

Dar Al-Maal Al-Islami Trust

**ANNUAL REPORT
2024**

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Board of Supervisors and Religious Board

Board of Supervisors

Amr Mohamed Al Faisal Al Saud

Omar Abdi Ali

Khalid Omar Abdel Rahman Azzam

Moustafa Abu Bakr Azzam

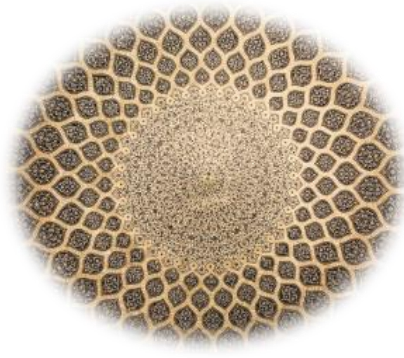
Abdulaziz Abdulrahman Alessa

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.

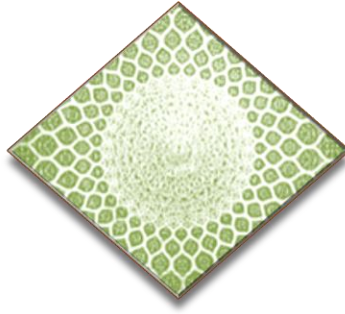
The Group comprises three main business sectors: Islamic banking, Islamic investment and Islamic insurance.

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-third Annual Report of Dar Al-Maal Al-Islami Trust ("DMIT") for the financial year ended 31 December 2024.

- **Strategic Reset**

The year 2024 has marked a pivotal phase in our journey—one that reflects a reimagined purpose for the Group in a fast-evolving global context.

- **Structural Optimisation**

We are embarking on a comprehensive restructuring programme aimed at enhancing operational efficiency, simplifying our business model, and better aligning our core capabilities with future growth opportunities. This optimisation effort has improved our responsiveness to market challenges and enabled us to channel resources toward value-accretive areas.

- **Team Empowerment**

Recognising that transformation starts with people, we strengthened internal collaboration across regions and subsidiaries. Empowering our teams at every level has fostered a culture of

shared accountability and high performance, enabling faster, more coordinated execution of strategic initiatives.

- **Long-Term Value Creation**

These actions were designed with a long-term perspective. Our aim is to build a more agile and robust institution that consistently delivers sustainable returns for our unitholders while contributing positively to the economies we serve.

- **Resilience and Realignment**

We realigned operations to navigate rising volatility, inflationary pressures, and changing regulatory landscapes. Through this disciplined approach, we have enhanced our ability to absorb external shocks and emerge stronger.

- **Economic Scene**

As per World Bank, the IMF, and Reuters, during 2024, the global economy grew by 3.2%, reflecting moderate recovery in advanced economies and strong resilience in countries like India and the United States. However, China experienced a slowdown due to weak domestic consumption and a prolonged crisis in the real estate sector, which had ripple effects across Asian trade networks. Global inflation declined significantly, from 5.3% in 2023 to 3.7%, aided by falling energy prices and the stabilization of global supply chains. In

response, the U.S. Federal Reserve reduced interest rates gradually, bringing them down to a range of 4.25%–4.50%, aiming to support investment and consumer spending. A key geopolitical development was the U.S.

imposing new tariffs on Chinese imports, particularly in the green tech sector. This included a dramatic increase in duties on Chinese electric vehicles—from 25% to 100%—alongside restrictions on solar panels and lithium batteries. China strongly opposed the measures, threatening retaliatory action and reigniting fears of a new trade war.

Financial markets responded favourably to easing monetary policy and technological momentum. The Nasdaq gained 29% over the year, while the S&P 500 rose by 23%, driven by the explosive growth of artificial intelligence companies such as Nvidia and Microsoft. European markets were mixed, with Germany performing strongly, while France saw declines due to domestic political instability. Global trade rebounded, reaching approximately \$33 trillion—up 3.3% from 2023—fuelled by expanding digital services and tech exports.

As of April 2025, Fitch Ratings' forecasts for world growth have been sharply lowered in response to the recent severe escalation in the global trade war. This special update cuts world growth in 2025 by 0.4pp and China and US growth by 0.5pp from March 2025. US annual growth is expected to remain positive at 1.2% for 2025 but will slow to a crawl through the year at just 0.4% year-to-year in Q4, 2025. China's growth is expected to fall below 4% both this year and next, while growth in the eurozone will remain stuck well below 1%. World growth is projected to fall below 2% this year; excluding the pandemic, this would be the weakest global growth rate since

2009. Fitch also has lowered the 2025 Brent oil price assumption by \$5 to \$65 – this will also facilitate a faster pace of monetary easing outside the US, as growth slows.

Prominent economy in the region, the Kingdom of Saudi Arabia ("KSA"), have been exploring ways to diversify from relying on oil as their main revenue source, with many economists predicting the growth rate in non-oil GDP will be in line with oil GDP growth next year. However, in its World Economic Outlook Report, the IMF cut its projections for Saudi Arabia's GDP growth in 2026 to 3.7%, compared to 4.1% previously. Saudi Arabia's real GDP is expected to grow by 3% in 2025, with further acceleration to 3.7% in 2026.

As of April 2025, the Reuters poll forecast for Egypt's annual headline inflation was 20.48% in 2024/25 and forecasted to drop to 12.2% in 2025/26. Egypt's GDP growth fell to 2.4% in 2023/24 from 3.8% a year earlier, according to Central Bank of Egypt's figures, dragged down by a currency crisis and the war in neighbouring Gaza, which cut into Suez Canal revenue and slowed tourism. It regained momentum after Egypt signed an expanded, \$8 billion financial reform package with the IMF and secured \$24 billion from the UAE's sovereign fund for real estate investment on the Mediterranean coast. According to the median currency forecast from analysts, the Egyptian pound will weaken to L.E. 51.87 per Dollar by end-June 2025, and L.E. 53.10 by end-June 2026.

According to data from the IMF, and Trading Economics, during Fiscal Year 2023–24 (July 2023 to June 2024), Pakistan's economy faced significant challenges, with GDP growth projected at just 2.4%. Inflation remained elevated, averaging around 24.5% over the fiscal year, driven by energy price hikes, currency depreciation, and supply-side

constraints. The fiscal deficit continued to widen due to limited revenue growth and high debt servicing costs, while the Pakistani Rupee experienced sustained depreciation throughout 2023 and early 2024. On the external front, Pakistan significantly reduced its current account deficit, which declined by 94.8% year-on-year to just \$0.2 billion by March 2024, down from \$3.7 billion a year earlier. This improvement was achieved through strict import controls introduced in mid-2023 and modest export—and steady remittance inflows. Foreign exchange reserves rose to \$14.6 billion by the end of May 2024, strengthening Pakistan’s buffer against external shocks and contributing to a more stable exchange rate environment. GDP growth in 1HFY25 stood at 1.5%, with agriculture showing no momentum, industry showing negative growth with large-scale manufacturing having shown contraction. Pakistan’s move was re-engaging with IMF to secure fresh financial support. The IMF program aimed to shore up foreign reserves, curb inflation, and support fiscal reforms while signalling policy continuity to global investors. Looking ahead to 2025, Pakistan’s economic outlook remains promising. If the reforms agenda is successfully implemented, the country could lay the groundwork for a more sustainable and inclusive economic recovery.

● **Review of Operations**

Despite the challenging business environment, tight monetary policies and prominent level of uncertainties, *Alhandu Lillah*, the Group achieved a net profit after tax attributable to equity participants of \$ 11.5 million compared with \$ 7.5 million in 2023. The total Group’s net profit after tax for 2024 of \$30.6 million remains in line with 2023 of \$ 31 million. The operating income reported in 2024 was \$ 326 million, i.e., 9% higher than 2023’s operating income of \$ 301 million. Similarly, 2024’s net

profit before tax was \$ 122 million 20% higher than 2023’s of \$ 102 million. Trust capital has improved from \$163.5 million at the end of 2023 to \$175 million at December 2024. Similarly, the value of each equity participation Unit has increased from \$41.38 in 2023 to \$ 44.26 in December 2024. The Group’s reliable performance in 2024, reflects our adherence to our resilience, good assets quality standards, investment diversification, operating within an acceptable risk parameter, and elevated levels of liquidity aiming to enhance profitability to Unitholders.

Ithmaar Holding BSC (“Ithmaar”) is regulated by the Central Bank of Bahrain and its shares are listed on the Bourse of Bahrain and Dubai Financial Market. Ithmaar is a key subsidiary of the Group with 46.49% interest. In 2024 Ithmaar reported a profit attributed to shareholders of \$10.46 million compared to a loss of \$ 9.31 million in 2023. The improvement in profit is attributed to the income from investments which increased from \$ 364 million in 2023 to \$ 472 million in 2024, which was primarily attributed to higher fair valuation of investment securities.

In 2025, in cooperation with the Group, Ithmaar has started working on various strategic initiatives to strengthen the Group’s consolidated equity base (‘Equity Strengthening Plans’). These initiatives include, amongst other initiatives, among which:

- Issuance of Tier 1 capital instrument (T1) subject to regulatory and shareholders’ approvals.
- Continuing regulatory support on matters related to capital and liquidity requirements on licensed group entities.
- Consideration of sale of non-core assets, subject to further review, negotiations, and necessary regulatory approvals.

Faysal Bank Limited, Pakistan (“FBL”) which is 66.7% owned by Ithmaar Bank

has completed the biggest ever conversion into a full-fledge Islamic bank. Accordingly, with effect from January 2023, FBL has been operating as a full-fledged Islamic bank. FBL continued expansion of its retail network in Pakistan, digitalization, and enhancement of services. In 2024 and 2025, FBL has made significant strides in integrating Environmental, Social, and Governance (ESG) principles into its operations. The bank's commitment to sustainability was recognized with the prestigious PICG's ESG Stewardship Award in 2024, underscoring its dedication to responsible banking practices. FBL's efforts in diversity, equity,

and inclusion (DEI) were also acknowledged, as the Bank secured fourteen awards at the Global Diversity, Equity & Inclusion Benchmark (GDEIB) Awards 2025, including 10 Best Practice Awards and 4 Progressive Category Awards. This achievement reflects a 25% increase in its inclusivity score, positioning FBL among the topmost inclusive organizations globally.

On a standalone basis, FBL has achieved a Profit after Tax (PAT) of PKR 23 billion 82.7 million), 15% higher than PKR 20 billion (\$ 72.1 million) earned in 2023. Furthermore, Earnings Per Share exhibited a commendable rise, surging from PKR 13.21 in 2023 to PKR 15.17 in 2024.

During the year 2023, the Bank continued its growth trajectory and increased total revenue by 18% over 2023, from PKR 83 billion (\$ 298 million) in 2023 to PKR 97.7 billion in 2024 (\$350 million). Robust growth in the balance sheet coupled with an increase in spreads led to a year-on-year growth of 13% in net spread earned, taking it to PKR 80.3 billion (\$ 289 million). Healthy growth in current deposits (from customers and financial institutions) of PKR 83 billion (\$298 million) (26.4%)

and the increase in the average benchmark rate helped improve overall spreads. Non-Funded income grew by 44% from PKR 12.1 billion (\$ 44 million) in 2023 to PKR 17.4 billion (\$62.4 billion) in 2024.

As a result of prevailing circumstances of historically high inflation, a depreciating PKR relative to the USD, and an expanding branch network to 855 branches, the Bank's total expenses have risen by 22.5 % over 2023 and the cost to income ratio has increased from 49% in 2023 to 50.9% in 2024. The net provision for 2023 was a reversal PKR 2.46 billion (\$ 8.8 million), compared to a provision of PKR 0.91 billion in 2023 (\$ 8.6 million). The impairment ratio continued to reduce to 3.6% with total provision coverage at 89%.

As a result of strong deposit mobilization, FBL total assets continued to grow to PKR 1.6 trillion (\$ 5.7 billion). The upward trend in Current Accounts seen over the past few years continued, taking them to PKR 397 billion (\$ 142 million i.e., 26.4% growth over 2023. Saving Accounts increased to PKR 485 billion i.e., 11% growth over 2023. Total deposits crossed PKR 1 trillion (\$3.62 billion) mark and increased by 3% over 2023, with slight reduction in market share from 3.7% to 3.4% in 2024. The CASA mix increased from 75% in 2023 to 85.5% in 2024. Pursuant to strengthen its capital base, FBL has maintained its Capital Adequacy Ratio (CAR) at 16.5%.

Islamic Investment Company of the Gulf (Bahamas) Limited ("IICG"), DMI's wholly owned subsidiary, reported a net profit of \$ 12.3 million in 2024 primarily from Management fee, compared to \$ 12.5 million in 2023. Shareholders' equity in 2024 increased to \$128 million compared to \$124 million in 2023. IICG's total assets reported an increase by 8%, from \$136 million in 2023, to \$147 million in 2024. The increase is primarily attributed to an increase in amounts due

from funds under management which increased by 10% from \$ 100 million in 2023 to \$ 110 million in 2024. IICG's Modarabas (Funds Under Management) amounted to \$ 1.62 billion in December 2024, a marginal decrease from \$ 1.65 billion in 2023, due to partial redemptions to the investors.

IICG has continued its efforts to liquidate its Modarabas. All such Modaraba assets are under liquidation to be distributed to the investors proportionately. So far, a total distribution of 15% of investors' equity has been made since the inception of liquidation process. As the liquidation of the assets progresses, further repayments of Modarabas capital will be made to the investors when more assets are liquidated. The overall Group risk in respect of Funds Under Management is under close monitoring of the Board of Supervisors.

IICG's 73.3% owned subsidiary, Gulf Investors Asset Management Company ("GIAMCO"), a Saudi closed joint stock company registered in the Kingdom of Saudi Arabia, recorded a net loss of 0.5 million in 2024 compared to a net loss of \$ 0.4 million in 2023. Total Funds Under Management of GIAMCO as of December 31, 2023, amounted to \$ 44 million, the same as of 2023.

In line with the soft liquidation plan of GIAMCO's Modarabas, the Board decided to fully-liquidate the remainder of GIAMCO's two real estate funds by the end of 2025 depending on market conditions.

Faisal Islamic Bank of Egypt ("FIBE"), 44.9% owned primarily, by Group's managed funds, has continued its journey in delivering superior performance at all levels. As of December 31, 2024, the exchange rate was US\$1 = L.E. 50.84 compared with L.E. 30.85 in 2023. FIBE has continued to maintain its leadership in Islamic banking activities within the Egyptian market and strengthened its competitive position on

local and regional levels. The branch network expanded to forty-two branches during 2024. During 2025, the Bank is planning to open three branches in different cities. Similarly, the number of cash machine's network expanded to 565 by December 2024.

FIBE has continued its policy of strengthening its capital base and mitigating the risks related to its activities. At December 2024, the Capital Adequacy Ratio ("CAR") for FIBE amounted to 22.6 % (2023: 23%) as compared with a regulatory minimum requirement of 12.5%.

FIBE's net profit after tax in 2024 amounted to L.E. 11,739 million (\$ 264 million) compared with L.E. 4,056 million (\$ 134 million) in 2023, the significant increase of 193% in the bottom line was a result of increase in Return on Musharaka, Murabaha, Mudaraba and similar revenues which increased from L.E. 16,292 million to L.E. 23,709 million, in line with growth in bank's financial investments in particular treasury bills.

Total assets in 2024 amounted to L.E. 240 billion (\$ 4.7 billion) represent an increase of 36% over December 2023 of L.E.177 billion (\$5.7 billion). Shareholders' equity in 2024 amounted to L.E. 39 billion (\$ 768 million) compared to L.E. 24.8 billion (\$ 805 million) for the previous year, an increase of 57 % in local currency terms. The most important source of funds for FIBE's savings pools and investment certificates (Funds Under Management) increased by 5.5%, from L.E. 130.4 billion (\$ 4.2 billion) in 2023 to L.E. 177 billion (\$ 3.5 billion) in 2024.

For 2024, the shareholders have approved a 6% dividend pay-out (2023: 6%). FIBE will continue its journey in playing a leading role in the development and flourishing of Islamic

banking in Egypt and consolidation of its position, as a leading Islamic bank.

- **Outlook**

As per The IMF outlook for global growth as of April 2025, after enduring a prolonged and unprecedented series of shocks, the global economy had stabilized, with steady yet underwhelming growth rates. However, the landscape has changed as governments around the world reorder policy priorities and uncertainties have climbed to new highs. Forecasts for global growth have been revised markedly down as compared to beginning of 2025, reflecting effective tariff rates at levels not seen in a century and a highly unpredictable environment.

Intensifying downside risks dominate the outlook, amid escalating trade tensions and financial market adjustments. Divergent and swiftly changing policy positions or deteriorating sentiment could lead to even tighter global financial conditions. Ratcheting up a trade war and heightened trade policy uncertainty may further hinder both short-term and long-term growth prospects. Scaling back international cooperation could jeopardize progress toward a more resilient global economy.

The Board of Supervisors will continue to oversee the task of striking the right balance between the opportunities and risks that we see. We will continue to encourage product innovation and have

extended support to branch expansion and digitalization.

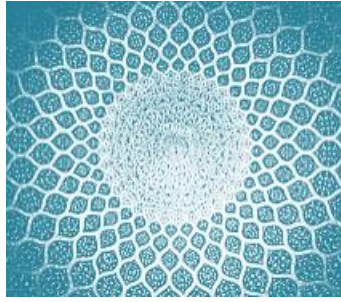
The Group's performance and success during 2024 amid the economic challenges it faced e.g., in Egypt and Pakistan, increases our determination towards achieving better results soon and actively contributing to supporting our clients, gaining traction for the next level of growth and profitability and achieving added value to our valuable Unitholders. The Group is well-positioned with good momentum in coming months. The Group will continue to invest in modern technologies to improve digital offerings, AI, and customer experience. We will continue to invest in our workforce and foster a culture that encourages our core values: Integrity, Teamwork, Innovation, and Care.

On behalf of the Board of Supervisors, I would like to thank our participants for their continued support, the Religious Board for its counsel and guidance. I would also like to express my gratitude and appreciation to Executive Management as well as all staff members of the Group, for their commitments and effort during the year in achieving the Group's goals.

Allah is the purveyor of success.



Amr Mohammed Al Faisal



REPORT OF THE RELIGIOUS BOARD

The DMI Trust Religious Board held a meeting in Cairo, Egypt, on Thursday 02, Dhul Hijjah 1446H, corresponding to 29 May 2025.

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

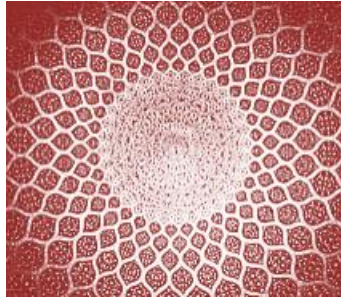
Furthermore the Religious Board reviewed the 2024 balance sheet and financial statements presented to it and after examining and discussing the same, the Religious Board considered that all DMI Group investment activities, projects and banking services undertaken during the year were in conformity with 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.

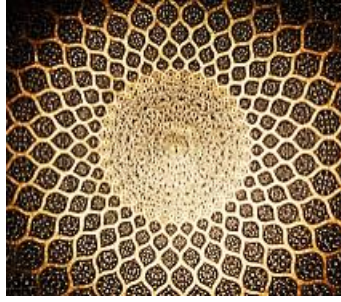
Allah is the purveyor of success.

Dr. Nasr Farid Mohamed Wasel Chairman
of the Religious Board



Ten-Year Financial Summary

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Group profit/(loss)	(59.9)	(26.5)	(46.5)	(44.9)	21	(52)	73.1	5.2	31.0	30.6
Net unitholders profit/(loss)	(40.2)	(41.7)	(14.6)	(27.5)	13.1	(26.9)	31.2	1.7	7.5	11.5
Funds under Management	9,105	9,053	8,705	8,620	8,271	8,969	9,493	7,371	7,429	7,366
Trust capital	416	295	289	168	180	137	153	154	164	175
Return on average Trust capital	(9.7) %	(11.1) %	(5.0) %	(16.4) %	7.3%	(17.2) %	20.4%	1.1%	4.7%	6.8%
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	3,628	3,857	4,244	5,516	6,572	7,026	7,405	7,749	8,310	8,844
Book value per unit (US dollars)	119.47	94.75	73.06	42.53	45.62	34.68	38.77	38.98	41.38	44.26



Dar Al-Maal Al-Islami Trust

2024

Consolidated Financial Statements

1 January 2024 – 31 December 2024

Dar Al-Maal Al-Islami Trust
CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2024

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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 2024, 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 2024, 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 131 million as at 31 December 2024 (31 December 2023: USD 132 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 2024 or 31 December 2023. 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 2023 and 31 December 2024 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 109.6 million in the statement of financial position as at 31 December 2024 (USD 99.9 million as at 31 December 2023). 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 2024 would have reduced by USD 11 million (31 December 2023: USD 10 million), net profit for the year ended 31 December 2024 would have reduced by USD 1 million (31 December 2023: USD 2.4 million) and net equity as at 31 December 2024 would have reduced by USD 11 million (31 December 2023: USD 10 million).

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 management operations, amounting to USD 104.8 million as at 31 December 2024 (31 December 2023: USD 104.3 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.



Independent auditors' report (continued) Dar Al-Maal Al-Islami Trust

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 Fakhro
Partner Registration Number 137
14 September 2025

Dar Al-Maal Al-Islami Trust

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024**

<i>In thousands of USD</i>	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	5	424,647	357,222
Cash at Central Bank – statutory reserve	5	43,004	46,412
Investments with Islamic institutions	6	118,194	3,655
Investment securities carried at fair value through profit and loss (“FVTPL”)	7	15,854	24,379
Investment securities carried at fair value through other comprehensive income (“FVOCI”)	8	2,603,920	2,286,907
Investment securities carried at amortised cost	9	24,891	24,708
Investments in financings	10	2,521,570	2,333,007
Accounts receivable and other assets	12	356,764	321,012
Investment properties	13	341,865	384,616
Development properties	14	176,276	174,662
Investments in associates	15	106,584	94,659
Property, equipment and right-of-use assets	16	229,723	166,267
Intangible assets	17	131,078	132,474
Total assets		7,094,370	6,349,980
Liabilities and equity			
Liability			
Accounts payable	18	426,503	322,491
Current tax payable	19	249	10,765
Due to customers	20	4,503,112	4,449,581
Due to banks and other financial institutions	21	1,719,149	1,188,043
Provisions	22	69,480	70,244
Deferred tax liabilities	19	48,898	5,327
Total liabilities		6,767,391	6,046,451
Equity			
Trust capital attributable to equity participants			
Paid in capital		385,161	385,161
Reserves		(210,235)	(221,604)
Total trust capital		174,926	163,557
Non-controlling interests	34	152,053	139,972
Net equity		326,979	303,529
Total equity and liabilities		7,094,370	6,349,980

The financial statements were approved by the Board of Supervisors on 14 September 2025 and signed on its behalf by:



Omar Abdi Ali
Member of Board of Supervisor



Amr Mohammed Al Faisal
Chairman

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 2024

<i>In thousands of USD</i>	Notes	2024	2023
Income			
Fund management and services	36	15,706	16,036
Income from foreign exchange trading	23	18,883	19,792
Income from investments carried at FVTPL		1,830	1,487
Income from investments carried at FVOCI	24	430,915	338,609
Income from investments carried at amortised cost	25	8,490	8,514
Income from investments with Islamic institutions	26	3,269	4,387
Income from investments in financings	27	347,504	336,964
Fee and commission income	28	44,042	30,854
Other income	29	4,681	174
		<u>875,320</u>	<u>756,817</u>
Profit paid to financial and non-financial institutions	30	(547,355)	(456,162)
Operating income		327,965	300,655
Expenses			
Staff costs	31	(84,790)	(69,482)
General and administrative expenses	32	(118,489)	(98,102)
Depreciation, amortisation and impairment of goodwill	16,17	(23,412)	(20,632)
Exchange gain / (loss)		18,728	(9,782)
Reversal of allowance for impairment		8,762	1,481
Total expenses		(199,201)	(196,517)
Operating profit		128,764	104,138
Share of loss of associated companies		(6,934)	(2,425)
Profit for the year before income taxes		121,830	101,713
Taxes	33	(91,249)	(70,670)
Profit for the year		30,581	31,043
Attributable to:			
Equity participants		11,535	7,530
Non-controlling interests	34	19,046	23,513
		<u>30,581</u>	<u>31,043</u>

The financial statements were approved by the Board of Supervisors on 14 September 2025 and signed on its behalf by:



Omar Abdi Ali
Member of Board of Supervisor



Amr Mohammed Al Faisal
Chairman

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	2024			2023		
	Equity holders	Non-controlling interests	Total	Equity holders	Non-controlling interests	Total
Profit for the year after income taxes	11,535	19,046	30,581	7,530	23,513	31,043
<i>Items that may be subsequently reclassified to the consolidated statement of income</i>						
Net movement in fair value of debt investments carried at FVOCI	3,585	29,473	33,058	(2,390)	6,510	4,120
Net movements in deferred tax of investments at FVOCI	-	(13,194)	(13,194)	-	(5,389)	(5,389)
Revaluation of fixed assets	-	-	-	(240)	(276)	(516)
Foreign currency translation differences of foreign entities	(3,751)	2,372	(1,379)	5,674	(12,102)	(6,428)
<i>Items that will not be reclassified to the consolidated statement of income</i>						
Transfer to accumulated losses on disposal of FVOCI	-	(319)	(319)	-	766	766
Other comprehensive income	(166)	18,332	18,166	3,044	(10,491)	(7,447)
Total comprehensive income / (loss)	11,369	37,378	48,747	10,574	13,022	23,596

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 2024

In thousands of USD

	Attributable to equity participants					Total reserves	Non-controlling interests	Total equity
	Paid in capital	Fair value reserve	Currency translation	Accumulated losses	Contingency reserve			
At 1 January 2023	385,161	7,629	(47,878)	(238,049)	47,187	(231,111)	111,429	265,479
Profit for the year after income tax	-	-	-	7,530	-	7,530	23,513	31,043
Increase in shareholding of subsidiary	-	-	-	33	-	33	20,981	21,014
Other comprehensive income	-	(2,630)	5,674	(1,100)	-	1,944	(10,491)	(8,547)
Transfers to contingency reserve*	-	-	-	(6,270)	6,270	-	-	-
Dividends paid	-	-	-	-	-	-	(5,460)	(5,460)
At 31 December 2023	385,161	4,999	(42,204)	(237,856)	53,457	(221,604)	139,972	303,529
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 tax	-	-	-	11,535	-	11,535	19,046	30,581
Increase 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 paid	-	-	-	-	-	-	(11,844)	(11,844)
At 31 December 2024	385,161	8,584	(45,955)	(232,425)	59,561	(210,235)	152,053	326,979

*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.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

<i>In thousands of USD</i>	2024	2023
Cash flows from operating activities		
Profit for the year before income taxes and non- controlling interests	121,830	101,713
Adjustments for:		
Depreciation, amortisation and impairment	23,412	20,632
Interest expenses on lease liabilities	6,716	5,101
Fair value adjustments on investment carried at FVTPL	(996)	(1,462)
Loss from associated companies	6,934	2,425
Changes in fair value of investment properties	10,740	(2,517)
Gain on disposal of property and equipment	(161)	(81)
Charge/(reversal) of allowance for impairment	(8,762)	(1,481)
Adjusted cash flow before changes in operating assets and liabilities	159,713	124,330
Net (increase)/decrease in investments with Islamic institutions	(114,539)	21,706
Net decrease/(increase) of investment securities carried at FVTPL	8,525	(15,003)
Net increase in investments in financings	(188,563)	(52,204)
Net (increase)/decrease in accounts receivable and other assets	(2,494)	50,969
Net increase in development properties	(1,614)	(102,205)
Cash at central banks - statutory reserve	3,408	(6,126)
Net increase/(decrease) in accounts payable, excluding taxes	101,738	(336)
Net increase in due to banks and other financial institutions	531,106	63,681
Net increase in due to customers	53,531	63,995
Cash generated from operating activities	550,811	148,807
Taxes	(126,936)	(76,697)
Net cash generated from operating activities	423,875	72,110
Cash flows from investing activities		
Purchase of investment properties	-	(78,743)
Purchase of investment securities at FVOCI	(725,454)	(659,210)
Disposal of investment securities at FVOCI	497,450	1,536,499
Purchase of property, equipment, right-of-use assets and intangibles	(51,995)	(31,194)
Disposal of property, equipment, right-of-use assets and intangibles	74	6,093
Net cash (used in) / generated from investing activities	(279,925)	773,445
Cash flows from financing activities		
Dividends paid to owners of the parent	(19)	(27)
Repayment of lease liabilities	(13,017)	(11,709)
Net cash used in financing activities	(13,036)	(11,736)
Net increase in cash and cash equivalents	130,914	833,819
Foreign currency translation	(63,489)	(842,158)
Cash and cash equivalents at beginning of year	357,222	365,561
Cash and cash equivalents at end of year	424,647	357,222
	5	
Addition to right-of-use assets (Notes 16, 35)	17,567	8,821
Addition to lease liabilities (Notes 16, 35)	17,567	(8,821)

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

1. Formation and activities

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 (the Group) are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS interpretations. 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 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 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- (i) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- (ii) Amendments to IAS 1 – Non-current Liabilities with Covenants
- (iii) Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- (iv) Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

(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) Lack of Exchangeability - Amendments to IAS 21
- (ii) Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- (iii) Annual Improvements to IFRS Accounting Standards - Volume 11
- (iv) IFRS 18 Presentation and Disclosure in Financial Statements
- (v) IFRS 19 Subsidiaries without Public Accountability: Disclosures
- (vi) 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 income.

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 income.

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 income.

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 income 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 income, 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 income.

(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 ("US dollars"), 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 income, 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 other 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 income.

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 other 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 investments with Islamic institutions and investments in financings

Income from investments with Islamic 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.

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).

2. Accounting policies (continued)

Material accounting policies (continued)

Impairment of non-financial asset (continued)

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 income. 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.

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.

2. Accounting policies (continued)

Material accounting policies (continued)

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 income 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 income.

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.

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.

2. Accounting policies (continued)

Material accounting policies (continued)

Right of use asset and lease liabilities (continued)

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 US dollars 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 income 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 income 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 income, is also charged or credited to the consolidated statement of income.

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.

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.

2. Accounting policies (continued)

Material accounting policies (continued)

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 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) **Fair value through other comprehensive income (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 fair value through other comprehensive income (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.
- 3) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. 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 income 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.

2. Accounting policies (continued)

Material accounting policies (continued)

Financial assets (continued)

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 fair value through profit or loss.

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 fair value through other comprehensive income.

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 income 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 income.

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:

- 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.

2. Accounting policies (continued)

Material accounting policies (continued)

Financial assets (continued)

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 fair value through profit or loss: 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.

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.

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 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);
- 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.

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

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.

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.

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

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.

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

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

- 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 Bank 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.

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 fair value through other comprehensive income (FVTOCI)

The Group determines that investments carried at fair value through other comprehensive income (FVTOCI) 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

3. Significant accounting judgements and estimates (continued)

Impairment of investment securities at fair value through other comprehensive income (FVTOCI) (continued)

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.

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.

3. Significant accounting judgements and estimates (continued)

Fair value of investment properties and net realisable value of development property (continued)

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 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 2024 and 2023, 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.

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 2024:

	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	(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
Investment with Islamic 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

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

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<i>Cash and cash equivalents</i>				
Gross exposure	357,365	-	-	357,365
Less: expected credit loss	(143)	-	-	(143)
Net exposure	357,222	-	-	357,222
<i>Investments with Islamic institutions</i>				
Gross exposure	3,655	-	-	3,655
Less: expected credit loss	-	-	-	-
Net exposure	3,655	-	-	3,655
<i>Accounts receivable and other assets (excluding prepayment, current tax receivable, deferred tax assets, repossessed asset and derivative financial instruments)</i>				
Gross exposure	267,391	16,281	92,368	376,040
Less: expected credit loss	(1,747)	(199)	(73,661)	(75,607)
Net exposure	265,644	16,082	18,707	300,433
<i>Investment in financing</i>				
Gross exposure	1,670,266	622,320	261,659	2,554,245
Less: expected credit loss	(138,942)	(21,990)	(60,306)	(221,238)
Net exposure	1,531,324	600,330	201,353	2,333,007
<i>Cash at Central Bank- statutory reserve</i>				
Gross exposure	46,412	-	-	46,412
Less: expected credit loss	-	-	-	-
Net exposure	46,412	-	-	46,412
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

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

At 31 December 2023

Total currency exposure	(300,097)	(1,570,475)
Reasonable shift	4.72%	23.02%
Total effect on income	(14,176)	(361,576)

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.

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.

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 statutory reserve	21,464	-	-	2,207	-	443,980	467,651
Investments with Islamic institutions	-	-	-	-	-	118,194	118,194
Investment securities carried at FVTPL	4,450	4,450	4,450	2,504	-	-	15,854
Investments in financings	1,695,004	329,455	296,025	83,660	106,332	11,094	2,521,570
Investment securities carried at amortised cost	-	-	-	24,891	-	-	24,891
Investment securities carried at FVOCI	384,848	238,532	1,532,874	340,021	31,105	76,540	2,603,920
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
Debt Securities in Issue	-	-	-	-	-	-	-
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)

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

At 31 December 2023

	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 statutory reserve	1,948	2,815	14,815	-	-	384,056	403,634
Investments with Islamic institutions	-	-	-	-	3,638	17	3,655
Investment securities carried at FVTPL	-	-	16,645	2,602	-	5,132	24,379
Investments in financings	960,401	264,475	475,297	468,506	135,972	28,356	2,333,007
Investment securities carried at amortised cost	-	-	-	24,708	-	-	24,708
Investment securities carried at FVOCI	161,576	325,250	1,497,025	233,310	33,606	36,140	2,286,907
Accounts receivable and other assets	515	669	2,996	22,572	15,765	8,760	51,277
Total financial assets	1,124,440	593,209	2,006,778	751,698	188,981	462,461	5,127,567
Liabilities							
Due to customers, banks and other financial institutions	1,714,708	444,965	370,092	890,321	463,916	1,711,371	5,595,373
Debt Securities in Issue	-	-	-	-	-	6,200	6,200
Accounts payable	-	-	-	-	-	269,615	269,615
Total financial liabilities	1,714,708	444,965	370,092	890,321	463,916	1,987,186	5,871,188
Total repricing gap	(590,268)	148,244	1,636,686	(138,623)	(274,935)	(1,524,725)	(743,621)

At 31 December 2024	US dollars	EUR	PKR
Total net profit rate exposure in the consolidated statement of financial position	458,962	306,102	2,270,981
Reasonable shift (+/-)	0.68%	1.23%	10.20%
Total effect on loss (+/-)	3,098	3,750	231,640

At 31 December 2023	US dollars	EUR	PKR
Total net profit rate exposure in the consolidated statement of financial position	244,192	351,857	1,584,663
Reasonable shift (+/-)	0.19%	0.31%	6.70%
Total effect on loss (+/-)	464	1,091	106,172

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.

4. *Financial instruments (continued)*
 B. *Financial risk management (continued)*
 ii. *Market risk (continued)*

(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 fair value through other comprehensive income. The Group is not exposed to significant price risk.

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 particularly in view of the impact of Covid-19. 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 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
Debt securities in Issue	-	-	-	-	-	-
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

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4. *Financial instruments (continued)*

B. *Financial risk management (continued)*

iii. *Liquidity risk (continued)*

At 31 December 2023

	Up to one month	One- three months	Three- twelve months	One-five years	Over five years	Total
Liabilities						
Due to customers	3,473,855	431,586	456,273	81,667	-	4,443,381
Due to banks and financial institutions	721,866	108,304	26,404	169,050	162,419	1,188,043
Derivative Financial instruments	-	-	-	-	-	-
Debt securities in Issue	-	-	305	5,895	-	6,200
Deferred Income	-	-	8,511	-	-	8,511
Accounts payable	74,838	-	139,968	16,636	61,342	292,784
Total liabilities liquidity risk	4,270,559	539,890	631,461	273,248	223,761	5,938,919

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

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

At 31 December 2023

	No later than one year	One-five years	Over five years	Total
Endorsements	46,785	-	-	46,785
Guarantees and irrevocable letters of credit	444,820	18,497	3,236	466,553
Undrawn facilities and other commitments to finance	752,403	-	-	752,403
Open foreign currency positions				
Customer claims		104,286		104,286
Repurchase and resale transactions	461,621	-	-	461,621
Total	1,705,629	122,783	3,236	1,831,648

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 fair value through other comprehensive income.

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 statutory reserve

	2024	2023
Cash on hand	119,482	74,483
Cash at central banks - current account	229,381	183,149
Cash at other banks	75,784	99,590
Cash and cash equivalents	424,647	357,222
Cash at central banks - statutory reserve	43,004	46,412
Cash and bank balances	467,651	403,634

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. Investments with Islamic institutions

Investments with Islamic 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 4.64% (2023: 5.6%).

7. Investment securities carried at FVTPL

	2024	2023
Debt securities- unlisted	10,537	16,645
Equity securities- unlisted	2,503	2,602
Equity securities- listed	2,814	5,132
Total	15,854	24,379

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.

	2024	2023
Debt-type instruments – listed	144,090	173,565
Debt-type instruments – unlisted	2,385,794	2,197,332
Equity-type securities – listed	39,306	24,949
Equity-type securities – unlisted	174,287	24,708
	2,743,477	2,420,554
Less: Allowance for impairment	(139,557)	(133,647)
Total	2,603,920	2,286,907

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

	2024	2023
At 1 January	133,647	175,819
Net financial assets originated	1,603	781
FX movements	4,307	(42,953)
At 31 December	139,557	133,647

9. Investment securities carried at amortised cost

	2024	2023
Investment securities carried at amortised cost	29,935	29,721
Less: Allowance for impairment	(5,044)	(5,013)
	24,891	24,708

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

	2024	2023
At 1 January	5,013	6,476
Net financial assets	31	(1,463)
At 31 December	5,044	5,013

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

10. Investments in financings

	2024	2023
Investments in financings	2,742,148	2,554,245
Provision for expected credit losses (Note 4)	(220,578)	(221,238)
Investments in financings	2,521,570	2,333,007

Certain assets totalling US dollar 4.5 million (31 December 2023: US dollar 4.5 million) included above are held by third parties as nominee on behalf of the Group.

Investments in financing include conventional loans and advances totalling to \$Nil million (31 December 2023:\$56.9 million) made by subsidiaries of the Group.

Financing contracts includes restructured facilities amounting to \$65.9 million (31 December 2023: \$20.4 million).

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 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)
At 31 December 2023				
Investment securities carried at FVTPL				
Equity securities	5,132	2,602	-	7,734
Debt securities	16,645	-	-	16,645
Investment securities carried at FVOCI				
Equity securities	33,200	11,606	4,851	49,657
Debt securities	-	2,237,250	-	2,237,250
Total financial assets measured at fair value	54,977	2,251,458	4,851	2,311,286
Derivatives held for trading	-	(446)	-	(446)
Total financial liabilities measured at fair value	-	(446)	-	(446)

11. Fair value of financial instrument (continued)

Reconciliation of Level 3 items

	Investment securities through other comprehensive income	
	2024	2023
At 1 January	4,851	8,411
Fair value change in equity securities at FVOCI	(390)	(3,560)
At 31 December 2024	4,461	4,851

Sensitivity of Level 3 measurements to changes in assumptions

An assumed \pm 10% movement in the fair value of Level 3 measurement has the following impact:

	Impact in equity	
	Favourable changes	Unfavourable changes
At 31 December 2024		
Investment securities at FVOCI and FVTPL	446	(446)
At 31 December 2023		
Investment securities at FVOCI and FVTPL	485	(485)

12. Accounts receivable and other assets

	2024	2023
Accounts receivable	127,293	150,485
Prepayments	25,416	5,950
Current tax receivable (Note 19)	14,026	-
Deferred tax assets (Note 19)	10,858	-
Repossessed assets (Note 12.1)	5,174	4,528
Derivative financial instruments	-	446
Other receivables	232,045	225,825
Provision for expected credit losses (Note 4)	(58,048)	(66,222)
	356,764	321,012

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 2024 is US dollars 5.1 million (31 December 2023: US dollars 4.5 million). Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

13. Investment properties

	2024	2023
At 1 January	384,616	386,117
Additions	66	6,060
Disposals	(23,055)	(8,654)
Fair value changes (Note 29)	1,007	2,517
Impairment (Note 29)	(11,747)	-
Net exchange differences	(9,022)	(1,424)
At 31 December	341,865	384,616

Certain assets totalling US dollars 144.3 million (31 December 2023: US dollars 139.9 million) included above are held by related parties as nominee on behalf of the Group.

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 3.

13.1 Fair values of land and buildings

Sensitivity of Level 3 measurements to changes in assumptions

An assumed $\pm 10\%$ 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:

At 31 December 2024	Impact in income	
	Favourable changes	Unfavourable changes
Investment properties	34,187	(34,187)
At 31 December 2023		
Investment properties	38,462	(38,462)

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:

	2024	2023
Not later than one year	1,887	2,183
Later than one year and not later than five years	1,392	2,929
	3,279	5,112

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 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).

13. Investment properties (continued)

Recurring fair value measurements

At 31 December 2024	Significant unobservable input (Level 3)	Total
Land	273,925	273,925
Office buildings	50,863	50,863
Other	17,077	17,077
	341,865	341,865
At 31 December 2023		
Land	307,793	307,793
Office buildings	56,005	56,005
Other	20,818	20,818
	384,616	384,616

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

2024	Tour de Cointrin	Al Khumrah Land	Domaine Saint Alexandre	Hidd Land
At 1 January	56,005	93,526	42,756	3,061
Revaluation (losses) / gains	-	-	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	-	-	(5,505)
Disposal	-	(23,055)	-
At 31 December	51,995	87,460	21,822

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.

13. Investment properties (continued)

13.1 Fair values of land and buildings (continued)

2023	Tour de Cointrin	Al Khumrah Land	Domaine Saint Alexandre	Hidd Land
At 1 January	51,482	93,526	42,756	3,061
Revaluation (losses) / gains	(263)	-	-	-
Foreign exchange losses	4,786	-	-	-
At 31 December	56,005	93,526	42,756	3,061

2023	Barbar Land	Health Island	Others
At 1 January	51,995	116,455	26,842
Revaluation gain	-	-	(84)
Disposal	-	(5,940)	-
At 31 December	51,995	110,515	26,758

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

Description	Fair Value	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
At 31 December 2024 Tour de Cointrin Switzerland		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*		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		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		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.

13. Investment properties (continued)

13.1 Fair values of land and buildings (continued)

Description	Fair Value	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
At 31 December 2024					
Health Island Bahrain		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		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

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

Description	Fair Value	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
At 31 December 2023					
Tour de Cointrin Switzerland	56,005	Market comparable rents and sales and discounted cash flow	Rents per square meter, price per square meter, Capitalisation / discount rate	CHF 320-420 (CHF 330), CHF 7,000-8,000 (CHF 7,172), 3.0-3.25% (3.12%)	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	Residual Approach & Comparable	Price per square meter	Residential Plots SAR 1,083-1,375(SAR 1,300). Commercial Plots SAR 1,750 3,889(SAR 3,000)	The higher the price per square meter the higher the fair value.
Hidd Land Kingdom of Bahrain	3,061	Sales Comparison Approach	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	BD 16	The higher the price per square foot the higher the fair value.

13. Investment properties (continued)

13.1 Fair values of land and buildings (continued)

Description	Fair Value	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
At 31 December 2023					
Health Island Bahrair	110,515	Sales Comparable Approach	Price per square foot	BD 30	The higher the price per square foot the higher the fair value.
Domaine Saint Alexandre Canada	42,756	Development (Subdivision) Approach - Development Method and Cost approach – cost method	Price per square foot	CAD 7.25 CAD15 (CAD 9.23)	The higher the price per square foot the higher the fair value.

14. Development properties

	2024	2023
Land	138,715	138,715
Development costs	37,561	35,947
At 31 December	176,276	174,662

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	2024	% holding	2023	% holding	Country of incorporation	Nature of business
Unlisted:						
Citic International Assets Management Limited	12,964	20	20,072	20	Hong Kong	Asset Management
Naseej B.S.C. (c)	68,231	31	68,231	31	Bahrain	Infrastructure
Dilmunia Eduprop Company W.L.L.	18,993	50	-	-	Bahrain	Real Estate
Faysal Stock Fund	-	-	24	11	Pakistan	Mutual funds
Faysal Islamic Stock Fund	18	-	446	29	Pakistan	Mutual funds
Faysal Halal Amdani Fund	2,423	1	5,468	4	Pakistan	Mutual funds
Faysal Islamic Financial Growth Fund FISP-1	12	-	401	29	Pakistan	Mutual funds
Faysal Islamic Sovereign Fund FISIP-1	2,949	-	11	0	Pakistan	Mutual funds
Faysal Islamic Special Income Fund FIFGP-I	-	5	6	5	Pakistan	Mutual funds
Faysal Islamic Cash Fund	978	1	-	-	Pakistan	Mutual funds
Faysal Islamic Mehmood Muddat Plan-1	12	-	-	-	Pakistan	Mutual funds
Faysal Islamic Sovereign Fund FISIP-II	4	-	-	-	Pakistan	Mutual funds
	106,584		94,659			

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

- Share of reserves of Investment in associates amount to \$ 4.4 million (31 December 2023: \$1.6 million).

- Investment in associates include conventional investments totaling \$81.2 million (31 December 2023: \$88.3 million).

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

Citic International Assets Management Limited

	31 December 2024	31 December 2023
Total assets	80,163	107,443
Total liabilities	5,340	7,082
Total revenue	(1,894)	(701)
Total net profit	(8,835)	(5,896)

Naseej B.S.C. (c)

	31 December 2024	31 December 2023
Total assets	244,920	235,501
Total liabilities	22,602	13,177
Total revenue	6,353	5,481
Total net profit	(2,342)	(1,991)

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

	31 December 2024			31 December 2023		
	Cost	Accumulated depreciation	Net book amount	Cost	Accumulated depreciation	Net book amount
Land and buildings	46,827	(7,896)	38,931	34,122	(6,742)	27,380
Leasehold improvements, furniture, equipment and motor vehicles	166,503	(24,638)	141,865	110,870	(11,675)	99,195
Right-of-use assets	113,035	(64,108)	48,927	95,093	(55,401)	39,692
	326,365	(96,642)	229,723	240,085	(73,818)	166,267

17. Intangible assets

	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
2023					
Year ended 31 December					
Opening net book amount	117,167	5,744	4,689	10,760	138,360
Additions	(1,052)	-	-	-	(1,052)
Foreign exchange	(1,904)	(622)	4,423	3,753	5,650
Amortisation/impairment	-	(1,801)	(4,794)	(3,889)	(10,484)
Closing net book amount	114,211	3,321	4,318	10,624	132,474
At 31 December					
Cost	401,195	101,235	170,285	58,686	731,401
Accumulated amortisation and impairment	(286,984)	(97,914)	(165,967)	(48,062)	(598,927)
Net book amount	114,211	3,321	4,318	10,624	132,474

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

	2024	2023
Ithmaar Holding B.S.C.	114,243	114,211

During 2024 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.

17. Intangible assets (continued)

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; (2023: comparable companies multiple);
- Faysal Bank Limited: average of the market multiples and dividend discount model based on the expected dividends that shareholders will receive (2023: 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 a Big 10 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 119 million. Hence, management has concluded that no impairment provision is required

18. Accounts payable

	2024	2023
Demand drafts	140,582	58,872
Accounts payable	122,201	106,105
Lease liability (Note 35)	58,250	52,866
Accruals	49,700	47,171
Due to related party	19,944	21,198
Dividends payable	14,290	14,524
Employee payables	10,513	11,323
Deferred income	6,672	8,511
Derivative financial instruments	3,528	-
Advance received from customers	486	1,576
Security deposits on consumer leases	337	345
	426,503	322,491

19. Tax liability

	2024	2023
Current tax payable		
At 1 January	10,765	9,687
Charge for the year (Note 33)	94,203	79,151
Payment made	(126,936)	(76,697)
Adjustment due to withholding tax payment	5,004	-
Refund	246	-
Exchange differences	2,941	(1,376)
At 31 December	(13,777)	10,765
Deferred tax (asset)/liability		
At 1 January	5,327	(1,960)
Charge/(reversal) for the year (Note 33)	(5,651)	(8,481)
Gain due to fair value reserve	38,283	16,288
Adjustment	67	-
Exchange differences	14	(520)
At 31 December	38,040	5,327
Current tax receivable	14,026	-
Current tax payable	(249)	(10,765)
	13,777	(10,765)
Deferred tax assets	10,858	-
Deferred tax liabilities	(48,898)	(5,327)
	(38,040)	(5,327)

20. Due to customers

	2024	2023
Customer current accounts		
Individuals	1,083,843	992,376
Financial institutions	210,450	35,071
Corporate institutions	705,694	711,892
Customer investment accounts		
Individuals	745,220	659,937
Financial institutions	500,022	629,183
Corporate institutions	1,257,883	1,421,122
	4,503,112	4,449,581

Customer current accounts include balances relating to a counterparty amounting to US dollars 186.9 million (2023: US dollars 198.3 million) which was subject to sanctions under US measures.

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

21. Due to banks and other financial institutions

	2024	2023
Due to banks	1,665,120	1,101,110
Due to financial and other institutions	54,029	86,933
	1,719,149	1,188,043

Due to banks and financial institutions includes balances totalling USD 419.5 million from two counterparties (2023: USD 424.8 million) which were subject to sanctions under US measures.

Due to banks, financial and other institutions include USD 96.2 million (31 December 2023: USD 96 million) consisting of a repo with another counterparty.

22. Provisions

Included under liabilities are the following provisions:

	2024	2023
Funds under management guarantee*	69,480	70,244
Total	69,480	70,244

* 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 US dollars 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 US dollars 55 million. This obligation under the indemnity agreement will remain in force till assets are liquidated and the IICG FUM can request indemnity for US dollars 55 million during the term of the agreement.

23. Income from investment carried at FVTPL

	2024	2023
Income from foreign exchange trading	18,883	19,792
	18,883	19,792

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

24. Income from investments carried at FVOCI

	2024	2023
Income from government securities	1,352	1,814
Income from investment securities	432,203	335,657
Income from investments	(2,640)	1,138
	430,915	338,609

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 18.68% - 20.03% (2023 8.75% - 16.1%).

25. Income from investments carried at amortised cost

	2024	2023
Investment securities carried at amortised cost	8,490	8,514

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

26. Income from investments with Islamic institutions

Income from investment in Islamic institutions arises from assets placed in financial institutions located in Pakistan and totalled US dollars 3.2 million as at 31 December 2024 (2023: US dollars 4.4 million).

Income from investments with Islamic 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 13.8% - 22.4% (2023: range of 16% - 21.75%).

27. Income from investments in financings

	2024	2023
Murabaha	347,504	330,772
Others	-	6,192
	347,504	336,964

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

28. Fee and commission income

	2024	2023
Documentary credit fees	1,730	1,159
Arrangement fees	703	749
Guarantee fees	857	885
Other fees from banking services	40,752	28,061
	44,042	30,854

29. Other income

	2024	2023
Rental income from investment properties	2,958	3,618
Fair value gain on investment properties (Note 13)	1,007	2,517
Impairment on investment properties (Note 13)	(11,747)	-
Other	12,463	(5,961)
	4,681	174

30. Profit paid to financial and non-financial institutions

	2024	2023
Profit paid to financial institutions	111,574	95,452
Profit paid to non-financial institutions	435,781	360,710
	547,355	456,162

31. Staff costs

	2024	2023
Salaries	63,771	54,346
Social security and other statutory costs	950	893
Pension and end of service	3,949	3,309
Other benefits	16,120	10,934
	84,790	69,482

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

	2024	2023
Office expenses	50,509	42,289
Professional fees	12,088	10,215
IT expenses	14,773	13,923
Other	41,119	31,675
	118,489	98,102

33. Taxes

	2024	2023
Current taxes charge (Note 19)	96,900	80,350
Deferred taxes reversal (Note 19)	(5,651)	(9,680)
	91,249	70,670

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:

	2024	2023
Net accounting	11,535	7,530
Attributable to zero tax jurisdictions	(137,298)	(142,223)
Attributable to taxable jurisdictions	148,833	149,753
Weighted average tax rate	35%	35%
Weighted average effective tax	51,974	52,583
Government levied exceptional tax	39,275	18,087
Effective tax expense	91,249	70,670

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.

34. Non-controlling interests (continued)

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

Name of the subsidiary	Principal place of business	2024		2023	
		Non-controlling		Non-controlling	
Ithmaar Holding B.S.C. and wholly owned subsidiaries	Kingdom of Bahrain	(7,085)	53	(8,975)	53
Faysal Bank Limited	Pakistan	134,654	33	127,180	33
Gulf Investors Asset Management	Kingdom of Saudi Arabia	2,460	27	2,562	27
Health Island B.S.C. (C)	Kingdom of Bahrain	21,806	50	20,436	50
Cityview Real Estate Development B.S.C. (C)	Kingdom of Bahrain	(252)	49	(3,181)	49
Sakana Holistic Housing Solutions B.S.C. (C)	Kingdom of Bahrain	138	50	1,618	50
Barbar Real Estate Company WLL	Kingdom of Bahrain	332	50	332	50
		152,053		139,972	

The non-controlling interest appropriation in the consolidated statement of income of US dollars 19.1 million represents the non-controlling shareholders' share of the profit of these subsidiaries for 2024 (2023: US dollars 23.5 million profit).

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	2024	2023
Assets	6,847,423	6,104,574
Liabilities	6,666,557	5,942,435
Net assets	180,866	162,139

Summarised Income Statement	2024	2023
Income	910,311	732,546
Gain before income tax	124,977	83,548
Income tax expense	(91,258)	(70,193)
Post-tax gain / (loss)	33,719	13,355
Other comprehensive income/(loss)	(3,366)	(870)
Total comprehensive income	16,759	12,485
Total comprehensive income allocated to non-controlling interests	(9,866)	12,719

Summarised Cash Flows	2024	2023
Operating loss before changes in operating assets and liabilities	(279,841)	(237,611)
Net cash generated from operations	145,342	234,915
Net increase / (decrease) in investments	124,902	(188,156)
Taxes paid	(58,710)	(62,794)
Foreign currency translation adjustments	431	(9,326)
Net increase / (decrease) in cash and cash equivalents	180,664	(7,122)
Cash and cash equivalents at beginning of year	334,639	341,761
Cash and cash equivalents at end year	515,303	334,639

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)

	2024	2023
a) Right-of-use assets (Note 16)		
Office space	48,927	39,692
b) Lease liabilities (Note 18)		
Current	1,573	1,427
Non-current	56,677	51,439
Total	58,250	52,866

Additions to right-of-use assets during the years ended 31 December 2024 were amounted to US dollars 17.6 million (2023: US dollars 8.8 million). The total cash outflow for lease in 2024 was US dollars 13.0 million (2023: US dollars 11.7 million).

	2024	2023
Interest expenses	6,716	5,101
Depreciation on right-of-use assets (Note 16)	8,707	7,529

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 US dollars 15.8 million (2023: US dollars 16.0 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, Dima City real estate fund is represented by GIAMCO who manages this fund in exchange for an annual fee of 2%.

As of 31 December 2024, FUM amounted to 4.16 billion (2023: US dollars 4.37 billion) of which US dollars 1.61 billion (2023: US dollars 1.65 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 2024, as per the management assessment, three hundred forty-six investors (2023: three hundred forty-three investors) have filed legal claims in Saudi Arabian courts against IICG claiming refund of the full value of their investments amounting to USD 104.8 million (2023: USD 104.3 million). Out of the three hundred forty-six legal cases, the court has rendered judgments against the Company in two hundred and forty-two claims (2023: two hundred and forty-one) amounting to USD 77.2 million (2023: USD 77.2 million). IICG has challenged such judgments in the Appeal and Supreme Courts.

As at 31 December 2024, two hundred and five cases (2023: two hundred and five cases) have been resolved by the Supreme Court in favour of the claimants, while eight cases (2023: eight cases) are still under appeal in the Supreme Court.

36. Funds under management (continued)

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 10 July 2025, 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.

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 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)

37. *Related party transactions and balances (continued)*

31 December 2023

	Subsidiaries & Affiliates	Associates and other investments	Directors and related entities	Senior Management	Total
Assets					
Investment in associates	-	94,659	-	-	94,659
Other assets	-	-	-	146	146
Liabilities					
Due to customers	-	832	-	-	832
Due to banks and other financial institutions	-	13,009	-	-	13,009
Account payables	21,198	-	-	-	21,198
Income					
Share of loss of associate companies	-	(2,425)	-	-	(2,425)
Profit paid to financial and non-financial institutions	-	(821)	-	-	(821)
Expenses					
Staff costs	-	-	-	(497)	(497)
General and administrative expenses	-	-	(151)	(696)	(847)

38. Contingent liabilities and commitments

Contingent liabilities	2024	2023
Endorsements	86,350	46,785
Performance bid bonds	52,366	35,247
Customer claims	14,795	104,286
Guarantees and irrevocable letters of credit	519,746	431,306
	673,257	617,624

One of the subsidiaries which operates 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.

38. *Contingent liabilities and commitments (continued)*

Commitments	2024	2023
Undrawn facilities, financing lines	1,207,264	747,104
Other commitments to finance	4,792	5,299
Significant net open foreign currency position	574,403	461,621
	1,786,459	1,214,024

39. **Current and non-current assets and liabilities**

At 31 December 2024	Current	Non-current	Total
Cash and cash equivalents	422,440	2,207	424,647
Cash at Central Bank – statutory reserve	43,004	-	43,004
Investment with Islamic institutions	118,194	-	118,194
Investment securities carried at FVTPL	13,351	2,503	15,854
Investments in financings	1,708,921	812,649	2,521,570
Investment securities carried at FVOCI	264,813	2,339,107	2,603,920
Investment securities carried at amortised cost	-	24,891	24,891
Accounts receivable and other financial assets	95,941	260,823	356,764
Investment properties	-	341,865	341,865
Development properties	-	176,276	176,276
Investments in associates	106,584	-	106,584
Property, equipment and right-of-use assets	52,583	177,140	229,723
Intangible assets	3,661	127,417	131,078
Total assets	2,829,492	4,264,878	7,094,370
Due to customers	4,467,412	35,700	4,503,112
Due to banks and other financial institutions	1,380,431	338,718	1,719,149
Provisions	1,938	67,542	69,480
Accounts payable	364,981	61,522	426,503
Current tax payable	249	-	249
Deferred tax liabilities	48,898	-	48,898
Total liabilities	6,263,909	503,482	6,767,391
Net assets/liabilities	(3,434,417)	3,761,396	326,979
At 31 December 2023			
Total assets	2,636,109	3,713,871	6,349,980
Total liabilities	5,425,322	621,129	6,046,451
Net assets/liabilities	(2,789,213)	3,092,742	303,529

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 2024						
Cash and cash equivalents	401,104	21,335	1	2,207	-	424,647
Cash at Central Bank – statutory reserve	-	43,004	-	-	-	43,004
Investments with from Islamic institutions	313	117,881	-	-	-	118,194
Investment securities carried at FVTPL	13,351	2,503	-	-	-	15,854
Investments in financings	2,304,709	216,861	-	-	-	2,521,570
Investment securities carried at FVOCI	2,595,206	4,253	-	-	4,461	2,603,920
Investment securities carried at amortised cost	-	24,891	-	-	-	24,891
Accounts receivable and other assets	110,543	10,530	125,959	109,732	-	356,764
Investment properties	6,074	290,640	1,537	43,614	-	341,865
Development properties	-	176,276	-	-	-	176,276
Investments in associates	6,396	100,188	-	-	-	106,584
Property, equipment and right-of-use assets	214,196	13,866	1,661	-	-	229,723
Intangible assets	8,233	122,845	-	-	-	131,078
Total assets	5,660,125	1,145,073	129,158	155,553	4,461	7,094,370
Due to customers	3,726,605	567,906	190,440	13,587	4,574	4,503,112
Due to banks and other financial institutions	1,042,603	676,546	-	-	-	1,719,149
Provisions	-	12,541	56,939	-	-	69,480
Accounts payable	299,468	125,151	1,884	-	-	426,503
Current tax payable	-	249	-	-	-	249
Deferred tax liabilities	48,748	150	-	-	-	48,898
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
At 31 December 2023						
Total assets	5,264,401	792,221	131,374	144,747	4,851	6,337,594
Total liabilities	4,084,288	1,517,739	365,996	6,860	59,182	6,034,065
Net on-balance sheet position	1,180,113	(725,518)	(234,622)	137,887	(54,331)	303,529
Contingent liabilities and commitments	1,329,503	40,635	19,096	-	-	1,389,234

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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 2024								
Cash and cash equivalents	399,994	-	-	-	24,653	-	-	424,647
Cash at Central Bank – statutory reserve	43,004	-	-	-	-	-	-	43,004
Investments with Islamic institutions	118,194	-	-	-	-	-	-	118,194
Investment securities carried at FVTPL	6,261	-	-	-	9,593	-	-	15,854
Investments in financings	107,926	1,145,062	75,040	199,565	674,042	-	319,935	2,521,570
Investment securities carried at FVOCI	12,355	29,098	127	-	2,559,462	-	2,878	2,603,920
Investment securities carried at amortised cost	-	-	-	-	24,891	-	-	24,891
Accounts receivable and other assets	284,771	-	14	61,100	10,879	-	-	356,764
Investment properties	-	-	341,865	-	-	-	-	341,865
Development properties	-	-	176,276	-	-	-	-	176,276
Investments in associates	106,584	-	-	-	-	-	-	106,584
Property, equipment and rights-of-use assets	229,356	-	367	-	-	-	-	229,723
Intangible assets	131,078	-	-	-	-	-	-	131,078
Total assets	1,439,523	1,174,160	593,689	260,665	3,303,520	-	322,813	7,094,370
Due to customers	805,756	1,195,324	193,191	631,484	1,143,234	-	534,123	4,503,112
Due to banks and other financial institutions	1,719,149	-	-	-	-	-	-	1,719,149
Provisions	-	-	56,939	-	-	-	12,541	69,480
Accounts payable	336,285	1,885	236	24,948	1,045	-	62,104	426,503
Deferred tax liabilities	150	-	-	-	48,748	-	-	48,898
Current tax payable	-	-	-	-	-	-	249	249
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
As at December 2023								
Total assets	1,897,087	765,751	195,219	205,146	2,962,609	180,509	131,273	6,337,594
Total liabilities	2,100,867	1,099,248	233,969	652,869	789,371	24,336	1,133,405	6,034,065
Net on-balance sheet position	(203,780)	(333,497)	(38,750)	(447,723)	2,173,238	156,173	(1,002,132)	303,529
Contingent liabilities and commitments	168,735	1,030,265	17,588	4,440	140,216	-	27,989	1,389,233

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 2024						
Cash and cash equivalents	422,440	-	-	2,207	-	424,647
Cash at Central Bank – statutory reserve	43,004	-	-	-	-	43,004
Investments with Islamic institutions	118,194	-	-	-	-	118,194
Investment securities carried at FVTPL	-	-	13,351	2,503	-	15,854
Investments in financings	537,401	716,117	455,403	511,001	301,648	2,521,570
Investment securities carried at FVOCI	-	-	-	24,891	-	24,891
Investment securities carried at amortised cost	8,460	-	256,353	2,163,972	175,134	2,603,919
Accounts receivable and other financial assets	22,370	11,555	62,016	241,894	18,929	356,764
Investment properties	-	-	-	-	341,865	341,865
Development properties	-	-	34,701	141,575	-	176,276
Investments in associates	-	-	106,584	-	-	106,584
Property, equipment and right-of-use assets	14,263	40	38,280	52,946	124,194	229,723
Intangible assets	-	2	3,660	5,091	122,325	131,078
Total assets	1,166,133	727,714	970,348	3,146,080	1,084,095	7,094,370
Due to customers	3,890,175	149,313	398,834	64,790	-	4,503,112
Due to banks	1,050,844	136,659	192,929	24,384	314,333	1,719,149
Provisions	-	-	1,938	-	67,542	69,480
Accounts payable	121,102	199	223,736	15,748	65,718	426,503
Current tax payable	249	-	-	-	-	249
Deferred tax liabilities	-	-	48,898	-	-	48,898
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
At 31 December 2023						
Total assets	1,647,959	409,360	458,471	3,171,178	663,012	6,349,980
Total liabilities	4,237,973	540,102	634,861	253,503	380,012	6,046,451
Net liquidity gap	(2,590,014)	(130,742)	(176,390)	2,917,675	283,000	303,529

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.

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42 Currency exposure

	United States Dollar	Pakistan Rupee	Bahrain Dinar	Euro	Swiss Franc	Saudi Riyal	Egyptian Pound	Other	Total
At 31 December 2024									
Cash and cash equivalents	20,439	353,283	28,278	1,697	309	10,203	1,561	8,877	424,647
Cash at Central Bank – statutory reserve	-	-	43,004	-	-	-	-	-	43,004
Due from Islamic institutions	42,793	313	75,088	-	-	-	-	-	118,194
Investment securities carried at FVTPL	4,717	8,634	-	-	-	2,503	-	-	15,854
Investments in financings	18,132	2,269,147	194,329	-	-	39,962	-	-	2,521,570
Investment securities carried at FVOCI	1,945	2,594,649	-	-	-	-	2,865	4,461	2,603,920
Investment securities carried at amortised cost	-	24,891	-	-	-	-	-	-	24,891
Accounts receivable and other assets	252,550	103,387	29	73	2	377	80	266	356,764
Investment properties	-	6,074	197,113	1,537	-	93,526	-	43,615	341,865
Development properties	-	-	176,276	-	-	-	-	-	176,276
Investments in associates	100,188	6,396	-	-	-	-	-	-	106,584
Property, equipment and right of use assets	266	229,439	-	-	-	2	16	-	229,723
Intangible assets	121,613	8,233	1,232	-	-	-	-	-	131,078
Total assets	562,643	5,604,446	715,349	3,307	311	146,573	4,522	57,219	7,094,370
Due to customers	273,938	3,517,010	471,723	213,751	-	2,071	-	24,619	4,503,112
Due to banks and other financial institutions	250,665	1,042,603	6,139	92,352	-	4	-	327,386	1,719,149
Provisions	14,480	-	-	55,000	-	-	-	-	69,480
Accounts payable	-	131,185	272,143	-	508	12,837	196	9,634	426,503
Current tax payable	22	-	225	-	-	-	-	2	249
Deferred tax liabilities	-	48,748	-	-	-	-	150	-	48,898
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
At 31 December 2023									
Total assets	687,512	5,162,848	250,326	89,005	400	104,698	7,032	48,159	6,349,980
Total liabilities	547,188	3,729,187	738,938	488,232	2,176	2,733	3,256	534,741	6,046,451
Net on-balance sheet position	140,324	1,433,661	(488,612)	(399,227)	(1,776)	101,965	3,776	(486,582)	303,529
Contingent liabilities and commitments	314,810	982,940	29,401	11,625	119	4,839	-	45,501	1,389,235

43 Date of authorisation for issue

These consolidated financial statements have been approved for issue by the Board of Supervisors on 14 September 2025 and are subject to approval at the Annual General Meeting, which will be held on 15 September 2025.

44 Principal subsidiaries in the consolidated financial statements

	Nature of Business	% owned		Country of Incorporation
		Subsidiary	DMI	
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 2024 and 2023 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 2024 and 2023. 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

On 5 February 2025, the Board of Supervisors resolved to inject a fresh capital in Ithmaar holding to the extent of US dollar 60 million subject to Shareholders approvals and regulatory approvals.