QIB (UK) plc

Annual Report

For the year ended 31 December 2025

Registered number 4656003



Contents

Strategic Report	3
Directors' Report	6
Statement of Directors' Responsibilities	9
Sharia Supervisory Board	10
Independent Auditors' Report to the Members of QIB (UK) PLC	11
Statement of Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Equity	23
Statement of Cash Flows	24
Notes to the Financial Statements	25

Strategic Report

QIB (UK) plc is a wholly owned subsidiary of Qatar Islamic Bank Q.P.S.C. and is one of the leading Sharia compliant Islamic Banks in the UK. The Bank has a clear strategy of controlled growth approved by the Board of Directors to continue to build our customer and colleague centric business, maintaining its strong cultural and service ethics within a conservative and well managed risk and governance framework.

QIB (UK) has a clear mission statement which underpins our values.

"QIB (UK) strives to be the Islamic bank of choice for Qatari and GCC clients in the UK by putting customers at the heart of our business by delivering positive and sustainable outcomes. The ethics and values embedded in our financial services ensure our continued commitment to the welfare of our employees, community and environment."

2025 has been another successful year for the business. We thank Richard Musty, CEO, for his leadership during 2025, before retiring in October. We would also like to thank the whole QIB (UK) team for their professionalism, hard work and relentless focus on customers to ensure good customer outcomes, which underpins our success and sees the Bank well placed for the future. We are proud and honoured to work with such a committed and passionate team. Thank you to the Board of Directors and the Shareholders for their support and guidance.

Financials

QIB (UK) continues to build its business, delivering a strong set of results in 2025 against testing headwinds. The Bank posted a net profit after provisions, exceptional items, and tax of £11.7m, representing a decrease of 6.9% year-on-year.

Key highlights for 2025 are:

Key Performance Indicators (KPIs)	**2025**	**2024**
Financing Portfolio (£m)	955	*884*
Cost-to-Income Ratio (%)[1]	41%	*39%*
Net Profit after Tax (£m)	11.7	*12.6*
Net Income Margin (%)[2]	2.5%	*2.7%*
Pre-Tax Return on Capital (%)[3]	13.9%	*17.4%*

UK public finances, taxes targeting high net worth individuals and property coupled with global economic pressures continue to impact on the financial sector. Competition for high-quality assets remains fierce and is reflected in bank margins across the sector. Inflation is easing and the reduction in UK Base Rate to 3.75% is positive, albeit not completely mirrored in funding markets.

Rigorous cost management continues to be a key feature of the business to ensure value for money is obtained. 2025 has seen continued good progress in automating manual processes and the use of technology to effectively manage and maximise access to information. 2025 saw the delivery of an upgraded Mobile Banking platform and the completion of a project to comply with changes in the payments landscape. Despite this, the Bank delivered a cost-to-income ratio of 41%.

Meticulous Balance Sheet management remains a priority, ensuring strong liquidity and capital ratios. Profits for 2025 have once again been retained, and this strategy will remain to build upon the existing capital base and facilitate future growth of the business.

[1] Total Expenses /Net Income
[2] Net Income / Average Assets
[3] Profit before Tax / Share Capital plus Prior Years' Retained Earnings

Strategic Report (continued)

Economic Environment

The economic environment has impacted on the UK housing market, with a near stalling of volumes in the lead up to the November 2025 budget. The Mansion Taxes announced during this event may be relatively modest when measured against Prime Central London values but will not help prices where buyer numbers have already fallen due to changes in the non-domesticity rules. Higher rates have had an impact on arrears levels, and the Bank has taken a conservative approach with expected credit losses. As a result, the charge for 2025 is higher than recent years, however we believe this places us in a strong position to cover non-performing deals and we expect the portfolio performance to further improve with further rate cuts in 2026.

Section 172(1) Statement

The Directors of the Bank have acted in good faith to promote the success of the company for its shareholder, ensure a sustainable business model, and to be mindful of all key stakeholders to our business. In doing so, they have had regard for section 172(1) of the Companies Act 2006, which includes:

- the likely consequences of any decision in the long term;
- the interests of the company's customers and our consumer duty responsibilities;
- the interests of the company's employees;
- the need to foster strong relationships with suppliers to strengthen operational resilience; and
- the impact of our operations on the community and the environment.

Shareholder

The Bank has enjoyed the continued support of its shareholder, Qatar Islamic Bank Q.P.S.C., by way of capital, funding, and representation on the Board by Senior Group Executives. The strategy is focussed on long-term success and 2025 represents another profitable year, building on our successful strategy and many years of measured growth. Profits will again be reinvested to increase Tier 1 Capital, allowing the Bank to expand its Balance Sheet.

Customers

The Bank continues to deliver excellent private banking services and support to its clients, through adverse economic and geo-political events. Customer service has always been central to our strategy and service offering. The introduction of Consumer Duty on the regulatory landscape has further emphasised customer service and the provision of fairly priced and suitable products in financial services. Several workstreams are well progressed in this regard and will inform future service offerings. The Bank has upgraded the Mobile Banking platform and upgraded systems to comply with changes in the payments landscape.

Regulators

The Board and Executive Management take pride in a collaborative partnership with its regulators. Regulatory impact of business decisions and accuracy of regulatory reporting are key performance metrics, and the Bank has continued to invest in resources and systems in this area. Key focus areas during 2025 included Cyber Security, Operational Resilience and Consumer Duty.

Employees

QIB (UK) considers its people to be its greatest asset and aims to build and retain a talented, committed and loyal team to maintain its position as an employer of choice. The Bank is committed to creating a workplace and culture that is welcoming and inclusive for all. It actively encourages and values employee contribution, and recognises that diverse backgrounds, experiences and ideas strengthen its resilience and growth. The Bank takes pride in providing a safe environment for its employees and visitors. The Facilities team continually assesses all health and safety obligations to ensure compliance.

Strategic Report (continued)

An annual staff survey is conducted with results published and actions discussed at senior management level. Feedback is given at the monthly staff meetings and colleagues are invited to provide suggestions through a staff suggestion scheme. The Bank continues to operate a hybrid working model with significant opportunities for face-to-face collaboration including monthly town hall business updates. In addition, it promotes staff involvement in supporting the community.

Environment

The Bank has a clear Environmental, Social and Governance strategy and has collaborated with Kings College London to mutual benefit. We are pleased to report that QIB (UK) is now carbon neutral.

The Bank continues to assess its environmental impact and aims to mitigate or reduce this where possible. It encourages all employees to be environmentally friendly and aims to reduce its waste and carbon footprint where possible.

Communities

The Bank supports the wider community through a range of charity and fundraising initiatives, volunteering, matching individual contributions, and encouraging bank-wide participation. The Bank is partnering with the Grosvenor Estate to provide input for projects to improve the community experience of Grosvenor Square and enhance the layout, lighting and vegetation on Grosvenor Street.

Future Strategy & Investment

The existing operating model, which focuses on providing outstanding customer service, will focus on providing Islamic banking services, Islamic deposits, and Islamic financing for residential and commercial real estate in our chosen markets. The Board approved IT infrastructure investment programme is well underway, allowing us to further create capacity, enhance simplification, automation and build our core banking proposition to further drive our excellent service. We will also invest in the development of our colleagues who are key to our continued success.

Governance And Risk

A strong and robust governance and risk culture exists. It's imperative this continues via the robust control framework and three lines of defence. The guidance from our Sharia committee is very much appreciated.

We are delighted that our parent, Qatar Islamic Bank Q.P.S.C., has won many awards in 2025 and remains the leading digital bank in the region. We thank them for their support and commitment.

In conclusion, we would like to thank all the QIB (UK) team for their hard work, commitment and dedication in 2025, to deliver a first-class performance for our customers and stakeholders. We are honoured be part of such a successful business and team who are committed to delivering outstanding service working to the highest standards.

By the order of the Board

Digitally signed by Ludwig Krause
Date: 2026.01.30 16:02:52 Z

Digitally signed by David Law
DN: cn=David Law, o=QIB (UK), ou=Chief Risk Officer, email=dlaw@qib-uk.com, c=GB
Date: 2026.01.30 16:11:11 Z
Adobe Acrobat Reader version: 2025.001.21078

Ludwig Krause and David Law
Directors
30 January 2026

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2025.

Principal activities

QIB (UK) plc (the 'Company' or the 'Bank'), was incorporated with the intention of developing and offering Sharia compliant financial products and services in the UK. The Bank received authorisation from the Financial Services Authority (FSA) on 29 January 2008, after which date it commenced operations as a Sharia compliant bank. The Bank is now authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. Please refer to note 27 for a detailed disclosure of the Bank's risk management.

Principal risks

The principal risks that the Bank will face in 2026 include low global economic growth, taxes, political and "Non-Dom Residency" uncertainty. In line with 2025 the real-world metrics will remain challenging although volumes may benefit from the rate path ahead. The Bank has weathered many economic and political storms over the past decade, and management will continue to flex the business plan to optimise the residual opportunities.

The Bank successfully continued to build its Consumer Duty culture during the year. There are a number of regulatory changes that will drive additional work in 2026, namely, further work on our ESG framework including climate change, Operational Resilience, Solvent Exit planning and Basel 3.1 which is high on our agenda. This forthcoming year will see collaborative work between various departments to deliver these critical topics.

At QIB (UK), we continue to formally monitor horizon risks, with oversight at the Risk Management Committee (RMC) and the Audit & Risk Committee (ARC). We also continue to maintain a robust Risk Management Framework (RMF), risk culture and governance structure, of which further details are available in note 27 of this report.

Financial results

The financial statements for the year ended 31 December 2025 are shown on pages 21 to 65. The profit for the year is £11,731,651 (2024: £12,602,750).

Proposed dividend

The Directors do not propose the payment of a dividend (2024: £nil).

Directors

The Directors who held office during the year were as follows:

Mr. Bassel Gamal (Chairman) [1,3]
Mr. Gourang Hemani [2]
Mr. Rakesh Sanghvi [1,3]
Mr. Richard Musty [3] (resigned 14th October 2025)
Mr. Ludwig Krause
Mr. David Law (appointed 16th October 2025)
Mrs. Marianne Ismail [1,2]
Mrs. Julie Nicholson [1,2]

1 Denotes member of the Remuneration Committee
2 Denotes member of the Audit and Risk Committee
3 Denotes member of the Board Executive Committee

Directors' Report (continued)

Sharia Supervisory Board

As a Sharia compliant bank, the Bank's governance structure includes a Sharia Supervisory Board (SSB) which is responsible for overseeing that all products and activities of the Bank are Sharia compliant. The SSB has no executive responsibilities. The SSB members throughout the year were as follows:

Sheikh Walid Ben Hadi (Chairman)
Sheikh Nizam Mohammed Yaquby
Sheikh Mohamed Ahmaine

The annual report of the SSB is shown on page 10.

Going concern

The Directors have reviewed the current and potential future business activities and financial position of the Bank, including an assessment of capital and liquidity requirements for the foreseeable future. During 2025, an extensive strategic planning exercise was undertaken to gauge future investment in the business and update the new business flows, now that economic conditions are easing. This annual review and report include detailed analysis of capital, liquidity, business forecasts and expected credit losses.

This review covers the going concern for the twelve-month period to the end of January 2027. The going concern assessment is prepared by Executive Management, reviewed by ARC and approved by the QIB (UK) Board.

Business volumes and redemption patterns have been adjusted in line with the strategic review, and the forward-looking metrics in the Bank's expected credit loss modelling have been enhanced and re-calibrated with the assistance of external consultants.

As of 31 December 2025, QIB (UK) held eligible capital of £126.2m (2024: £114.2m) which translates to a capital surplus of £10.6m (2024: £14.0m). In line with previous years, the 2025 profits will be retained to further strengthen the capital position.

ICAAP and ILAAP stress tests have been improved and results monitored during 2025. The Bank closes 2025 with a more diversified liability base, across a range of tenors, and a strong liquidity coverage ratio.

Based on this review, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, as far as each of them is aware, there is no relevant audit information of which the Bank's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

Director's liabilities

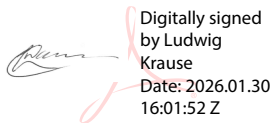
During the period, the Bank made qualifying third-party indemnity provisions for the benefit of its directors. These remained in force at the date of this report.

Directors' Report (continued)

Reappointment of auditors

The auditors Ernst & Young LLP have held office as auditors of the Bank for the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board



Ludwig Krause
Chief Financial Officer
30 January 2026

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the statement on auditors' responsibilities on page 19, is made by the Directors to explain their responsibilities in relation to the preparation of the financial statements, Strategic Report and Directors' Report.

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make an assessment of the Company's ability to continue as a going concern, and if appropriate prepare the financial statements on a going concern basis;
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state that the Company had complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company, in accordance with the Companies Act 2006.

The Directors have general responsibility for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the financial statements are prepared on a going concern basis.

Sharia Supervisory Board

In the name of Allah, the Most Gracious, the Most Merciful

To the shareholders of QIB (UK) plc (the 'Company')

For the year ended 31 December 2025

In compliance with the Terms of Reference of the Company's Sharia Supervisory Board, we submit the following report:

We have reviewed the accounts relating to the transactions entered into by the Company during the year ended 31 December 2025.

Based on our review, and representations received from the Company's management, all transactions during the period were on the basis of agreements approved by us.

Therefore, in our opinion the transactions entered into by the Company during the year ended 31 December 2025 are in compliance with the Islamic Sharia rules and principles and fulfil the specific directives, rulings and guidelines issued by us.

We beg Allah the Almighty to grant us all success.

Sheikh Waleed Bin Hady
QIB (UK) SSB Chairman
30 January 2026

Sheikh Nizam Yaquby
QIB (UK) SSB Member
30 January 2026

Sheikh Mohamed Ahmaine
QIB (UK) SSB Member
30 January 2026

Independent Auditors' Report to the Shareholders of QIB (UK) PLC

Opinion

We have audited the financial statements of QIB (UK) PLC (the ''Company'') for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained an understanding of management's going concern assessment process.
- We assessed management's forecasts for the going concern period and evaluated the key assumptions on which management's assessment is based.
- We compared the budgeted financial information for the period ended 31 December 2025 with historical actual results.
- We reviewed management's downside sensitivity analysis as it relates to their Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- We reviewed management's Liquidity Stress Test Model and Capital Surplus calculation as of 31 December 2025.
- We evaluated management's plans for future actions in relation to its going concern assessment.

- We performed inquiries with the group auditors of the Company's parent, Qatar Islamic Bank Q.P.S.C. ("QIB Doha") relating to their going concern procedures and results of their assessment, in order to identify any matters that may impact the financial statements of the Company.

- We reviewed regulatory correspondence and committee and board meeting minutes.

- We assessed the disclosures in the Annual Report and Accounts relating to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Improper recognition of income from financing activities and fees and commissions income • Credit impairments • Valuation of investment property
Materiality	• Overall materiality of £1.2m which represents 1% of Company's total equity.

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change
Stakeholders are increasingly interested in how climate change will impact QIB (UK) Plc. The Company has determined that there will be no material impact in 2025. This is explained on page 6 of the Annual Report, in the Directors' Report, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Company's business and any consequential material impact on its financial statements.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Improper recognition of revenue: Income from Financing and Fees and Commission Income **Income from financing activities is £66 million (2024: £69 million)** **Fees and commission income is £2.5 million (2024: £2.2 million)** ***Refer to the accounting policies note 4. j., note 5, and note 8 of the financial statements*** **There is risk that income from financing activities are not recorded in the correct accounting period, recognised using EYR (effective yield rate) calculation or in accordance with how the underlying structure should be treated under IFRS 9.** **Fees and commissions can require judgment as to the amount and timing of recognition. There is a risk that fees and commission income is not recorded in the correct accounting period or in accordance with how the underlying structure should be treated under IFRS 15.**	We performed the following procedures in relation to the identified risk: ►Assessed the design, and tested the operating effectiveness of, key controls over revenue with the assistance, where required, of EY IT audit professionals. ►For both fixed and variable parts of income, recalculated a sample of income from financing activities and verified inputs to the underlying contracts. ►Verified a sample of fees and commissions with the underlying contracts, ascertaining the service obligations provided for the fee or commission and determined whether it had been recognised in the correct period or deferred appropriately. ►In relation to re-negotiated or extended deals, understood the nature of the change made and whether fee income had been recorded appropriately. ►For deals with amortization of principal, we tested the appropriateness of income recognised. ►Performed year-end cut-off testing to ensure revenue is	We highlighted the following to the audit and risk committee: Based on the procedures performed, we have determined that income from financing activities and income from fees and commissions is not materially misstated and accounted for in accordance with accounting standards.

	recognised in the correct period. ►Verified to supporting evidence any journal entries identified that have characteristics that could indicate unusual or inappropriate adjustments ►Reviewed aged and significant debtors at year-end to identify potential fictitious or non-recoverable revenue.	
Credit impairments **Financing arrangements amount to £955 million (2024: £884 million) net of credit impairment provisions of £5 million (2024: £3.4 million). An impairment charge of £1.7 million (2024: £0.74 million) was taken to the Statement of Comprehensive Income.** ***Refer to the strategic report pages 3, accounting policies note 4. f., and note 14 of the financial statements.*** **There is a risk that the calculated expected credit loss (ECL) or staging assessments are inaccurate due to inappropriate or incorrect data, assumptions and calculations in the IFRS 9 model. This includes the historical default data (both internal and external) and risk attributes used to build and run the models, which may be incomplete, inaccurate or non-representative of the portfolio. Further, forward looking elements relevant to the portfolio might not be**	We performed the following procedures in response to the identified risk: ►Obtained and assessed management's expected credit loss policy under IFRS9. ►Assessed the design effectiveness of key controls around identifying credit events. ►Validated the definition of significant deterioration in credit risk is in line with the accounting standard and determined if it has been appropriately applied. ►For a sample selected, we reviewed evidence supporting any collateral and assessed the valuation of underlying collateral. ►Understood and challenged assumptions in relation to various macro-economic scenarios and PDs. This included: ►Individual and collective assessment, multiple macroeconomic scenarios and management overlays	Based on the procedures performed, we have concluded that credit impairments are not materially misstated and have been accounted for in accordance with IFRS 9.

incorporated in the ECL appropriately. **The risk continues to be heightened due to the recent macroeconomic outlook of the UK economy. Consideration is required to assess various macro-economic scenarios and PDs.**	►Impact of financial support and credit enhancements, if any. ►On a sample basis we tested credit files, arrears statistics, management's watch list and related documentation and, where appropriate, collateral arrangements and valuation, as well as publicly available information that we judged to be relevant, in order to assess the appropriateness and adequacy of impairment provisions, focused on areas where significant estimation is involved; ►On a sample basis, tested the key date elements (KDEs) identified including loan balance, profit rates, customer ratings, watchlist status, maturity date customer ID etc, and tested the accuracy of the data points by agreeing them to the source system / agreements; ►Tested a sample of renegotiated assets and applied the Bank's modification policy to assess if it is appropriately classified as a modification or forbearance; ►Engaged risk and quantitative specialists to review the methodology and models that feed into the ECL calculation including PD, LGD, EAD and staging of the loan portfolio. This also included the assessment of appropriateness of any post-model adjustments made. ►Assessed if forward-looking macroeconomic indicators were taken into account within the probability of default and loss given default calculation. ►Engaged internal Economic Advisory professionals to assess if appropriate forward-looking macroeconomic	

	indicators were taken into account once probability of default and loss given default was calculated. ►Challenged management on significant assumptions, including forward looking macroeconomic variables, which materially impacted the expected credit loss record. ►Tested the allocations of exposures between stages 1,2 and 3. ►Assessed management's performance of the model on historic data and to understand the volatility of the outputs against historic periods. ►Where Management has not provided us with the range of estimate values, we developed our own acceptable range and compared against the amount recognized ►Assessed management's stress testing analysis ►Obtained management's climate risk assessment and assessed any climate risk impact on the ECL provision.	
Valuation of investment property **The value of the investment property was £3.1 million (2024: £6.225 million).** ***Refer to accounting policies note 4. l., and note 19 of the financial statements.*** **The Bank leases a portion of its property. The accounting treatment of the building differs depending on the classification. The part of the building which is owner-occupied and classified as Property, plant and equipment is measured at cost less accumulated**	We performed the following procedures in response to the identified risk: ►Walked-through the process and controls in place, to obtain understanding of the estimation uncertainty. ►If indicators of possible management bias have been identified, assessed the potential impact of the assumptions used on the value of the Investment property. ►Obtained and assessed evidence that corroborates the classification split between	As a result of the procedures performed, we concluded that the value of the investment property is reasonable and in line with IFRS 13.

depreciation and any impairment. The part of the building leased out and classified as Investment property is measured at its fair value. During the year one of the investment property floor was classified from investment property to owner occupied. **There is a risk that the split in classification between office building and investment property is incorrect. The valuation of such property is also subject to judgement. The risk continues to be heightened due to the recent macroeconomic outlook of the UK economy and overall property prices across central London.**	investment property and property held for own use. ►Performed and assessment of assumptions and judgements made by management in reclassifications from/to office building and investment property, if any. ►We involved EY VME team in order to support us in assessing and challenging the third-party valuation report. ►Assessed external valuer's reputation and competences	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1.2 million (2024: £1.1 million), which is [1]% (2024: 1%) of Company's total equity. We believe that the main users of the financial statements, such as the Prudential Regulation Authority and the immediate and ultimate controlling party, view capital preservation as a key consideration.

Throughout our audit, we reviewed the initial materiality and made necessary adjustments to reflect changes resulting from the reassessment of the Company's equity.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £0.9m (2024: £0.85m). We have set performance materiality at this percentage as the Company does not have a history of material misstatements and based on our risk assessment procedures, we understand that the control environment of the Company continues to be strong.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £62k (2024: £57k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise toa material misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2006, Financial Services and Markets Act 2000, Financial Services Act 2012 and relevant Prudential Regulation Authority and Financial Conduct Authority regulations.

- We understood how QIB (UK) Plc is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and UK regulatory bodies, reviewed minutes of the Board, the Board Executive Committee, and the Board Audit & Risk Committee; and gained an understanding of the Company's approach to governance demonstrated by the Board's approval of the governance framework and risk management framework and internal controls processes.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of management, internal audit, and those responsible for legal and compliance matters; as well as focused testing as referred to in the Key Audit Matters section above. In addition, we performed procedures to identify any significant items inappropriately held in suspense and also any significant inappropriate adjustments made to the accounting records.

- As the audit of the Company requires specialised audit skills, the senior statutory auditor considered the experience and expertise of the audit team to ensure that the team had the appropriate competence and capabilities and included the use of specialists where appropriate.

- The Company is authorised to provide banking, mortgage and home finance, investments and other activities and is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address
Following the recommendation from the audit committee we were appointed by the Company on 7 December 2013 to audit the financial statements for the year ending 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 13 years, covering the years ending 31 December 2013 to 31 December 2025.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
52B237251E6A4DE...
30 January 2026

Hitesh Patel (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 January 2026

Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	2025	2024
		£	£
Income			
Income from financing	5	**65,547,275**	69,270,359
Income from investing activities	6	**7,726,355**	6,228,539
Returns to banks and customers	7	**(45,712,749)**	(47,998,896)
Net income from financing and investing activities		**27,560,881**	27,500,002
		-	-
Fees and commissions income	8	**2,489,591**	2,208,209
Fees and commissions expense		**(719,061)**	(633,508)
Net fees and commissions income		**1,770,530**	1,574,701
Net gain / (loss) on financial assets at fair value	16	**(323,866)**	28,013
Net gain/(loss) on financial assets at amortised cost		**103,987**	25,681
Gain / (loss) on foreign exchange	16	**330,256**	198,849
Other income	24	**120,181**	477,869
Total operating income		**29,561,969**	29,805,115
Expenses			
Personnel expenses	9	**(7,814,270)**	(7,645,092)
Depreciation and amortisation	17,18	**(376,722)**	(569,224)
Other expenses	10	**(3,944,957)**	(3,334,767)
Total operating expenses		**(12,135,949)**	(11,549,083)
Profit/(loss) before provisions for impairment		**17,426,020**	18,256,032
Credit (loss)/reversal expense on financial assets	27	**(1,650,686)**	(735,091)
Profit/(loss) before taxation		**15,775,334**	**17,520,941**
Taxation	12	**(4,043,683)**	(4,918,191)
Profit/(loss) for the year		**11,731,651**	12,602,750
Other comprehensive income (that may be reclassified to profit & loss)			
Change in fair value of cash flow hedge net of tax	16	**(263,833)**	77,165
Other comprehensive income		**(263,833)**	77,165
Total comprehensive profit/(loss) for the year		**11,467,818**	12,679,915

All activities are derived from continuing operations.
The notes on pages 25 to 65 are an integral part of these financial statements.

Statement of Financial Position

As of 31 December 2025

	Notes	2025 £	2024 £
Assets			*(Restated [4])*
Cash and balances with banks	13	132,462,261	82,316,418
Financing arrangements	14	954,683,460	884,059,958
Financial assets at amortised cost	15	141,472,045	137,810,920
Derivative financial instruments	16	1,122,065	1,597,563
Fair value adjustment for portfolio hedged risk	16	(1,031,227)	(898,730)
Property and equipment	17	15,289,209	12,810,372
Intangible assets	18	384,806	-
Investment property	19	3,100,000	6,225,000
Other assets	20	2,766,848	1,527,850
Total assets		**1,250,249,467**	1,125,449,351
Liabilities			
Due to banks	21	108,416,644	83,641,722
Due to customers	22	969,400,662	886,390,965
Other liabilities	23	31,877,296	27,424,980
Derivative financial instruments	16	1,646,782	593,378
Deferred tax liability	12	163,967	163,136
Subordinated Wakala	26	14,097,755	14,133,099
Total liabilities		**1,125,603,106**	1,012,347,280
Equity			
Share capital	25	60,864,221	60,864,221
Cash flow hedge reserve		(470,073)	(206,240)
Retained earnings		64,252,213	52,444,090
Total equity		**124,646,361**	113,102,071
Total liabilities and equity		**1,250,249,467**	1,125,449,351

The notes on pages 25 to 65 are an integral part of these financial statements. These financial statements were approved by the Board of Directors and were signed on its behalf by

Ludwig Krause
Chief Financial Officer
30 January 2026
QIB (UK) plc
Registered number 4656003

Digitally signed by Ludwig Krause
Date: 2026.01.30 16:17:38 Z

[4] Refer to note 2g for detailed reclassification

Statement of Changes in Equity

For the year ended 31 December 2025

	Share Capital	Cash Flow Hedge	Retained Earnings	Total
	£	£	£	£
Balance at 1 January 2024	60,864,221	(283,405)	39,860,631	100,441,447
Changes in FV of cash flow hedge	-	77,165	-	77,165
Movement in deferred tax on cash flow hedge	-	-	(19,291)	(19,291)
Profit / (Loss) for the year after tax	-	-	12,602,750	12,602,750
Balance at 31 December 2024	60,864,221	(206,240)	52,444,090	113,102,071
Balance at 1 January 2025	**60,864,221**	**(206,240)**	**52,444,090**	**113,102,071**
Changes in FV of cash flow hedge	**-**	**(263,833)**	**-**	**(263,833)**
Movement in deferred tax on cash flow hedge	**-**	**-**	**76,472**	**76,472**
Profit / (Loss) for the year after tax	**-**	**-**	**11,731,651**	**11,731,651**
Balance at 31 December 2025	**60,864,221**	**(470,073)**	**64,252,213**	**124,646,361**

The notes on pages 25 to 65 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025	2024
		£	£
Cash flow from operating activities			*(Restated)*
Profit for the year		**11,731,651**	12,602,750
Adjustments for:			
Depreciation	17	**365,521**	545,924
Amortisation	18	**11,201**	23,300
Taxation	12	**4,043,683**	4,918,191
ECL loss allowance		**1,650,686**	735,091
Net gain on financial assets at FVPL		**132,497**	898,730
Increase in financing arrangements		**(72,273,531)**	(57,921,880)
Increase in other assets		**(1,238,998)**	(523,919)
Increase (decrease) in amounts due to banks		**24,774,922**	(20,343,376)
Increase in amounts due to customers		**83,009,697**	59,016,367
Increase in other liabilities		**539,841**	458,933
Increase in financial assets at amortised cost*		**(3,660,555)**	(5,216,570)
Decrease (increase) in derivative financial instruments		**1,265,068**	(1,126,779)
Net cash inflow (outflow) from operating activities*		**50,351,683**	(5,933,238)
Cash flows from investing activities			
Purchase of property, plant and equipment	17	**(65,532)**	(685,282)
Purchase of intangible assets	18	**(103,738)**	-
Net cash outflow from investing activities		**(169,270)**	(685,282)
Cash flows from financing activities			
Repayment of subordinated loans		**(35,344)**	(32,973)
Net cash outflow from financing activities		**(35,344)**	(32,973)
Net increase (decrease) in cash and cash equivalents*		**50,147,069**	(6,651,493)
Cash and cash equivalents at start of year*		**82,318,198**	88,969,691
Cash and cash equivalents at end of year	13	**132,465,267**	82,318,198

The notes on pages 25 to 65 are an integral part of these financial statements.

* Refer to note 2g for detailed reclassification

Notes to the Financial Statements

1. Reporting entity

QIB (UK) plc (the 'Company' or the 'Bank') is incorporated and domiciled and registered in England. It is a public company limited by shares. The address of the Bank's registered office is 43 Grosvenor Street, London W1K 3HL. The Bank operates as a Sharia compliant bank.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements were approved by the Board on the 30 January 2026.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all the years presented in these financial statements.

b. Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the investment property and derivative financial instruments which are held at fair value through profit and loss.

c. Functional and presentation currency

The financial statements are presented in Pound Sterling (GBP), which is the Bank's functional and presentational currency.

d. Going concern

The Directors have reviewed the current and potential future business activities and financial position of the Bank, including an assessment of capital and liquidity requirements for the foreseeable future. During 2025, an extensive strategic planning exercise was undertaken to gauge future investment in the business and update the new business flows, now that economic conditions are easing. This annual review and report includes detailed analysis of capital, liquidity, business forecasts and expected credit losses. This review covers the going concern for the twelve-month period to the end of January 2027. The going concern assessment is prepared by Executive Management, reviewed by the ARC and approved by the QIB (UK) Board.

Business volumes and redemption patterns have been adjusted in line with the strategic review, and the forward-looking metrics in the Bank's expected credit loss modelling have been enhanced and re-calibrated with the assistance of external consultants.

As of 31 December 2025, QIB (UK) held eligible capital of £126.2m which translates to a capital surplus of £10.6m. In line with previous years, the 2025 profits will be retained to further strengthen the capital position.

ICAAP and ILAAP stress tests have been improved and results monitored during 2025. The Bank closes 2025 with a more diversified liability base, across a range of tenors, and a strong liquidity coverage ratio.

Based on this review, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

e. Use of judgement

The preparation of financial statements requires management to make judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The following are the critical judgements that directors made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i. Investment property valuation

The fair value of the investment property is based on an independent valuation provided by a professional commercial property specialist, using their judgement based on observable prices and rental demand in Prime Central London.

ii. Impairment losses on financial assets

In determining the expected credit losses (ECL), the Bank makes the following judgments:

Significant Increase in Credit Risk (SICR)

IFRS 9 does not define what constitutes a SICR. In assessing whether the credit risk of an asset has changed, the Bank takes into account qualitative and quantitative data, reasonable and supportable forward-looking information including but not limited to:

- Credit risk from initial recognition to reporting date (the relative increase in credit risk);
- Days past due;
- Adverse market changes in collateral values;
- Covenant breaches – covenant monitoring for profit cover in addition to collateral;
- Financings-to-value (FTV) breach monitoring; and
- Changes in external credit ratings.

f. Use of estimates and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Actual results may differ from these estimates.

The following are the critical estimates and assumptions when preparing the financial statements:

i. Impairment losses on financial assets

The measurement ECL under IFRS 9 requires estimating the amount and timing of future cash flows, collateral values and the assessment of SICR as described above.

In determining the ECL the Bank makes the following estimates and assumptions:

- The ECL model, including the formulas and choice of inputs;
- The Bank's internal grading system which assigns probabilities of default (PDs) to individual risk grades;
- Loss given default (LGD) floor;
- Maximum loss on disposal as a percentage of collateral's fair value (i.e. haircut);
- Type of real estate collateral;

- Current and forecast macroeconomic variables (e.g. Bank of England base rate, gross domestic product, unemployment rate, house price index, commercial real estate index) and their probability weightings;

- The scenario weightings used in the ECL model are 55%-25%-20% for Base-Downside-Upside scenario respectively (2024: 55%-25%-20%; and

- A Time to Sale judgement is required to reflect the point in time (following a default) at which the sale of the collateral actually takes place.

An economic scenario sensitivity table is included in note 27 within material risks.

g. Prior year restatement

In the prior year financial statements, cash and balances with banks of £55,093,007 (net of ECL amounting to £41) were incorrectly presented as part of Financial assets at amortised cost. Following a comprehensive review of the nature of the alternative liquidity facility (ALF), the Bank determined that the ALF meets the criteria for classification as cash and balances with banks as it can be considered a highly liquid asset readily convertible to a known amount of cash, with no significant risk of changes in value.

Management has reclassified these retrospectively, as presented in the table below:

Financial statement line item	31 December 2024 as signed (£)	Restatements (£)	31 December 2024 Restated (£)
Cash and balances with banks	27,223,411	55,093,007	82,316,418
Financial assets at amortised cost	192,903,927	(55,093,007)	137,810,920

Furthermore, on reclassification of cash and balances with banks, the Statement of Cash Flows changed as presented in the table below. Cash and cash equivalents at the start and the end of the year increased by £39,719,905 and £55,093,048 respectively resulting in an increase in Financial assets at amortised cost of £15,373,143.

Cash flow statement line item	31 December 2024 as signed (£)	Restatements (£)	31 December 2024 Restated (£)
Increase in financial assets at amortised cost	(20,589,713)	15,373,143	(5,216,570)
Net cash inflow from operating activities	**(21,306,381)**	**15,373,143**	**(5,933,238)**
Net increase (decrease) in cash and cash equivalents	**(22,024,636)**	**15,373,143**	**(6,651,493)**
Cash and cash equivalents at start of year	**49,249,786**	**39,719,905**	**88,969,691**
Cash and cash equivalents at end of year	**27,225,150**	**55,093,048**	**82,318,198**

3. Changes in accounting policies

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2025 that have a material impact on the Bank.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, subject to UK endorsement and if applicable, when they become effective.

Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the Classification and Measurement of Financial Instruments in response to feedback received as part of the post-implementation review of the classification and measurement requirements in IFRS 9 Financial Instruments and related requirements in IFRS 7 Financial Instruments: Disclosures. These amendments clarify:

- the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer;
- the requirements for assessing contractual cash flow characteristics of financial assets; and

- characteristics of non-recourse loans and contractually linked instruments.

The amendments also introduce certain disclosure requirements for financial instruments.

The amendments are effective for annual periods starting on or after 1 January 2026, with earlier application permitted.

The Bank anticipates no impact from these amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, disclosure of management-defined performance measures and enhanced requirements for grouping information.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The Bank is currently assessing the impact of IFRS 18 on the presentation of its financial statements.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Bank does business in liquid currencies such as GBP, EUR, USD, CHF, AED, KWD and QAR. As these are generally not affected by a "lack of exchangeability" in financial markets, the recent amendments to IAS 21 are not expected to impact the Bank's accounting policies under normal circumstances.

4. Significant accounting policies

a. Financial instruments

i) **Murabaha** is a contract for the sale of goods at cost plus an agreed profit mark-up. The delivery of the goods from the seller to the purchaser is immediate but payment may be deferred. Such contracts may be used to provide financing. Commodity Murabaha is a specific example of such a contract where the item being sold is a metal commodity. Commodity Murabaha contracts are commonly used within the Islamic inter-bank short-term liquidity market.

ii) **Wakala** is a transaction, which represents an agreement whereby a party provides a certain sum of money to an agent, who invests it according to specific conditions in order to achieve a certain specified return. The agent is obliged to return the invested amount in case of breach, negligence or violation of any of the terms and conditions of the Wakala.

iii) **Wa'ad** is a purchase undertaking by one party to the other in a transaction effectively resulting in either a right to acquire or sell for one of the parties, structured with Sharia compliant conditions.

iv) **Qard Hasan** is a contract whereby the repayment is for the same amount as the amount financed.

v) **Sukuk** is a Sharia compliant bond.

b. Measurement categories of financial assets and liabilities

The Bank applies IFRS 9 'Financial Instruments.

The Bank classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms, measured at either:

- Amortised Cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit and loss (FVTPL).

The Bank has undergone a Solely Payments of Principal and Interest (SPPI) test on a homogenous portfolio level to classify financial assets. The SPPI test assesses whether the contractual cash flows of an asset give rise to payments on specified dates that are solely payment of principal and profit on the principal amount outstanding.

Financial liabilities are measured at amortised cost.

All financial instruments are recognised on the trade date, that is, the date on which there is a commitment to buy or sell the financial instrument. The resulting assets and liabilities are initially recorded at fair value, and all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value, on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Bank makes an assessment of the objective of a business model in which an asset is held at an individual transaction level rather than at a portfolio level.

- Amortised Cost: financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and profit on the principal amount outstanding, are subsequently measured at amortised cost.
- FVTOCI: financial instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the same instrument, and that have contractual cash flows that are solely payments of principal and profit, are subsequently measured at FVTOCI; and
- FVTPL - All other financial instruments (e.g. instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL.

Financing arrangements

The Bank has assessed that its financial assets are held within a 'Hold to Collect' business model whose objective is to hold the financial asset in order to collect contractual cash flows. The contractual terms of these financial assets give rise to cash flows that are solely payments of principal and profit on the principal amount outstanding on a specified date. The variable rate financings are therefore classified as Amortised Cost.

The Bank applies fair value hedge accounting under IAS 39, using Sharia compliant Profit Rate Swaps to hedge the exposure of fixed rate financings. The fixed rate financings are therefore classified as FVTPL.

Financial assets at amortised cost

The Bank has assessed that its Sukuk investments are held within a 'Hold to Collect' business model whose objective is to hold the financial assets in order to collect contractual cash flows. The contractual terms of the Sukuk give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. They are therefore classified as Amortised Cost.

Derivative financial instruments

The Bank's derivative financial instruments include forward foreign exchange contracts (FX Forwards) and profit rate swaps (PRS) based on the Wa'ad principle. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Cashflow hedges

For the purpose of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a foreign currency risk of a firm commitment and could affect profit or loss.

The Bank uses FX forwards to hedge the FX exposure and satisfy the criteria for classification as cash flow hedges under IFRS 9.

Under a cash flow hedge of the forward foreign currency risk, the cumulative gain or loss on re-measuring the forward contract is recognised in the cash flow hedge reserve (no sources of ineffectiveness) and reclassified from the cash flow hedge reserve to profit or loss when the payable or receivable affects profit or loss. As the payable or receivable is re-measured continuously in respect of changes in foreign exchange rates per IAS 21, the gain or loss on the forward contract is reclassified from the cash flow hedge reserve to profit or loss as the payable or receivable is re-measured, not when the payment occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, amounts previously recognised in Other Comprehensive Income (OCI) remain separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Fair value hedges

A Fair Value Hedge is the hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

The Bank elected, as an IFRS 9 permissible policy choice, to continue to apply hedge accounting in accordance with IAS 39. It applies macro fair value hedging to its fixed rate financings, with the use of Profit Rate Swaps (PRS) to hedge its exposure to the fair value of the Fixed Rate Financings portfolio.

At inception, the Bank formally documents the hedging relationship, risk management objective, strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

In accordance with its hedging strategy, the Bank manages its profit rate risk by matching the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Bank uses receive floating profit rate swaps to hedge its fixed rate financing arrangements.

Under IAS 39, the Bank is required to test hedge effectiveness both prospectively and retrospectively, with the hedge only considered highly effective if the changes in fair value attributable to the hedged risk are offset by the hedging instrument in a range of 80% to 125%. The Bank conducts the prospective assessment at inception and the retrospective assessment of actual effectiveness on a monthly basis.

The aggregated fair value changes in the hedged financings are recognised as an asset in the Fair value hedge accounting adjustment on the face of the Statement of financial position. Should hedge effectiveness testing highlight that movements for a particular bucket fall outside the 80% -125% range (i.e., the hedge relationship was ineffective for the period), no fair value hedge accounting adjustment is recorded for that month for that particular bucket.

Hedge ineffectiveness can arise from:

- Prepayments of the hedged items causing an over-hedged position
- Differing maturity dates of the hedged item and the hedging instruments
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation

In addition, the Bank assesses hedge effectiveness using the dollar-offset method in accordance with IAS39 and where changes in the fair value of the hedged items and hedging items are small in absolute terms, the results of this method may be sensitive to minor valuation difference or timing effects. This can give rise to hedge effectiveness ratios outside the prescribed 80-125% range, resulting in the recognition of hedge ineffectiveness that does not necessarily reflect the economic effectiveness of the hedging relationship.

c. Reclassification of financial assets

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

d. Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or the Bank transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any remaining profit in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

e. Forborne and modified financial assets

The Bank considers a facility forborne when a modification is provided as a result of a client's financial difficulty, and the Bank would not have agreed to these terms if the client was financially healthy. The revised terms could include extending the maturity, changing the timing of profit payments or amending the financing covenants.

For financial assets that have been modified, the PD reflects whether the modification has improved or restored the Bank's ability to collect the principal and profit. To do this, the Bank evaluates the client's payment performance against the modified contractual terms and considers qualitative indicators.

Forbearance is generally considered a qualitative indicator of a SICR and may indicate that an exposure is credit-impaired/in default. Any impairment is measured using the original effective yield rate (EYR).

If the cash flows of a modified financing are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this circumstance, the original financial asset is derecognised and a new financial asset is recognised.

If the cash flows of the modified asset carried at amortised cost is not substantially different, the financial asset is not derecognised. Instead, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of Comprehensive Income, together with the impairment losses.

f. Impairment of financial assets

The ECL allowance is based on the 12-month expected credit loss unless there has been a SICR since origination, in which case it is over the life of the financial asset.

The Bank assesses whether there has been a SICR based on key indicators described before.

Both lifetime ECL and 12-month ECL are calculated on an individual basis.

Staging

The Bank has established a policy to assess whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial asset. The Bank then groups its financial assets into the following stages:

- Stage 1 – Where credit risk has not increased significantly since initial recognition, the Bank recognises 12-month ECL, and the yield is calculated on the gross carrying amount of the financial asset before adjusting for ECL;

- Stage 2 – Where there has been a SICR since origination, the Bank reports an allowance based on lifetime ECL but the yield continues to be recognised on a gross basis; and

- Stage 3 – Where the financial asset is credit impaired, the Bank reports an allowance based on lifetime ECL and the yield is calculated on a net basis (gross carrying amount of the financial asset less ECL).

A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit impairment includes observable data such as significant financial difficulty of the counterparty or issuer, a breach of contract such as a default or past due event and the disappearance of an active market for a security because of financial difficulties. The Bank assesses whether financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess credit impairment, the Bank considers the credit ratings and the ability of the counterparty to raise funding.

Calculation of ECL

ECL is the probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive, discounted at the original effective yield rate.

ECL= PD x EAD x LGD

- PD – The *Probability of Default* is an estimate of the likelihood of default over a particular time horizon.

- EAD – The *Exposure at Default* is the current drawn facility amount, plus any accrued profit, assuming that a default occurred today.

- LGD – The *Loss Given Default* is the ratio of the loss on an exposure due to the default of the counterparty, to the amount outstanding at default, after realising any collateral.

IFRS 9 does not define what constitutes a default. However, the Bank considers the following as constituting an event of default:

- the counterparty is past due more than 90 days on any material credit obligation to the Bank; or

- the counterparty is unlikely to pay its credit obligations to the Bank in full.

This definition of default is used in measuring the amount of ECL and in determining whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the PD which affects both the measurement of ECLs and the identification of a SICR.

In assessing if the counterparty is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators.

The Bank monitors all financial assets and financing commitments that are subject to the impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date, based on the remaining maturity of the instrument, with the risk of a default at origination.

In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. A weighted average probability of default (WAPD) is then calculated and used to determine whether credit risk has significantly increased.

Other inputs

Due to a lack of sufficient internal default data, the Bank uses the Pluto-Tasche method to calculate TTC PDs using a long average distribution of the Bank's portfolio observed in the Bank's books. UK macroeconomic variables such as Bank of England base rates, GDP, unemployment rate, commercial real estate indices and house price index (HPI) are then incorporated to produce the final PD data, as macroeconomic variables best reflect the risk faced by the Bank's portfolio.

Actual monthly and quarterly macroeconomic figures are incorporated into the ECL model and a forecast is derived for future periods. The figures are then segregated into base-downside-upside scenarios respectively to calculate the ECL. For 2025, the bank adopted an average Bank of England base rate, GDP, unemployment rate, commercial real estate index and HPI of 4.3% (2024: 5.1%), 0.3% (2024: 0.4%), 4.8% (2024: 4.3%), 0.2% (2024: (0.2)%) and 0.6% (2024: 3.3%) respectively. Please see sensitivity analysis in note 27 for further details.

The scenario weightings used in the ECL model are 55%-25%-20% for Base-Downside-Upside scenario respectively.

Sensitivity analysis was also introduced to assess the ECL under different scenarios.

g. Impairment of undrawn commitments

Undrawn financing commitments (agreements to provide financing under pre-specified terms and conditions) are initially recognised for the application of impairment requirements on the date that the Bank becomes party to the irrevocable commitment.

The ECL allowance is based on the expected life up to the maximum contractual period over which the Bank has a contractual obligation to provide financing. The Bank assesses whether there has been a significant increase in credit risk by considering changes in the risk of a default occurring on the financing to which the undrawn commitment relates (see point f).

h. Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the SoCI.

The recoverable amount of an asset is the greater of its value-in-use (VIU) and its Fair Value Less Cost to Sale (FVLCS). In assessing VIU, the estimated future cash flows are discounted to their present value. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i. Write-off's

Financial assets are written off only when the Bank has stopped pursuing the recovery and determined that no future funds will be recoverable. If the amount to be written off is greater than the accumulated impairment, the difference is first treated as an addition to the impairment that is then applied against the gross carrying amount.

j. Fees and commissions

Fees and commissions which are not recognised on an effective yield basis over the life of the financial instrument to which they relate, are recognised over time on a linear basis as performance obligations are satisfied over time. This approach applies to arrangement and exit fees. IFRS 15 Revenue from Contracts with Customers applies.

k. Property and equipment

Items of property and equipment, excluding investment property, are measured at cost less accumulated depreciation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the SoCI as they are incurred.

The owner-occupied part of the building purchased by the Bank in March 2014 is measured using the cost model.

Depreciation is recognised in the SoCI on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reassessed at the reporting date. The current estimated useful lives are as follows:

Computer equipment	3	years
Office equipment	5	years
Fixtures and fittings	5	years
Leasehold Improvements	10	years (or the remaining lease term if shorter)
Building	50	years

l. Investment property

The building acquired in March 2014 is partially used as an investment property and one of the seven floors is currently leased to a third party. The leased part of the building is initially measured at cost and subsequently at fair value. As under IAS 40, the leased part of the building is not subject to depreciation. The fair value is determined by an independent registered valuer.

m. Intangible assets

Acquired software and computer licenses are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the SoCI as incurred.

Amortisation is recognised in the SoCI on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The current estimated useful lives are as follows:

Software	3	years
Computer licenses	3	years

n. Taxation

Income tax payable or receivable is calculated on the basis of the applicable tax law and is recognised as an expense or income for the period, except to the extent that current tax is related to items that are charged or credited directly to equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that there is convincing evidence that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o. Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the SoCI when they are due. Short-term employee benefits such as salaries, paid absences and other benefits are accounted for on an accruals basis over the period for which employees have provided services. Bonuses are recognised to the extent that there is a present obligation to employees that can be measured reliably.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash and demand bank deposit accounts and are stated at amortised cost.

q. Other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

r. Leased assets

IFRS 16 defines a lease as ‘a contract, or part of a contract, that conveys a right to use (RoU) the asset for a period of time in exchange for consideration’.

In determining whether a contract is a lease, the Bank assesses whether the contract meets the following evaluations:

- the contract contains an identified asset which is either explicitly identified in the contract or implicitly specified at the point it is made available for use by the Bank;
- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- the Bank has the right to direct how and for what purpose the identified asset is used throughout the period of use.

Lease Term

The lease term begins on the commencement date and includes any rent free or reduced rent periods. It comprises:

- the non-cancellable period of the lease;
- periods covered by an option to extend the lease if the Bank is reasonably certain to exercise that option; and

- periods covered by an option to terminate the lease if the Bank is reasonably certain not to exercise that option.

Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

s. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate as at that date. Foreign currency differences arising on translation are recognised in the SoCI.

5. Income from financing activities

Income from	**2025** **£**	2024 £
Banks		
Wakala placements	**145,636**	476,314
Financing arrangements		
Murabaha financing	**65,401,639**	68,794,045
Total income from financing activities	**65,547,275**	69,270,359

6. Income from investing activities

	2025 **£**	2024 £
Returns on investments	**7,726,355**	6,228,539
Total income from investing activities	**7,726,355**	6,228,539

7. Returns to banks and customers

	2025 **£**	2024 £
Murabaha deposits	**1,055,934**	836,830
Wakala deposits	**39,995,592**	41,752,722
Notice accounts	**3,029,684**	3,690,613
Instant access savings accounts	**278,187**	252,105
Subordinated Wakala & other returns	**1,353,352**	1,466,626
Total returns to banks and customers	**45,712,749**	47,998,896

8. Fees and commissions income

	2025 £	2024 £
Property financing fees	**2,393,620**	2,077,279
Other fee income	**95,971**	130,930
Total fees and commissions income	**2,489,591**	2,208,209

The property financing fee income relates to administration and exit fees on financing arrangements. The other fee income relates to monitoring fees, agency fees and banking service charges.

9. Personnel expense

	2025 £	2024 £
Directors' emoluments and fees	**1,498,419**	1,168,231
Wages and salaries	**4,827,610**	5,102,760
Social security costs	**868,307**	765,896
Pension contributions	**431,873**	429,637
Other staff costs	**188,061**	178,568
Total personnel expenses	**7,814,270**	7,645,092

The aggregate of the emoluments in 2025 of the highest paid Director was £588,854 (2024: £656,156) and company pension contributions of £nil (2024: £nil) were made on their behalf.

The value of the services performed by three Doha Directors was estimated by the Board as £125,000 (2024: £100,000). This amount was not recharged to the Bank.

The number of employees at the end of the year was 42 (2024: 43) and the average number throughout the year was 45 (2024: 43).

10. Other expenses

	2025 ££	2024 £
Other staff related costs	**384,679**	236,903
IT expenses	**1,351,111**	1,309,080
General and administrative costs	**2,209,167**	1,788,784
Total other expenses	**3,944,957**	3,334,767

11. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:	**2025**	2024
	£	£
Auditor's remuneration		
Fees payable to the Bank's auditor for the audit of financial statements	**309,571**	297,605
Fees payable to the Bank's auditor for other services:		
– other services pursuant to legislation	**8,408**	8,008
– other services	**38,592**	36,754
	356,571	342,367

12. Taxation

i) Analysis of total tax expense/(credit):

	2025	2024
	£	£
Current tax expense/(credit) for period at 25%	**3,966,379**	3,268,885
Prior year adjustment	**10,514**	5,409
Deferred tax expense/(credit) relating to:		
Origination and reversal of temporary differences	**66,857**	1,646,359
Prior year adjustment	**(67)**	(2,462)
Total tax expense	**4,043,683**	4,918,191

ii) Reconciliation of the total tax charge

The total tax charge for the year is higher than that resulting from applying the UK standard rate of corporation tax to the profit/loss before tax. The differences are explained as follows:

	2025	2024
	£	£
Profit before tax	**15,775,334**	17,520,941
At standard rate of UK corporation tax of 25% (2023: 23.5%)	**3,943,834**	4,380,235
Effects of:		
Non-deductible expenses	**89,402**	130,799
Prior year adjustment	**10,447**	2,947
Movement in unrecognised deferred tax asset	**-**	404,210
Total tax expense	**4,043,683**	4,918,191

iii) Deferred tax

Deferred tax is calculated on temporary differences using a tax rate of 25% (2024: 25%). The following are the deferred tax assets calculated by the Bank and movements thereon during the current and prior reporting period.

	2025	2024
	£	£
Deferred tax liability/(asset) as at 1 January	**163,136**	(1,500,052)
Expensed to the Statement of Comprehensive Income	**66,857**	1,646,359
Credit to Other Comprehensive Income/Reserves	**(65,959)**	19,291
Effect of rate change	**-**	-
Prior year adjustment	**(67)**	(2,462)
Deferred tax liability/(asset) as at 31 December	**163,967**	163,136

The deferred tax (asset)/liability can be analysed as follows:

	2025	2024
	£	£
Decelerating capital allowances	**379,013**	350,365
Other temporary differences	**(215,046)**	(187,229)
Tax losses carried forward	**-**	-
	163,967	163,136

The Bank has recognised a deferred tax liability in the period of £163,967 (net) as at 31 December 2025. Deferred tax assets have been recognised in full to the extent available against the deferred tax liabilities of the Bank.

At 31 December 2025 there are unrecognised deferred tax attributes of £1,616,839 (gross) relating to a fair value adjustment on investment property.

The Bank is a subsidiary of a multinational Group which is in scope of the Pillar 2 global minimum tax rules. Legislation in respect of Pillar 2 income taxes was enacted in the UK on 11 July 2023 and is effective for accounting periods commencing on or after 1 January 2024. The UK legislation enacted includes a Qualified Domestic Minimum Top Up Tax rule, and an Income Inclusion Rule for periods commencing on or after 1 January 2024 and an Undertaxed Profits Rule for periods commencing on or after 1 January 2025. No material exposure to Pillar 2 income taxes is expected in the current period and no current tax charge has been recognised in relation to Pillar 2 income taxes within these accounts.

It is anticipated that the Bank will be able to take advantage of the Country-by-Country Reporting Transitional Safe Harbours available for the transitioning period FY2024 to FY2026, given that the UK entities are subject to tax at a rate greater than 15%. Therefore, no material exposure to Pillar 2 income taxes is expected and no current tax charge has been recognised in relation to Pillar 2 income taxes within these accounts.

The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes has been applied.

13. Cash and balances with banks

	2025 £	2024 £ (*Restated*)
Cash	**462,095**	495,805
Alternative Liquidity Facility (ALF)*	**90,083,219**	55,093,048
On demand bank deposits	**41,919,953**	26,729,345
Less: allowance for impairment losses*	**(3,006)**	(1,780)
Total cash and balances with banks	**132,462,261**	82,316,418

14. Financing arrangements

	2025 £	2024 £
Murabaha financing	**959,733,069**	887,459,538
Less: allowance for impairment losses	**(5,049,609)**	(3,399,580)
Total financing arrangements	**954,683,460**	884,059,958

15. Financial assets held at amortised cost

	2025 £	2024 £ (*Restated*)
Investment in Sukuk*	**141,487,583**	137,827,029
Less: allowance for impairment losses*	**(15,538)**	(16,109)
Total financial assets held at amortised cost	**141,472,045**	137,810,920

16. Derivative financial instruments

	2025 £	2024 £
Gain on fair value of forward foreign exchange contracts	**70,571**	670,819
Gain on fair value of profit rate swap contracts	**1,051,495**	926,744
Total gain on derivative financial instruments	**1,122,066**	1,597,563
Loss on fair value of forward foreign exchange contracts	**(1,330,662)**	(593,378)
Loss on fair value of profit rate swaps contracts	**(316,119)**	
Total loss on derivative financial instruments	**(1,646,781)**	(593,378)
Total derivative financial instruments	**(524,715)**	1,004,185

FX Forwards

The Bank entered into forward foreign exchange contracts to manage its foreign currency exposures, and all the foreign exchange contracts are used just for hedging purposes. The Bank receives foreign currency-denominated deposits and subsequently uses foreign exchange forward contracts to manage these exposures

* Refer to note 2g for detailed reclassification

where necessary. The foreign exchange forward contracts generally have a tenor of up to 12 months. The fair value loss of £1,260,091 represents an aggregate net position of £70,571 gains netted against £1,330,662 losses. The £330,256 movement in the fair value of forward foreign exchange contracts is included in the SoCI. The cumulative loss-to-date is £470,073 (2024: loss of £206,240).

The Bank's book is effectively hedged for foreign currencies and the positions are closely monitored on a daily basis. Due to the unhedged FX open position during the year, there was a gain of £305,122 (2024: £175,016 net gain). This is the outcome of the ineffective hedging portion and this net position is arising out of a total gain of £1,491,172 (2024: £119,412 loss) of the hedged items and FX total loss of £1,186,050 (2024: £294,428 gain) of hedging instruments. In addition, there was other FX income of £25,134 (2024: £23,833) during the year.

The total nominal value of the derivatives as at year-end was £83 m (2024: £101m). The instruments are there to hedge the liabilities that are in foreign currencies as the Bank's asset book is largely in GBP. All the derivatives have a maturity of less than a year, which is in line with the Bank's foreign currency deposit profile.

The table below shows the notional maturity of the derivative instruments as at the end of the year. All derivatives are Sharia compliant.

	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	£	£	£	£	£	£
2025	9,205,538	60,066,989	14,142,166	-	-	83,414,693
2024	31,473,498	45,214,543	24,747,622	-	-	101,435,663

Profit Rate Swaps

The Bank manages its profit rate risk undertaking Sharia compliant derivatives - profit rate swaps ("PRS") – which hedge its exposure to fluctuations in the Bank of England base rate. The Bank's PRS are forward contracts in which future fixed profit rate payments are swapped for floating cashflows based on a specified principal amount and a benchmark rate.

The Bank elected, as an IFRS 9 permissible policy choice, to continue to apply hedge accounting in accordance with IAS 39 (note 4b).

The table below shows the fair values of PRS designated for hedging, recorded as assets or liabilities, together with their notional amounts:

	2025	2024
	£	£
Notional principal	**41,525,000**	28,085,000
Fair value adjustment to hedged items	**(1,031,228)**	(898,730)
Accrued profit of hedge items	**431,314**	164,104
Carrying value of hedged items	**(599,914)**	(734,626)
Fair value adjustment to hedging instruments	**735,376**	926,744
Accrued profit of hedging instruments	**(244,119)**	(127,202)
Carrying value of hedging instruments	**491,257**	799,542
Net PRS fair value hedges	**(295,852)**	28,013
Net PRS accrued profit	**187,195**	36,903
Net carrying value of hedged items and hedging instruments	**(108,657)**	64,916

The line item in the SoFP that includes the hedging instrument is 'Derivative Financial Instruments', and the line item that includes the hedged item is ' Financing arrangements'.

The Bank assesses hedge effectiveness using the dollar-offset method, where hedge effectiveness is achieved when changes in the fair value of the hedging instrument offset changes in the hedged item within the range of 80% to 125%.

The table below sets out the outcome of the Bank's hedging strategy, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

		2025			2024		
		Gains/(losses) attributable to the hedged risk			Gains/(losses) attributable to the hedged risk		
Hedged item	**Hedge instrument**	**Hedged item**	**Hedge instrument**	**Hedge Effectiveness**	**Hedged item**	**Hedge instrument**	**Hedge Effectiveness**
Fixed rate financings	PRS	**(132,497)**	**(191,369)**	**(323,866)**	(898,730)	926,744	28,013

As at 31 December 2025, the hedge ineffectiveness recognised in the SoCI is £323,866 loss (2024: £28,013 gain). This amount includes a fair value loss of £297,031 on the Profit Rate Swap (PRS) instruments. The loss primarily arises because the hedging relationship ceased in December, resulting in the PRS being measured at fair value through profit or loss, while the corresponding hedged item was no longer re-measured for changes in fair value attributable to the hedged risk. Once hedge accounting is discontinued, the derivative continues to be re-measured at fair value, with all subsequent fair value movements recognised immediately in SoCI. In contrast, the hedged item remains carried at amortised cost and is not adjusted for changes in fair value related to the previously hedged risk, as shown in the table above.

17. Property and equipment

	Computer equipment	**Leasehold improvements**	**Fixtures & Fittings/Office equipment/Fixed Asset in Progress**	**Building**	**Total**
	£	**£**	**£**	**£**	**£**
Cost:					
Balance at 1 January 2025	136,482	2,317,638	1,078,284	15,939,334	**19,471,738**
Additions	6,190	6,717	52,625	3,125,000	**3,190,532**
Write offs	-	-	-	-	**-**
Transfer to Intangible Assets	-	-	(292,269)	-	**(292,269)**
Reversal to Other Liabilities	-	-	(53,904)	-	**(53,904)**
Decrease in right-of-use asset	-	-	-	-	**-**
Balance as at 31 December 2025	**142,672**	**2,324,355**	**784,736**	**19,064,334**	**22,316,097**
Depreciation and impairment:					
Balance at 1 January 2025	(124,307)	(2,245,698)	(425,198)	(3,866,163)	**(6,661,366)**
Depreciation charge for the year	(7,860)	(10,606)	(5,666)	(341,390)	**(365,522)**
Write offs	-	-	-	-	**-**
Impairment provision	-	-	-	-	**-**
Balance as at 31 December 2025	**(132,167)**	**(2,256,304)**	**(430,864)**	**(4,207,553)**	**(7,026,888)**
Net Book Value at 31 December 2025	**10,505**	**68,051**	**353,872**	**14,856,781**	**15,289,209**
Cost:					
Balance at 1 January 2024	127,706	2,243,214	479,611	15,939,334	18,789,865
Additions	8,776	74,424	602,081	-	685,281
Write offs	-	-	-	-	-
Decrease in right-of-use asset	-	-	(3,408)	-	(3,408)
Balance as at 31 December 2024	136,482	2,317,638	1,078,284	15,939,334	19,471,738
Depreciation and impairment:					
Balance at 1 January 2024	(111,909)	(2,017,668)	(421,531)	(3,564,334)	(6,115,442)
Depreciation charge for the year	(12,398)	(228,030)	(3,667)	(301,829)	(545,924)
Write offs	-	-	-	-	-
Impairment provision	-	-	-	-	-
Balance as at 31 December 2024	(124,307)	(2,245,698)	(425,198)	(3,866,163)	(6,661,366)
Net Book Value at 31 December 2024	12,175	71,940	653,086	12,073,171	12,810,372

On 1st July 2025, the Bank redesignated the 4th floor as own use. The 2025 building value disclosed above reflects the six floors now occupied by the Bank, including a £3,125,000 increase for the 4th floor. This is a transfer from Investment Property and had no cashflow impact.

In November 2025, Knight Frank LLP valued the building at £18,500,000, indicating an immaterial movement in the year (2024: £18,600,000).

Please refer to note 19 for the fair value of the investment property.

18. Intangible assets

	Computer software	Computer licenses	Total
	£	£	£
Cost:			
Balance at 1 January 2025	**700,046**	**382,183**	**1,082,229**
Additions	**103,738**	**-**	**103,738**
Transfer from Fixed Assets in Progress	**292,269**	**-**	**292,269**
Write offs	**-**	**-**	**-**
Balance as at 31 December 2025	**1,096,053**	**382,183**	**1,478,236**
Amortisation:			
Balance at 1 January 2025	**(700,046)**	**(382,183)**	**(1,082,229)**
Amortisation charge for the year	**(11,201)**	**-**	**(11,201)**
Write offs	**-**	**-**	**-**
Balance as at 31 December 2025	**(711,247)**	**(382,183)**	**(1,093,430)**
Net Book Value at 31 December 2025	**384,806**	**-**	**384,806**
	-	-	
Cost:	-	-	
Balance at 1 January 2024	700,046	382,183	1,082,229
Additions	-	-	-
Write offs	-	-	-
Balance as at 31 December 2024	700,046	382,183	1,082,229
Amortisation:			
Balance at 1 January 2024	(676,746)	(382,183)	(1,058,929)
Amortisation charge for the year	(23,300)	-	(23,300)
Write offs	-	-	-
Balance as at 31 December 2024	(700,046)	(382,183)	(1,082,229)
Net Book Value at 31 December 2024	-	-	-

19. Investment property

	£
Balance at 1 January 2025	**6,225,000**
4th floor reclassification to owner occupied	**(3,125,000)**
Balance as at 31 December 2025	**3,100,000**

On 1st July 2025, the Bank redesignated the 4th floor as own use, decreasing the fair value of the investment portion to £3,100,000.

Formal valuations are conducted every year. In November 2025, Knight Frank LLP valued the building at materially the same value as 2024 (£18,600,000). This valuation represents level 2 in the fair value hierarchy.

Knight Frank's valuation was carried out using the comparative and investment method and was based on the following assumptions: the property is currently let under the terms of the lease as described in note 24; most weight was attached to the capital value per square foot and the underlying vacant possession value for the property. In arriving at the opinion of fair value, Knight Frank had less regard for investment yields but focussed on sales of assets within the core Mayfair market and considered both let investments and vacant possession opportunities.

Knight Frank assumed an estimated rental value (ERV) of £1,068,000 (2024: £1,056,300) per annum which is based on a headline ERV of £116 (2024: £115) per sq. ft. The market comparable rents used in the valuation

reflect lettings of office accommodation in Mayfair, ranging from £69 per sq ft to £220 per sq ft. The range in rents largely reflects the quality of the accommodation together with the location of the buildings, amenity offering and whether they are fully fitted or not. The highest rents are being achieved on the best floors in buildings that have been recently comprehensively refurbished.

Having regard to the above, in their opinion the Fair Value is £18,500,000 which equates to circa £2,017 (2024: £2,028) per sq. ft.

20. Other assets

	2025	2024
	£	£
Corporation Tax receivable	**192,494**	-
Fees receivable	**727,610**	357,507
VAT recoverable	**84,404**	52,378
Prepayments	**1,421,671**	777,556
Other receivables	**340,669**	340,409
Total other assets	**2,766,848**	1,527,850

21. Due to banks

	2025	2024
	£	£
Demand	**23,720**	23,630
Murabaha deposits	**38,025,019**	25,287,564
Wakala deposits	**70,367,905**	58,330,528
Total due to banks	**108,416,644**	83,641,722

22. Due to customers

	2025	2024
	£	£
Demand	183,697,864	103,342,215
Notice	89,070,298	92,888,215
Wakala deposits	696,632,500	690,160,535
Total due to customers	**969,400,662**	886,390,965

23. Other liabilities

	2025	2024
	£	£
Cash collateral	**21,148,730**	17,095,402
Guarantee fee payable	**2,524,893**	2,828,210
Accruals	**2,402,551**	2,454,525
Trade payables	**60,008**	127,808
Social security and income tax	**173,326**	183,739
Deferred Income	**4,522,862**	4,377,118
Corporation Tax payable	**-**	(95,706)
Other payables	**1,044,926**	453,884
Total other liabilities	**31,877,296**	27,424,980

As at 31st December, the Bank had £2,524,893 (2024: £2,828,210) guarantee fees payable to QIB. Please see note 26 Related party transactions.

The accruals balance includes an amount for discretionary bonuses which is an estimated amount pending approval.

As at 31 December 2025, HSBC has provided a guarantee amounting to £3,500,000 to a third party on behalf of the Bank.

24. Other Income

	2025	2024
	£	£
Rental Income	**120,181**	177,869
Recovery from written-off asset	**-**	300,000
Total other income	**120,181**	477,869

During 2024, the Bank recovered £300,000 in relation to a financing that was written off in a prior year.

Bank as a lessor

The Bank has entered into operating leases for its investment property (see note 19). A 5-year tenancy agreement, with a 3-year break clause, was signed for the 3rd floor in September 2022. The lease for the 4th floor expired during the year and the floor was reclassified as owner occupied in July 2025.

During the year, £120,181 (2024: £177,869) rental income was recognised in the SoCI relating to these operating leases. The Bank receives the rent as net basis and there are no additional expenses associated with the lease.

Future minimum rentals receivables under operating leases as at 31 December 2025 are as follows:

	2025	2024
	£	£
Within 1 year	**108,150**	109,369
After 1 year but not more than 5 Years	**69,997**	-
Total rental receivables	**178,147**	109,369

25. Share capital

	2025	2024
	£	£
Authorised		
100,000,000 Ordinary shares of £1.00 each	**100,000,000**	100,000,000
Allotted, called up and fully paid		
Ordinary shares of £1.00 each	**60,864,221**	60,864,221

26. Related party transactions

Qatar Islamic Bank (QIB Doha) is the immediate and ultimate controlling party by virtue of the fact that it holds 100% of the issued share capital and voting rights in the Bank. QIB Doha was incorporated on 8 July 1982 as a Qatari shareholding company by the Emiri Decree Number 45 of 1982 to provide banking services and conduct investment and financing activities in accordance with Islamic Sharia principles, as determined by its Sharia Committee and in accordance with the provisions of its Memorandum and Articles of Association.

All other related parties are related by virtue of QIB Doha ownership or common non-executive directors, unless otherwise stated below.

Subordinated Wakala from related party
As at 31 December 2025 there was an outstanding subordinated Wakala balance payable to QIB Doha of £14,097,755 (2024: £14,133,099).

Total subordinated Wakala returns due to QIB Doha in the year were £1,353,352 (2024: £1,466,626).

Due to banks
QIB Doha held demand deposit accounts with the Bank on an arm's length basis. As at 31 December 2025, total demand deposits due to QIB Doha were £23,720 (2024: £23,630).

Cash and balances with banks
Demand bank accounts were held with QIB Doha in line with their normal account terms and conditions. As at 31 December 2025, the Bank had a balance of £50,341 with QIB Doha (2024: £31,609).

Guarantee fees
To support the Bank's ability to seek external funding, QIB Doha occasionally provided a guarantee to external financiers in prior years. In return, QIB Doha charged the Bank guarantee fees. During the year, there were no guarantee fees of this nature (2024: £nil). As at 31 December 2025, there is a balance outstanding for £2,524,893 (2024: £2,707,366) relating to prior years.

During the year, QIB Doha provided guarantees for financing arrangements and charged the Bank guarantee fees in return. As at 31 December 2025, QIB Doha had provided two guarantees amounting to £18,000,000. The guarantee fees due to QIB Doha in the year were £267,959 (2024: £122,770) and returns of £nil (2024: £120,844) were payable as at 31 December 2025.

Financing arrangements
As at 31 December 2025, financing arrangements included a total of £748,306 (2024: £2,935,411) relating to real estate secured financing transactions made with Directors of QIB Doha and their close family members, on an arm's length basis. The IFRS 9 impairment provision on these financing arrangements as at 31 December 2025 was £166 (2024: £1,418) and an ECL loss allowance reversal of £1,252 (2024: £8,449) was recognised in the year. Total returns due to the Bank in the year were £115,189 (2024: £281,835).

Due to customers
Directors of QIB Doha and their close family members held demand bank accounts, instant access saving accounts and term deposits with the Bank on an arm's length basis. As at 31 December 2025, the total of these deposits were £1,378,740 (2024: £1,275,605). Total returns due to customers in the year were £39,745 (2024: £41,384).

Key management compensation
Key management of the Bank is the Management Committee of the Bank. The compensation of key management personnel is as follows:

	2025	2024
	£	£
Emoluments including social security costs	**2,739,479**	2,730,802
Company contributions to pension plans	**89,753**	90,432
Total compensation	**2,829,232**	2,821,234

27. Financial risk management

The Bank monitors and manages exposures to the following risks arising from its use of financial instruments:

- Business risk;
- Capital adequacy;
- Credit risk;
- Market risk (including profit rate risk);
- Operational risk (including reputational risk, Sharia compliance risk and operational resilience);
- Climate change and nature decline risks;
- Liquidity risk;
- Group risk;
- Conduct risk; and
- Financial crime.

This note presents information about the Bank's exposure to each of these risks and its objectives, policies and processes for identifying, mitigating, managing and reporting them.

Risk management framework (RMF)

The Bank has an established RMF. The Bank seeks to mitigate risk through robust systems and controls and through effective corporate governance.

The key components of the Bank's RMF include:

- Risk identification;
- Risk measurement and assessment;
- Risk mitigation;
- Risk reporting and monitoring; and
- Risk governance.

Elements of the framework are detailed further below.

Governance structure

QIB (UK) Board

The Board has overall responsibility for establishing and maintaining an adequate Risk Management Framework. The Board review the risk profile of the Bank on a regular basis taking into account the macro environment and ensures an appropriately robust Risk Appetite Statement is in place. The Board will remain cognisant of the wider QIB Group concentration and country limits and ensures that QIB (UK) is suitably aligned. The Board delegates part of its authority to various sub-committees and members of senior management in order to ensure effective execution of the risk framework.

The Board has a general duty to ensure that the Bank conducts business in accordance with all relevant statutory and regulatory requirements. This general duty includes specific responsibilities for ensuring that:

- The Business has an effective system of internal controls, and management of business risks are conducted in accordance with the PRA/FCA principles for businesses;
- Adequate records are maintained;
- A strong capital and liquidity base is maintained to support the development of its business and to meet regulatory capital and liquidity requirements at all times;
- The Compliance and Risk function, and internal and external auditors are competent and provided with appropriate resources in the discharge of their duties;
- An integrated system of planning and budgeting is established to ensure that the Bank can efficiently and effectively achieve its strategic objectives in support of and in line with the strategic objectives of the shareholders;
- The composition of the Board is periodically reviewed to ensure its skillset is appropriate to the current and future business requirements;
- Maintaining oversight of the robust implementation of the Risk Management Framework;
- Reviewing and approving a suitable Risk Appetite Statement on at least an annual basis;
- Promoting a risk aware and risk responsible culture.

The Board closely oversees the Bank's activities through comprehensive reporting provided to them, including financial results, operational reports, risk reports, budgets, forecasts and reviews of the main risks set out in the Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') reports. The Board reviews and approves the Bank's formal internal document that outlines how QIB (UK) meets the operational resilience requirements set by the PRA and FCA. It ensures that the Operational Resilience Self-Assessment (ORSA) is updated regularly, especially after significant changes or disruptions. The Board also approves financing and investment proposals and credit facilities above the Board Sub-Committees' and Management Sub-Committees' delegated authority in accordance with the agreed delegated credit authority limit structure.

Board sub-committees

The Board has established a governance framework of Board Sub-Committees as set out in their respective terms of reference:

- Board Executive Committee (ExCo);
- Board Audit & Risk Committee (ARC);

- Board Nominations & Remuneration Committee (RemCo); and
- Executive Management Committee (ManCo).

The Board will perform an annual self-appraisal of its performance and that of its members and will also annually solicit views from each Board and Management Sub-Committee before formally appraising their performance and making any necessary changes to their Terms of Reference, Standing Agenda and Membership. Periodically, a thorough Board effectiveness review is carried out by an external specialist firm.

In addition to the above, the Board and Management will consult with, and be guided by, the independent Sharia Supervisory Board ('SSB'). However, as an independent, consultative body the SSB does not form part of the Bank's Corporate Governance Structure and is subject to its own Terms of Reference.

Board Executive Committee (ExCo)
Board ExCo has a specific role in relation to the review (and subsequent rejection, recommendation or approval as appropriate) of new credit exposures that are within its delegated authority, in accordance with the agreed delegated credit authority limit structure. Its principal purpose is to preserve the independence of the members of the Board Audit and Risk Committee (ARC) from the commercial activities of the Bank.

Board Audit & Risk Committee (ARC)
ARC is constituted to ensure that the Executive Management has established and maintains an effective system of internal controls on behalf of the Board. It is also responsible for providing a channel of communication between the Board, Executive Management, the Risk and Compliance functions and Internal and External Audit. ARC has specific delegated authority for the establishment, approval and periodic review of all policies and procedures adopted by the Bank as part of the risk management and control framework. ARC reviews details of how the Bank would restore its financial strength and viability during periods of severe stress. Both Recovery Plan and Solvent Exit Analysis include recovery options and triggers, information on governance and decision-making processes, and communication plans.

Board Nominations & Remuneration Committee (RemCo)
RemCo provides a formal and transparent procedure for developing policy on Executive Management remuneration and fixing the remuneration packages of individual Bank Directors. RemCo will also function as a nominations committee, evaluating the performance of the Board and the Executive Management ensuring compliance with regulatory requirements.

Sharia Supervisory Board (SSB)
SSB is an independent body whose expenses are defrayed by the Bank. SSB's primary function is to review the proposed products and services of the Bank and provide oversight to assist management in ensuring that they are fully compliant and in accordance with the rules and principles of Sharia.

Executive Management Committee (ManCo)
The QIB (UK) Board has authorised the Chief Executive Officer (CEO) to establish an executive management committee drawn from the executives of the Company as a Management Committee (ManCo) responsible for daily oversight and management of the Bank.

ManCo is the principal forum for conducting the business of the Bank and is responsible for the efficient and controlled operation of the business. It is authorised to take all steps necessary to conduct the business of the Bank within the confines of the Board approved strategy, budgets and mandates. Under the leadership of the CEO, ManCo oversees and controls the business and makes all decisions of strategic or general significance, in line with the Board's approved strategy.

ManCo is accountable to the Board for designing, implementing and monitoring the process of risk management, and implementing it into the day-to-day business activities of the Bank. ManCo is responsible for effectively communicating the Bank's approach and commitment to establishing and maintaining an effective risk management framework and approach.

Management sub-committees

ManCo has established Management Sub-Committees to assist and enable it to facilitate and embed the governance framework into the daily operations of the Bank. These Sub-Management Committees are the:

- Risk Management Committee (RMC);
- Asset & Liability Committee (ALCo); and
- Product Governance & Consumer Committee (PGCC).

The roles and responsibilities of each of these committees in regard to the risk management framework are covered below.

Risk Management Committee (RMC)

RMC has been established to provide support and advice directly to ManCo and indirectly to the Board in regard to risk governance.

RMC is the primary committee with regard to risk management. It acts within authority delegated to it through ManCo, as amended from time to time by the Board, and has two main roles:

1. It is responsible for establishing and overseeing a robust risk management framework and to advise ManCo, ARC and ultimately the Board, on all areas of risk management, the current risk exposures and future risk strategy, including capital and liquidity management; and
2. It has authority delegated from the Board, through ManCo, to make assessments, decisions and recommendations regarding the review and approval of proposed investments or credit risk exposures, in accordance with the delegated credit authority limit structure.

RMC is chaired by the Chief Risk Officer (CRO) and is primarily a second line committee, although it may also request that individuals from the first line provide input and/or attend meetings as required. In its wider role, RMC typically meets monthly and has the responsibility for the oversight of all risks to which the Bank is exposed. Where the review and approval of investments and credit decisions is required, RMC convenes on an ad-hoc basis.

Asset & Liability Committee (ALCo)

ALCo is responsible for managing and monitoring the capital, assets and liabilities of the Bank. It also manages the risk/reward relationship between solvency, liquidity and profit rate risk. ALCo has responsibility for ensuring that the Bank's capital is effectively managed to maximise returns whilst protecting the interests of the Bank, its employees, shareholders and clients, and ensuring regulatory limits are observed.

ALCo supports the Board and CEO in managing liquidity by recommending policies, setting limits and monitoring the risk and liquidity profile of the Bank on a regular basis. ALCo provides guidance upon the day-to-day management of liquidity and oversees the effective establishment of effective controls amd methodologies to ensure that the Bank has sufficient liquidity at all times. ALCo is chaired by the CEO.

Product Governance & Consumer Committee (PGCC)

The PGCC oversees the review and management of existing products along with the proposal and implementation of new products. The Committee assesses products against the requirements of the Consumer Duty and determines trends or risks through bank-wide management information. This committee is chaired by the Head of Treasury.

Material risks

The Bank frequently assesses the material risks impacting the Bank which is also set out in Management Information (MI) presented to RMC and ARC. The following outlines the material risks inherent in the Bank.

Business risk

Business risk can be defined as any risk to the Bank arising from changes in its business, including the risk that the Bank may not be able to carry out its business plan and its desired strategy, resulting in reduced profits or potential failure. Financial performance and key metrics, as well as external macroeconomics, are significant areas the Bank will monitor in addition to risks arising from a deviation to the proposed business plan.

There are controls throughout the Bank in regard to business risk. The strategy of the Bank is set by the QIB (UK) Board and is closely monitored by ManCo and the Sub-Management Committees. The Board Committees also maintain close oversight over business risks, within their specific remits, and there is detailed reporting across a range of indicators by both the Finance and the Risk functions to management and through the committee/governance structure.

Capital adequacy

The Bank's strategy is currently one of growth in real estate financing, which carries with it the requirement for capital to increase to meet both internal and regulatory capital requirements. There is the risk that in the process, capital may not grow as quickly as is needed and actual capital held falls below that which is required based on assets held. This could be as a result of a fall in income relative to fixed costs, increased impairments or changes in the macroeconomic environment impacting business activity.

The Bank, as part of its ICAAP, has thoroughly assessed the risks of its business, evaluating each identified risk individually to ensure that the Bank maintains adequate capital for its size, nature and complexity of business under normal and stressed situations.

Capital adequacy will be assessed and monitored on an ongoing basis, to ensure that the assessment of risks and calculation of capital requirements remain current to the Bank.

The Bank's capital requirements are set and monitored by the PRA. Regulatory capital is analysed in two tiers:

- Tier 1 capital, which includes ordinary share capital and retained earnings; and
- Tier 2 capital, which includes qualifying subordinated Wakala deposits.

The level of total regulatory capital is monitored against the Individual Capital Guidance. Individual Capital Guidance is comprised of Pillar 1 capital using the Standardised Approach and Pillar 2 as required by the PRA. The Bank has complied with all capital requirements throughout the period.

Credit risk

Credit risk is considered a material risk for the Bank and can be defined as a loss arising from a counterparty failing to fulfil contractual arrangements. This risk would occur if a counterparty fails to meet financing owed to the Bank due to inability to repay or refusal to repay. The Bank manages credit risk through a clearly defined Credit & Investment Policy and deal related approval process, and metrics have been set to guide and monitor this risk. Furthermore, the Bank actively manages its credit exposures with continuous interaction between the first and second lines of defence, and will act promptly if credit performance deteriorates, or is expected to deteriorate, due to economic or sector-specific weaknesses.

Management of credit risk

The Bank manages credit risk by monitoring credit exposures, limiting transactions with specific counterparties, countries or sectors, and continually assessing the creditworthiness of all counterparties. It also ensures that credit capacity is diversified across the Bank's business lines to ensure an appropriate allocation of risk capital and avoid undue concentrations.

The Risk Management department is responsible for the operational management of the Bank's credit risk policy, including:

- reviewing credit and underwriting proposals, providing clear recommendation to the appropriate committee;

- reviewing and recommending exceptions to delegated limits, where appropriate;
- reviewing, monitoring and taking action as appropriate, for any non-performing credit facilities; and
- monitoring ongoing adherence to country and counterparty limits.

The credit limit structure forms part of the Credit & Investment Policy and associated Risk Appetite Statement (RAS), which is monitored on a monthly basis through risk reporting to RMC. Within this limit structure, potential exposures and proposals are assessed by either RMC, ExCo, ARC or the Board if required.

RMC is responsible for the formal assessment of any new exposures. The relationship teams are required to submit credit approval requests to Risk Management for assessment and consideration by RMC. The Credit Risk Manager will ensure that the credit application is assessed and presented in line with the Bank's Credit & Investment Policy and procedures, and that the appropriate credit application template is used and completed accurately. Existing exposures are reviewed by the business area on a regular basis and submitted to RMC for further review and approval. RMC reviews all potential exposures. If the potential exposure falls within its delegated authority, RMC will form its own decision. If not, RMC will review and, if appropriate, recommend the exposure to either ExCo or the Board. An active 'watch list' process is in place and exposures on the watch list are subject to more detailed ongoing review.

Credit risk exposures as at 31 December 2025 are shown below.

	2025	2024
	£	£
On Balance sheet:		*(Restated)*
Balances with Banks*	132,000,166	81,820,614
Murabaha financing	954,683,460	884,059,958
Financial assets at amortised cost*	141,472,045	137,810,920
Total	**1,228,155,671**	1,103,691,492
Off Balance sheet:		
Undrawn Commitments	4,486,859	800,000
Total	**4,486,859**	800,000
Total Credit Risk	**1,232,642,530**	1,104,491,492

The credit exposures shown above are the maximum credit exposure and include accrued profit.

Undrawn commitments are agreements to provide financing under pre-specified terms and conditions. The Bank's undrawn commitments can fluctuate based on the size of the Bank's real estate development financing portfolio and the timing of drawdowns.

Concentration of risks of financial assets with credit risk exposure

The following tables provide additional analysis of the Bank's credit exposures, detailing the concentration by geographical location and the industry type of counterparties. For geographical sector, the allocation of exposures to regions is based on the Bank's policy definition of country risk based on credit risk principles.

* Refer to note 2g for detailed reclassification

Geographical sectors

	Europe	Middle East	USA	Asia	Total
	£	£	£	£	£
On Balance sheet:					
Balances with Banks	124,466,321	50,337	7,483,508	-	**132,000,166**
Murabaha financing	954,683,460	-	-	-	**954,683,460**
Financial assets at amortised cost	18,736,193	110,608,173	-	12,127,679	**141,472,045**
31 December 2025	**1,097,885,974**	**110,658,510**	**7,483,508**	**12,127,679**	**1,228,155,671**
Off Balance sheet:					
Undrawn Commitments	4,486,859	-	-	-	**4,486,859**
31 December 2025	**4,486,859**	**-**	**-**	**-**	**4,486,859**
Total	**1,102,372,833**	**110,658,510**	**7,483,508**	**12,127,679**	**1,232,642,530**
On Balance sheet:					(*Restated)*
Balances with Banks*	74,591,030	31,606	7,197,978	-	81,820,614
Murabaha financing	884,059,958	-	-	-	884,059,958
Financial assets at amortised cost*	18,213,257	106,576,496	-	13,021,167	137,810,920
31 December 2024	976,864,245	106,608,102	7,197,978	13,021,167	1,103,691,492
Off Balance sheet:					
Undrawn Commitments	800,000	-	-	-	800,000
31 December 2024	800,000	-	-	-	800,000
Total	977,664,245	106,608,102	7,197,978	13,021,167	1,104,491,492

Industry sectors

	Banks	Real Estate	Central Governments	Total
	£	£	£	£
On Balance sheet:				
Balances with Banks	41,916,947	-	90,083,219	**132,000,166**
Murabaha financing	-	954,683,460	-	**954,683,460**
Financial assets at amortised cost	91,195,763	-	50,276,282	**141,472,045**
31 December 2025	**133,112,710**	**954,683,460**	**140,359,501**	**1,228,155,671**
Off Balance sheet:				
Undrawn Commitments	-	4,486,859	-	4,486,859
31 December 2025	**-**	**4,486,859**	**-**	**4,486,859**
Total	**133,112,710**	**959,170,319**	**140,359,501**	**1,232,642,530**
On Balance sheet:				(*Restated)*
Balances with Banks*	26,727,607	-	55,093,007	81,820,614
Murabaha financing	-	884,059,958	-	884,059,958
Financial assets at amortised cost*	92,687,376	-	45,123,544	137,810,920
31 December 2024	119,414,983	884,059,958	100,216,551	1,103,691,492
Off Balance sheet:				
Undrawn Commitments	-	800,000	-	800,000
31 December 2024	-	800,000	-	800,000
Total	119,414,983	884,859,958	100,216,551	1,104,491,492

Real estate exposures are always collateralised by real estate assets and correspond to financing arrangements provided to UHNW and HNW.

Credit quality

In 2025, the Bank of England's base rate had three small gradual reductions as inflation pressures eased. The base rate decreased from 4.75% at the start of the year with the last reduction in December to 3.75% reflecting an effort to balance inflation control with economic stability. This was less of a reduction than market commentators had forecast at the start of the year. The higher for longer UK base rate has put pressure on some real estate finance investors.

* Refer to note 2g for detailed reclassification

UK tax and policy changes in 2025, particularly the abolition of non-dom tax status and increased Stamp Duty Land Tax (SDLT) surcharges, significantly impacted Prime Central London (PCL), triggering a wealthy exodus, reducing demand, increasing supply as some sell, and causing price drops. Introduced in the Autumn Budget on properties over £2m, a new Mansion Tax (High Value Council Tax Surcharge) adds to annual costs and will affect investor sentiment. Within the PCL market, property values fell by nearly 5% in 2025. There has also been a marked decline in the volume of financed purchases. There is a trend of investors funding purchases themselves, with a view to releasing equity in the future when base rates subside.

Given the Bank's client base is primarily GCC Ultra High Net Worth (UHNW), High Net Worth (HNW) individuals or ultimate beneficial owners, they are able to service their facilities from wider income and wealth. Within the residential buy-to-let (BTL) sub-portfolio, the ongoing higher financing cost has still not been met by rising rents, although the gap reduced in 2025. This has seen a number of clients suffering delays in servicing their financing costs. The Bank is working closely with these clients to rectify outstandings, and to support good outcomes. Given most of the Bank's financings are on floating rates, it does not have a sub-portfolio of mortgages on fixed historic low rates at risk of reverting to a much higher variable. This will provide a cushion from potential defaults in 2026, and as our clients have now acclimatised to the higher financing costs.

The credit quality of the Bank's exposures is reviewed and managed by the Bank's Risk Management department, RMC, ExCo (for larger exposures) and ARC. Given the dynamics of the UK real estate sector, the portfolio was subject to greater scrutiny with regular reviews undertaken between the first and second line. RMC reviews comprehensive management information (MI) covering the Bank's credit and investment exposures. Given that real estate finance is the Bank's core business, the real estate finance portfolio is analysed to identify vulnerabilities. On a regular basis, the value of the underlying security is assessed against the latest Land Registry House Price Index (HPI) data. Where a potential significant devaluation in underlying security is identified, RMC considers any mitigating actions required. The portfolio is also stressed for other risks, such as a sharp increase in the Bank of England base rate, and the output is reviewed at RMC.

All individual credit exposures are risk rated and clearly recorded in the credit application for the customer. In determining the risk rating, certain specified types of tangible security, combined with high levels of coverage, can produce a risk rating entirely independent of the credit quality of the obligor. However, the individual structure and obligors to a transaction are fundamental considerations when determining the overall risk rating. When determining an appropriate risk rating, the Bank considers key elements of the underlying credit assessment, including the customer's track record and expertise in the sector, repayment history, security, key risks and mitigants. The Bank regularly reviews and updates risk ratings whenever any relevant new information is received.

The Bank assesses this based on key indicators such as:

- Adverse movement in internal risk rating;
- Contractual payments days past due;
- Adverse market changes in collateral value;
- Covenant breaches;
- FTV breach monitoring;
- Drop in external ratings; and
- Annual credit review.

Credit quality for institutions is assessed using techniques which use information from the major External Credit Assessment Institutions (ECAI), together with specific financial data. Risk ratings are on a rating scale of 1-10 (with 1 being the highest) and are in line with QIB Group methodology. The latter are mapped to the ECAI and Regulators' credit risk ratings.

During the year, the Bank incurred a credit loss on financial assets of £1,650,686 (2024: £735,091 loss).

The table below shows the movement in ECL loss allowance during the year:

ECL Summary	**2025**	2024
Total ECL loss allowance as at 1 January	**3,417,468**	2,682,376
Additional ECL loss allowances	**1,650,686**	735,091
Total ECL loss allowance as at 31 December	**5,068,154**	3,417,468

In 2025, 11 collateralised Murabaha financings, with a gross carrying amount totaling £25,828,838, transferred from Stage 1 to Stage 2. The ECL loss allowance for these financings increased by a total of £142,429 in the year.

28 collateralised Murabaha financings, with a gross carrying amount of £68,293,769, remained in Stage 2 during the year. Whilst another 5, with a gross carrying amount of £15,582,624 as at 31 December 2024, were repaid during 2025.

2 collateralised Murabaha financings, with a gross carrying amount of £4,494,091, moved from Stage 1 to Stage 3 in the year. 1 collateralised Murabaha financings, with a gross carrying amount of £7,736,112, moved from Stage 2 to Stage 3 in the year. As at 31 December 2025, 3 Murabaha financings are in receivership, whilst another, with a gross carrying amount of £4,241,528 as at 31 December 2024, was repaid during 2025.

ECL breakdown

	Stage 1 **£**	**Stage 2** **£**	**Stage 3** **£**	**2025 Total** **£**	2024 Total £
Balances with banks					(*Restated)*
Gross carrying amount*	132,003,172	-	-	**132,003,172**	81,822,393
ECL allowance*	(3,006)	-	-	**(3,006)**	(1,780)
Total balances with banks	132,000,166	-	-	**132,000,166**	81,820,613
Due from banks					
Gross carrying amount	-	-	-	**-**	-
ECL allowance	-	-	-	**-**	-
Total due from banks	-	-	-	**-**	-
Financing Arrangements					
Gross carrying amount	849,001,016	94,122,611	16,609,442	959,733,069	887,459,538
ECL allowance	(832,670)	(553,439)	(3,663,500)	(5,049,609)	(3,399,580)
Total financing arrangements	**848,168,346**	**93,569,172**	**12,945,942**	**954,683,460**	884,059,958
	-	-	-		
Financial assets at amortised cost	-	-	-		
Gross carrying amount*	141,487,583	-	-	**141,487,583**	137,827,029
ECL allowance*	(15,538)	-	-	**(15,538)**	(16,109)
Total financial assets at amortised cost	141,472,045	-	-	**141,472,045**	137,810,920
	-	-	-		
Undrawn Commitments	-	-	-		
Gross carrying amount	4,486,859	-	-	**4,486,859**	800,000
ECL allowance	-	-	-	**-**	-
Total undrawn commitments	4,486,859	-	-	**4,486,859**	800,000

The credit exposures shown above are the maximum credit exposure and include accrued profit.

* Refer to note 2g for detailed reclassification

Investment Grade/Standard/Special Monitor

	Investment Grade	Standard Monitoring	Special Monitoring	Total
	£	£	£	£
Balances with Banks	132,000,166	-	-	**132,000,166**
Murabaha financing	808,382,510	133,355,008	12,945,942	**954,683,460**
Financial assets at amortised cost	141,472,045	-	-	**141,472,045**
31 December 2025	**1,081,854,721**	**133,355,008**	**12,945,942**	**1,228,155,671**
Off Balance sheet:				
Undrawn Commitments	4,421,641	65,218	-	**4,486,859**
31 December 2025	**4,421,641**	**65,218**	**-**	**4,486,859**
Total	**1,086,276,362**	**133,420,226**	**12,945,942**	**1,232,642,530**
				(*Restated)*
Balances with Banks*	81,820,614	-	-	81,820,614
Murabaha financing	697,724,751	177,537,675	8,797,532	884,059,958
Financial assets at amortised cost*	137,810,920	-	-	137,810,920
31 December 2024	917,356,285	177,537,675	8,797,532	1,103,691,492
Off Balance sheet:				
Undrawn Commitments	800,000	-	-	800,000
31 December 2024	800,000	-	-	800,000
Total	918,156,285	177,537,675	8,797,532	1,104,491,492

Investment grade (R1 - R4) refers to external rating of BBB- and above. Special monitoring refers to all the assets that are under review by RMC and are rated at R7 or higher for regular impairment review. All other assets are monitored under the Standard monitoring (R5 - R6) initiative.

As at 31 December 2025, the Bank had four Stage 3, non-performing, impaired exposures for which it is also undertaking special monitoring. This related to four UK corporate customers with a total Murabaha financing amount due of £16,641,538 (2024: £8,808,032). Two of them transferred from Stage 1 to Stage 3 during the year (£4,494,091) and one transferred from Stage 2 to Stage 3 (£7,736,112). The total impairment provision against these assets as at 31 December 2025 is £3,663,500 (2024: £10,500). As per IFRS9, impairment provisions can be assessed either on an individual or a collective basis, however when reasonable and supportable information is available without undue cost or effort, it must be used to assess changes in credit risk.

Sensitivity Analysis

The majority of the Bank's clients are resilient to UK macroeconomic factors as they are UHNW/HNW individuals residing in UK and/or overseas, albeit with collateralised UK properties. However, due to the impact of interest rates, house prices and inflation on the UK economy, in 2023 the Bank reassessed the set of macroeconomic factors considered in the past and updated the ECL methodology to incorporate Bank of England base rates (BoE BBR) and commercial real estate indices (CRE), in addition to the existing GDP, unemployment rate (UR) and house price index (HPI). All these macroeconomic factors are revised on a monthly basis.

Results from the latest sensitivity calculation reflect the differences in different economic scenarios. Using 31 December 2025 ECL results, the model performance assessment is as follows:

Risk Factor performance	**2025**	2024
Sensitivity testing of Corporate PD model on the macro forecasts (negative economic outlook only)	**1,101,524**	1,115,902
Sensitivity testing of Retail PD model on the macro forecasts (negative economic outlook only)	**496,881**	355,831
Sensitivity testing of Corporate PD model on the macro forecasts (positive economic outlook only)	**(213,759)**	(202,903)
Sensitivity testing of Retail PD model on the macro forecasts (positive economic outlook only)	**(106,882)**	(70,703)

The sensitivity analysis above has been calculated by comparing the outcome of using the Bank's blended weighting (55% base case, 25% pessimistic case and 20% optimistic case) versus either a 100% pessimistic case scenario or a 100% optimistic case scenario.

Collateral

Risk Management assesses the exposures against the collateral held. This is done as part of the initial credit assessment and then periodically as part of the annual credit reviews.

The Murabaha transactions are collateralised against residential and commercial properties, mainly in Prime Central London. A property valuation is performed at origination and in the event of a change in risk, which is monitored regularly against HPI data. Where the Bank identifies potential adverse movement in the values of its underlying security, it can call for a third-party valuation and/or increase its capital charge for the associated facility to manage this risk.

The collateralised Murabaha financing exposures presented in the table below represents financing on the real estate assets. The fair value of collateral can vary.

	2025		2024 (*Restated)*	
	Exposure	**Collateral**	**Exposure**	**Collateral**
	£	**£**	**£**	**£**
Balances with Banks*	132,000,166	-	81,820,614	-
Other financing	-	-	-	-
Murabaha financing	954,683,460	1,754,826,661	884,059,958	1,594,859,129
Financial assets at amortised cost*	141,472,045	-	137,810,920	-
Total Credit Risk	**1,228,155,671**	**1,754,826,661**	1,103,691,492	1,594,859,129

Market risk

Market risk is defined as the risk of losses arising from adverse changes in the value of positions, as a result of movements in prices across foreign exchange, commodity, debt and rate markets.

The Bank does not have material exposure to market risk or any trading book assets as it is not the nature of a Sharia compliant bank to engage in speculative market trading. The Bank does however accept market risk to some degree by holding Sukuk, and the Board's strategic view of market risk is therefore to accept it only on the basis of asset and liability management and for liquidity purposes, and not in the pursuit of trading profits.

The market risk within the Bank is managed in accordance with the PRA Rule Book. The market risk definition can be further broken down into the sub-risk types shown below.

Foreign Exchange risk

This is the sensitivity of financial positions to adverse movements in foreign exchange rates. Foreign Exchange (FX) risk does not only arise as a result of direct foreign exchange related dealings but can also result from foreign currency-based transactions such as financings, deposits and Islamic derivative trades (i.e. FX currency swaps). The Bank utilises a combination of FX spot, outright and forward contracts to manage this risk. Furthermore, early warning indicators (EWI) have been set to monitor movements in the currency pairs that the Bank is exposed to, in order to prompt management discussion during times of increased volatility.

The following table summarises the Bank's exposures (gross) across different currencies arising from its financial instruments:

* Refer to note 2g for detailed reclassification

	USD	EUR	GBP	CHF	QAR	Other	Total
	£	£	£	£	£	£	£
Assets							
Cash and balances with banks	7,532,210	1,527,937	123,349,064	21,948	2,224	31,883	**132,465,266**
Financing arrangements	-	-	959,733,068	-	-	-	**959,733,068**
Financial assets at amortised cost	122,749,986	-	18,737,597	-	-	-	**141,487,583**
Other Assets	1,806	-	20,507,831	-	-	-	**20,509,637**
31 December 2025	**130,284,002**	**1,527,937**	**1,122,327,560**	**21,948**	**2,224**	**31,883**	**1,254,195,554**
Liabilities							
Due to Banks	78,148,689	7,039,958	23,227,997	-	-	-	**108,416,644**
Due to other financial institutions	11,536,721	-	90,696,229	-	-	-	**102,232,950**
Due to customers	109,356,055	1,465,403	756,346,252	-	2	-	**867,167,712**
Subordinated Loan	-	-	14,097,756	-	-	-	**14,097,756**
Other Liabilities	3,269,198	1	28,772,064	-	-	-	**32,041,263**
Cash flow reserve net of tax	-	-	(124,360)	-	-	-	**(124,360)**
31 December 2025	**202,310,663**	**8,505,362**	**913,015,938**	**-**	**2**	**-**	**1,123,831,965**
Net on balance sheet financial position	**(72,026,661)**	**(6,977,425)**	**209,311,622**	**21,948**	**2,222**	**31,883**	**130,363,589**
Forward foreign exchange contracts	71,976,182	6,984,722	-	-	-	-	78,960,904
Assets							*(Restated)*
Cash and balances with banks*	7,254,324	1,353,434	73,580,244	17,758	97,240	15,198	82,318,198
Financing arrangements	-	-	887,459,538	-	-	-	887,459,538
Financial assets at amortised cost*	119,611,320	-	18,215,708	-	-	-	137,827,028
Other assets	2,341	-	19,662,151	-	-	-	19,664,492
31 December 2024	126,867,985	1,353,434	998,917,641	17,758	97,240	15,198	1,127,269,256
Liabilities							
Due to Banks	4,484,299	58,659,249	2,930	-	20,495,244	-	83,641,722
Due to other financial institutions	9,749,219	-	161,138,254	-	-	-	170,887,473
Due to customers	127,127,213	1,933,423	586,442,855	-	2	-	715,503,493
Subordinated Loan	-	-	14,133,099	-	-	-	14,133,099
Other Liabilities	2,707,372	3,168	24,877,576	-	-	-	27,588,116
Cash flow reserve net of tax	-	-	63,001	-	-	-	63,001
31 December 2024	144,068,103	60,595,840	786,657,715	-	20,495,246	-	1,011,816,904
Net on balance sheet financial position	(17,200,118)	(59,242,406)	212,259,926	17,758	(20,398,006)	15,198	115,452,352
Forward foreign exchange contracts	17,159,504	59,219,875	-	-	20,367,045	-	96,746,424

The Bank has a policy of matching foreign currency assets and liabilities wherever reasonably possible and, as at 31 December 2025, held a £305,122 gain from FX hedges (2024: £175,016 net gain). Where necessary, foreign currency exposure is hedged by FX forwards with similar maturity profile to eliminate any foreign currency risk. For this reason, the Bank has not provided a separate foreign exchange sensitivity risk analysis.

Profit rate risk in the banking book (non-trading book)

This is the sensitivity of financial positions to adverse movements in market interest rates. The risk is largely owing to the mismatching of assets and liabilities (with respect to maturity/re-pricing profile), in tandem with shifting market rates across various tenors of the yield curve. This risk impacts the Bank's Balance Sheet positions which need to be regularly re-priced and can be subject to varying levels of volatility. Profit rate risk also affects the Bank's funding costs, whereby a change in market rates can positively or negatively affect the cost of funding.

The Bank monitors profit rate risk movement at monthly ALCo meetings and is controlled by Treasury as part of the Bank's asset and liability management. The Treasury department reports to ALCo once a month on the sensitivity of a 2% parallel shift in the yield and its impact on the Bank. Treasury, Finance, Risk and ALCo continuously monitor profit rate risk in the banking book (PRRBB) and if this increases, the Bank will look to regularise the position through various management actions. The Bank also has a profit rate Early Warning Indicator (EWI) to monitor a 50bp movement in any rolling 5-day period in the 6 month Overnight Indexed Swap curve across three major currencies.

With regard to the investment portfolio (fixed rate, non-trading Sukuk book), whilst these are valued daily on a mark to market basis, the following analysis sets the notional impact of an increase in rates on the Sukuk book. The impact of a 2% shift rate shock has been based on an effective duration methodology.

* Refer to note 2g for detailed reclassification

Parallel rate shock risk	2025	2024
• ±2% rate shock	**£7,313,057**	£5,509,488
• Impact on regulatory capital	**(5.8%)**	(4.8%)

Liquidity risk

Liquidity risk is defined as the risk that the Bank will not be able to meet its liabilities as they fall due or will only be able to meet them at an uneconomic price. The Bank has established a strong liquidity management framework to ensure it manages its liquidity profile. The Bank maintains adequate levels of liquidity resources, a prudent funding profile, and comprehensively manages and controls liquidity and funding risks. In doing so, the Bank can support the daily and budgeted business requirements as they fall due and meet all regulatory requirements. To achieve this, the Bank will:

- Maintain adequate liquidity at all times in order to meet obligations as they fall due;
- Maintain a portfolio of regulatory and Sharia compliant high quality, unencumbered assets as a Liquid Asset Buffer (LAB), which can be liquidated at short notice;
- Complete an ILAAP proportionate to the nature, scale and complexity of its business at least annually or more frequently if required;
- Appropriately manage any mismatch between the tenor of its assets and liabilities;
- Build and maintain a diversified deposit/funding base that is within the Bank's Risk Appetite;
- Conduct regular and broad-based stress testing;
- Implement liquidity contingency funding plans;
- Have adequate systems and controls for monitoring, measuring and managing liquidity on a daily basis;
- Ensure sufficient senior management oversight; and
- Maintain clear lines of communication with the Regulator and to notify them of any breaches of its guidelines as soon as they occur.

Liquidity Risk is primarily managed by Treasury and Finance, with oversight from the Risk department as well as the ALCo, RMC and ARC. Sources of liquidity risk include unforeseen withdrawal of deposits, restricted access to new funding with appropriate maturity and profit characteristics, inability to liquidate marketable assets in a timely manner with an acceptable risk of capital loss, unpredicted non-payment of financing obligations and a sudden increase in demand for financings.

The Bank has a Liquidity Risk Management Framework (LRMF) that is used to communicate the strategy for managing and monitoring liquidity risk within the Bank. This framework enables the Bank to identify, measure, manage and monitor liquidity and funding risk both intraday and over an appropriate range of time horizons, so as to ensure it maintains adequate levels of liquidity buffers and an appropriate funding profile.

The Bank seeks to mitigate risk by implementing sound systems and controls, through robust corporate governance arrangements. The LRMF and stress testing programme have required involvement of the executive and senior management representatives in formulating and implementing the strategy and have been subject to challenge and review at all relevant levels, including the Board. The Bank has also taken into consideration the Principles for Sound Liquidity Management and Supervision dated September 2008 issued by the Basel Committee on Banking Supervision when constructing the Bank's LRMF.

The Bank has a partnership with two Deposit Aggregators – Raisin and Insignis. Both Aggregators provide the ability to generate retail funding through UK based savers, and the added diversity allows for greater control of

the funding concentration. Insignis also provides access to corporate deposits through its platform. The use of the Deposit Aggregators has allowed the Bank to efficiently manage liquidity needs through the use of a range of products with different tenors.

Details of the Bank's net liquid assets are summarised in the table below, using the maturity profile of the Bank's assets and liabilities based on the contractual repayment arrangements. The contractual maturities of assets and liabilities reflect the remaining period between the balance sheet date and the contractual maturity date. Liabilities with no contractual maturity date (e.g. current accounts, easy access accounts, 31-day notice accounts) are shown within the "Up to 1 month" column.

The Bank has a healthy liquidity position and has complied with LCR and NSFR ratios throughout the year.

	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	£	£	£	£	£	£
Assets						
Cash and balances with banks	132,465,266	-	-	-	-	**132,465,266**
Financing arrangements	37,482,850	67,823,658	161,457,099	589,184,493	103,784,968	**959,733,068**
Financial assets at amortised cost	141,487,583	-	-	-	-	**141,487,583**
Other Assets	2,602,882	-	-	17,906,755	-	**20,509,637**
31 December 2025	**313,310,971**	**67,823,658**	**161,658,224**	**607,617,733**	**103,784,968**	**1,254,195,554**
Liabilities						
Due to Banks	9,574,027	65,616,589	33,226,018	-	10	**108,416,644**
Due to other financial institutions	6,364,355	12,314,652	81,903,943	1,650,000	-	**102,232,950**
Due to customers	233,934,269	176,308,736	420,011,867	36,912,840	-	**867,167,712**
Subordinated Loan	-	-	-	-	14,097,756	**14,097,756**
Other Liabilities	1,276,320	826,481	11,097,374	16,929,160	1,911,928	**32,041,263**
Cash flow reserve net of tax	(124,360)	-	-	-	-	**(124,360)**
31 December 2025	**251,024,611**	**255,066,458**	**546,239,202**	**55,492,000**	**16,009,694**	**1,123,831,965**
Undrawn commitments	4,486,859	-	-	-	-	**4,486,859**
Difference	**57,799,501**	**(187,242,800)**	**(384,580,978)**	**552,125,733**	**87,775,274**	**125,876,730**
Assets						(*Restated)*
Cash and balances with banks*	82,318,198	-	-	-	-	82,318,198
Financing arrangements	30,009,283	59,645,770	108,043,910	603,856,042	85,904,533	887,459,538
Financial assets at amortised cost*	137,827,028	-	-	-	-	137,827,028
Other Assets	1,237,040	-	11,227	18,416,225	-	19,664,492
31 December 2024	251,391,549	59,645,770	108,055,137	622,272,267	85,904,533	1,127,269,256
Liabilities						
Due to Banks	31,698,567	47,467,328	4,475,817	-	10	83,641,722
Due to other financial institutions	12,958,036	19,067,805	138,861,632	-	-	170,887,473
Due to customers	250,517,879	97,486,941	350,039,651	17,374,004	85,018	715,503,493
Subordinated Loan	-	-	-	-	14,133,099	14,133,099
Other Liabilities	625,326	373,943	10,310,980	14,423,813	1,854,054	27,588,116
Cash flow reserve net of tax	63,001	-	-	-	-	63,001
31 December 2024	295,862,809	164,396,017	503,688,080	31,797,817	16,072,181	1,011,816,904
Undrawn commitments	800,000	-	-	-	-	800,000
Difference	(45,271,260)	(104,750,247)	(395,632,943)	590,474,450	69,832,352	114,652,352

The Bank maintains a prudent approach to liquidity and therefore continues to hold a surplus cash position at all times, ensuring that sufficient funds are available to meet both contractual and unanticipated liabilities as they fall due. The Bank continues to comply with the Regulator's approach to granting fixed deposit withdrawal requests by holding additional funds, in order to facilitate such requests which were assessed on a case-by-case basis.

The Bank continues to hold liquidity and funding meetings on a weekly basis, which has meant liquidity levels have remained above regulatory requirements and funding has been managed without the need to adopt any of the Bank's contingency funding options.

* Refer to note 2g for detailed reclassification

Liabilities arising from financing activities

	Balances as at 1 January 2025	Cashflows	Balances as at 31 December 2025
	£	£	£
Subordinated Loan	13,700,000	-	13,700,000
Total liabilities arising from financing activities	**13,700,000**	**-**	**13,700,000**

Total subordinated Wakala returns due to QIB Doha in the year were £1,353,352 (2024: £1,466,626) and returns of £397,755 (2024: £433,099) were payable as at the end of the year.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The scope of the definition includes legal risk, reputational risk and, for QIB (UK), also includes Sharia compliance risk. It is the responsibility of all staff to manage the operational risk inherent in their roles and responsibilities and overall ownership sits with the Chief Operating Officer (COO). Operational risk is managed within the Bank through a number of processes based on the Three Lines of Defence model. These include risk and control self-assessments (RCSAs), risk event monitoring, internal audits and controls testing. All of these processes help the Bank to identify, assess, measure, manage and mitigate risks, whilst ensuring the correct control landscapes are in place and are effective.

To help control and mitigate potential operational risks, the Bank ensures its control environment, including a RCSA process, Risk Incident Report log and operational Risk Appetite monitoring, is maintained at all times and remains appropriate to support business objectives. When undertaking RCSAs, staff have been required to specifically consider home working risks. This process helps to identify additional risks and ensure the appropriate controls are in place. Ultimately, the Risk Register will cover the operational risks associated with all staff remote working.

The Bank's objective in managing operational risk is to implement an integrated internal control and operating infrastructure that supports process efficiency and customer needs, whilst effectively reducing the risk of error and financial loss in a cost-effective manner. The overall operational risk framework is set by the Board and is documented within the Bank's Operational Risk Policy which follows RMC guidance.

The Board retains ultimate responsibility for oversight of risk management and control in the Bank. This includes setting a clear RAS and, whilst the Board approves the strategy and policy documents, it delegates part of this responsibility to ARC. At a management level, risk is managed by the Executive Management team, reporting to the Bank's CEO. The following outlines the governance structure for the Bank's operational risk framework which operates through a three lines of defence system for managing risk:

1. The first line of defence are the front-line business units and support functions who have prime responsibility for risk. They are responsible for identifying, measuring, controlling and monitoring risk within their areas of accountability. They are required to establish effective control frameworks for their business in compliance with the risk policy hierarchy and are required to act within the Risk Appetite parameters set by the Board. They are responsible for the development and review of some policies, with input from the second line. For each material risk they should identify, assess, measure, monitor and report.

2. The second line of defence is the oversight management committees and risk control functions of Risk Management (including the CRO) and Compliance. They act as independent functions providing oversight of, and challenge to, the effectiveness of risk management arrangements and control frameworks in the business i.e. assessing the first line of defence's monitoring of risk management. The second line of defence will ensure appropriate risk policies are in place and are maintained and reviewed accordingly. The Risk function also collates aggregated risk MI for senior management and the Board and provides analysis of data and trends. For each material risk, they advise, challenge, control and escalate. Furthermore, they are responsible for establishing a robust risk management and control

framework, conducting independent assessments and oversight and challenge to the first line of defence teams and activities.

3. The third line of defence contains the independent assurance functions, namely Internal Audit. The role of this function is designed to make a valuable and objective assurance assessment on the effectiveness of controls and processes. This helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. For each material risk they review, identify gaps, escalate breaches and recommend enhancements.

The Bank's Risk Register provides details on the top and medium priority risks derived from Incident Reports and Risk and Control Self-Assessments (RCSAs) where residual risk is considered medium or high priority. The Risk Register has a clear action plan/mitigation steps, owner and timeline to resolve and is presented through the appropriate governance committee.

The Compliance team ensures that all aspects of regulatory risk impacting the Bank are appropriately reviewed and managed. The Bank does not have a dedicated in-house legal function but uses professional legal firms for all matters requiring legal advice. The Compliance team undertakes tests as part of its annual Compliance Monitoring Plan (CMP). The CMP has been expanded to include controls and procedures specifically implemented in relation to remote/hybrid working. These tests have covered social distancing requirements, email security, treating customers fairly, data protection and clear desk requirements to list a few.

Reports from Internal Audit are reviewed by ARC, which is also responsible for reviewing and approving the annual internal audit plan. To provide the Board with assurance, an audit was carried out in relation to the measures undertaken in response to remote / hybrid working. The outcome of the audit was satisfactory and provided a handful of recommendations that have been implemented.

The Bank conducts fire drills so that staff are aware of the procedures to be followed in cases of emergency and has an off-site business continuity planning and disaster recovery facility based in Basildon, which is periodically tested by Bank staff to ensure that they can perform their functional duties away from the Bank's headquarters, should it be required at any given point in time.

Cyber risk, which is assessed as part of the operational risk framework, is the risk of any financial loss, disruption or damage as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact. Cyber risk is managed through technology risk management such as penetration test, firewall, fishing-vishing test and Business Continuity Planning, and is considered as part of the Bank's overall operational risk assessment.

The PRA defines Operational Resilience as 'the ability of firms, FMIs and the sector as a whole to prevent, respond to, recover and learn from operational disruptions. An operationally resilient firm is considered one which:

- Prioritises the things that matter - by understanding the services it delivers to an external end user or participant and determining which are the most important given the propensity to pose an intolerable risk to the Regulator's objectives. The firm should also understand the critical dependencies to deliver the service.

- States clear standards for operational resilience: by defining the maximum tolerable level of disruption to an important business service, expressed by reference to specific outcomes and metrics.

- Invests to build resilience: by testing its ability to remain within its impact tolerances and identifying where vulnerabilities need to be addressed, while being prepared to invest to build resilience.

The Bank's Operational Resilience Self-Assessment (ORSA) provides details of the Important Business Services (IBS), IBS dependencies, impact tolerances, testing plan and results. The SMF24 (Chief Operations Officer) is the individual responsible within the Bank for the resilience of operations.

Climate Change and Nature Decline Risks

During 2025, environmental, social and governance (ESG) continues to be a matter of strategic importance, and work is progressing to build a more robust ESG framework. The ESG Policy acts as the overarching document that will set out roles and responsibilities, and the Bank's approach to managing the risks associated with ESG, including financial risks from climate change. This will ensure that the Bank aligns itself with industry and government expectations to achieve a net zero economy by 2050. Furthermore, the ESG framework includes a Climate Change and Nature Decline Risk Management Policy that sets out how climate change risk is identified, managed and monitored. A number of initiatives have commenced in 2025, and these will be set out in the first Sustainability Report.

Within the Bank's environmental, social, and corporate governance (ESG) framework it has established a Climate Change and Nature Decline Risk Policy, which sets out how the management of climate change risk is implemented into the wider RMF. The Bank remains committed to implementing its long-term plan. The CRO (SMF4) has been given responsibility for identifying and managing financial risks from climate change and ensuring its implementation.

Streamlined Energy and Carbon Reporting (SECR) Report

The Bank's report on all emission sources for 2025 is set out below. Given the early publication during 2026 of these Financial Statements, the data covers November 2024 through to October 2025. In compiling this information, QIB (UK) has used Streamlined Energy and Carbon Reporting (SECR). Greenhouse gas emissions are reported as a single total by converting them to the equivalent amount of carbon dioxide using the emission factor from the SECR conversion factor from 2025.

	2025	2024
Energy source	**tCO2e**	tCO2e
Scope 1 - Direct emissions from combustion of fuel	31.61	37.34
Scope 2 - indirect emissions from electricity purchased	29.98	32.45
Scope 3 - Business travel only	27.55	24.52
Scope 1+2+3	89.14	94.31
Environmental intensity indicator (tonnes of carbon dioxide per £1m gross income)	1.22	1.25

Disclosures for the 12-month period ending 31st October 2025.

Through our partner Carbon Neutral Britain™, we have offset 178.28 tCO2e (200% of measured emissions) for the year 2025 through the Climate Fund™ Portfolio of verified carbon offsetting projects around the world, which are selected based on their direct and indirect global impact. These projects have been certified to the highest standards via the Verra – Verified Carbon Standard, the Gold Standard – Voluntary Emissions Reductions (VER), or the United Nations – Certified Emission Reductions (CERs) programmes.

Sharia compliance risk

Sharia compliance risk is the risk of loss arising from non-compliance of products or services offered by the Bank with Sharia principles. The Bank's Sharia Supervisory Board (SSB) provides oversight to assist management in ensuring that all products and activities of the Bank are Sharia compliant. The members of the SSB are leading experts in the interpretation of Islamic law and its applications in contemporary financial markets.

Group risk

As part of the wider QIB Group, QIB (UK) is indirectly exposed to the risks that any other parts of the Group are exposed to, primarily leading to a reputational risk to the Bank. There is also a more direct risk associated with the loss of referred business primarily from Qatar, should there be a reduction in the Group's ability to make such referrals. Also, there would be a significant impact should the QIB Group experience difficulties and suffer a reduction in its credit ratings or, in extreme circumstances, fail. The Bank has assessed group risks under Pillar 2B in its ICAAP and assesses capital adequacy using the stress testing approach.

Conduct risk

The Bank has zero appetite for deliberate breaches of conduct rules and regulations, as well as breaches caused by a failure to follow governance processes or have adequate systems and controls in place. The Bank practices a no blame culture and promotes transparency and openness, which is essential in order to prevent such situations occurring or to address them when they do occur and will take the necessary steps to ensure that it has appropriate procedures in place for handling customer complaints fairly, effectively and promptly to a resolution.

Financial crime

Given the Bank's customer base is predominantly from the Middle East, there are a large number of clients that are classified as high risk/politically exposed persons (PEPs). While the Bank can get comfortable with higher risk PEP customers from its core Gulf Cooperation Council (GCC) markets, it does not have appetite to on-board PEPs from outside of the GCC. Accordingly, the Bank has strong controls and mitigates to identify and control this risk and does everything to prevent supporting transactions or activities relating to financial crime or terrorism.

28. Fair value of financial assets and liabilities

In the opinion of the Directors, the fair value of financial assets and financial liabilities are not materially different from their carrying value.

Fair value hierarchy

IFRS 13: Fair Value Measurement specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Banks's market assumptions. These two types of inputs have created the following fair value hierarchy.

The Bank follows the standardised approach of mapping, guided by ECAIs' credit assessments to credit quality steps:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities on exchanges;
- 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); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components.

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

The fair value of forward currency exchange contracts was determined using quoted forward exchange rates matching the maturity of the contracts. The following table presents the Bank's assets that are measured at fair value as at 31 December 2024:

	Level 1	Level 2	Level 3	Total
31 December 2025	**£**	**£**	**£**	**£**
Derivative financial instruments at fair value through profit and loss	-	1,122,065	-	1,122,065
Fair value adjustment for portfolio hedged risk	-	(1,031,227)	-	(1,031,227)
Investment property at fair value through profit and loss	-	3,100,000	-	3,100,000
Total Assets	**-**	**3,190,838**	**-**	**3,190,838**
Derivative financial instruments at fair value through profit and loss	-	1,646,782	-	1,646,782
Total Liabilities	**-**	**1,646,782**	**-**	**1,646,782**
31 December 2024	**£**	**£**	**£**	**£**
Derivative financial instruments at fair value through profit and loss	-	1,597,563	-	1,597,563
Fair value adjustment for portfolio hedged risk	-	(898,730)	-	(898,730)
Investment property at fair value through profit and loss	-	6,225,000	-	6,225,000
Total Assets	**-**	**6,923,833**	**-**	**6,923,833**
Derivative financial instruments at fair value through profit and loss	-	593,378	-	593,378
Total Liabilities	**-**	**593,378**	**-**	**593,378**

There were no transfers made between level 1 and level 2 instruments.

29. Events after the balance sheet date

There were no events between the balance sheet date and the date when the financial statements were signed, which would have had any material impact on the financial results for the year ended 31 December 2025.

30. Immediate and ultimate controlling party

Qatar Islamic Bank (QIB Doha) is the immediate and ultimate controlling party by virtue of the fact that it holds 100% of the issued share capital and voting rights in the Bank. The financial statements of the immediate and controlling party can be obtain from QIB Doha's office at P.O. Box 559, Doha, Qatar. Capital Requirements Directive IV ('CRD IV') – country by country reporting.

During 2014, the UK Government enacted legislation (contained in the Financial Services and Markets Act 2000 Statutory Instrument 3118) which requires CRD IV regulated institutions to publish the following information:

a) The name, nature of activities and geographical location of the institution and any subsidiaries and branches;
b) Turnover;
c) The average number of employees on a full-time equivalent basis;
d) Profit or loss before tax;
e) Corporation tax paid; and
f) Public subsidies received

The Bank falls within the scope of these regulations and accordingly the disclosures for the year ended 31 December 2025 are set out below.

	UK	Total
a) Entity name	QIB (UK) plc	
b) Nature of activities		Sharia compliant bank
c) Operating income	£29,561,969	£29,561,969
d) Average number of employees	45	45
e) Profit before tax	£15,775,334	£15,775,334
f) Corporation tax paid	£4,100,000	£4,100,000
g) Public subsidies received	-	-