Less: Total expected credit loss	(140,832)	(22,189)	(133,967)	(296,988)
Total Net exposure	2,204,114	616,412	220,330	3,040,856

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)

ii. Market risk
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 currency, equity, profit rate and other 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 monitored by individual entities within the Group. Regular reports are submitted to management.

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 management of the entity's retail and commercial banking assets and liabilities.

(a) Foreign exchange risk
The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The boards of directors of individual entities within the Group set limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Currency risk
Assuming that all other variables held constant, the impact of currency risk on the consolidated statement of income and comprehensive income and consolidated statement of changes in equity based on reasonable shift is summarised below:

At 31 December 2025	USD / EUR	USD / PKR
Total currency exposure	(36,254)	(2,033,898)
Reasonable shift	12.78%	0.76%
Total effect on income	(4,634)	(15,466)

At 31 December 2024	USD / EUR	USD / PKR
Total currency exposure	(153,837)	(2,113,897)
Reasonable shift	5.71%	1.38%
Total effect on income	(8,783)	(29,171)

The basis for calculation of the reasonable shift is arrived at by comparing the foreign exchange spot rate at 31 December as compared to the one-year forward rate for the same period.

(b) Profit rate risk
Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. Movement in the market profit rates may affect the earnings of the Group.

The profit rate exposure taken by the Group arises from investing in corporate, small-medium enterprises, consumer financing, investment banking and inter-banking activities where variation in market profit rates may affect the profitability of the Group.

The risk is managed by the management of individual entities. The profit rate dynamics are reviewed at regular intervals and repricing of assets and liabilities are adjusted to ensure that the spread of the subsidiary remains at an acceptable level.

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)
ii. Market risk (continued)
(b) Profit rate risk (continued)

The financings and deposits of the Group are broadly linked to the market variable rates and thus get automatically repriced on a periodic basis based on profit rate scenarios.

The table below summarises the Group's exposure to profit rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or settlement dates.

At 31 December 2025

	Up to one month	One-three months	Three-twelve months	One-five years	Over five years	Non rate sensitive	Total
Assets							
Cash and cash equivalents and Cash at Central Bank - statutory reserve	7,012	-	-	13,017	-	459,101	479,130
Placements with Islamic financial institutions	-	-	-	-	-	193,617	193,617
Investment securities carried at FVTPL	1,287	1,287	1,288	1,852	-	-	5,714
Investment securities carried at FVOCI	260,822	127,122	1,460,470	474,036	31,541	82,169	2,436,160
Investment securities carried at amortised cost	-	-	-	19,782	-	-	19,782
Investments in financings	1,663,296	587,573	869,419	43,671	94,572	13,248	3,271,779
Accounts receivable and other assets	1,629	1,629	1,629	20,962	17,215	166,867	209,931
Total financial assets	**1,934,046**	**717,611**	**2,332,806**	**573,320**	**143,328**	**915,002**	**6,616,113**
Liabilities							
Due to customers, banks and other financial institutions	1,254,268	555,542	834,801	1,352,553	546,028	2,449,592	6,992,784
Accounts payable						329,080	329,080
Total financial liabilities	**1,254,268**	**555,542**	**834,801**	**1,352,553**	**546,028**	**2,778,672**	**7,321,864**
	679,778	**162,069**	**1,498,005**	**(779,233)**	**(402,700)**	**(1,863,670)**	**(705,751)**

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)
ii. Market risk (continued)
(b) Profit rate risk (continued)

At 31 December 2024

	Up to one month	One-three months	Three-twelve months	One-five years	Over five years	Non rate sensitive	Total
Assets							
Cash and cash equivalents and Cash at Central Bank - statutory reserve	21,464	-	-	2,207	-	443,980	467,651
Placements with Islamic financial institutions	-	-	-	-	-	118,194	118,194
Investment securities carried at FVTPL	4,450	4,450	4,450	2,504	-	-	15,854
Investment securities carried at FVOCI	384,848	238,532	1,532,874	340,021	31,105	76,540	2,603,920
Investment securities carried at amortised cost	-	-	-	24,891	-	-	24,891
Investments in financings	1,695,004	329,455	296,025	83,660	106,332	11,094	2,521,570
Accounts receivable and other assets	2,142	534	3,485	8,568	18,025	47,282	80,036
Total financial assets	2,107,908	572,971	1,836,834	461,851	155,462	697,090	5,832,116
Liabilities							
Due to customers, banks and other financial institutions	1,751,446	103,167	422,073	1,060,165	817,924	2,038,395	6,193,170
Accounts payable	-	-	-	-	-	375,920	375,920
Total financial liabilities	1,751,446	103,167	422,073	1,060,165	817,924	2,414,315	6,569,090
	356,462	469,804	1,414,761	(598,314)	(662,462)	(1,717,225)	(736,974)

The basis for calculation of the reasonable shift is arrived at by comparing the interbank lending rate at the beginning and the end of the period.

(c) Price risk
Price risk is the risk that the fair values of the equities or the managed funds increase or decrease as a result of changes in the corresponding value of equity indices or the value of individual equity stocks held at FVOCI. The Group is not exposed to significant price risk.

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay investors and fulfil commitments to lend.

Liquidity risk management process
The Group's liquidity risk management process, as carried out within the Group and monitored by management in individual entities within the Group, includes:

(i) Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;
(ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(iii) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
(iv) Managing the concentration and profile of debt maturities.

Monitoring and reporting of treasury and capital market maturities is done through monitoring of daily maturities. Similarly, the overall liquidity maintenance is done through monthly maturity gap analysis at balance sheet level. Hence, monitoring and reporting takes the form of regular and periodic cash flow measurement and projections. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Group constantly monitors the liquidity mismatch arising in the normal course of the business. Periodic stress tests are carried out on liquidity positions to assess the ability of the Group to meet its liquidity mismatch. The stress testing also incorporates judgement based behavioural approach for various sources of funding, estimated inflows from disposal of assets.

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities or settlement dates at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows (except for long term lease liabilities), whereas the Group manages the inherent liquidity risk based on expected cash inflows.

At 31 December 2025

	Up to one month	One-three months	Three-twelve months	One-five years	Over five years	Total
Liabilities						
Due to customers	4,744,295	410,392	503,637	58,437	209,119	5,925,880
Due to banks and financial institutions	290,407	122,112	65,726	119,455	510,905	1,108,605
Derivative financial instruments	-	-	1,064	-		1,064
Deferred income	-	-	8,109	-		8,109
Accounts payable	120,727	119,196	41,009	16,975	70,376	368,283
Total liabilities liquidity risk	**5,155,429**	**651,700**	**619,545**	**194,867**	**790,400**	**7,411,941**

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)
iii. Liquidity risk (continued)

At 31 December 2024

	Up to one month	One-three months	Three-twelve months	One-five years	Over five years	Total
Liabilities						
Due to customers	3,890,175	149,313	398,834	35,700	-	4,474,022
Due to banks and financial institutions	1,050,844	136,659	192,929	24,385	314,332	1,719,149
Derivative financial instruments	-	-	1,387	2,141	-	3,528
Deferred income	-	-	6,672	-	-	6,672
Accounts payable	120,134	199	215,677	14,575	45,774	396,359
Total liabilities liquidity risk	5,061,153	286,171	815,499	76,801	360,106	6,599,730

The table below presents the expected cash outflow by the Group under off-balance sheet liabilities.

At 31 December 2025

	No later than one year	One-five years	Over five years	Total
Endorsements	95,897	270	-	96,167
Guarantees and irrevocable letters of credit	847,592	19,791	1,105	868,488
Undrawn facilities and other commitments to finance	1,509,427	-	-	1,509,427
Open foreign currency positions	541,771	-	-	541,771
Customer and other claims	-	-	-	-
Total	**2,994,687**	**20,061**	**1,105**	**3,015,853**

At 31 December 2024

	No later than one year	One-five years	Over five years	Total
Endorsements	86,343	-	7	86,350
Guarantees and irrevocable letters of credit	552,592	16,160	3,360	572,112
Undrawn facilities and other commitments to finance	1,212,056	-	-	1,212,056
Open foreign currency positions	574,403	-	-	574,403
Customer and other claims	14,795			14,795
Total	2,440,189	16,160	3,367	2,459,716

For the year ended 31 December 2025 in thousands of USD

4. Financial instruments (continued)
B. Financial risk management (continued)
iii. Liquidity risk (continued)

Assets held for managing liquidity risk
The Group holds a diversified portfolio of cash and high-quality high-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios and investment carried at FVOCI.

Funding approach
Sources of liquidity are regularly reviewed to maintain a diversification by currency, geography, provider, product and term.

Assets available to meet liabilities and to cover outstanding loan commitments include cash and bank balances; loans and advances to banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, certain assets have been pledged to secure liabilities. The Group would also be able to meet unexpected net cash outflows by selling strategic investments, securities and accessing additional funding sources such as undrawn facilities.

5. Cash and cash equivalents and Cash at Central Bank - statutory reserve

	2025	2024
Cash on hand	115,086	119,482
Cash at central banks - current account	209,264	229,381
Cash at other banks	108,437	75,784
Cash and cash equivalents	432,787	424,647
Cash at central banks - statutory reserve	46,343	43,004
Cash and bank balances	**479,130**	467,651

All cash at other banks have original maturities of less than 3 months. The cash at the central bank-statutory reserve is not available for daily use or day to day operations.

6. Placements with Islamic financial institutions

Placements with Islamic financial institutions represent placements of a short-term nature carried for a period less than 1 year but more than three months. These investments earn an average profit rate of 4.40% (2024: 4.64%).

7. Investment securities carried at FVTPL

	2025	2024
Debt securities- unlisted	3,783	10,537
Equity securities- unlisted	1,852	2,503
Equity securities- listed	79	2,814
Total	**5,714**	15,854

For the year ended 31 December 2025 in thousands of USD

8. Investment securities carried at FVOCI

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. Debt securities where the contractual cash flows are solely principal, and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

	2025	2024
Debt-type instruments – listed	-	144,090
Debt-type instruments – unlisted	2,380,785	2,385,794
Equity-type securities – listed	38,477	39,306
Equity-type securities – unlisted	156,518	174,287
	2,575,780	2,743,477
Less: Allowance for impairment	(139,620)	(139,557)
Total	**2,436,160**	2,603,920

The expected credit loss movement in investment debt securities carried at FVOCI is summarised as follows:

	2025	2024
At 1 January	139,557	133,647
Net financial assets originated	(4,776)	1,603
FX movements	4,839	4,307
At 31 December	**139,620**	139,557

9. Investment securities carried at amortised cost

	2025	2024
Investment securities carried at amortised cost	19,782	29,935
Less: Allowance for impairment	-	(5,044)
	19,782	24,891

The expected credit loss movement in investment securities carried at amortised cost is summarised as follows:

	2025	2024
At 1 January	5,044	5,013
Net financial assets	(5,044)	31
At 31 December	**-**	5,044

The carrying value of investment securities at amortised cost (net of impairment provision) approximates fair value.

10. Investments in financings

	2025	2024
Investments in financings	3,489,668	2,742,148
Provision for expected credit losses (Note 4.B.i)	(217,889)	(220,578)
Investments in financings	**3,271,779**	2,521,570

Certain assets totalling USD 4.5 million (31 December 2024: USD 4.5 million) included above are held by third parties as nominee on behalf of the Group.

Financing contracts includes restructured facilities amounting to USD 19.1 million (31 December 2024: USD 127.8 million).

For the year ended 31 December 2025 in thousands of USD

11. Fair value of financial instrument

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

In the opinion of Group management, the fair value of those financial instruments which are measured at amortised cost in the consolidated statement of financial position are not significantly different from their carrying values since financial assets and liabilities are either short term in nature or in the case of customer financing and deposits, are linked to the market variable rates and hence are being regularly repriced.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Investments measured at fair value

At 31 December 2025	Level 1	Level 2	Level 3	Total
Investment securities carried at FVTPL				
Equity securities	79	1,852	-	1,931
Debt securities	-	3,783	-	3,783
Investment securities at FVOCI				
Equity securities	153,873	-	39,628	193,501
Debt securities	-	2,242,659	-	2,242,659
Total financial assets measured at fair value	**153,952**	**2,248,294**	**39,628**	**2,441,874**
Derivatives held for trading	-	(1,064)	-	(1,064)
Total financial liabilities measured at fair value	**-**	**(1,064)**	**-**	**(1,064)**

At 31 December 2024	Level 1	Level 2	Level 3	Total
Investment securities carried at FVTPL				
Equity securities	2,814	2,503	-	5,317
Debt securities	-	10,537	-	10,537
Investment securities at FVOCI				
Equity securities	39,877	100,826	31,558	172,261
Debt securities	-	2,431,659	-	2,431,659
Total financial assets measured at fair value	42,691	2,545,525	31,558	2,619,774
Derivatives held for trading	-	(3,528)	-	(3,528)
Total financial liabilities measured at fair value	-	(3,528)	-	(3,528)

For the year ended 31 December 2025 in thousands of USD

11. Fair value of financial instrument (continued)

Reconciliation of Level 3 items

	Investment securities through other comprehensive income	
	2025	2024
At 1 January	31,558	4,851
Fair value change in equity securities at FVOCI	3,610	(390)
Reclassification	4,460	-
At 31 December	**39,628**	4,461

Sensitivity of Level 3 measurements to changes in assumptions
An assumed ± 10% movement in the fair value of Level 3 measurement has the following impact:

	Impact in equity	
At 31 December 2025	Favourable changes	Unfavourable changes
Investment securities at FVOCI and FVTPL	3,963	(3,963)

	Impact in equity	
At 31 December 2024	Favourable changes	Unfavourable changes
Investment securities at FVOCI and FVTPL	446	(446)

12. Accounts receivable and other assets

	2025	**2024**
Accounts receivable	211,386	127,293
Prepayments	32,436	25,416
Current tax receivable (Note 19)	15,723	14,026
Deferred tax assets (Note 19)	8,335	10,858
Repossessed assets (Note 12.1)	6,493	5,174
Other receivables	244,566	232,045
Provision for expected credit losses (Note 4)	(55,540)	(58,048)
	463,399	356,764

Other receivables include amount receivable from funds under management in terms of management fee.

12.1 Repossessed assets
Assets in the form of repossessed collateral as at 31 December 2025 is USD 6.5 million (31 December 2024: USD 5.2 million). Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

13. Investment properties

	2025	**2024**
At 1 January	341,865	384,616
Additions	1,649	66
Disposals	(42,152)	(23,055)
Fair value changes (Note 29)	1,800	1,007
Impairment (Note 29)	3,861	(11,747)
Transfer to PPE	(6,022)	-
Net exchange differences	(5,349)	(9,022)
At 31 December	**295,652**	341,865

Certain assets totalling USD 140.7 million (31 December 2024: USD 144.3 million) included above are held by related parties as nominee on behalf of the Group.

For the year ended 31 December 2025 in thousands of USD

13. Investment properties (continued)

The estimates and associated assumptions of fair value are based on the historical experience and other factors that are believed to be reasonable under circumstances, the result of which form the basis of making the judgement about carrying value of investment property. Although the Board of Directors believes that its estimate of fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The valuation of the certain investment properties was carried out by an independent registered third-party valuer ("the Valuer") in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS") using market approach.

Investment properties are located in the Middle East, Canada, Asia and Europe. The valuation of the investment properties is based on the sales comparable approach with the key inputs being the price per square foot or on market comparable approach using rents, sale and discounted cash flows. On this basis and considering that there are no observable inputs, these investment properties are classified as Level 2.

13.1 Fair values of land and buildings

Sensitivity of Level 3 measurements to changes in assumptions

An assumed ± 10% movement in the fair value of Level 3 measurement has the following impact due to sensitivity of price per square foot or metre used in the valuation methodology:

	Impact in income	
At 31 December 2025	Favourable changes	Unfavourable changes
Investment properties	29,565	(29,565)

	Impact in income	
At 31 December 2024	Favourable changes	Unfavourable changes
Investment properties	34,187	(34,187)

Investment property under operating leases

The Group leases out part of its investment properties under operating leases. The leases are for terms of one to five years. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2025	**2024**
Not later than one year	-	1,887
Later than one year and not later than five years	-	1,392
	-	3,279

An independent valuation of the Group's land and buildings recognised as investment property in the consolidated statement of financial position was performed by valuers to determine the fair value of the land and buildings as at 31 December 2025 and 31 December 2024. The revaluation surplus net of applicable deferred income taxes was debited or credited to the consolidated statement of income for assets recorded as investment property. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Land and buildings in Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(b) Land and buildings in Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).
(c) Land and buildings in Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For the year ended 31 December 2025 in thousands of USD

13. Investment properties (continued)
13.1 Fair values of land and buildings (continued)

Recurring fair value measurements

At 31 December 2025	Significant unobservable input (Level 3)	Total
Land	275,240	275,240
Office buildings	-	-
Other	20,412	20,412
	295,652	**295,652**
At 31 December 2024		
Land	273,925	273,925
Office buildings	50,863	50,863
Other	17,077	17,077
	341,865	341,865

Fair value measurements using significant unobservable inputs (Level 3) for significant properties

2025	Tour de Cointrin	Al Khumrah Land	Domaine Saint Alexandre	Hidd Land
At 1 January	40,741	93,526	43,615	2,706
Disposals	(46,630)	-	-	-
Foreign exchange gain	5,889	-	-	-
At 31 December	**-**	**93,526**	**43,615**	**2,706**

2025	Barbar Land	Health Island	Others
At 1 January	51,995	82,083	27,199
Additions	-	1,315	
Foreign exchange losses	-	-	(6,787)
At 31 December	**51,995**	**83,398**	**20,412**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

On an annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings.

The external valuations of the Level 3 land and buildings have been performed using a sales comparison approach or market comparable approach using rents and sales and a discounted cash flow.

For the year ended 31 December 2025 in thousands of USD

13. Investment properties (continued)
13.1 Fair values of land and buildings (continued)

2024	Tour de Cointrin	Al Khumrah Land	Domaine Saint Alexandre	Hidd Land
At 1 January	56,005	93,526	42,756	3,061
Revaluation gains / (losses)	-	-	859	(355)
Impairment	(11,747)	-	-	-
Foreign exchange losses	(3,517)	-	-	-
At 31 December	40,741	93,526	43,615	2,706

2024	Barbar Land	Health Island	Others
At 1 January	51,995	110,515	26,758
Additions	-	-	66
Revaluation gain	-	-	503
Foreign exchange losses	-	-	(128)
Disposal	-	(28,432)	-
At 31 December	51,995	82,083	27,199

For the year ended 31 December 2025 in thousands of USD

13. Investment properties (continued)
13.1 Fair values of land and buildings (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) for significant properties

Description **At 31 December 2025**	**Fair Value**	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value**
Al Khumrah Land Kingdom of Saudi Arabia*	93,526	Market Approach - Comparable Method	Price per square meter	Residential Plots SAR 1,500-1,750(SAR 1,500). Commercial Plots SAR 1,700 - 5,115 (SAR SAR 2100 for Second ring road and internal roads & SAR 4,400 Al Laith Road)	The higher the price per square meter the higher the fair value.
Hidd Land Kingdom of Bahrain	2,706	Market Approach – Residual method	Price per square foot	BHD 19	The higher the price per square foot the higher the fair value.
Barbar Land Bahrain	51,995	Sales Comparable & Market value approach	Price per square foot	BD12.00	The higher the price per square foot the higher the fair value.
Health Island Bahrain	83,398	Sales Comparable approach	Price per square foot	BD29.80	The higher the price per square foot the higher the fair value.
Domaine Saint Alexandre Canada	43,615	Development (Subdivision) Approach - Development Method, Cost Approach	Price per square foot	CAD 9.60	The higher the price per square foot the higher the fair value.

* The valuation of Al Khumrah Land has been serviced, subdivided and benefits from planning consent for the residential villa masterplan. The Group will be compensated for the land relinquished due to development hence the infrastructure and other development cost is reflected in the value of the property.

For the year ended 31 December 2025 in thousands of USD

13. Investment properties (continued)
13.1 Fair values of land and buildings (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) for significant properties (continued)

Description At 31 December 2024	Fair Value	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Tour de Cointrin Switzerland	40,741	Market comparable rents and discounted cash flow	Rents per square meter, Capitalisation rate, discount rate	CHF 281.5 5%, 3.5%	The higher the rent or price the higher the fair value. The lower the discount rate the higher the fair value.
Al Khumrah Land Kingdom of Saudi Arabia*	93,526	Market Approach - Comparable Method	Price per square meter	Residential Plots SAR 1,500-1,750(SAR 1,500). Commercial Plots SAR 1,700 - 5,115 (SAR SAR 2100 for Second ring road and internal roads & SAR 4,400 Al Laith Road)	The higher the price per square meter the higher the fair value.
Hidd Land Kingdom of Bahrain	2,706	Market Approach – Residual method	Price per square foot	BHD 19	The higher the price per square foot the higher the fair value.
Barbar Land Bahrain	51,995	Sales Comparable & Market Value Approach	Price per square foot	RA Plots BHD 21-27 (BHD 24), RHA BHD 24-31 (BHD 27)	The higher the price per square foot the higher the fair value.
Health Island Bahrain	82,083	Sales Comparable Approach	Price per square foot	Mix Plots BHD 38.5, RES BHD 32	The higher the price per square foot the higher the fair value.
Domaine Saint Alexandre Canada	43,615	Development (Subdivision) Approach - Development Method, Cost Approach	Price per square foot	CAD 9.60	The higher the price per square foot the higher the fair value.

For the year ended 31 December 2025 in thousands of USD

14. Development properties

	2025	2024
Land	129,716	129,716
Development costs	52,060	46,560
At 31 December	**181,776**	176,276

Development costs represent the infrastructure costs incurred such as roads and networks, electricity stations and design and supervision costs and the infrastructure cost. The infrastructure cost commitments are expected to be met by anticipated sale of plots. Based on this, management has estimated that the current carrying value is lower than the net realisable value, and accordingly, no impairment has been considered necessary.

The valuation of the development properties was carried out by an independent registered third-party valuer (“the Valuer”) in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors (“RICS”) taking into account the most recent independent valuations.

Below assumptions were used in the valuation of the development properties:
- land forming the valuation is saleable with freehold title, subject to site development covenants;
- any land plots sold to third party developers have specific covenants in place;
- plots are sold on a plot by plot basis with the current master developer being responsible for the implementation of infrastructure and services to each plot;
- all services are or will be available to the property;
- planning permissions are in place for the uses as provided.

15. Investment in associates

Investment in associated entities, as adjusted for the Group’s share of their results comprise:

Name of company	2025	% holding	2024	% holding	Country of incorporation	Nature of business
Unlisted:						
Citic International Assets Management Limited	12,115	20	12,964	20	Hong Kong	Asset Management
Naseej B.S.C. (c)	65,956	31	68,231	31	Bahrain	Infrastructure
Dilmunia Eduprop Company W.L.L.	18,976	50	18,993	50	Bahrain	Real Estate
Faysal Halal Amdani Fund	4,790	4	2,423	1	Pakistan	Mutual funds
Faysal Islamic Saving Growth Fund	2,408	12	-	-	Pakistan	Mutual funds
Faysal Islamic Sovereign Fund FISIP-1	2,403	50	2,949	0	Pakistan	Mutual funds
Faysal Islamic Cash Fund	1,138	0	978	1	Pakistan	Mutual funds
Faysal Islamic Asset Allocation Fund – III	361	100	-	-	Pakistan	Mutual funds
Faysal Islamic Pension Fund – Money Market	194	12	-	-	Pakistan	Mutual funds
Faysal Islamic Pension Fund – Debt	188	26	-	-	Pakistan	Mutual funds
Faysal Islamic Stock Fund	16	-	18	-	Pakistan	Mutual funds
Faysal Islamic Stock Fund II	16	1	-	-	Pakistan	Mutual funds
Faysal Islamic Financial Growth Fund FISIP-I	-	-	12	0	Pakistan	Mutual funds
Faysal Islamic Mehmood Moddat Plan -1	13	0	12	0	Pakistan	Mutual funds
Faysal Islamic Sovereign Fund FISIP-II	-	-	4	0	Pakistan	Mutual funds
Others	6	0	-	-	Pakistan	Mutual funds
	108,580		**106,584**			

For the year ended 31 December 2025 in thousands of USD

15. Investment in associates (continued)

During the year, the Group's subsidiary increased its shareholding in these funds, thereby classifying them as associates.

- Share of reserves of Investment in associates amount to USD 4.2 million (31 December 2024: USD 4.4 million).
- Investment in associates include conventional investments totaling USD 78.1 million (31 December 2024: USD 81.2 million).

Summarised financial position of significant associates that have been equity accounted:

Citic International Assets Management Limited

	31 December 2025	31 December 2024
Total assets	**71,161**	80,163
Total liabilities	**4,293**	5,340
Total revenue	**(7,719)**	(1,894)
Total net profit	**(9,095)**	(8,835)

Naseej B.S.C. (c)

	31 December 2025	31 December 2024
Total assets	**234,944**	244,920
Total liabilities	**20,035**	22,596
Total revenue	**4,050**	3,512
Total net profit	**(1,912)**	(2,339)

16. Property, equipment and right-of-use assets

	31 December 2025			31 December 2024		
	Cost	**Accumulated depreciation**	**Net book amount**	Cost	Accumulated depreciation	Net book amount
Land and buildings	55,723	(17,410)	38,313	46,827	(7,896)	38,931
Leasehold improvements, furniture, equipment and motor vehicles	180,820	(17,832)	162,988	166,503	(24,638)	141,865
Right-of-use assets	129,441	(73,782)	55,659	113,035	(64,108)	48,927
	365,984	**(109,024)**	**256 ,960**	326,365	(96,642)	229,723

Depreciation charge for the year ended 31 December 2025 amounted to USD 19.6 million (31 December 2024: USD 13.9 million).

During the year, the Group have transferred USD 6 million (2024: Nil) from Investment properties to property, equipment and right-of-use assets.

For the year ended 31 December 2025 in thousands of USD

17. Intangible assets

	Goodwill	Customer relations	Core deposits	Other	Total
2025					
Year ended 31 December					
Opening net book amount	114,243	2,620	3,080	11,135	131,078
Foreign exchange	(46)	1,090	3,524	1,244	5,812
Amortisation/impairment	-	(1,801)	(4,794)	(2,924)	(9,519)
Closing net book amount	**114,197**	**1,909**	**1,810**	**9,455**	**127,371**
At 31 December					
Cost	401,181	103,425	177,365	64,673	746,644
Accumulated amortisation and impairment	(286,984)	(101,516)	(175,555)	(55,218)	(619,273)
Net book amount	**114,197**	**1,909**	**1,810**	**9,455**	**127,371**

	Goodwill	Customer relations	Core deposits	Other	Total
2024					
Year ended 31 December					
Opening net book amount	114,211	3,321	4,318	10,624	132,474
Additions	-	-	-	4,331	4,331
Foreign exchange	32	1,100	2,262	410	3,804
Amortisation/impairment	-	(1,801)	(3,500)	(4,230)	(9,531)
Closing net book amount	114,243	2,620	3,080	11,135	131,078
At 31 December					
Cost	401,227	102,335	173,841	63,428	740,831
Accumulated amortisation and impairment	(286,984)	(99,715)	(170,761)	(52,293)	(609,753)
Net book amount	114,243	2,620	3,080	11,135	131,078

The carrying amount of goodwill relates to acquisition of Ithmaar Holding as follows:

	2025	2024
Ithmaar Holding B.S.C.	**114,197**	114,243

During 2025 the Group used a sum-of- the-parts approach to arrive at a business value of the Ithmaar Holding CGU as Ithmaar Holding did not have any independent cash flow generating activity at its own level. Management has considered both Price to Book ("PB") multiple and value in use calculation for the impairment assessment.

The valuation methodology for the separately identified parts at Ithmaar Holding level based on the operational activities is the following:

- Ithmaar CGU (formerly "Shamil Bank"): net asset value methodology; (2024: comparable companies multiple);
- Faysal Bank Limited: average of the market multiples and dividend discount model based on the expected dividends that shareholders will receive (2024: dividend discount model)
- Ithmaar Holding residual assets: investments measured at their carrying value adjusted for fair value changes.

The Group obtained an independent valuation from an international accounting firm to support its assessment of the business value of the Group's interest in Ithmaar Holding. The valuation was in the range of USD 130 million (2024: USD 119 million). Hence, management has concluded that no impairment provision is required.

For the year ended 31 December 2025 in thousands of USD

18. Accounts payable

	2025	2024
Demand drafts	118,971	140,582
Accounts payable	98,386	122,201
Lease liability (Note 35)	67,052	58,250
Accruals	40,908	49,700
Due to related party	18,720	19,944
Dividends payable	14,755	14,290
Employee payables	8,635	10,513
Deferred income	8,109	6,672
Derivative financial instruments	1,064	3,528
Advance received from customers	550	486
Security deposits on consumer leases	306	337
	377,456	426,503

19. Tax liability

	2025	2024
Current tax payable		
At 1 January	(13,777)	10,765
Charge for the year (Note 33)	108,439	94,203
Payment made	(110,485)	(126,936)
Adjustment due to withholding tax payment	127	5,004
Refund	51	246
Exchange differences	(20)	2,941
At 31 December	**(15,665)**	(13,777)
Deferred tax (asset)/liability		
At 1 January	38,040	5,327
Reversal for the year (Note 33)	(6,073)	(5,651)
Payment made	(160)	-
Gain due to fair value reserve	-	38,283
Adjustment	(23,671)	67
Exchange differences	701	14
At 31 December	**8,837**	38,040

	2025	2024
Current tax receivable	15,723	14,026
Current tax payable	(58)	(249)
	15,665	13,777

	2025	2024
Deferred tax assets	8,335	10,858
Deferred tax liabilities	(17,172)	(48,898)
	(8,837)	(38,040)

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20. Due to customers

	2025	2024
Customer current accounts		
Individuals	1,344,859	1,083,843
Financial institutions	298,493	210,450
Corporate institutions	844,175	705,694
Customer investment accounts		
Individuals	789,541	745,220
Financial institutions	706,207	500,022
Corporate institutions	1,942,605	1,257,883
	5,925,880	4,503,112

Customer current accounts include balances relating to a counterparty amounting to USD 186.8 million (2024: USD 186.9 million) which was subject to sanctions under United States measures.

The remaining due to customers represents Islamic deposits accepted by subsidiaries of the Group.

21. Due to banks and other financial institutions

	2025	2024
Due to banks	1,075,026	1,665,120
Due to financial and other institutions	33,579	54,029
	1,108,605	1,719,149

Due to banks and financial institutions includes balances totalling USD 419.2 million from two counterparties (2024: USD 419.5 million) which were subject to sanctions under United States measures.

Due to banks, financial and other institutions include USD 324 million (31 December 2024: USD 553.3 million) consisting of a repo with another counterparty.

22. Provisions

Included under liabilities are the following provisions:

	2025	2024
Funds under management guarantee*	69,500	69,480
Total	**69,500**	69,480

* This includes provision related indemnity agreement. As per the indemnity agreement dated 12 April 2011, IICG subsidiary, acting as Modareb for funds managed by IICG, purchased certain assets from another related party for which the value exceeded the fair value by USD 55 million as at that date. DMI has given an unconditional and irrevocable guarantee to IICG funds under management (IICG FUM) for this fair value difference of USD 55 million. This obligation under the indemnity agreement will remain in force till assets are liquidated and the IICG FUM can request indemnity for USD 55 million during the term of the agreement.

23. Income from foreign exchange trading

	2025	2024
Income from foreign exchange trading	28,019	18,883
	28,019	18,883

Foreign exchange trading includes gains and losses from spot and forward contracts translated from foreign currency assets and liabilities.

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24. Income from investments carried at FVOCI

	2025	2024
Income from government securities	781	1,352
Income from investment securities	326,824	432,203
Income from investments	1,733	(2,640)
	329,338	430,915

Income from government securities mainly represents income from investment in treasury bills with the government of Pakistan. It represents treasury bills with a maturity period 3 months up to 1 year and profit rates range is 9.40% - 12.80% (2024: 18.68% - 20.03%).

25. Income from investments carried at amortised cost

	2025	2024
Investment securities carried at amortised cost	**4,733**	8,490

Income from investment represents a mixture of dividend and profit income.

26. Income from placements with Islamic financial institutions

Income from placements with Islamic financial institutions arises from assets placed in financial institutions located in Pakistan and totalled USD 2.1 million as at 31 December 2025 (2024: USD 3.3 million).

Income from placements with Islamic financial institutions pertains to short term lending (call lending and Reverse repos) against collateral of PIB/Tbills and without collateral. Rate of income is not relevant with security tenor/ maturity. Rate of return is in the range of 8.5% - 13.9% (2024: range of 13.8% - 22.4%).

27. Income from investments in financings

	2025	2024
Murabaha	304,823	347,504
	304,823	347,504

Income from investment in financing mainly arises from banking subsidiaries in Bahrain and Pakistan.

28. Fee and commission income

	2025	2024
Documentary credit fees	2,066	1,730
Arrangement fees	1,456	703
Guarantee fees	820	857
Other fees from banking services	52,991	40,752
	57,333	44,042

29. Other income

	2025	2024
Rental income from investment properties	1,993	2,958
Fair value gain on investment properties (Note 13)	1,800	1,007
Reversal / (impairment) on investment properties (Note 13)	3,861	(11,747)
Other	9,610	12,463
	17,264	4,681

For the year ended 31 December 2025 in thousands of USD

30. Profit paid to financial and non-financial institutions

	2025	2024
Profit paid to financial institutions	115,124	111,574
Profit paid to non-financial institutions	262,038	435,781
	377,162	**547,355**

31. Staff costs

	2025	2024
Salaries	68,009	63,771
Social security and other statutory costs	1,001	950
Pension and end of service	5,336	3,949
Other benefits	15,033	16,120
	89,379	84,790

Other benefits include housing allowance, home leave, relocation expense, medical and health expense, training, severance costs and end of service benefit costs.

32. General and administrative expenses

	2025	2024
Office expenses	61,285	50,509
Professional fees	13,524	12,088
IT expenses	17,062	14,773
Other	40,620	41,119
	132,491	118,489

33. Taxes

	2025	2024
Current taxes charge (Note 19)	108,439	96,900
Deferred taxes reversal (Note 19)	(6,073)	(5,651)
	102,366	91,249

The expected income tax expense for the Group is an aggregate of individual amounts representing the mix of profits and losses and the applicable tax rates in each jurisdiction. Consequently, the effective tax rate on consolidated income may vary from year to year, according to the source of earnings. Most affiliates of the Group operate in tax free jurisdictions.

A reconciliation between the reported income tax and the amount computed, using the weighted average of applicable domestic corporate tax rates, is as follows:

	2025	2024
Net accounting	8,771	11,535
Attributable to zero tax jurisdictions	(168,545)	(137,298)
Attributable to taxable jurisdictions	177,316	148,833
Weighted average tax rate	35%	35%
Weighted average effective tax	61,348	51,974
Government levied exceptional tax	41,018	39,275
Effective tax expense	**102,366**	91,249

For the year ended 31 December 2025 in thousands of USD

33. Taxes (continued)

The relationship between profit before taxes and non-controlling interests and the expected current income tax expense reflects the mix of profits earned in jurisdictions with relatively high tax rates and those with relatively low tax rates.

Deferred tax assets and liabilities arise from the banking subsidiary in Pakistan. Deferred tax assets mainly arise due to different treatment within tax law for provision for impairment in investment in financing and diminution in the value of investment. Similarly, deferred tax liabilities arise mainly on account of revaluation of fixed assets and different depreciation rates within the tax law.

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profit arising from the reversal of the existing taxable temporary differences.

34. Non-controlling interests

The consolidated financial statements include 100% of the assets, liabilities and earnings of consolidated companies. The ownership interests of the other shareholders are called non-controlling interests.

The following table summarises the non-controlling shareholders' interests in the equity of consolidated subsidiaries:

Name of the subsidiary	Principal place of business	2025 Non-controlling		2024 Non-controlling	
Ithmaar Holding B.S.C. and wholly owned subsidiaries	Kingdom of Bahrain	(5,862)	53	(7,085)	53
Faysal Bank Limited	Pakistan	136,537	33	134,654	33
Gulf Investors Asset Management	Kingdom of Saudi Arabia	2,315	27	2,460	27
Health Island B.S.C. (C)	Kingdom of Bahrain	21,707	50	21,806	50
Cityview Real Estate Development B.S.C. (C)	Kingdom of Bahrain	(263)	49	(252)	49
Sakana Holistic Housing Solutions B.S.C. (C)	Kingdom of Bahrain	82	50	138	50
Barbar Real Estate Company WLL	Kingdom of Bahrain	-	-	332	50
		154,516		152,053	

The non-controlling interest appropriation in the consolidated statement of income of USD 20.0 million represents the non-controlling shareholders' share of the profit of these subsidiaries for 2025 (2024: USD 19.1 million profit).

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34.Non-controlling interests (continued)

Summarised financial information on subsidiaries with material non-controlling interests.
Set out below are the summarised financial information for a significant subsidiary that has non-controlling interests that are material to the Group.

	Ithmaar Holding B.S.C. Year ended 31 December	
Summarised Balance Sheet	**2025**	**2024**
Assets	7,582,508	6,839,802
Liabilities	7,404,635	6,664,065
Net assets	177,873	175,737

Summarised Income Statement	**2025**	**2024**
Income	361,725	303,887
Gain before income tax	120,539	111,359
Income tax expense	(102,347)	(91,234)
Post-tax gain	18,192	20,125
Other comprehensive income	(592)	(3,366)
Total comprehensive income	17,600	16,759
Total comprehensive income allocated to non-controlling interests	(1,506)	(5,966)

Summarised Cash Flows	**2025**	**2024**
Operating loss before changes in operating assets and liabilities	(207,525)	(279,841)
Net cash (used in) / generated from operations	(60,837)	483,893
Net increased in investments	507,555	47,907
Taxes paid	(129,841)	(58,710)
Foreign currency translation adjustments	(23,739)	(12,585)
Net increase in cash and cash equivalents	85,613	180,664
Cash and cash equivalents at beginning of year	515,303	334,639
Cash and cash equivalents at end year	600,916	515,303

The information above is the amount before intercompany eliminations and consolidation adjustments.

35. Right-of-use-assets and lease liabilities

The statement of financial position shows the following amounts relating to lease (net of depreciation)

		2025	**2024**
a)	Right-of-use assets (Note 16)		
	Office space	**55,659**	**48,927**
b)	Lease liabilities (Note 18)		
	Current	1,810	1,573
	Non-current	65,242	56,677
	Total	**67,052**	**58,250**

Additions to right-of-use assets during the years ended 31 December 2025 were amounted to USD 16.4 million (2024: USD 17.6 million). The total cash outflow for lease in 2025 was USD 15.0 million (2024: USD 13.0 million).

	2025	**2024**
Interest expenses	7,524	6,716
Depreciation on right-of-use assets (Note 16)	10,577	8,707

36. Funds under management

The Group manages Funds Under Management (“FUM”) through its different subsidiaries; Islamic Investment Company of the Gulf (Bahamas) Limited (“IICG”) and GIAMCO (together the “Investment Managers”). During the year, the Investment Managers have charged management fees of USD 15.4 million (2024: USD 15.7 million). Under the Modaraba's conditions, IICG must maintain the assets of the Modaraba separate from its own assets. As per the terms of the Modaraba and as per approval of the Shari’a Supervisory Board, IICG is entitled to a management fee of United States Dollars ("USD") 1 per USD 1,000 of investors' equity at the end of each month, irrespective of the expenses incurred. IICG has the right to its profit share of Modaraba as per the terms and conditions of the Modaraba agreement. However, since 2007, IICG has waived its right to receive its share of profit from the FUM. On the other hand, Deem real estate fund is represented by GIAMCO who manages this fund in exchange for an annual fee of 2%.

As of 31 December 2025, FUM amounted to USD 5.08 billion (2024: USD 4.16 billion) of which USD 1.60 billion (2024: USD 1.61 billion) has been marketed in Saudi Arabia by the Private Offices of His Royal Highness Late Prince Mohamed Al Faisal Al Saud.

In February 2016, IICG” communicated to its investors in Saudi Arabia that it intended to wind up IICG’s Funds Under Management (“FUM”) in Saudi Arabia as the regulator, Capital Markets Authority (“CMA”), declined to grant any exemptions with respect to the registration and transfer of such FUM to a CMA registered subsidiary of IICG. The FUM has commenced distribution of the disposal proceeds of the underlying assets to the investors as and when such proceeds are realised. The final liquidation proceeds will only be known upon completion of the liquidation process which may take several years. As a part of winding up of the Saudi operations, claims have been initiated against the Company by investors who are unlikely to recover the full value of their investments.

As of 31 December 2025, as per the management assessment, three hundred and fifty-four investors (2024: three hundred and forty-six investors) have filed legal claims in Saudi Arabian courts against IICG claiming refund of the full value of their investments amounting to USD 105.8 million (2024: USD 104.8 million). Out of the three hundred and fifty-four legal cases, the court has rendered judgments against the Company in two hundred and forty-one claims (2024: two hundred and forty-one) amounting to USD 77.2 million (2024: USD 77.2 million). IICG has challenged such judgments in the Appeal and Supreme Courts.

As at 31 December 2025, two hundred and five cases (2024: two hundred and five cases) have been resolved by the Supreme Court in favour of the claimants, while eight cases (2024: eight cases) are still under appeal in the Supreme Court.

Management believes that, based on the Modaraba agreement and external lawyer's advice, any resultant liability will be ultimately settled from the assets of funds under management. In addition, based on external lawyer confirmation 11 June 2026, management believes that the courts in Saudi Arabia lack enforcement jurisdiction since IICG does not have any presence or assets in Saudi Arabia. Therefore, IICG does not carry provision for such claims.

For the year ended 31 December 2025 in thousands of USD

37. Related party transactions and balances

Related parties include equity participation holders, directors, associated companies and other companies, whose ownership and management is common with DMI or its subsidiaries and associates. A number of transactions are entered into with related parties in the normal course of business. These include loans, current and investment accounts. Transactions and balances disclosed as with associated companies are those with companies in which DMI owns 20% to 50% of the voting rights and over which it exerts significant influence but does not have control. The volumes of related party transactions, outstanding balances at the year end, and relating income and expense for the year are as follows.

31 December 2025

	Subsidiaries & Affiliates	Associates and other investments	Directors and related entities	Senior Management	Total
Assets					
Investment in associates	-	108,580	-	-	108,580
Other assets	-	-	-	114	114
Liabilities					
Due to customers		48	-	-	48
Due to banks and other financial institutions		2,424	-	-	2,424
Accounts payable	18,720	-	-	-	18,720
Income					
Share of loss of associate companies	-	(2,825)	-	-	(2,825)
Profit paid to financial and non-financial institutions	-	(346)	-	-	(346)
Expenses					
Staff costs	-	-	-	-	-
General and administrative expenses	(325)	-	(233)	-	(558)

For the year ended 31 December 2025 in thousands of USD

37. Related party transactions and balances (continued)

31 December 2024

	Subsidiaries & Affiliates	Associates and other investments	Directors and related entities	Senior Management	Total
Assets					
Investment in associates	-	106,584	-	-	106,584
Other assets	-	-	-	98	98
Liabilities					
Due to customers	-	60	-	-	60
Due to banks and other financial institutions	-	7,489	-	-	7,489
Accounts payable	19,944	-	500	-	20,444
Income					
Share of loss of associate companies	-	(6,934)	-	-	(6,934)
Profit paid to financial and non-financial institutions	-	(457)	-	-	(457)
Expenses					
Staff costs	-	-	-	(754)	(754)
General and administrative expenses	-	-	(1,055)	(521)	(1,576)

38. Contingent liabilities and commitments

Contingent liabilities	**2025**	**2024**
Endorsements	96,167	86,350
Performance bid bonds	57,328	52,366
Customer claims	39,325	14,795
Guarantees and irrevocable letters of credit	868,488	519,746
	1,061,308	673,257

One of the subsidiaries which market its products in Saudi Arabia is registered in the Commonwealth of the Bahamas and regulated by the Bahamian authorities. The Private offices of Late HRH Prince Mohammad Al Faisal Al Saud (Ex-Chairman and major shareholder of DMIT) is the representative to market its investment products in Saudi Arabia. A potential risk of tax liability in Saudi Arabia is remote and no inquiries or notifications have been received from the authorities in Saudi Arabia. Therefore, no provision for tax has been recorded in these consolidated financial statements.

There are certain claims filed by the borrowers against the banking subsidiary in Pakistan – Faysal Bank Limited ("FBL"). These mainly represent counter claims filed by the borrowers for restricting FBL from disposal of assets (such as mortgaged/pledged assets kept as security), cases where FBL was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of FBL for damages sustained by them consequent to the termination from FBL's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above suit filed against FBL for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and/or internal assessment, management is confident that the above matters will be decided in FBL's favor and the possibility of any outcome against FBL is remote and accordingly no provision has been made in these consolidated and financial statements.

For the year ended 31 December 2025 in thousands of USD

38. Contingent liabilities and commitments (continued)

Commitments	2025	2024
Undrawn facilities, financing lines	1,503,022	1,207,264
Other commitments to finance	6,404	4,792
Significant net open foreign currency position	541,771	574,403
	2,051,197	1,786,459

39. Current and non-current assets and liabilities

At 31 December 2025	Current	Non-current	Total
Cash and cash equivalents	430,781	2,006	432,787
Cash at Central Bank – statutory reserve	46,343	-	46,343
Placements with Islamic financial institutions	193,617	-	193,617
Investment securities carried at FVTPL	5,714	-	5,714
Investment securities carried at FVOCI	589,923	1,846,237	2,436,160
Investment securities carried at amortised cost	-	19,782	19,782
Investments in financings	2,081,099	1,190,680	3,271,779
Accounts receivable and other financial assets	201,598	261,801	463,399
Investment properties	-	295,652	295,652
Development properties	-	181,776	181,776
Investments in associates	108,580	-	108,580
Property, equipment and right-of-use assets	43,972	212,988	256,960
Intangible assets	3,872	123,499	127,371
Total assets	3,705,499	4,134,421	7,839,920
Accounts payable	291,075	86,381	377,456
Current tax payable	58	-	58
Due to customers	5,658,340	267,540	5,925,880
Due to banks and other financial institutions	478,245	630,360	1,108,605
Provisions	21	69,479	69,500
Deferred tax liabilities	17,172	-	17,172
Total liabilities	6,444,911	1,053,760	7,498,671
Net assets/liabilities	(2,739,412)	3,080,661	341,249
At 31 December 2024			
Total assets	2,829,492	4,264,878	7,094,370
Total liabilities	6,263,909	503,482	6,767,391
Net assets/liabilities	(3,434,417)	3,761,396	326,979

For the year ended 31 December 2025 in thousands of USD

40. Concentration of assets and liabilities

Assets and liabilities of the Group are located in the following geographical regions and industry sectors:

Geographical regions	Asia/ Pacific	Middle East	Europe	North America	Others	Total
At 31 December 2025						
Cash and cash equivalents	387,997	42,784	-	2,006	-	432,787
Cash at Central Bank – statutory reserve	-	46,343	-	-	-	46,343
Placements with Islamic financial institutions	-	193,617	-	-		193,617
Investment securities carried at FVTPL	3,862	1,852	-	-	-	5,714
Investment securities carried at FVOCI	2,426,130	5,569	-	-	4,461	2,436,160
Investment securities carried at amortised cost	19,782					19,782
Investments in financings	3,111,810	159,969	-	-	-	3,271,779
Accounts receivable and other assets	203,406	14,613	126,278	119,102	-	463,399
Investment properties	-	250,298	1,739	43,615	-	295,652
Development properties	-	181,776	-	-	-	181,776
Investments in associates	11,533	97,047	-	-	-	108,580
Property, equipment and right-of-use assets	256,320	640	-	-	-	256,960
Intangible assets	12,569	114,802	-	-	-	127,371
Total assets	**6,433,409**	**1,109,310**	**128,017**	**164,723**	**4,461**	**7,839,920**
Accounts payable	248,843	128,597	16	-	-	377,456
Current tax payable	-	58	-	-	-	58
Due to customers	5,101,865	645,524	170,762	43	7,686	5,925,880
Due to banks and other financial institutions	442,684	665,921	-	-	-	1,108,605
Provisions	-	12,562	56,938	-	-	69,500
Deferred tax liabilities	-	17,172	-	-	-	17,172
Total liabilities	**5,793,392**	**1,469,834**	**227,716**	**43**	**7,686**	**7,498,671**
Net on-balance sheet position	**640,017**	**(360,524)**	**(99,699)**	**164,680**	**(3,225)**	**341,249**
Contingent liabilities and commitments	**2,497,661**	**33,749**	**-**	**-**	**-**	**2,531,410**
At 31 December 2024						
Total assets	**5,660,125**	**1,145,073**	**129,158**	**155,553**	**4,461**	**7,094,370**
Total liabilities	**5,117,424**	**1,382,543**	**249,263**	**13,587**	**4,574**	**6,767,391**
Net on-balance sheet position	**542,701**	**(237,470)**	**(120,105)**	**141,966**	**(113)**	**326,979**
Contingent liabilities and commitments	**1,844,233**	**41,080**	**-**	**-**	**-**	**1,885,313**

For the year ended 31 December 2025 in thousands of USD

40. Concentration of assets and liabilities (continued)

Industry sectors	Banks and financial institutions	Trading and manufacturing	Property and construction	Private individuals	Services	Textile	Other	Total
At 31 December 2025								
Cash and cash equivalents	398,915	-	-	-	33,872	-	-	432,787
Cash at Central Bank – statutory reserve	46,343	-	-	-	-	-	-	46,343
Placements with Islamic financial institutions	193,617	-	-	-	-	-	-	193,617
Investment securities carried at FVTPL	1,931	-	-	-	3,783	-	-	5,714
Investment securities carried at FVOCI	12,148	27,002	-	-	2,397,010	-	-	2,436,160
Investment securities carried at amortised cost	-	-	-	-	19,782	-	-	19,782
Investments in financings	127,549	1,786,250	74,802	241,809	918,903	-	122,466	3,271,779
Accounts receivable and other assets	388,888	-	22	42,502	31,730	-	257	463,399
Investment properties	3,298	-	292,354	-	-	-	-	295,652
Development properties	-	-	181,776	-	-	-	-	181,776
Investments in associates	108,580	-	-	-	-	-	-	108,580
Property, equipment and rights-of-use assets	256,320	-	640	-	-	-	-	256,960
Intangible assets	127,371	-	-	-	-	-	-	127,371
Total assets	**1,664,960**	**1,813,252**	**549,594**	**284,311**	**3,405,080**	**-**	**122,723**	**7,839,920**
Accounts payable	281,146	759	81	15,195	934	-	79,341	377,456
Current tax payable	-	-	-	-	-	-	58	58
Due to customers	1,429,452	1,605,638	225,831	1,185,617	992,988	-	486,354	5,925,880
Due to banks and other financial institutions	1,108,605	-	-	-	-	-	-	1,108,605
Provisions	21	-	56,938	-	-	-	12,541	69,500
Deferred tax liabilities	-	-	-	-	17,172	-	-	17,172
Total liabilities	**2,819,224**	**1,606,397**	**282,850**	**1,200,812**	**1,011,094**	**-**	**578,294**	**7,498,671**
Net on-balance sheet position	**(1,154,264)**	**206,855**	**266,744**	**(916,501)**	**2,393,986**	**-**	**(455,571)**	**341,249**
Contingent liabilities and commitments	**316,217**	**1,759,032**	**29,037**	**-**	**398,560**	**-**	**28,564**	**2,531,410**
As at December 2024								
Total assets	**1,439,523**	**1,174,160**	**593,689**	**260,665**	**3,303,520**	**-**	**322,813**	**7,094,370**
Total liabilities	**2,861,340**	**1,197,209**	**250,366**	**656,432**	**1,193,027**		**609,017**	**6,767,391**
Net on-balance sheet position	**(1,421,817)**	**(23,049)**	**343,323**	**(395,767)**	**2,110,493**	**-**	**(286,204)**	**326,979**
Contingent liabilities and commitments	**87,030**	**1,298,621**	**33,152**	**5,207**	**302,918**	**-**	**158,385**	**1,885,313**

For the year ended 31 December 2025 in thousands of USD

41. Maturities of assets and liabilities

The maturity profiles of assets and liabilities of the Group are as follows:

	Up to one month	One-three months	Three-twelve months	One-five years	Over five years	Total
At 31 December 2025						
Cash and cash equivalents	430,781	-	-	2,006	-	432,787
Cash at Central Bank – statutory reserve	46,343	-	-	-	-	46,343
Placements with Islamic financial institutions	193,617	-	-	-	-	193,617
Investment securities carried at FVTPL	-	-	5,714	-	-	5,714
Investment securities carried at FVOCI	1,817	-	588,106	1,745,620	100,617	2,436,160
Investment securities carried at amortised cost	-	-	-	19,782	-	19,782
Investments in financings	478,367	425,091	1,177,641	814,040	376,640	3,271,779
Accounts receivable and other financial assets	134,816	31,930	34,852	245,828	15,973	463,399
Investment properties	-	-	-	295,652	-	295,652
Development properties	-	-	-	181,776	-	181,776
Investments in associates	-	-	108,580	-	-	108,580
Property, equipment and right-of-use assets	3,214	8	40,750	53,285	159,703	256,960
Intangible assets	-	-	3,872	8,638	114,861	127,371
Total assets	**1,288,955**	**457,029**	**1,959,515**	**3,366,627**	**767,794**	**7,839,920**
Accounts payable	121,697	119,196	50,182	15,852	70,529	377,456
Current tax payable	58	-	-	-	-	58
Due to customers	4,744,311	410,392	503,637	58,437	209,103	5,925,880
Due to banks	290,407	122,112	65,726	119,455	510,905	1,108,605
Provisions	-	-	21	1,938	67,541	69,500
Deferred tax liabilities	-	-	17,172	-	-	17,172
Total liabilities	**5,156,473**	**651,700**	**636,738**	**195,682**	**858,078**	**7,498,671**
Net liquidity gap	**(3,867,518)**	**(194,671)**	**1,322,777**	**3,170,945**	**(90,284)**	**341,249**
At 31 December 2024						
Total assets	**1,166,133**	**727,714**	**970,348**	**3,146,080**	**1,084,095**	**7,094,370**
Total liabilities	**5,062,370**	**286,171**	**866,335**	**104,922**	**447,593**	**6,767,391**
Net liquidity gap	**(3,896,237)**	**441,543**	**104,013**	**3,041,158**	**636,502**	**326,979**

The customer current and investment account and due to banks, although contractually short term in nature, tend to be renewed on maturity and expected to remain with the Group for a longer term.

For the year ended 31 December 2025 in thousands of USD

42 Currency exposure

	United States Dollar	Pakistan Rupee	Bahrain Dinar	Euro	Swiss Franc	Saudi Riyal	Egyptian Pound	Other	Total
At 31 December 2025									
Cash and cash equivalents	46,052	336,070	7,037	9,872	124	8,977	4,342	20,313	432,787
Cash at Central Bank – statutory reserve	-	-	46,343	-	-	-	-	-	46,343
Placements with Islamic financial institutions	6,899	-	186,393	-	-	-	-	325	193,617
Investment securities carried at FVTPL	-	3,862	-	-	-	1,852	-	-	5,714
Investment securities carried at FVOCI	4,010	2,425,069	-	-	-	-	2,620	4,461	2,436,160
Investment securities carried at amortised cost	-	19,782	-	-	-	-	-	-	19,782
Investments in financings	98,821	2,976,346	168,599	-	-	28,013	-	-	3,271,779
Accounts receivable and other assets	263,931	198,433	32	78	2	397	214	312	463,399
Investment properties	121,951	-	34,525	1,739	-	93,822	-	43,615	295,652
Development properties			181,776						181,776
Investments in associates	-	11,533	97,047	-	-	-	-	-	108,580
Property, equipment and right of use assets	99	256,320	498	-	-	3	40	-	256,960
Intangible assets	114,104	12,569	698	-	-	-	-	-	127,371
Total assets	**655,867**	**6,239,984**	**722,948**	**11,689**	**126**	**133,064**	**7,216**	**69,029**	**7,839,920**
Accounts payable	-	247,900	92,917	1,300	-	21,867	2,724	10,748	377,456
Current tax payable	-	-	58	-	-	-	-	-	58
Due to customers	494,678	4,865,255	507,629	22,931	-	1,321	-	34,066	5,925,880
Due to banks and other financial institutions	308,632	436,291	20,230	688	-	5,830	-	336,934	1,108,605
Provisions	14,479	-	-	55,000	-	-	21	-	69,500
Deferred tax liabilities	17,172	-	-	-	-	-	-	-	17,172
Total liabilities	**834,961**	**5,549,446**	**620,834**	**79,919**	**-**	**29,018**	**2,745**	**381,748**	**7,498,671**
Net on-balance sheet position	**(179,094)**	**690,538**	**102,114**	**(68,230)**	**126**	**104,046**	**4,471**	**(312,722)**	**341,249**
Contingent liabilities and commitments	**624,354**	**1,737,605**	**33,749**	**27,278**	**3,374**	**-**	**-**	**105,050**	**2,531,410**
At 31 December 2024									
Total assets	**562,643**	**5,604,446**	**715,349**	**3,307**	**311**	**146,573**	**4,522**	**57,219**	**7,094,370**
Total liabilities	**539,105**	**4,739,546**	**750,230**	**361,103**	**508**	**14,912**	**346**	**361,641**	**6,767,391**
Net on-balance sheet position	**23,538**	**864,900**	**(34,881)**	**(357,796)**	**(197)**	**131,661**	**4,176**	**(304,422)**	**326,979**
Contingent liabilities and commitments	**367,312**	**1,406,344**	**41,080**	**24,877**	**4,868**	**-**	**-**	**40,832**	**1,885,313**

For the year ended 31 December 2025 in thousands of USD

43 Date of authorisation for issue

These consolidated financial statements have been approved for issue by the Board of Supervisors on 12 July 2026 and are subject to approval at the Annual General Meeting, which will be held on 15 July 2026.

44 Principal subsidiaries in the consolidated financial statements

	Nature of Business	% owned Subsidiary	% owned DMI	Country of Incorporation
Islamic Investment Company of the Gulf (Bahamas) Limited	Investment Banking	100	100	Bahamas
Ithmaar Holding B.S.C.	Retail Banking	49	49	Kingdom of Bahrain
Faysal Bank Limited	Retail Banking	67	31	Pakistan
Ithmaar Development Company Limited	Real Estate Investment	100	46	Cayman Islands
Dilmunia Development Fund L.L.P.	Real Estate Investment	92	42	Kingdom of Bahrain
DMI Administrative Services S.A.	Management Services	100	46	Switzerland
Ithmaar Bank B.S.C. (c)	Banking	100	46	Kingdom of Bahrain
IB Capital B.S.C. (c)	Asset Management	100	46	Kingdom of Bahrain

Consolidation of entities in which the Group holds less than 50%
The Group considers it has de facto control of Ithmaar Holding even though it has less than 50% of the voting rights. The Group is the majority shareholder with a 49.56% equity interest. As the Group maintains control over Ithmaar's Board of Directors and considering the dispersed nature of the remaining shareholders, DMI continues to consolidate Ithmaar Holding as a subsidiary based upon the Group's assessment under IFRS 10. There is no history of other shareholders forming a group to exercise their votes collectively.

Ithmaar Holding is subject to the consolidated supervision of CBB.

45 Capital management

One of the subsidiaries of the DMI Group is subject to supervision of CBB and is required to comply with Capital adequacy ratio requirements. The capital adequacy ratio has been calculated in accordance with CBB guidelines and CBB directives incorporating credit risk, operational risk and market risk. The minimum regulatory requirements is 12.5%. As at 31 December 2025 and 2024 the subsidiary has complied with these requirements. Similar requirements are also applicable to a banking subsidiary in Pakistan as per the local requirements which was also complied as at 31 December 2025 and 2024. Ithmaar Bank has not complied with the requirements of the Central Bank of Bahrain's Rulebook Volume 2 “Licensing requirements” which states that an Islamic retail bank licensee must maintain a minimum total shareholders' equity of BHD 100 million.

46 Contingency and fiduciary reserve

As approved by the Board of Directors on 3 December 2017, discretionary amounts are transferred to a contingency reserve. This reserve is distributable at the discretion of the Board of Directors.

47 Subsequent event

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated, resulting in heightened instability and uncertainty in the region, including the Kingdom of Bahrain. These events have not caused any operational disruptions and based on management's assessment, have not had a material impact on the fair values of the Group's assets and liabilities.

These events are considered non-adjusting subsequent events in accordance with IAS 10, *Events after the Reporting Period*. The situation remains rapidly evolving, and the potential effects of the escalation are subject to significant uncertainty. Management continues to closely monitor developments and assess the potential impact on the Group's operations, financial position, and cash flows. As at the date of authorization of these financial statements, and based on management's assessment, the Groups' operations have continued without material disruption.