# aljazira bank

(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2025**

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**Public Accountants**
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Commercial Registration No 4030290792

**Headquarters in Riyadh**

**Independent auditors' report**
**To the shareholders of aljazira bank**

## Report on the audit of the consolidated financial statements

### Our opinion

We have audited the consolidated financial statements of aljazira bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ( collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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

**Report on the audit of the consolidated financial statements (continued)**

**Key audit matters (continued)**

| **Key audit matter** | **How our audit addressed the key audit matter** |
|---|---|
| As at December 31, 2025, the gross financing of the Group was Saudi Riyals ("SAR") 113.03 billion (2024: SAR 99.442 billion) against which an expected credit loss ("ECL") allowance of SAR 2.167 billion (2024: SAR 2.529 billion) was maintained.<br><br>We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgment and this has a material impact on the consolidated financial statements of the Group. The key areas of judgment include:<br>1. Categorisation of financing into stages 1, 2 and 3 based on the identification of:<br>a. exposures with a significant increase in credit risk ("SICR") since their origination; and<br>b. individually impaired / defaulted exposures.<br><br>The Group has also applied additional judgments to identify and estimate the likelihood of borrowers that may have experienced SICR.<br><br>2. Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") including but not limited to the assessment of the financial condition of the counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.<br><br>3. The need to apply post model overlays using expert credit judgment to reflect all relevant risk factors that might not have been captured by the ECL model.<br><br>Application of these judgments and estimates results in greater estimation uncertainty and the associated audit risk around ECL calculation as at December 31, 2025.<br><br>Refer to the material accounting policies note 3 (c)(v) for the impairment of financial assets; note 2 (c)(i) which contains the disclosure of critical accounting judgements, estimates and assumptions relating to impairment losses on financial assets and the impairment assessment methodology used by the Group; note 7 which contains the disclosure of impairment against financing; and note 32.2 for details of credit quality analysis and key assumptions and factors considered in the determination of ECL. | • We obtained and updated our understanding of management's assessment of ECL allowance against financing which includes the Group's internal rating model, accounting policy and model methodology including any key changes made during the year.<br><br>• We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of International Financial Reporting Standard 9 'Financial Instruments' (IFRS 9).<br><br>• We assessed the design and implementation, and tested the operating effectiveness of the key controls (including relevant "IT" general and application controls) over:<br><br>o the ECL model, including governance over the model, and any model updates performed during the period, including approval of the respective oversight committee of key inputs, assumptions and post model adjustments, if any.<br>o the classification of financing into stages l, 2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures.<br>o the IT systems and applications supporting the ECL model; and<br>o the integrity of data inputs into the ECL model.<br><br>• For a sample of customers, we assessed:<br><br>o the internal ratings determined by management based on the Group's internal rating model and considered these assigned, ratings in light of customer's individual specific information, external market conditions and available industry information. We also assessed that these were consistent with the ratings used as input in the ECL model; and<br>o management's calculation of ECL.<br><br>• For selected customers, we evaluated management's assessment of recoverable cash flows, including the impact of collateral, where applicable, and other sources of repayment, if any. |

Independent auditors' report
To the shareholders of aljazira bank

**Report on the audit of the consolidated financial statements (continued)**

**Key audit matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | • We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "default" and "individually impaired" exposures, and their classification into stages. Furthermore, for a sample of exposures, we assessed the appropriateness of the staging classification of the Group's financing portfolio.<br><br>• We assessed the governance process implemented and the qualitative factors considered by the Group when applying any overlays or making any adjustment to the output from the ECL model, due to data or model limitations or otherwise.<br><br>• We assessed the reasonableness of the underlying assumptions used by the Group in the ECL model including forward looking assumptions, keeping in view the uncertainty and volatility in economic scenarios.<br><br>• We tested the completeness and accuracy of data supporting the ECL calculations as at December 31, 2025.<br><br>• Where required, we involved our experts to assist us in reviewing model calculations, evaluating interrelated inputs (including EADs, PDs and LGDs) and assessing reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights as well as assumptions used in post model overlays.<br><br>• We assessed the adequacy of disclosures in the consolidated financial statements. |

**Other information included in the Group's 2025 annual report**

Management is responsible for the other information in the Group's annual report. Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

**Independent auditors' report**
**To the shareholders of aljazira bank**

**Report on the audit of the consolidated financial statements (continued)**

**Other information included in the Group's 2025 annual report (continued)**

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

When we read the Group's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

**Auditors' responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent auditors' report**
**To the shareholders of aljazira bank**

**Report on the audit of the consolidated financial statements (continued)**

**Auditors' responsibilities for the audit of the consolidated financial statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on other legal and regulatory requirements**

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

**PricewaterhouseCoopers**
**Certified Public Accountants**

Waleed A. Alhidiri
Certified Public Accountant
License Number 559

**KPMG Professional Services Company**
**Certified Public Accountants**

Ebrahim Oboud Baeshen
Certified Public Accountant
License Number 382

5 February 2026
(17 Shabaan 1447 H)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT DECEMBER 31, 2025 AND 2024

| | Notes | 2025 SAR'000 | 2024 SAR'000 Restated (note 43) |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with Saudi Central Bank (SAMA) | 4 | **7,059,209** | 6,583,790 |
| Due from banks and other financial institutions, net | 5 | **6,025,771** | 6,697,117 |
| Investments, net | 6 | **38,967,880** | 36,406,356 |
| Positive fair value of Shari'ah compliant derivatives | 11 | **96,183** | 151,737 |
| Financing, net | 7 | **110,862,169** | 96,912,496 |
| Other assets | 8 | **927,024** | 645,696 |
| Investment in an associate | 9 | **336,713** | 323,716 |
| Other real estate, net | 7(g) | **126,000** | 139,717 |
| Property, equipment, intangibles and right of use assets, net | 10 | **1,523,025** | 1,258,076 |
| **Total assets** | | **165,923,974** | 149,118,701 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| Due to banks, Saudi Central Bank and other financial institutions | 12 | **23,912,230** | 19,309,333 |
| Customers' deposits | 13 | **115,395,315** | 108,186,514 |
| Negative fair value of Shari'ah compliant derivatives | 11 | **180,907** | 164,999 |
| Subordinated Sukuk | 14 | **2,007,489** | 2,005,918 |
| Other liabilities | 15 | **2,653,204** | 2,037,607 |
| **Total liabilities** | | **144,149,145** | 131,704,371 |
| **EQUITY** | | | |
| Share capital | 16(a) | **12,812,500** | 10,250,000 |
| Treasury shares | 16(b) | **(81,768)** | - |
| Statutory reserve | 17 | **802,412** | 1,707,276 |
| Other reserves | 18 | **(578,763)** | (880,833) |
| Retained earnings | | **2,070,448** | 2,462,887 |
| **Equity attributable to ordinary shareholders of the Bank** | | **15,024,829** | 13,539,330 |
| Tier 1 Sukuk | 19 | **6,750,000** | 3,875,000 |
| **Total equity** | | **21,774,829** | 17,414,330 |
| **Total liabilities and equity** | | **165,923,974** | 149,118,701 |

Engr. Abdulmajeed Al-Sultan
Chairman

Naif Al Abdulkareem
CEO and Managing Director

Hani Noori
Chief Financial Officer

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NY

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

# aljazira bank

(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024**

| | Notes | 2025<br>SAR'000 | 2024<br>SAR'000 |
|---|---|---|---|
| Income from investments and financing | 21 | **8,597,185** | 7,978,793 |
| Return on deposits and financial liabilities | 21 | **(5,597,533)** | (5,344,371) |
| **Net financing and investment income** | | **2,999,652** | 2,634,422 |
| Fees from banking services – income | 22 | **1,135,823** | 1,085,666 |
| Fees from banking services - expense | 22 | **(401,834)** | (481,605) |
| Fees from banking services, net | | **733,989** | 604,061 |
| Exchange income, net | | **284,298** | 224,066 |
| Net gain on fair value through statement of income (FVIS) financial instruments | 23 | **171,890** | 44,641 |
| Dividend income | 24 | **251,955** | 192,681 |
| Net (loss) /gains on derecognition of financial assets at fair value through other comprehensive income (FVOCI) – debt | | **(3,828)** | 3,457 |
| Net loss on derecognition of financial assets at amortised cost | | **(10,301)** | (6,464) |
| Other operating income | 25 | **36,679** | 82,533 |
| **Total operating income** | | **4,464,334** | 3,779,397 |
| Salaries and employee-related expenses | 38 | **1,261,146** | 1,126,100 |
| Rent and premises-related expenses | | **60,052** | 57,861 |
| Depreciation and amortisation | 10 | **177,583** | 183,815 |
| Other general and administrative expenses | 26 | **809,745** | 702,694 |
| Other operating expenses | | **29,102** | 46,320 |
| **Total operating expenses before impairment charge** | | **2,337,628** | 2,116,790 |
| Impairment charge for financing and other financial assets, net | 7(e) | **353,744** | 317,460 |
| Impairment reversal for other real estate | | - | (42,571) |
| **Total operating expenses** | | **2,691,372** | 2,391,679 |
| **Net operating income** | | **1,772,962** | 1,387,718 |
| Share in net income of an associate | 9 | **12,871** | 16,901 |
| **Net income for the year before zakat and income tax** | | **1,785,833** | 1,404,619 |
| **Zakat and income tax:** | | | |
| Zakat | 28 | **(267,145)** | (165,281) |
| Income tax | 28 | **(13,144)** | (8,384) |
| **Net income for the year** | | **1,505,544** | 1,230,954 |
| **Basic and diluted earnings per share (expressed in SAR per share) – restated** | 27 | **1.00** | 0.81 |

| Engr. Abdulmajeed Al-Sultan<br>Chairman | Naif Al Abdulkareem<br>CEO and Managing Director | Hani Noori<br>Chief Financial Officer |
|---|---|---|

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

| | Notes | 2025<br>SAR'000 | 2024<br>SAR'000 |
|---|---|---|---|
| **Net income for the year** | | **1,505,544** | 1,230,954 |
| **Other comprehensive income / (loss):** | | | |
| ***Items that that are, or may be reclassified to consolidated statement of income in subsequent years:*** | | | |
| Cash flow hedges: | | | |
| - Effective portion of change in the fair value | 18 | **(48,518)** | 17,178 |
| - Net amount reclassified to consolidated statement of income | 18 | **(30,152)** | (10,149) |
| Net changes in fair value of investments classified as at FVOCI-debt | 18 | **318,057** | (328,367) |
| ***Items that will not be reclassified to consolidated statement of income in subsequent years:*** | | | |
| Net changes in fair value of investments classified as at FVOCI-equity | 18 | **50,363** | 89,115 |
| Re-measurement losses on employee benefit obligation | 18 | **(8,040)** | (17,685) |
| Share in other comprehensive income of an associate | 18 | **6,675** | 984 |
| **Total other comprehensive income / (loss) for the year** | | **288,385** | (248,924) |
| **Total comprehensive income for the year** | | **1,793,929** | 982,030 |

| Engr. Abdulmajeed Al-Sultan<br>Chairman | Naif Al Abdulkareem<br>CEO and Managing Director | Hani Noori<br>Chief Financial Officer |
|---|---|---|

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# aljazira bank

(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024**

| | Notes | Share capital SAR'000 | Treasury shares SAR'000 | Statutory reserve SAR'000 | Other reserves SAR'000 | Retained earnings SAR'000 | Total shareholders' equity SAR'000 | Tier 1 Sukuk SAR'000 | Total Equity SAR'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2025** | | | | | | | | | |
| **Balance at January 1, 2025** | | 10,250,000 | - | 1,707,276 | (1,093,466) | 2,462,887 | 13,326,697 | 3,875,000 | 17,201,697 |
| Impact of restatement | 43 | - | - | - | 212,633 | - | 212,633 | - | 212,633 |
| **Balance at January 1, 2025-restated** | | 10,250,000 | - | 1,707,276 | (880,833) | 2,462,887 | 13,539,330 | 3,875,000 | 17,414,330 |
| Net income for the year | | - | - | - | - | 1,505,544 | 1,505,544 | - | 1,505,544 |
| Other comprehensive income for the year | | - | - | - | 288,385 | - | 288,385 | - | 288,385 |
| Total comprehensive income for the year | | - | - | - | 288,385 | 1,505,544 | 1,793,929 | - | 1,793,929 |
| Issue of bonus shares | 16 | 2,562,500 | - | (1,281,250) | - | (1,281,250) | - | - | - |
| Transfer to statutory reserve | 17 | - | - | 376,386 | - | (376,386) | - | - | - |
| Purchases for employees share plan | | - | (83,190) | - | - | - | (83,190) | - | (83,190) |
| Employee share-based plan reserve | | - | - | - | 14,892 | - | 14,892 | - | 14,892 |
| Share based payment transactions | | - | 1,422 | | (1,207) | (215) | - | - | - |
| Tier 1 sukuk issued | 19 | - | - | - | - | - | - | 2,875,000 | 2,875,000 |
| Tier 1 Sukuk issuance cost | | - | - | - | - | (10,866) | (10,866) | - | (10,866) |
| Tier 1 Sukuk related costs | | - | - | - | - | (229,266) | (229,266) | - | (229,266) |
| **Balance at December 31, 2025** | | 12,812,500 | (81,768) | 802,412 | (578,763) | 2,070,448 | 15,024,829 | 6,750,000 | 21,774,829 |

| | Notes | Share capital SAR'000 | Treasury shares SAR'000 | Statutory reserve SAR'000 | Other reserves SAR'000 | Retained earnings SAR'000 | Total shareholders' equity SAR'000 | Tier 1 Sukuk SAR'000 | Total Equity SAR'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | | | |
| **Balance at January 1, 2024** | | 8,200,000 | - | 3,449,537 | (844,399) | 1,735,356 | 12,540,494 | 3,875,000 | 16,415,494 |
| Impact of restatement | 43 | - | - | - | 212,633 | - | 212,633 | - | 212,633 |
| **Balance at January 1, 2024-restated** | | 8,200,000 | - | 3,449,537 | (631,766) | 1,735,356 | 12,753,127 | 3,875,000 | 16,628,127 |
| Net income for the year | | - | - | | - | 1,230,954 | 1,230,954 | - | 1,230,954 |
| Other comprehensive loss for the year | | - | - | - | (248,924) | - | (248,924) | - | (248,924) |
| Transfers to retained earnings on disposal of FVOCI equity investments | 18 | - | - | - | (143) | 143 | - | - | - |
| Total comprehensive income for the year | | - | - | - | (249,067) | 1,231,097 | 982,030 | - | 982,030 |
| Issue of bonus shares | | 2,050,000 | - | (2,050,000) | - | - | - | - | - |
| Transfer to statutory reserve | 17 | - | - | 307,739 | - | (307,739) | - | - | - |
| Tier 1 Sukuk related costs | | - | - | - | | (195,827) | (195,827) | - | (195,827) |
| **Balance at December 31, 2024** | | 10,250,000 | - | 1,707,276 | (880,833) | 2,462,887 | 13,539,330 | 3,875,000 | 17,414,330 |

Engr. Abdulmajeed Al-Sultan
Chairman

Naif Al Abdulkareem
CEO and Managing Director

Hani Noori
Chief Financial Officer

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

## aljazira bank

(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024**

| | Notes | 2025 SAR'000 | 2024 SAR'000 Restated (note 43) |
|---|---|---|---|
| **Net income for the year before zakat and income tax** | | 1,785,833 | 1,404,619 |
| **OPERATING ACTIVITIES** | | | |
| **Adjustments to reconcile net income to net cash (used in) / generated from operating activities:** | | | |
| Net gain on FVIS financial instruments | | **(169,247)** | (42,915) |
| Depreciation and amortisation | 10 | **177,583** | 183,815 |
| Dividend income | 24 | **(251,955)** | (151,499) |
| Loss on investments held at amortised cost and FVOCI, net | | **14,129** | 3,007 |
| Net (gain) / loss on disposal of property and equipment | | **(374)** | 305 |
| Provision for end of service benefit obligations | 30 | **52,531** | 35,839 |
| Impairment charge for financing and other financial assets, net | 7(e) | **353,744** | 317,460 |
| Reversal of impairment charge for other real estate | | **-** | (42,571) |
| Share in net income of an associate | 9 | **(12,871)** | (16,901) |
| Return on subordinated sukuk | | **141,984** | 157,645 |
| Employee share-based plan reserve | | **14,892** | - |
| Operating income before changes in operating assets and liabilities | | **2,106,249** | 1,848,804 |
| **Net (increase) / decrease in operating assets:** | | | |
| Statutory deposit with SAMA | | **(75,231)** | (756,321) |
| Due from banks and other financial institutions maturing after ninety days from the date of acquisition | | **21,095** | (925,785) |
| Investments held at FVIS | | **(311,051)** | (727,575) |
| Positive fair value of Shari'ah compliant derivatives | | **55,554** | 70,771 |
| Financing | | **(14,329,141)** | (16,426,744) |
| Other real estate | | **13,717** | 401,840 |
| Other assets | | **(281,328)** | (206,683) |
| **Net increase / (decrease in) operating liabilities:** | | | |
| Due to banks and other financial institutions | | **4,602,897** | 4,323,600 |
| Customers' deposits | | **7,208,801** | 14,132,113 |
| Negative fair value of Shari'ah compliant derivatives | | **15,908** | 17,938 |
| Other liabilities | | **413,793** | 118,606 |
| | | **(558,737)** | 1,870,564 |
| Zakat and income tax paid | | **(173,181)** | (191,447) |
| End of service benefits paid | 30 | **(29,568)** | (37,157) |
| **Net cash (used in) / generated from operating activities** | | **(761,486)** | 1,641,960 |
| **INVESTING ACTIVITIES** | | | |
| Proceeds from sales and maturities of investments held at amortised cost and FVOCI | | **3,203,807** | 4,226,697 |
| Purchase of investments held at amortised cost and FVOCI | | **(4,931,994)** | (5,450,158) |
| Dividend received | | **251,955** | 151,499 |
| Additional investment in an associate | 9 | **-** | (76,270) |
| Dividend received from an associate | 9 | **6,549** | 6,549 |
| Acquisition of property and equipment | 10 | **(342,353)** | (252,641) |
| Proceeds from sale of property and equipment | | **618** | 18 |
| **Net cash used in from investing activities** | | **(1,811,418)** | (1,394,306) |
| **FINANCING ACTIVITIES** | | | |
| Issue of Tier 1 Sukuk | 19 | **2,875,000** | - |
| Purchase of treasury shares | | **(83,190)** | - |
| Payment of sukuk related transaction costs | | **(10,866)** | - |
| Payment of return on Tier 1 sukuk | | **(227,414)** | (203,435) |
| Payment of return on Tier 2 sukuk | 29.1 | **(140,414)** | (156,073) |
| Dividends paid | 29.1 | **(14,652)** | (3,676) |
| Payment for principal portion of lease liabilities | 29.1 | **(74,707)** | (97,960) |
| **Net cash generated from / (used in) financing activities** | | **2,323,757** | (461,144) |

AAA NY

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

**aljazira bank**
(A Saudi Joint Stock Company)
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024 (continued)**

| | Notes | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|---|
| **Net change in cash and cash equivalents** | | **(249,147)** | (213,490) |
| Cash and cash equivalents at the beginning of the year | | **2,789,806** | 3,003,296 |
| **Cash and cash equivalents at the end of the year** | 29 | **2,540,659** | 2,789,806 |
| Income from investments and financing received during the year | | **8,298,350** | 7,729,120 |
| Return on deposits and financial liabilities paid during the year | | **5,474,855** | 5,313,334 |
| **Supplemental non-cash information** | | | |
| Net changes in fair value of cash flow hedges and transfers to the consolidated statement of income | | **(78,670)** | 7,029 |

Engr. Abdulmajeed Al-Sultan
Chairman

Naif Al Abdulkareem
CEO and Managing Director

Hani Noori
Chief Financial Officer

NY

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

## 1. GENERAL

These financial statements comprise the financial statements of aljazira bank (the "Bank", "ajb") and its subsidiaries (collectively referred to as the "Group"). aljazira bank is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia and formed pursuant to Royal Decree number 46/M dated Jumad Al-Thani 12, 1395H (June 21, 1975). The Bank commenced its business on Shawwal 16, 1396H (October 9, 1976) with the takeover of The National Bank of Pakistan's branches in the Kingdom of Saudi Arabia under commercial registration number 4030010523 dated Rajab 29, 1396H (July 27, 1976) issued in Jeddah. The Bank operates through its 73 branches (2024: 73 branches) and 24 Fawri Remittance Centres (2024: 38 Fawri Remittance Centres) in the Kingdom of Saudi Arabia and employed 2,505 staff as of December 31, 2025 (2024: 2,326 staff). The Bank's Head Office is located at the following address:

aljazira bank
7724 King Abdulaziz Road - Al-Shatea District
Jeddah 23513 - 3551
P.O. Box 6277, Jeddah 21442
Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of Shari'ah compliant (non-interest based) banking products and services comprising of Murabaha, Istisna'a, Ijarah, Tawaraq, Musharaka, Wa'ad Fx and Sukuk which are approved and supervised by an independent Shari'ah Board established by the Bank. The Bank's shares are listed on Saudi Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The details of the Bank's subsidiaries are as follows:

| | Country of incorporation | Nature of business | **Ownership (direct and indirect) December 31, 2025** | Ownership (direct and indirect) December 31, 2024 |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| AlJazira Capital Company (AJC) | Kingdom of Saudi Arabia | Brokerage, margin financing and asset management | 100% | 100% |
| Aman Development and Real Estate Investment Company | Kingdom of Saudi Arabia | Holding and managing real estate collaterals on behalf of the Bank | 100% | 100% |
| Aman Insurance Agency Company | Kingdom of Saudi Arabia | Acting as an agent for bancassurance activities on behalf of the Bank. The company has been liquidated during current year | - | 100% |
| AlJazira Securities Limited | Cayman Islands | Carry out Shari'ah compliant derivative and capital market transactions | 100% | 100% |
| BAJ Sukuk Tier 1 Limited | Cayman Islands | Trustee for issuance of Tier 1 capital certificates | 100% | 100% |

## 1. GENERAL (continued)

The Group invests in structured entities with the objective to resell the investment in a short period after the establishment. Structured entities are consolidated when the relationship between the Group and the structured entity indicates that the Group has power over the relevant activities of the structured entity, is exposed to variable returns, and can use that power to affect the variable return exposure. In other cases, the Group may sponsor or have exposure to such entities but not consolidate the entities.

Certain structured entities that meet the above criteria have been consolidated in these consolidated financial statements. The consolidated structured entities are individually immaterial, and their inclusion does not have a material impact on the Group's financial position, financial performance or cash flows.

The details of the Bank's associate is as follows:

| | **Country of incorporation** | **Nature of business** | **Ownership (direct and indirect) December 31, 2025** | Ownership (direct and indirect) December 31, 2024 |
|---|---|---|---|---|
| **Associate** | | | | |
| AlJazira Takaful Ta'awuni Company | Kingdom of Saudi Arabia | Fully Shari'ah compliant protection and saving products | **33.08%*** | 33.08% |

*This includes the Bank's standalone shareholding of 29.36% (31 December 2025: 22.31%) and AJC's shareholding of 3.72% (31 December 2024: 3.72%)

## 2. BASIS OF PREPARATION

### a) Basis of preparation

### i. Statement of compliance

These consolidated financial statements of the Group as at and for the year ended 31 December 2025 and 31 December 2024, respectively, have been prepared;

- in accordance with the IFRS Accounting Standards (“IFRS”) as issued by International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia and in compliance with other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and
- in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Bank.

### ii. Basis of measurement and presentation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held as Fair Value through Income Statement (FVIS), Fair Value through Other Comprehensive Income (FVOCI), Other Real Estate and liabilities for employee benefit obligations carried at present values of future cashflows calculated using Projected Unit Credit Method. In addition, financial assets or liabilities that are hedged in a fair value hedging relationship are adjusted to record changes in fair value attributable to the risks that are being hedged.

The consolidated statement of financial position is stated broadly in order of liquidity.

### iii. Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is the Bank’s functional and presentation currency. Except as otherwise indicated, financial information presented in SAR has been rounded off to the nearest thousand.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of all the subsidiaries of the Bank is the Saudi Arabian Riyal (SAR) except for AlJazira Securities Limited whose functional currency is US Dollars.

### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies.

The consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

### i. Subsidiaries

Subsidiaries are entities which are controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. To meet the definition of control, all the following three criteria must be met:

## 2. BASIS OF PREPARATION (continued)

### b) Basis of consolidation (continued)

#### i. Subsidiaries (continued)

a) the Group has power over an entity;
b) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
c) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether or not it controls an investee in case facts and circumstances indicate that there are changes to one or more of the criteria of control.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which the control is transferred from the Bank. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

#### ii. Non-controlling interests

Non-controlling interests represent the portion of net income and net assets of subsidiaries not owned, directly or indirectly, by the Bank in its subsidiaries and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the Bank’s equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Changes in the Bank’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### iii. Transactions eliminated on consolidation

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

#### iv. Investment in an associate

Associates are entities over which the Group exercises significant influence. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting and are carried in the consolidated statement of financial position at the lower of the equity-accounted value or the recoverable amount.

Equity-accounted value represents the cost-plus post-acquisition changes in the Group’s share of net assets of the associate (share of the results, reserves and accumulated gains / (losses) based on the latest available financial information) less impairment, if any.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in ‘share in net income / (loss) of an associate’ in the consolidated statement of income.

The previously recognized impairment loss in respect of investment in associate can be reversed through the consolidated statement of income, such that the carrying amount of the investment in the consolidated statement of financial position remains at the lower of the equity-accounted (before allowance for impairment) or the recoverable amount.

Unrealized gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates.

**2. BASIS OF PREPARATION (continued)**

**c) Critical accounting judgments, estimates and assumptions**

The preparation of the consolidated financial statements in accordance with IFRS as endorsed in the KSA and in compliance with other standards and pronouncements issued by SOCPA, requires the use of certain critical accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Such judgments, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

The Group has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2024 about future events that the Group believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement and the assessment of the recoverable amount of non-financial assets.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods. Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

i. Business model assessment (note 3(c)(i)(a))
ii. Assessments whether contractual cash flows are solely payments of principal and profit (SPPI) (note 3(c)(i)(b))
iii. Classification of financial assets (note 3(c)(i))
iv. Impairment losses on financial assets (note 2(c)(i))
v. Fair value measurement (note 2(c)(ii))
vi. Determination of control over investees (note 2(c)(iv))
vii. Employee benefit obligation (note 2(c)(vi))
viii. Depreciation and amortisation (note (3)(l))
ix. Government grant (note 3(i))
x. Judgement of equity vs liability for Tier 1/2 Sukuk (note 2(c)(vii))
xi. Lease liability (note (3)(r))

## 2. BASIS OF PREPARATION (continued)

### c) Critical accounting judgments, estimates and assumptions (continued)

### i. Impairment losses on financial assets

The measurement of expected credit loss (ECL) under IFRS 9 across all categories of financial assets requires judgment, in particular, for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

1) the selection of an estimation technique or modelling methodology, covering below key judgments and assumptions:

- The Group's internal credit grading model, which assigns probability of default (PDs) to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk (SICR) and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Overlays

2) the selection of inputs for those models, and the interdependencies between those inputs such as macroeconomic scenarios and economic inputs.

### ii. Fair value of financial instruments

The Group measures the financial instruments, such as derivatives, financial instruments held at fair value through income statement (FVIS) and fair value through other comprehensive income (FVOCI), at their fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 6 (d) and note 36 (b).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principle or, in its absence, the most advantageous market to which the Group has access at that date. The Fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses the valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

**2. BASIS OF PREPARATION (continued)**

**c) Critical accounting judgments, estimates and assumptions (continued)**

**ii. Fair value of financial instruments (continued)**

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data

- Level 3 — Inputs that are unobservable. This category include all instruments for which the valuation technique include inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

**iii. Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date or more frequently 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 or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

## 2. BASIS OF PREPARATION (continued)

### c) Critical accounting judgments, estimates and assumptions (continued)

#### iii. Impairment of non-financial assets (continued)

Other real estates are revalued through independent real estate evaluators on a periodic basis and any unrealised losses on revaluation are recognised in the consolidated statement of income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### iv Determination of control over investment funds

The Group acts as Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

#### v Going concern

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

#### vi. Employee Benefit Obligation

The Group operates an end of service benefit plan (the plan) for its employees based on the prevailing Saudi Labour laws. The liability for the plan is estimated in accordance with International Accounting Standard (IAS) 19 – Employee Benefits as endorsed in the Kingdom of Saudi Arabia, by a qualified actuary based on various assumptions. The key assumptions used to estimate the plan liability at the year end, are disclosed in note 30 to these consolidated financial statements.

## 2. BASIS OF PREPARATION (continued)

### c) Critical accounting judgments, estimates and assumptions (continued)

#### vii Judgement of equity vs liability for Tier 1/2 Sukuk

The determination of equity classification of Tier 1 Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Group classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Group for payment of profit upon the occurrence of a non-payment event or non-payment election by the Bank subject to certain terms and conditions that are under the control of the Bank. The related initial costs and distributions thereon are recognized directly in the consolidated statement of changes in equity under retained earnings.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

### a) Change in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024. Based on the adoption of new policies for Treasury shares and share based payments as detailed in note 3(n) & (o) and new standards, interpretations and in consideration of current economic environment, the following accounting policies and treatments are applicable effective 1 January 2025 replacing, amending or adding to the corresponding accounting policies set out in 2024 annual consolidated financial statements.

#### (i) New standards, interpretations and amendments adopted by the Group

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, the management has assessed that the amendments have no significant impact on the Group's consolidated financial statements.

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| **Accounting Standards** | | |
| Amendment to IAS 21 – Lack of exchangeability | IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique. | January 1, 2025 |

#### (ii) Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments and revisions which are not yet effective. The Group has opted not to early adopt these pronouncements, and the management does not expect these to have a significant impact on the consolidated financial statements of the Group except for IFRS 18 for which the management is currently assessing the impact.

## 3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (iii) Accounting standards issued but not yet effective (continued)

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full. | Effective date deferred indefinitely |
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.<br><br>The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity | Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements. | January 1, 2026 |
| Annual improvements to IFRS – Volume 11 | Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows. | January 1, 2026 |
| IFRS 18, Presentation and Disclosure in Financial Statements | IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences. The management is currently assessing the impact of IFRS 18. | January 1, 2027 |
| IFRS 19, Subsidiaries without Public Accountability: Disclosures | IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards. | January 1, 2027 |

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### b) Trade date accounting

All regular-way purchases and sales of financial assets are initially recognised and derecognised on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

### c) Financial assets and financial liabilities

### i. Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVIS.

***Financial asset at amortised cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVIS:

a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

Income is recognised on an effective yield basis for debt instruments measured subsequently at amortised cost. Commission income is recognised in the consolidated statement of income.

Debt instruments that are measured at amortised cost are subject to impairment.

***Financial assets at FVOCI***

***A debt instrument:*** is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVIS:

a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

***Equity instruments:*** On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in consolidated other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Investments in debt instruments as FVOCI are initially measured at fair value plus transaction costs. These are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI and recycled to consolidated statement of income at the time of sale. Income from investments and financing and foreign exchange gains and losses are recognised in consolidated statement of income.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**i. Classification of financial assets (continued)**

***Financial assets at FVOCI (continued)***

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, these are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves. Gains and losses on such equity instruments are never reclassified to the consolidated statement of income and no impairment is recognised in the consolidated statement of income. Investments in unquoted equity instruments are measured at fair value. The cumulative gains or losses will not be reclassified to the consolidated statement of income on disposal of the investments.

On initial recognition the Group designates all investments in equity instruments that are not FVIS as FVOCI.

Dividends on these investments in equity instruments are recognised in the consolidated statement of income when the Group's right to receive the dividend is established, unless the dividend clearly represent a recovery of part of the cost of the investment.

***Financial asset at FVIS***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVIS (for example: equity held for trading and debt securities classified neither as amortised cost nor FVOCI).

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVIS if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets at FVIS are measured at fair value at the end of each reporting period, with any gains or losses arising on measurement recognised in the consolidated statement of income.

Commission income on debt instruments as FVIS is included in the consolidated statement of income.

Dividend income on investments in equity instruments as FVIS is recognised in the consolidated statement of income when the Group's right to receive the dividend is established.

***a) Business model assessment***

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### c) Financial assets and financial liabilities (continued)

### i. Classification of financial assets (continued)

***a) Business model assessment (continued)***

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVIS because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

***b) Assessments whether contractual cash flows are solely payments of principal and Profit (SPPI)***

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**i. Classification of financial assets (continued)**

**Designation at fair value through income statement**

At initial recognition, the Group may designate certain financial assets at FVIS if this designation eliminates or significantly reduces an accounting mismatch, which would otherwise rise.

**ii. Classification of financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVIS. The Group classifies its financial liabilities, other than financial guarantees and credit related commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Yield Rate (EIR).

All money market deposits, customer deposits, term financing, subordinated sukuks and other debt securities in issue are initially recognized at fair value less transaction costs.

Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through income statement or the Group has opted to measure a liability at fair value through income statement as per the requirements of IFRS 9. A liability is classified at FVIS if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities classified as FVIS using fair value option, if any, after initial recognition, for such liabilities, changes in fair value related to changes in own credit risk are presented separately in OCI and all other fair value changes are presented in the consolidated statement of income.

Amounts in OCI relating to own credit are not recycled to the consolidated statement of income even when the liability is derecognized and the amounts are realized.

Financial guarantees and credit related commitments that Group choose to measure at fair value through income statement (FVIS) will have all fair value movements recognized in consolidated statement of income.

**Designation at fair value through income statement**

The Group may designate certain financial liabilities as FVIS in either of the following circumstances:

a) the liabilities are managed, evaluated and reported internally on a fair value basis; or
b) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**iii. Derecognition**

***Financial assets***

The Group derecognises a financial asset, such as a financing to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financing, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financings are classified as Stage 1 for ECL measurement purposes, unless the new financing is deemed to be POCI.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and- repurchase transactions, as the Group retains all or substantially all of the risks and rewards of ownership of such assets.

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

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

***Financial liabilities***

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**iv. Modifications of financial assets and financial liabilities**

***Financial assets***

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized with the difference recognized as a de-recognition gain or loss and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

a) Fees that are considered in determining the fair value of the new financial asset and fees that represents reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
b) Other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset using the original effective profit rate of the asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in statement of income. For floating-rate financial assets, the original effective profit rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs of fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

***Financial liabilities***

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

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective profit rate and the resulting gain or loss is recognized in consolidated statement of income. For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### c) Financial assets and financial liabilities (continued)

#### v. Impairment

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVIS:

- financial assets that are debt instruments carried at amortised cost or FVOCI;
- lease / Ijarah receivables;
- financial guarantee contracts issued; and
- credit related commitments issued.
- bank balances

No impairment loss is recognized on FVOCI equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as ‘Stage1’ financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as ‘Stage 2 financial instruments’. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which the lifetime ECL are recognized and that are credit-impaired are referred to as ‘Stage 3 financial instruments’.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**v. Impairment (continued)**

***Measurement of ECL***

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

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

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets: the original effective profit rate or an approximation thereof;
- POCI assets: a credit-adjusted effective profit rate
- Ijarah receivables: the discount rate used in measuring Ijarah receivables.
- Undrawn credit related commitments: the effective profit rate, or an approximation thereof, that will be applied to the financial asset resulting from the credit related commitment; and
- Financial Guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

***Restructured financial assets***

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

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

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**v. Impairment (continued)**

***Credit-impaired financial assets***

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

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

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

A financing that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail financing that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the sukuk yields.
- the rating agencies' assessments of creditworthiness.
- the country's ability to access the capital markets for new debt issuance.
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

***POCI financial assets***

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective profit rate on initial recognition. Consequently, POCI assets do not carry impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### c) Financial assets and financial liabilities (continued)

### v. Impairment (continued)

***Credit cards and other revolving facilities***

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. ECL estimation is based on expectations of customer behaviour, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates the ECL for facilities within these products as per the actual remaining maturity of the facilities for stage 2 and 3 customers, and capped to twelve month maturity for stage 1 customers. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products, primarily based on delinquency-based criteria.

The profit rate used to discount the ECL for credit cards is based on the average effective profit rate that is expected to be charged over the expected period of exposure to the facilities. The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for commercial and rconsumer products.

***Presentation of allowance for ECL in the consolidated statement of financial position***

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

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- credit related commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the credit related commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision under "other liabilities"; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve. Impairment losses are recognised in consolidated statement of income and changes between the amortised cost of the assets and their fair value are recognised in OCI.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**c) Financial assets and financial liabilities (continued)**

**v. Impairment (continued)**

***Write-off***

Financing and debt securities are written off (either partially or fully) when there is no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual assets level. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Recoveries of amounts previously written off are recognised when the cash is received and are included in "Impairment charge for financing and other financial assets, net" in the statement of income

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due."

***Collateral valuation***

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as professional evaluators or based on housing price indices.

**d) Financial guarantees, letters of credit and financing commitments**

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

The premium received is recognised in the income statement in Fees from banking services on a straight line basis over the life of the guarantee.

'Financing commitments and letters of credit' are firm commitments under which, over the duration of the commitments, the Group is required to provide credit under pre-specified terms and conditions Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### d) Financial guarantees, letters of credit and financing commitments (continued)

The nominal contractual value of financial guarantees, letters of credit and financing commitments, where the financing agreed to be provided is on market terms, are not recorded on in the statement of financial position.

Financial guarantees issued or commitments to provide loan at a below market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principle of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognized.

The Group has issued no credit related commitments that are measured at FVIS. For other credit related commitments the Group recognizes loss allowance as a provision under "other liabilities".

### e) Derivative financial instruments and hedge accounting

Derivative financial instruments including forward rate agreements, profit rate swaps and profit rate options (both written and purchased) are initially measured at their fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value in the consolidated statement of financial position. The transaction costs associated with these agreements are recognised in the consolidated statement of income.

All derivatives are carried at their fair value as assets, where the fair value is positive, and as liabilities, where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

The treatment of changes in their fair value depends on their classification into the following categories:

#### i. Derivatives held for trading

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated statement of income and disclosed in "Gain / (Loss) on FVIS Financial Instruments, net". Derivatives held for trading also includes those derivatives, which do not qualify for hedge accounting.

#### ii. Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

a) the host contract is not an asset in the scope of IFRS 9;
b) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
c) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value with all changes in fair value recognized in consolidated statement of income unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**e) Derivative financial instruments and hedge accounting (continued)**

**iii. Hedge Accounting**

As permitted by the IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to profit rates and foreign currencies. In order to manage risks, the Group applies hedge accounting for transactions that meet specific criteria.

For the purpose of hedge accounting, hedges are classified into following two categories:

a) Fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability, (or assets or liabilities in case of portfolio hedging), 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 the reported net gain or loss; and
b) Cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

In order to qualify for hedge accounting, the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objective and strategy are documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an on-going basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the statement of income in 'net gain on FVIS financial instruments'. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the statement of income.

**Fair Value Hedges**

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect the consolidated statement of income, changes in fair value of the derivative are recognised immediately in the consolidated statement of income together with change in the fair value of the hedged item attributable to the hedged risk under non-trading gains / losses in the consolidated statement of income.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**e) Derivative financial instruments and hedge accounting (continued)**

**iii. Hedge Accounting (continued)**

**Fair Value Hedges (continued)**

For hedged items measured at amortised cost, where the fair value hedge of a profit bearing financial instrument ceases to meet the criteria for hedge accounting or is sold, exercised or terminated, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective yield rate method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

**Cash Flow Hedges**

For designated and qualifying cash flow hedging, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognised directly under “other reserve” in consolidated statement of comprehensive income and the ineffective portion, if any, is recognised in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves, are transferred to the consolidated statement of income in the same period in which the hedged item affects the consolidated statement of income. However, if the Group expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it reclassifies into the consolidated statement of income as a reclassification adjustment the amount that is not to be recognized.

When the hedging instrument is expired or sold, terminated or exercised, or no longer qualifies for hedge accounting, or the forecast transaction is no longer expected to occur or the Group revokes the designation, then hedge accounting is discontinued prospectively. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other comprehensive income from the period when the hedge was effective is transferred from equity to statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and affects the statement of income, the net cumulative gain or loss recognised in consolidated statement of comprehensive income is transferred immediately to the consolidated statement of income.

In accordance with risk management policies, the Group manages its cash flow profit rate risk on an entity-wide basis as well as variability of profit rate on Wakala floating rates notes. The Group designate profit rate swaps as hedging instrument against the cash flow risk resulting from a change in profit rates that occurs up to the repricing of the swap.

The Group first assesses forecasting of the “net cash flow” exposures from existing yield bearing assets and liabilities, including the rollover of short-term assets and short-term liabilities. This is mainly achieved through yield sensitivity gap. During forecasting of the net cash flows, the Group take into account historic information and market trends for withdrawal of deposits, yield rates and refinancing’s and repricing’s. The net cash flows are then compared with existing hedging positions to provide a basis for considering whether adjustment of the hedging relationship should be made.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### e) Derivative financial instruments and hedge accounting (continued)

### iii. Hedge Accounting (continued)

**Cash Flow Hedges (continued)**

The notional amounts of the profit rate swaps that are outstanding at the analysis date are included in each of the periods in which the profit rate swaps are outstanding to assess the impact of the outstanding profit rate swaps on the identified cash flow exposures. While a portion of the forecast transaction is no longer being hedged, the profit rate swap is not de-designated, and it continues to be a hedging instrument for the remaining transactions in the series that have not occurred. However, if the next forecast transaction does not occur until specified period, the remaining after the repricing of the profit rate swap, is not hedged.

The Group designates the hedging relationship in a manner that also consider the extent to which ineffectiveness is expected to be recognised for accounting purposes. The hedged exposure percentage is computed as the ratio of the notional amount of the receive-fixed, pay-variable swaps that are outstanding divided by the gross exposure. The effective portion of the gain or loss on the hedging instrument is initially recognized directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in “Net gain on fair value through statement of income (FVIS)financial instruments”. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves are transferred to the consolidated statement of income in the same period in which the hedge transactions affect the consolidated statement of income.

### f) Foreign Currencies

Transactions in foreign currencies are translated into Saudi Arabian Riyals (SAR) at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities at the year-end (other than monetary items that form part of the net investment in a foreign operation), denominated in foreign currencies, are translated into SAR at exchange rates prevailing at the reporting date.

Foreign exchange gains or losses from settlement of transactions and translation of year end monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income. Translation gains or losses on non-monetary items carried at fair value are included as part of the fair value adjustment either in the consolidated statement of income or in other comprehensive income depending on the underlying financial asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non- monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**g) Offsetting financial instruments**

Financial assets and financial liabilities are offset and reported net in the consolidated statement of financial position when there is a legally currently enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are not set off in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

**h) Revenue / expense recognition**

***Income from investments and financing and Return on deposits and financial liabilities***

Revenue and expenses related to profit bearing financial instruments are recognized in consolidated statement of income using the effective yield method. The 'effective yield rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

When calculating the effective yield rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective yield rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective yield rate includes transaction costs and fees and points paid or received that are an integral part of the effective yield rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

***Measurement of amortized cost***

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective yield method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating revenue and expenses related to profit bearing financial instruments, the effective yield rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### h) Revenue / expense recognition (continued)

***Measurement of amortized cost (continued)***

However, for financial assets that have become credit-impaired subsequent to initial recognition, income from investments and financing income is calculated by applying the effective yield rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of income from investments and financing income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, income from investments and financing is calculated by applying the credit-adjusted effective yield rate to the amortized cost of the asset. The calculation of profit does not revert to a gross basis, even if the credit risk of the asset improves.

When the Group enters into a profit rate swap to change profit from fixed to floating (or vice versa), the amount of revenue and expenses related to profit bearing financial instruments is adjusted by the net profit on the swap to the extent the hedge is considered to be effective.

***Exchange income / (loss)***

Exchange income / (loss) is recognised when earned / incurred as disclosed in note 3(f).

***Fees from banking services***

Fee income and expense from banking services that are integral to the effective yield rate on a financial asset or financial liability are included in the effective yield rate.

Other fee income from banking services – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a credit related commitment is not expected to result in the draw-down of a financing, then the related credit related commitment fee is recognised on a straight-line basis over the commitment period.

Other fee expense on banking services relate mainly to transaction and service fees, which are expensed as the services are received.

***Rendering of services***

The Group provides various services to its customers. These services are either rendered separately or bundled together with rendering of other services.

The Group has concluded that revenue from rendering of various services related to share trading and fund management, trade finance, corporate finance and advisory, remittance and other banking services, should be recognized over the time when services are rendered i.e. when performance obligation is satisfied. Whereas for free services related to credit card, the Group recognizes revenue over the period of time.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**h)Revenue / expense recognition (continued)**

***Customer Loyalty Program***

The Bank offers customer loyalty program (reward points / air miles herein referred to as "reward points"), which allows card members to earn points that can be redeemed for certain partner outlets. The Bank allocates a portion of transaction price (interchange fee) to the reward points awarded to card members, based on the relative standalone selling price. The amount of revenue allocated to reward points is deferred and released to the income statement when reward points are redeemed.

The cumulative amount of contract liability related to unredeemed reward points is adjusted over time based on actual experience and current trends with respect to redemption.

***Net gain on fair value through statement of income (FVIS) financial instruments***

Net income from other financial instruments at FVIS relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets and financial liabilities designated as at FVIS and non-trading assets mandatorily measured at FVIS. The line item includes fair value changes, financing and investment income, dividends and foreign exchange differences.

***Dividend income***

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income from FVIS financial instruments or other operating income based on the underlying classification of the equity instrument.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

**i) Government grant**

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of profit is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognised in statement of consolidated income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Group. Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### j) Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position as the Group retains substantially all the risk and rewards of the ownership and are measured in accordance with related accounting policies for investments designated as FVIS, FVOCI and amortised cost, whichever is applicable. The transactions are treated as collateralised borrowings and counterparty liabilities and amounts received under these agreements are included in "Due to banks and other financial institutions", or "customers' deposits", as appropriate. The difference between the sale and repurchase price is treated as Return on deposits and financial liabilities and is accrued over the life of the repo agreement using the effective yield rate.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the consolidated statement of financial position, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in "cash and balances with SAMA", "due from banks and other financial institutions" or "financing", as appropriate. The difference between the purchase and resale price is treated as income from investments and financing and is accrued over the life of the reverse repo agreement using the effective yield rate.

### k) Other real estate and repossessed assets

The Group Bank, in the ordinary course of business, acquires certain real estate against settlement of due financing. Such real estate is considered as assets held for sale and are initially stated at the current fair value of the related properties, less any costs to sell (if material). No depreciation is charged on such real estate. Rental income from other real estate is recognised in the consolidated statement of income.

Subsequent to initial recognition, any subsequent write down to fair value, less costs to sell, are charged to the consolidated statement of income. Any subsequent revaluation gain in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognised in the statement of income. Gains or losses on disposal are recognised in the statement of income.

### l) Property and equipment

Property and equipment are measured at cost less accumulated depreciation / amortisation and accumulated impairment loss. Changes in the expected useful life are accounted by changing the period or method, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the group. On-going repairs and maintenance are expensed as incurred.

Freehold land is not depreciated. The cost of property and equipment is depreciated / amortised using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Buildings | 33 to 40 years |
| Leasehold improvements | 10 to 24 years or over the lease period, whichever is shorter |
| Furniture, equipment and vehicles | 4 to10 years |
| Computer softwares and automation projects | 4 to 10 years |

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**l) Property and equipment (continued)**

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated statement of income.

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**m) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Bank purchases the Bank's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Bank as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the owners of the Bank.

Shares held by the Bank are disclosed as treasury shares and deducted from contributed equity.

**n) Treasury shares**

These are recorded at cost and presented as a deduction from the equity as adjusted for any transaction cost, dividends and gains or losses on sale of such shares. Subsequent to their acquisition, these are carried at the amount equal to consideration paid.

These stocks are acquired by the Bank with the approval of SAMA, primarily for discharging its obligation under its employee share-based payment plan.

**o) Share based payments**

The Bank offers its eligible employees an equity-settled share-based payment plan as approved by Saudi Central Bank. As per the plan, eligible employees of the Bank are offered stocks to be withheld out of their annual bonus payments.

The cost of the plan is measured by reference to the fair value at the date on which the stocks are granted. The cost of the plan is recognized over the period in which the service condition is fulfilled, ending on the date on which the relevant employees become fully entitled to the stocks ('the vesting date'). The cumulative expense recognized for the plan at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for the period represents the movement in cumulative expense recognized as at the beginning and end of that period.

**p) Deposits, debt securities issued and subordinated liabilities**

When the Group designates a financial liability as at FVIS, the amount of change in the fair value of the liability that is attributable to changes in its own credit risk is presented in consolidated other comprehensive income (OCI) as a liability credit reserve. On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

a) the expected changes in the fair value of the liability related to changes in the credit risk; with
b) the impact on profit or loss of expected changes in fair value of the related instruments.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### q) Provisions

Provisions (other than provisions for credit losses) are recognised when a reliable estimate can be made by the Group for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources, embodying economic benefits will be required to settle the obligation. The Group receives legal claims in the ordinary course of business. Management makes judgments in assigning the risk that might exists in such claims. It also sets appropriate provisions against probable losses. The claims are recorded or disclosed, as appropriate, in the consolidated financial statements based on the best estimate of the amount required to settle the claim.

### r) Accounting for leases

***i. Where the Group is the lessee***

**Right of use asset / lease liabilities**
On initial recognition, at inception of the contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Group and the Group can direct the usage of such assets.

**Right of use assets**
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities for lease modifications. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. Right-of-use assets are subject to impairment.

**Lease liability**
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**r) Accounting for leases (continued)**

***ii. Where the Group is the lessor***

When assets are transferred under a finance lease, including assets under Islamic lease arrangement (Ijarah) the present value of the lease payments is recognised as a receivable and disclosed under “financing, net”. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

**s) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents includes notes and coins on hand, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with original maturity of three months or less which are subject to insignificant risk of changes in their fair values. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position

**t) Employees’ benefits**

***Defined unfunded benefit plan***

End-of-service benefits as required by Saudi Arabia Labour Law, are required to be provided based on the employees’ length of service.

The Group’s net obligations in respect of defined unfunded benefit plan (“the obligations”) is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognized past service costs. The discount rate used is the market yield on high quality corporate sukuks at the reporting date that have maturity dates approximating the terms of the Group’s obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group’s present value of the obligations.

The defined benefit liability comprises the present value of defined benefit obligations as adjusted for any past service cost not yet recognized and any unrecognized actuarial gains/losses. The liability is included in ‘other liabilities’ in the consolidated statement of financial position.

***Short term benefits***

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**u) Zakat and income tax**

**Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Bank and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

**Withholding tax**

Withholding tax is withheld from payments made to non-resident vendors for services rendered and goods purchased according to the tax law applicable in Saudi Arabia and are directly paid to the ZATCA on a monthly basis.

**Value Added Tax (VAT)**

Output VAT related to revenue is payable to tax authorities on the earlier of:

(a) collection of receivables from customers or
(b) delivery of services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

VAT that is not recoverable is charged to the statement of income as expense

**Deferred income tax**
Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### u) Zakat and income tax (continued)

**Deferred income tax (continued)**

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized.

**Zakat**

The Group is subject to Zakat in accordance with the regulations of Zakat, Tax and Customs Authority (“ZATCA”). Zakat is charged to the consolidated statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to Zakat.

### v) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, accordingly, are not included in the consolidated financial statements.

The financial statements of investment management mutual funds are not included in these consolidated financial statements of the Group. Transactions with the Funds’ are disclosed under related party transactions. The Group’s share of these Funds’, if any, are included in FVIS investments.

### w) Profit sharing investment account (PSIA)

The Bank offers Unrestricted and Restricted Investment Accounts based on fully shari’ah compliant concept.

In Mudaraba, the Bank (Mudarib) manages Investment Account Funds (IAH) along with its own share of investment, to an unrestricted joint investment pool. Funds from this unrestricted joint investment pool are utilized to provide financing to customers under Islamic modes and to invest in other Shari’ah compliant investments opportunities. Such information is available for all customers at Bank’s website, branches, and call centre.

Under Wakala arrangement, Bank accepts funds from investors as Wakeel and invests in Shari’ah compliant assets. Wakeel is entitled to a fixed fee as a lump sum or percentage of fund provided. Expected profit pay-out is mentioned to investors upfront while any return generated in excess of expected profit is retained by the Bank as Wakeel. Wakeel should bear the loss in case of Wakeel’s default, negligence or violation of any terms and conditions of the Wakala agreement, otherwise the loss would be borne by the investor or Muwakil.

The Bank maintains necessary reserves as required by SAMA.

Any profits accrued out of the investment are shared between the two parties on a pre-agreed basis, while loss (if any) is borne by the Investor (Rab-ul-Maal). Operating expenses incurred by the Bank are not charged to investment account. In case of the loss resulting from the transactions in a jointly financed investment, such loss shall first be deducted from undistributed profits, if any. Any excess of such loss shall be deducted from Investment Risk Reserve (IRR).

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### w) Profit sharing investment account (PSIA) (continued)

Any remaining of such loss shall be deducted from the total balance of fund available in the pool, as at that date, in the respective ratio of the Bank's and IAH's respective contribution to the fund.

The investment risk reserve is deducted from customer's share after allocating the Mudarib share of profit as per the approved policy in order to cater against future losses of equity of unrestricted investment accountholders. Investment risk reserve will revert to the investment accountholders as per terms and conditions of Mudaraba contract.

The profit equalization reserve is the amount the Bank appropriates in excess of the profit to be distributed to equity of unrestricted accountholders before allocating the Mudarib share of income to maintain a certain level of return. Profit equalization reserve will revert to owner equity and unrestricted investment accountholders. Unrestricted investment accountholders are commingled with Bank funds for investment, no priority is granted to any party for the purpose of investments and distribution of profits. The administration expenses are only charged on the Bank expenses.

### x) Shari'ah compliant (non-interest based) banking products

The Bank offers its customers Shari'ah compliant (non-interest based) banking products, which are approved by its Shari'ah Board, as follows:

**Murabaha** is an agreement whereby the Bank sells to a customer a commodity or an asset, which the Bank has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

**Ijarah** is an agreement whereby the Bank, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on the customer's promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.

**Musharaka** is an agreement between the Bank and a customer to contribute to a certain investment enterprise or the ownership of a certain property resulting in the acquisition by the customer of the full ownership. The profit or loss is shared as per the terms of the agreement.

**Tawaraq** is a form of Murabaha transactions where the Bank purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for financing requirements.

**Wa'ad Fx** is an agreement whereby a client in consideration for the payment of a fee agrees to enter into one or series of trades. One party (promisor) gives a commitment as unilateral undertaking to a second party (promisee).

**Istisna'a** is an agreement between the Bank and a customer whereby the Bank sells to the customer a developed asset according to agreed upon specifications, for an agreed upon price.

**Sukuk** are Islamic instruments which represents an individual proportionate ownership interest in an asset and corresponding right to the income streams generated by the asset.

All Shari'ah compliant (non-interest based) products are accounted for using International Financial Reporting Standards and in conformity with the accounting policies described in these consolidated financial statements.

## 4. CASH AND BALANCES WITH SAUDI CENTRAL BANK (SAMA)

| | 2025 SAR'000 | 2024 SAR'000 Restated (note 43) |
|---|---|---|
| Cash in hand | **541,422** | 688,914 |
| Wakala placement with SAMA | **494,948** | - |
| Other balances | **518,153** | 465,421 |
| Cash and cash equivalents (note 29) | **1,554,523** | 1,154,335 |
| Statutory deposit with SAMA | **5,504,686** | 5,429,455 |
| **Total** | **7,059,209** | 6,583,790 |

In accordance with the Article 7 of the Banking Control Law and regulations issued by the Saudi Central Bank (SAMA), the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its demand, time and other deposit liabilities, calculated on monthly averages at the end of each reporting period (see note 35). The statutory deposit with SAMA is not available to finance the Bank's day-to-day operations and therefore is not part of cash and cash equivalents.

## 5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| Current accounts | **986,136** | 404,794 |
| Money market placements | **5,048,789** | 6,300,560 |
| | **6,034,925** | 6,705,354 |
| Less: impairment allowance (note (b) below) | **(9,154)** | (8,237) |
| Total | **6,025,771** | 6,697,117 |

The money market placements represent funds placed on Shari'ah compliant (non-interest based) basis as follows.

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| Money market placements - Commodity murabaha | **4,026,851** | 3,534,191 |
| Money market placements - Wakala | **1,021,938** | 2,766,369 |
| | **5,048,789** | 6,300,560 |

## 5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET (continued)

a) The following table explains changes in gross carrying amount of the due from banks and other financial institutions to help explain their significance to the changes in the loss allowance for the same portfolio.

| | 2025 | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | **(SAR'000)** | | | |
| **Gross carrying amount as at 1 January 2025** | **6,529,519** | **175,835** | **-** | **6,705,354** |
| Transfer to 12-month ECL | **3,131** | **(3,131)** | **-** | **-** |
| Transfer to lifetime ECL not credit – impaired | **(846)** | **846** | **-** | **-** |
| New financial assets originated | **517,590** | **-** | **-** | **517,590** |
| Financial assets derecognised during the period other than write-offs | **(2,595,662)** | **-** | **-** | **(2,595,662)** |
| Other movements | **1,407,071** | **572** | **-** | **1,407,643** |
| **Gross carrying amount as at 31 December 2025** | **5,860,803** | **174,122** | **-** | **6,034,925** |

| | 2024 | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | (SAR'000) | | | |
| **Gross carrying amount as at 1 January 2024** | 5,565,366 | 134,034 | - | 5,699,400 |
| Transfer to lifetime ECL not credit – impaired | (521) | 521 | - | - |
| New financial assets originated | 3,434,430 | 186 | - | 3,434,616 |
| Financial assets derecognised during the period other than write-offs | (350) | - | - | (350) |
| Changes in accrued profit | (5,313) | 1,181 | - | (4,132) |
| Other movements | (2,464,093) | 39,913 | - | (2,424,180) |
| **Gross carrying amount as at 31 December 2024** | 6,529,519 | 175,835 | - | 6,705,354 |

Other movements reflect changes in exposures for customers who remained in the same stage during the year.

b) An analysis of changes in Impairment allowance for due from banks and other financial institutions is, as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | **(SAR'000)** | | | |
| **Impairment allowance as at 1 January 2025** | **2,053** | **6,184** | **-** | **8,237** |
| Transfer to 12-month ECL | **4** | **(4)** | **-** | **-** |
| Transfer to lifetime ECL not credit –impaired | **(1)** | **1** | **-** | **-** |
| Net re-measurement of loss allowance | **1,488** | **19** | **-** | **1,507** |
| New financial assets originated | **158** | **-** | **-** | **158** |
| Financial assets that have been derecognized | **(748)** | **-** | **-** | **(748)** |
| **Impairment allowance as at 31 December 2025** | **2,954** | **6,200** | **-** | **9,154** |

**5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET (continued)**

b) An analysis of changes in Impairment allowance for due from banks and other financial institutions is, as follows (continued):

| | **2024** | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | (SAR'000) | | | |
| **Impairment allowance as at 1 January 2024** | 2,907 | 4,719 | - | 7,626 |
| Transfer to lifetime ECL not credit – impaired | (2) | 2 | - | - |
| Net re-measurement of loss allowance | (1,867) | 1,463 | - | (404) |
| New financial assets originated | 1,016 | - | - | 1,016 |
| Financial assets that have been derecognized | (1) | - | - | (1) |
| **Impairment allowance as at 31 December 2024** | 2,053 | 6,184 | - | 8,237 |

The credit quality of due from banks and other financial institutions is managed using reputable external credit rating agencies. For credit quality of outstanding exposure by rating category refer note 32.2.

**6 INVESTMENTS, NET**

a) As of 31 December 2025 and 2024, investments were classified as follows:

| | **2025 SAR'000** | 2024 SAR'000 Restated (note 43) |
|---|---|---|
| Held at FVIS | **2,734,915** | 2,254,618 |
| Held at FVOCI | **14,000,663** | 13,067,871 |
| Held at Amortised Cost | **22,241,528** | 21,093,972 |
| Allowance for impairment | **(9,226)** | (10,105) |
| Held at Amortized Cost, net | **22,232,302** | 21,083,867 |
| Total | **38,967,880** | 36,406,356 |

**6 INVESTMENTS, NET (continued)**

b) As of 31 December 2025 and 2024, details of investments by type are as follows:

| | 2025 SAR'000 | | |
|---|---|---|---|
| | **Domestic** | **International** | **Total** |
| **i) FVIS** | | | |
| Mutual funds | **314,589** | **1,791,344** | **2,105,933** |
| Equities – quoted | **38,300** | **-** | **38,300** |
| Equities – unquoted | **542,434** | **26,528** | **568,962** |
| Convertible debt instrument | **-** | **21,720** | **21,720** |
| | **895,323** | **1,839,592** | **2,734,915** |
| **ii) FVOCI** | | | |
| Equities – unquoted | **278,979** | **1,880** | **280,859** |
| Fixed rate Sukuk – equities | **2,287,156** | **212,636** | **2,499,792** |
| Floating rate Sukuk - equities | **707,649** | **-** | **707,649** |
| Fixed rate Sukuks | **9,945,629** | **-** | **9,945,629** |
| Floating rate Sukuks | **570,714** | **-** | **570,714** |
| | **13,790,127** | **214,516** | **14,004,643** |
| Allowance for impairment | **(3,980)** | **-** | **(3,980)** |
| | **13,786,147** | **214,516** | **14,000,663** |
| **iii) Amortised cost** | | | |
| Fixed rate Sukuks | **18,437,714** | **382,707** | **18,820,421** |
| Floating rate Sukuks | **3,421,107** | **-** | **3,421,107** |
| | **21,858,821** | **382,707** | **22,241,528** |
| Allowance for impairment | **(8,854)** | **(372)** | **(9,226)** |
| | **21,849,967** | **382,335** | **22,232,302** |
| Total | **36,531,437** | **2,436,443** | **38,967,880** |

**6 INVESTMENTS, NET (continued)**

b) As of 31 December 2025 and 2024, details of investments by type are as follows (continued):

| | 2024 SAR'000 | | |
|---|---|---|---|
| | **Domestic** | **International** | **Total** |
| **i) FVIS** | | | Restated (note 43) |
| Mutual funds | 166,845 | 1,581,302 | 1,748,147 |
| Equities – quoted | 17,264 | - | 17,264 |
| Equities – unquoted | 460,000 | 22,589 | 482,589 |
| Convertible debt instrument | - | 6,618 | 6,618 |
| | 644,109 | 1,610,509 | 2,254,618 |
| **ii) FVOCI** | | | |
| Equities – unquoted | 282,478 | 1,429 | 283,907 |
| Fixed rate Sukuk – equities | 2,093,206 | 206,172 | 2,299,378 |
| Floating rate Sukuk - equities | 700,000 | - | 700,000 |
| Fixed rate Sukuks | 9,496,067 | - | 9,496,067 |
| Floating rate Sukuks | 290,366 | - | 290,366 |
| | 12,862,117 | 207,601 | 13,069,718 |
| Allowance for impairment | (1,847) | - | (1,847) |
| | 12,860,270 | 207,601 | 13,067,871 |
| **iii) Amortised cost** | | | |
| Fixed rate Sukuks | 16,187,728 | 382,707 | 16,570,435 |
| Floating rate Sukuks | 3,412,116 | - | 3,412,116 |
| Wakala floating rate notes | 1,111,421 | - | 1,111,421 |
| | 20,711,265 | 382,707 | 21,093,972 |
| Allowance for impairment | (9,733) | (372) | (10,105) |
| | 20,701,532 | 382,335 | 21,083,867 |
| Total | 34,205,911 | 2,200,445 | 36,406,356 |

c) The composition of investments net of related ECL, if any, as quoted and unquoted is as follows:

| | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Quoted SAR'000** | **Unquoted SAR'000** | **Total SAR'000** | Quoted SAR'000 | Unquoted SAR'000 | Total SAR'000 Restated |
| Sukuk investments-debt-Fixed rate | **26,814,481** | **1,944,368** | **28,758,849** | 23,957,012 | 2,102,661 | 26,059,673 |
| Sukuk investments-debt-Floating rate | **2,117,467** | **1,868,349** | **3,985,816** | 2,117,839 | 1,580,388 | 3,698,227 |
| Wakala floating rate notes | **-** | **-** | **-** | 1,110,553 | - | 1,110,553 |
| Sukuk investments - Equities-Fixed rate | **856,086** | **1,643,706** | **2,499,792** | 836,124 | 1,463,254 | 2,299,378 |
| Sukuk investments - Equities-Floating rate | **-** | **707,649** | **707,649** | - | 700,000 | 700,000 |
| Equities | **38,300** | **849,821** | **888,121** | 17,264 | 766,496 | 783,760 |
| Mutual funds | **314,589** | **1,791,344** | **2,105,933** | 166,845 | 1,581,302 | 1,748,147 |
| Convertible debt instrument | **-** | **21,720** | **21,720** | - | 6,618 | 6,618 |
| Total investments | **30,140,923** | **8,826,957** | **38,967,880** | 28,205,637 | 8,200,719 | 36,406,356 |

## 6 INVESTMENTS, NET (continued)

d) The analysis of unrealized gains and losses and the fair values of investments carried at amortised cost are as follows:

| | **2025** | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Carrying value SAR'000** | **Gross unrealized gains SAR'000** | **Gross unrealized losses SAR'000** | **Fair value SAR'000** | Carrying value SAR'000 | Gross unrealized gains SAR'000 | Gross unrealized losses SAR'000 | Fair value SAR'000 |
| Sukuk investments | **22,232,302** | **89,319** | **(715,302)** | **21,606,319** | 19,973,314 | 19,608 | (970,676) | 19,022,246 |
| Wakala floating rate notes | **-** | **-** | **-** | **-** | 1,110,553 | - | (1,211) | 1,109,342 |
| **Total** | **22,232,302** | **89,319** | **(715,302)** | **21,606,319** | 21,083,867 | 19,608 | (971,887) | 20,131,588 |

e) The analysis of the Group's investments by nature of counterparty is as follows:

| | **2025 SAR'000** | 2024 SAR'000 Restated |
|---|---|---|
| Government and quasi Government | **30,299,842** | 28,386,256 |
| Corporate | **4,856,603** | 4,259,715 |
| Banks and other financial institutions | **3,811,435** | 3,760,385 |
| **Total** | **38,967,880** | 36,406,356 |

Certain sukuk investments (disclosed in note 6(c)) are quoted in different markets but are not actively traded.

Mutual funds domiciled in the Kingdom of Saudi Arabia (disclosed in note 6(b)) with underlying investments outside the Kingdom of Saudi Arabia are classified under the "International" category.

Sukuk and wakala floating rate investments include SAR 5.79 billion (2024: SAR 10.83 billion), which have been pledged under repurchase agreements with other banks. The market value of such investments is SAR 5.64 billion (2024: SAR 9.89 billion ).

f) The following table explains changes in gross carrying amount and loss allowance for debt instruments carried at amortised cost:

| | **Credit loss allowance** | | | | **Gross carrying amount** | | | |
|---|---|---|---|---|---|---|---|---|
| **Investments at Amortised Cost** | **Stage 1 (12-months ECL)** | **Stage 2 (Life time ECL not credit impaired)** | **Stage 3 (Lifetime ECL credit impaired)** | **Total** | **Stage 1 (12-months ECL)** | **Stage 2 (Life time ECL not credit impaired)** | **Stage 3 (Lifetime ECL credit impaired)** | **Total** |
| | | | | | **SAR'000** | | | |
| **At 1 January 2025** | **10,105** | **-** | **-** | **10,105** | **21,093,972** | **-** | **-** | **21,093,972** |
| New originated or purchased | **535** | **-** | **-** | **535** | **319,780** | **-** | **-** | **319,780** |
| Derecognised during the year | **(1,224)** | **-** | **-** | **(1,224)** | **(3,036,065)** | **-** | **-** | **(3,036,065)** |
| Other movements | **(190)** | **-** | **-** | **(190)** | **3,863,841** | **-** | **-** | **3,863,841** |
| **At 31 December 2025** | **9,226** | **-** | **-** | **9,226** | **22,241,528** | **-** | **-** | **22,241,528** |

Other movements reflect changes in exposures for instruments which remained in the same stage during the year.

## 6 INVESTMENTS, NET (continued)

f) The following table explains changes in gross carrying amount and loss allowance for debt instruments carried at amortised cost: (continued)

| Investments at Amortised Cost | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
| | | | | | SAR’000 | | | |
| **At 1 January 2024** | 10,070 | - | - | 10,070 | 20,529,749 | - | - | 20,529,749 |
| New originated or purchased | 2,106 | - | - | 2,106 | 6,146,648 | - | - | 6,146,648 |
| Derecognised during the year | (2,655) | - | - | (2,655) | (5,477,749) | - | - | (5,477,749) |
| Other movements | 584 | - | - | 584 | (104,676) | - | - | (104,676) |
| **At 31 December 2024** | 10,105 | - | - | 10,105 | 21,093,972 | - | - | 21,093,972 |

g) The following table explains changes in gross carrying amount and loss allowance for debt instruments carried at FVOCI:

| Investments at FVOCI - Debt | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
| | | | | | **SAR’000** | | | |
| **At 1 January 2025** | **1,847** | **-** | **-** | **1,847** | **9,786,433** | **-** | **-** | **9,786,433** |
| New originated or purchased | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Derecognised during the year | **(21)** | **-** | **-** | **(21)** | **(198,143)** | **-** | **-** | **(198,143)** |
| Other movements | **2,154** | **-** | **-** | **2,154** | **928,053** | **-** | **-** | **928,053** |
| **At 31 December 2025** | **3,980** | **-** | **-** | **3,980** | **10,516,343** | **-** | **-** | **10,516,343** |

| Investments at FVOCI - Debt | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
| | | | | | SAR’000 | | | |
| **At 1 January 2024** | 1,624 | - | - | 1,624 | 9,795,972 | - | - | 9,795,972 |
| New originated or purchased | 107 | - | - | 107 | 305,484 | - | - | 305,484 |
| Derecognised during the year | - | - | - | - | - | - | - | - |
| Other movements | 116 | - | - | 116 | (315,023) | - | - | (315,023) |
| **At 31 December 2024** | 1,847 | - | - | 1,847 | 9,786,433 | - | - | 9,786,433 |

Other movements reflect changes in exposures for instruments which remained in the same stage during the year.

## 7. FINANCING, NET

**Consumer** includes financing to individuals for personal needs, while "Others" primarily comprises financing extended to staff.

**Commercial** include financing to corporate, medium and small sized business and institutional customers while "Others" primarily comprises financing extended to individuals.

a) Financing, net comprised the following:

| 2025 | Performing | Non-performing | Gross financing | Allowance for impairment | Financing, net |
|---|---|---|---|---|---|
| | | | SAR'000 | | |
| Commercial Financing | **72,436,239** | **930,979** | **73,367,218** | **(1,858,689)** | **71,508,529** |
| - Corporate | **50,622,431** | **695,377** | **51,317,808** | **(1,364,999)** | **49,952,809** |
| - MSME | **7,450,778** | **161,862** | **7,612,640** | **(336,343)** | **7,276,297** |
| - Others | **14,363,030** | **73,740** | **14,436,770** | **(157,347)** | **14,279,423** |
| Consumer Financing | **39,428,712** | **233,680** | **39,662,392** | **(308,752)** | **39,353,640** |
| - Personal Finance | **11,776,824** | **46,588** | **11,823,412** | **(115,804)** | **11,707,608** |
| - Real Estate | **23,443,112** | **134,233** | **23,577,345** | **(103,680)** | **23,473,665** |
| - Auto lease | **3,073,153** | **3,344** | **3,076,497** | **(18,468)** | **3,058,029** |
| - Credit cards | **837,653** | **42,244** | **879,897** | **(66,961)** | **812,936** |
| - Others | **297,970** | **7,271** | **305,241** | **(3,839)** | **301,402** |
| Total | **111,864,951** | **1,164,659** | **113,029,610** | **(2,167,441)** | **110,862,169** |

| 2024 | Performing | Non-performing | Gross financing | Allowance for impairment | Financing, net |
|---|---|---|---|---|---|
| | | | SAR'000 | | |
| Commercial Financing | **62,952,157** | **910,885** | **63,863,042** | **(2,213,105)** | **61,649,937** |
| - Corporate | 44,745,469 | 597,319 | 45,342,788 | (1,372,907) | 43,969,881 |
| - MSME | 5,950,346 | 247,868 | 6,198,214 | (752,593) | 5,445,621 |
| - Others | 12,256,342 | 65,698 | 12,322,040 | (87,605) | 12,234,435 |
| Consumer Financing | **35,287,269** | **291,192** | **35,578,461** | **(315,902)** | **35,262,559** |
| - Personal Finance | 10,929,302 | 60,134 | 10,989,436 | (113,277) | 10,876,159 |
| - Real Estate | 21,680,808 | 170,192 | 21,851,000 | (115,570) | 21,735,430 |
| - Auto lease | 1,600,764 | 1,256 | 1,602,020 | (10,584) | 1,591,436 |
| - Credit cards | 787,212 | 50,724 | 837,936 | (71,896) | 766,040 |
| - Others | 289,183 | 8,886 | 298,069 | (4,575) | 293,494 |
| Total | **98,239,426** | **1,202,077** | **99,441,503** | **(2,529,007)** | **96,912,496** |

Comparative figures have been disaggregated to align with the current year's presentation. Commercial Financing, previously presented as a single category, has been separated into Corporate, Micro, Small and Medium Enterprises (MSME) and Others exposures. Similarly, Consumer Financing, previously presented as a single category, has been further disaggregated into Personal Finance, Real Estate and Auto Lease. Additionally, Consumer Financing has been combined with Credit Cards and Others.

## 7. FINANCING, NET (continued)

b) Financing, net represents Shari'ah compliant products in respect of Murabaha agreements, Ijarah, Istisnaa'a, Musharaka and Tawarraq. The above comprise of shari'ah approved balances as follows:

| 2025 | Tawarraq | Murabaha | Ijarah | Qard Alhasan / others | Gross financing | Allowance for impairment | Financing, net |
|---|---|---|---|---|---|---|---|
| | | | | SAR'000 | | | |
| Commercial Financing | **59,163,476** | **10,027,712** | **1,834,121** | **2,341,909** | **73,367,218** | **(1,858,689)** | **71,508,529** |
| - Corporate | **40,368,183** | **8,176,441** | **1,594,430** | **1,178,754** | **51,317,808** | **(1,364,999)** | **49,952,809** |
| - MSME | **7,220,081** | **-** | **11,492** | **381,067** | **7,612,640** | **(336,343)** | **7,276,297** |
| - Others | **11,575,212** | **1,851,271** | **228,199** | **782,088** | **14,436,770** | **(157,347)** | **14,279,423** |
| Consumer Financing | **2,264,429** | **30,835,866** | **6,234,451** | **327,646** | **39,662,392** | **(308,752)** | **39,353,640** |
| - Personal Finance | **3,572** | **11,785,348** | **-** | **34,492** | **11,823,412** | **(115,804)** | **11,707,608** |
| - Real Estate | **1,371,312** | **19,050,256** | **3,155,777** | **-** | **23,577,345** | **(103,680)** | **23,473,665** |
| - Auto lease | **-** | **-** | **3,076,497** | **-** | **3,076,497** | **(18,468)** | **3,058,029** |
| - Credit cards | **879,897** | **-** | **-** | **-** | **879,897** | **(66,961)** | **812,936** |
| - Others | **9,648** | **262** | **2,177** | **293,154** | **305,241** | **(3,839)** | **301,402** |
| Total | **61,427,905** | **40,863,578** | **8,068,572** | **2,669,555** | **113,029,610** | **(2,167,441)** | **110,862,169** |

| 2024 | Tawarraq | Murabaha | Ijarah | Qard Alhasan / others | Gross financing | Allowance for impairment | Financing, net |
|---|---|---|---|---|---|---|---|
| | | | | SAR'000 | | | |
| Commercial Financing | **51,602,493** | **8,033,550** | **1,882,293** | **2,344,706** | **63,863,042** | **(2,213,105)** | **61,649,937** |
| - Corporate | 36,355,182 | 5,923,619 | 1,882,293 | 1,181,694 | 45,342,788 | (1,372,907) | 43,969,881 |
| - MSME | 5,304,686 | 136,675 | - | 756,853 | 6,198,214 | (752,593) | 5,445,621 |
| - Others | 9,942,625 | 1,973,256 | - | 406,159 | 12,322,040 | (87,605) | 12,234,435 |
| Consumer Financing | **1,452,148** | **28,522,379** | **5,290,288** | **313,646** | **35,578,461** | **(315,902)** | **35,262,559** |
| - Personal Finance | 3,021 | 10,970,497 | - | 15,919 | 10,989,437 | (113,277) | 10,876,160 |
| - Real Estate | 611,177 | 17,551,555 | 3,688,268 | - | 21,851,000 | (115,570) | 21,735,430 |
| - Auto lease | - | - | 1,602,020 | - | 1,602,020 | (10,584) | 1,591,436 |
| - Credit cards | 837,936 | - | - | - | 837,936 | (71,896) | 766,040 |
| - Others | 14 | 327 | - | 297,727 | 298,068 | (4,575) | 293,493 |
| Total | **53,054,641** | **36,555,929** | **7,172,581** | **2,658,352** | **99,441,503** | **(2,529,007)** | **96,912,496** |

## 7. FINANCING, NET (continued)

c) An analysis of changes in ECL allowance and gross carrying amounts in total and by each class of financial instrument is, as follows:

| Gross Financing | Credit loss allowance Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Gross carrying amount Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | SAR'000 | | | |
| **At 1 January 2025** | **317,382** | **282,012** | **1,929,613** | **2,529,007** | **93,437,785** | **2,571,824** | **3,431,894** | **99,441,503** |
| Transfers: | | | | | | | | |
| - to 12-months | **5,686** | **(3,746)** | **(1,940)** | **-** | **560,695** | **(556,706)** | **(3,989)** | **-** |
| - to lifetime | **(10,500)** | **29,632** | **(19,132)** | **-** | **(1,941,530)** | **2,247,513** | **(305,983)** | **-** |
| - to credit-impaired | **(36,188)** | **(47,311)** | **83,499** | **-** | **(217,085)** | **(285,355)** | **502,440** | **-** |
| New originated or purchased | **124,833** | **-** | **-** | **124,833** | **25,182,052** | **-** | **-** | **25,182,052** |
| Derecognised during the year | **(32,060)** | **(8,325)** | **(447,535)** | **(487,920)** | **(9,580,645)** | **(200,667)** | **(1,091,870)** | **(10,873,182)** |
| Other movements | **(31,690)** | **(11,585)** | **940,153** | **896,878** | **(439,242)** | **(501,575)** | **920,485** | **(20,332)** |
| Changes in profit accrual | **-** | **-** | **-** | **-** | **194,926** | **-** | **-** | **194,926** |
| Write-offs | **-** | **-** | **(895,357)** | **(895,357)** | **-** | **-** | **(895,357)** | **(895,357)** |
| **At 31 December 2025** | **337,463** | **240,677** | **1,589,301** | **2,167,441** | **107,196,956** | **3,275,034** | **2,557,620** | **113,029,610** |

| Gross Financing | Credit loss allowance Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Gross carrying amount Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | SAR'000 | | | |
| **At 1 January 2024** | 256,078 | 250,907 | 2,285,547 | 2,792,532 | 76,337,327 | 3,332,655 | 3,903,451 | 83,573,433 |
| Transfers: | | | | | | | | |
| - to 12-months | 56,291 | (41,764) | (14,527) | - | 889,925 | (796,507) | (93,418) | - |
| - to lifetime | (2,119) | 8,446 | (6,327) | - | (779,324) | 834,861 | (55,537) | - |
| - to credit-impaired | (372) | (33,317) | 33,689 | - | (46,661) | (673,580) | 720,241 | - |
| New originated or purchased | 93,837 | 2,012 | 7,982 | 103,831 | 22,900,247 | 187,320 | 16,506 | 23,104,073 |
| Derecognised during the year | (28,770) | (4,069) | (75,167) | (108,006) | (8,412,339) | (167,211) | (388,475) | (8,968,025) |
| Other movements | (57,563) | 99,797 | 283,921 | 326,155 | 2,313,941 | (145,714) | (85,369) | 2,082,858 |
| Changes in profit accrual | - | - | - | - | 234,669 | - | - | 234,669 |
| Write-offs | - | - | (585,505) | (585,505) | - | - | (585,505) | (585,505) |
| **At 31 December 2024** | 317,382 | 282,012 | 1,929,613 | 2,529,007 | 93,437,785 | 2,571,824 | 3,431,894 | 99,441,503 |

Other movements reflect changes in exposures for customers who remained in the same stage during the period.

**7. FINANCING, NET (continued)**

c) An analysis of changes in ECL allowance and gross carrying amounts in total and by each class of financial instrument is, as follows: (continued)

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| **Commercial Financing** | **Stage 1 (12-months ECL)** | **Stage 2 (Life time ECL not credit impaired)** | **Stage 3 (Lifetime ECL credit impaired)** | **Total** | **Stage 1 (12-months ECL)** | **Stage 2 (Life time ECL not credit impaired)** | **Stage 3 (Lifetime ECL credit impaired)** | **Total** |
| | | | | | **SAR'000** | | | |
| **At 1 January 2025** | **177,349** | **279,274** | **1,756,482** | **2,213,105** | **58,399,170** | **2,323,170** | **3,140,702** | **63,863,042** |
| Transfers: | | | | | | | | |
| - to 12-months | **2,752** | **(2,752)** | **-** | **-** | **472,372** | **(472,372)** | **-** | **-** |
| - to lifetime | **(6,471)** | **24,263** | **(17,792)** | **-** | **(1,537,721)** | **1,840,548** | **(302,827)** | **-** |
| - to credit-impaired | **(14,433)** | **(46,989)** | **61,422** | **-** | **(102,255)** | **(267,998)** | **370,253** | **-** |
| New originated or purchased | **35,787** | **-** | **-** | **35,787** | **11,624,138** | **-** | **-** | **11,624,138** |
| Derecognised during the year | **(9,460)** | **(7,455)** | **(434,807)** | **(451,722)** | **(4,534,794)** | **(112,997)** | **(1,050,826)** | **(5,698,617)** |
| Other movements | **451** | **(11,940)** | **923,877** | **912,388** | **3,803,360** | **(471,454)** | **933,452** | **4,265,358** |
| Changes in profit accrual | **-** | **-** | **-** | **-** | **164,166** | **-** | **-** | **164,166** |
| Write-offs | **-** | **-** | **(850,869)** | **(850,869)** | **-** | **-** | **(850,869)** | **(850,869)** |
| **At 31 December 2025** | **185,975** | **234,401** | **1,438,313** | **1,858,689** | **68,288,436** | **2,838,897** | **2,239,885** | **73,367,218** |

| | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| **Commercial Financing** | **Stage 1 (12-months ECL)** | **Stage 2 (Life time ECL not credit impaired)** | **Stage 3 (Lifetime ECL credit impaired)** | **Total** | **Stage 1 (12-months ECL)** | **Stage 2 (Life time ECL not credit impaired)** | **Stage 3 (Lifetime ECL credit impaired)** | **Total** |
| | | | | | SAR'000 | | | |
| **At 1 January 2024** | 170,933 | 248,423 | 2,081,701 | 2,501,057 | 46,322,028 | 3,109,871 | 3,538,746 | 52,970,645 |
| Transfers: | | | | | | | | |
| - to 12-months | 43,869 | (40,998) | (2,871) | - | 805,014 | (738,847) | (66,167) | - |
| - to lifetime | (1,696) | 6,307 | (4,611) | - | (669,904) | 721,345 | (51,441) | - |
| - to credit-impaired | (47) | (32,970) | 33,017 | - | (13,715) | (659,014) | 672,729 | - |
| New originated or purchased | 36,936 | 865 | 2,975 | 40,776 | 11,394,229 | 95,151 | 5,441 | 11,494,821 |
| Derecognised during the year | (13,490) | (3,369) | (50,456) | (67,315) | (4,061,969) | (86,780) | (326,906) | (4,475,655) |
| Other movements | (59,156) | 101,016 | 253,540 | 295,400 | 4,395,800 | (118,556) | (74,887) | 4,202,357 |
| Changes in profit accrual | - | - | - | - | 227,687 | | - | 227,687 |
| Write-offs | - | - | (556,813) | (556,813) | | | (556,813) | (556,813) |
| **At 31 December 2024** | 177,349 | 279,274 | 1,756,482 | 2,213,105 | 58,399,170 | 2,323,170 | 3,140,702 | 63,863,042 |

**7. FINANCING, NET (continued)**

c) An analysis of changes in ECL allowance and gross carrying amounts in total and by each class of financial instrument is, as follows: (continued)

| Consumer Financing | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
| | | | | | SAR'000 | | | |
| **At 1 January 2025** | **140,033** | **2,738** | **173,131** | **315,902** | **35,038,615** | **248,654** | **291,192** | **35,578,461** |
| Transfers: | | | | | | | | |
| - to 12-months | **2,934** | **(994)** | **(1,940)** | **-** | **88,323** | **(84,334)** | **(3,989)** | **-** |
| - to lifetime | **(4,029)** | **5,369** | **(1,340)** | **-** | **(403,809)** | **406,965** | **(3,156)** | **-** |
| - to credit-impaired | **(21,755)** | **(322)** | **22,077** | **-** | **(114,830)** | **(17,357)** | **132,187** | **-** |
| New originated or purchased | **89,046** | **-** | **-** | **89,046** | **13,557,914** | **-** | **-** | **13,557,914** |
| Derecognised during the year | **(22,600)** | **(870)** | **(12,728)** | **(36,198)** | **(5,045,851)** | **(87,670)** | **(41,044)** | **(5,174,565)** |
| Other movements | **(32,141)** | **355** | **16,276** | **(15,510)** | **(4,242,602)** | **(30,121)** | **(12,967)** | **(4,285,690)** |
| Changes in profit accrual | **-** | **-** | **-** | **-** | **30,760** | **-** | **-** | **30,760** |
| Write-offs | **-** | **-** | **(44,488)** | **(44,488)** | **-** | **-** | **(44,488)** | **(44,488)** |
| **At 31 December 2025** | **151,488** | **6,276** | **150,988** | **308,752** | **38,908,520** | **436,137** | **317,735** | **39,662,392** |

| Consumer Financing | Credit loss allowance | | | | Gross carrying amount | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total | Stage 1 (12-months ECL) | Stage 2 (Life time ECL not credit impaired) | Stage 3 (Lifetime ECL credit impaired) | Total |
| | | | | | SAR'000 | | | |
| **At 1 January 2024** | 85,145 | 2,484 | 203,846 | 291,475 | 30,015,299 | 222,784 | 364,705 | 30,602,788 |
| Transfers: | | | | | | | | |
| - to 12-months | 12,422 | (766) | (11,656) | - | 84,911 | (57,660) | (27,251) | - |
| - to lifetime | (423) | 2,139 | (1,716) | - | (109,420) | 113,516 | (4,096) | - |
| - to credit-impaired | (325) | (347) | 672 | - | (32,946) | (14,566) | 47,512 | - |
| New originated or purchased | 56,901 | 1,147 | 5,007 | 63,055 | 11,506,018 | 92,169 | 11,065 | 11,609,252 |
| Derecognised during the year | (15,280) | (700) | (24,711) | (40,691) | (4,350,370) | (80,431) | (61,569) | (4,492,370) |
| Other movements | 1,593 | (1,219) | 30,381 | 30,755 | (2,081,859) | (27,158) | (10,482) | (2,119,499) |
| Changes in profit accrual | - | - | - | - | 6,982 | - | - | 6,982 |
| Write-offs | - | - | (28,692) | (28,692) | - | - | (28,692) | (28,692) |
| **At 31 December 2024** | 140,033 | 2,738 | 173,131 | 315,902 | 35,038,615 | 248,654 | 291,192 | 35,578,461 |

**7. FINANCING, NET (continued)**

d) Movements in allowance for impairment are as follows:

| **2025** | **Commercial** | **Consumer** | **Total** |
|---|---|---|---|
| | | **SAR'000** | |
| Opening ECL allowance as at 1 January 2025 | **2,213,105** | **315,902** | **2,529,007** |
| Impairment charge for the year | **575,902** | **95,881** | **671,783** |
| Bad debts written off during the year | **(850,869)** | **(44,488)** | **(895,357)** |
| Recoveries / reversals of amounts previously provided | **(79,449)** | **(58,543)** | **(137,992)** |
| Balance at the end of the year | **1,858,689** | **308,752** | **2,167,441** |

| **2024** | Commercial | Consumer | Total |
|---|---|---|---|
| | | SAR'000 | |
| Opening ECL allowance as at 1 January 2024 | 2,501,057 | 291,475 | 2,792,532 |
| Impairment charge for the year | 394,848 | 131,533 | 526,381 |
| Bad debts written off during the year | (556,813) | (28,692) | (585,505) |
| Recoveries / reversals of amounts previously provided | (125,987) | (78,414) | (204,401) |
| Balance at the end of the year | 2,213,105 | 315,902 | 2,529,007 |

The contractual amount outstanding on financial assets that were written off during the year ended December 31, 2025 and that are still subject to enforcement activity is SAR 686.09 million (2024: SAR 572.97 million).

e) Net impairment charge for financing and other financial assets for the year in the consolidated statement of income is as follows:

| | **2025** | 2024 |
|---|---|---|
| | **SAR'000** | SAR'000 |
| Impairment charge for financing for the year | **671,783** | 526,381 |
| (Recoveries) / (reversals) of amounts previously provided | **(137,992)** | (204,401) |
| Recoveries from debts previously written off | **(154,324)** | (26,830) |
| Net charge for impairment in respect of due from banks and other financial institutions | **917** | 611 |
| Net impairment charge for ECL in respect of investments | **1,254** | 258 |
| Net impairment (reversal) / charge for ECL in respect of non-funded financing and credit related commitments | **(27,894)** | 21,441 |
| Impairment charge for financing and other financial assets, net | **353,744** | 317,460 |

## 7. FINANCING, NET (continued)

f) Economic sector risk concentrations for the financing and allowance for impairment are as follows:

| 2025 | Performing SAR'000 | Non performing SAR'000 | Allowance for impairment SAR'000 | Financing, net SAR'000 |
|---|---|---|---|---|
| Government and quasi Government | **7,820,990** | **-** | **(29,741)** | **7,791,249** |
| Banks and other financial institutions | **5,004,578** | **-** | **(8,099)** | **4,996,479** |
| Manufacturing | **2,928,713** | **14,502** | **(160,257)** | **2,782,958** |
| Mining and quarrying | **1,077,419** | **-** | **(82)** | **1,077,337** |
| Electricity, water, gas and health services | **140,191** | **-** | **(487)** | **139,704** |
| Building and construction | **3,536,371** | **560,050** | **(516,259)** | **3,580,162** |
| Commerce | **26,097,284** | **219,240** | **(602,180)** | **25,714,344** |
| Transportation and communication | **708,047** | **-** | **(2,496)** | **705,551** |
| Services | **4,864,225** | **64,420** | **(304,780)** | **4,623,865** |
| Consumer financing and credit cards | **39,131,004** | **226,409** | **(304,913)** | **39,052,500** |
| Share trading | **2,494,122** | **-** | **-** | **2,494,122** |
| Others | **18,062,007** | **80,038** | **(238,147)** | **17,903,898** |
| **Total** | **111,864,951** | **1,164,659** | **(2,167,441)** | **110,862,169** |

| 2024 | Performing SAR'000 | Non performing SAR'000 | Allowance for impairment SAR'000 | Financing, net SAR'000 |
|---|---|---|---|---|
| Government and quasi Government | 7,641,829 | - | (9,435) | 7,632,394 |
| Banks and other financial institutions | 3,585,753 | - | (5,850) | 3,579,903 |
| Agriculture and fishing | 255,521 | - | (176) | 255,345 |
| Manufacturing | 2,991,456 | 54,189 | (567,769) | 2,477,876 |
| Mining and quarrying | 1,134,220 | - | (107) | 1,134,113 |
| Electricity, water, gas and health services | 42,838 | 2,920 | (592) | 45,166 |
| Building and construction | 2,673,745 | 488,125 | (449,106) | 2,712,764 |
| Commerce | 21,182,522 | 214,926 | (523,947) | 20,873,501 |
| Transportation and communication | 544,366 | - | (466) | 543,900 |
| Services | 3,706,872 | 79,908 | (304,320) | 3,482,460 |
| Consumer financing and credit cards | 34,998,415 | 282,305 | (311,327) | 34,969,393 |
| Share trading | 2,189,175 | - | - | 2,189,175 |
| Others | 17,292,714 | 79,704 | (355,912) | 17,016,506 |
| **Total** | 98,239,426 | 1,202,077 | (2,529,007) | 96,912,496 |

## 7. FINANCING, NET (continued)

g) Other real estate, net

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Balance at the beginning of the year | **139,970** | 542,004 |
| Additions during the year | **7,457** | 991 |
| Disposals during the year | **(21,174)** | (403,025) |
| Gross balance at the end of the year | **126,253** | 139,970 |
| Provision for unrealised revaluation losses (note (i) below) | **(253)** | (253) |
| Net balance at the end of the year | **126,000** | 139,717 |

(i) This represents impairment charge booked in respect of unrealised losses on certain properties which were acquired by the Bank in prior years in satisfaction of claims against the financing customers. The amount was calculated based on revaluations conducted by the independent real estate evaluators.

## 8. OTHER ASSETS

| | **2025 SAR'000** | 2024 SAR'000 Restated (note 43) |
|---|---|---|
| Advances, prepayments and other receivables | **430,562** | 224,595 |
| Margin deposits against financial instruments | **75,760** | 2,028 |
| VAT and tax related receivables | **45,845** | 77,199 |
| Others | **374,857** | 341,874 |
| **Total** | **927,024** | 645,696 |

## 9. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents the investment made by the Group in AlJazira Takaful Ta'awuni Company ("ATT"). The Group effectively holds 33.08% (2024: 33.08%) shareholding in ATT.

The share of total comprehensive income in an associate represents the Group's share in the total comprehensive income of ATT and was based on the latest available financial information of ATT for the period ended 30 September 2025. ATT is listed with Saudi Stock Exchange (Tadawul) and the market value of the investment in ATT as of 31 December 2025 was SAR 243.85 million (2024: SAR 359.34 million) based on Saudi Stock Exchange (Tadawul) market price.

## 9. INVESTMENT IN AN ASSOCIATE (continued)

The following table summarises the latest available financial information of ATT based on latest available financial statements:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Total assets | **3,108,970** | 3,062,708 |
| Total liabilities | **2,115,747** | 2,109,102 |
| Total shareholders' equity | **992,981** | 953,690 |
| Proportion of the Group's ownership | **33.08%** | 33.08% |
| Carrying amount of the investment | **336,713** | 323,716 |
| Revenue (underwriting, investment and other income) | **75,682** | 76,788 |
| Other operating expenses | **(32,134)** | (14,975) |
| Total profit for the year before zakat and income tax | **43,548** | 61,813 |
| The Group's share of profit for the year | **14,404** | 16,901 |

The following table summarises the movement of the investment in associate during the year:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Balance at the beginning of the year | **323,716** | 243,011 |
| Share in profit for the year before zakat and income tax | **14,404** | 16,901 |
| Share of zakat and income tax | **(1,533)** | (6,901) |
| Share of other comprehensive income | **6,675** | 984 |
| Additional Investment during the year | **-** | 76,270 |
| Dividend received | **(6,549)** | (6,549) |
| Balance at the end of the year | **336,713** | 323,716 |

## 10. PROPERTY, EQUIPMENT, INTANGIBLES AND RIGHT OF USE ASSETS, NET

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Property and equipment, net (note a) | **893,312** | 758,346 |
| Right of use assets, net (note b) | **215,519** | 206,953 |
| Intangible assets (note c) | **414,194** | 292,777 |
| **Total** | **1,523,025** | 1,258,076 |

## 10. PROPERTY, EQUIPMENT, INTANGIBLES AND RIGHT OF USE ASSETS, NET (continued)

### a) Property and equipment, net

| | Land and buildings SAR'000 | Leasehold improvements SAR'000 | Furniture, equipment and vehicles SAR'000 | Capital work in progress SAR'000 | Total SAR'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2024 | 254,028 | 557,320 | 668,346 | 198,269 | 1,677,963 |
| Additions during the year | - | 3,586 | 7,180 | 159,519 | 170,285 |
| Transfers during the year | - | 28,204 | 45,333 | (74,774) | (1,237) |
| Disposals during the year | - | - | (977) | - | (977) |
| **At 31 December 2024** | **254,028** | **589,110** | **719,882** | **283,014** | **1,846,034** |
| Additions during the year | - | **997** | **5,519** | **176,808** | **183,324** |
| Transfers during the year | - | **1,513** | **17,033** | **(18,546)** | **-** |
| Disposals during the year | - | **-** | **(41,410)** | **-** | **(41,410)** |
| Transfers/Adjustments | - | **114** | **766** | **13,604** | **14,484** |
| **At 31 December 2025** | **254,028** | **591,734** | **701,790** | **454,880** | **2,002,432** |
| **Accumulated depreciation** | | | | | |
| **At 1 January 2024** | 11,284 | 410,929 | 607,114 | - | 1,029,327 |
| Charge for the year | 2,083 | 29,895 | 27,436 | - | 59,414 |
| Disposals | - | - | (932) | - | (932) |
| Transfers/Adjustments | - | (16) | (105) | - | (121) |
| **At 31 December 2024** | 13,367 | 440,808 | 633,513 | - | 1,087,688 |
| Charge for the year | **1,836** | **27,541** | **33,320** | **-** | **62,697** |
| Disposals | **-** | **-** | **(41,166)** | **-** | **(41,166)** |
| Transfers/Adjustments | **-** | **(19)** | **(80)** | **-** | **(99)** |
| **At 31 December 2025** | **15,203** | **468,330** | **625,587** | **-** | **1,109,120** |
| **Net book value** | | | | | |
| **At 31 December 2025** | **238,825** | **123,404** | **76,203** | **454,880** | **893,312** |
| At 31 December 2024 | 240,661 | 148,302 | 86,369 | 283,014 | 758,346 |

## 10. PROPERTY, EQUIPMENT, INTANGIBLES AND RIGHT OF USE ASSETS, NET (continued)

### b) Right of use assets, net

| | Land and buildings SAR'000 | Office Equipment SAR'000 | Vehicles SAR'000 | Total SAR'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2024 | 679,068 | 7,103 | 1,918 | 688,089 |
| Additions during the year | 63,801 | 13,457 | 1,150 | 78,408 |
| **At 1 January 2025** | **742,869** | **20,560** | **3,068** | **766,497** |
| Additions during the year | **99,443** | **-** | **980** | **100,423** |
| **At 31 December 2025** | **842,312** | **20,560** | **4,048** | **866,920** |
| **Accumulated depreciation** | | | | |
| At 1 January 2024 | 457,263 | 7,102 | 1,636 | 466,001 |
| Charge for the year | 86,226 | 6,729 | 588 | 93,543 |
| **At 1 January 2025** | **543,489** | **13,831** | **2,224** | **559,544** |
| Charge for the year | **87,888** | **3364** | **605** | **91,857** |
| **At 31 December 2025** | **631,377** | **17,195** | **2,829** | **651,401** |
| **Net book value** | | | | |
| **At 31 December 2025** | **210,935** | **3,365** | **1,219** | **215,519** |
| At 31 December 2024 | 199,380 | 6,729 | 844 | 206,953 |

SAR 31.65 million (2024: SAR 31.25 million) have been recognised in respect of short term and low value leases and is included in rent and premises related expenses & Other general and administrative expenses in the consolidated statement of income.

Majority of the Right of use assets comprise of rented branches and ATM locations which have been leased by the Group for varying terms from the landlords and will be vacated and handed over to the owners unless extended for another term based on mutual consent. The Group is responsible for maintenance and insurance of these assets during the lease term. The Group does not have any buy back option as part of the rental contracts to purchase these assets. The Group has the right to terminate some of these contracts by giving advance notice and in some cases may be required to pay part of remaining contractual payments as penalty.

## 10. PROPERTY, EQUIPMENT, INTANGIBLES AND RIGHT OF USE ASSETS, NET (continued)

### c) Intangible assets

| | Computer softwares SAR'000 | Work in progress SAR'000 | Total SAR'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2024 | 418,131 | 201,432 | 619,563 |
| Additions during the year | 22 | 82,334 | 82,356 |
| Transfers during the year | 101,180 | (101,180) | - |
| Disposals | - | (276) | (276) |
| Transfers/Adjustments | - | 1,236 | 1,236 |
| **At 1 January 2025** | **519,333** | **183,546** | **702,879** |
| Additions during the year | **327** | **130,365** | **130,692** |
| Transfers during the year | **24,436** | **(24,436)** | **-** |
| Transfers/Adjustments | **172** | **13,681** | **13,853** |
| **At 31 December 2025** | **544,268** | **303,156** | **847,424** |
| **Accumulated amortisation** | | | |
| At 1 January 2024 | 379,122 | - | 379,122 |
| Charge for the year | 30,858 | - | 30,858 |
| Transfers/Adjustments | 122 | - | 122 |
| **At 1 January 2025** | **410,102** | **-** | **410,102** |
| Charge for the year | **23,029** | **-** | **23,029** |
| Transfers/Adjustments | **99** | **-** | **99** |
| **At 31 December 2025** | **433,230** | **-** | **433,230** |
| **Net book value** | | | |
| **At 31 December 2025** | **111,038** | **303,156** | **414,194** |
| At 31 December 2024 | 109,231 | 183,546 | 292,777 |

## 11. SHARI'AH COMPLIANT DERIVATIVES

In the ordinary course of business, the Group utilizes the following Shari'ah compliant derivative financial instruments for both trading and strategic hedging purposes

### 11.1 Nature/type of derivatives held

**a) Swaps**

Swaps are commitments to exchange one set of cash flows for another. For profit rate swaps, counterparties generally exchange fixed and floating rate profit payments in a single currency without exchanging principal. For cross-currency profit rate swaps, principal, fixed and floating profit payments are exchanged in different currencies.

**b) Options (Wa'ad Fx)**

Foreign exchange options are transactions, whereby a client, in consideration for the payment of a fee agrees to enter into one or a series of trades in which one party (promisor) gives a commitment as a unilateral undertaking, to a second party (promisee).

An option can be a unilateral promise or combination of promises. The Group enters into the option depending on the client's risk profile, whereby the client may promise to buy, sell or buy and sell a currency with or without conditions for hedging its exposure.

### 11.2 Purpose of derivatives

**a) Held for trading purposes**

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting from, price differentials between markets or products.

**b) Held for hedging purposes**

The Group uses Shari'ah compliant derivatives for hedging purposes in order to reduce its exposure to profit rate risk and foreign exchange risk.

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange and profit rates to reduce its exposure to currency and profit rate risks to acceptable levels as determined by the Board of Directors within the guidelines issued by Saudi Central Bank.

As part of its financial asset and liability management, the Group uses Shari'ah compliant derivatives for hedging purposes in order to adjust its own exposure to currency and profit rate risk. This is generally achieved by hedging specific transactions.

## 11. SHARI'AH COMPLIANT DERIVATIVES (continued)

### 11.2 Purpose of derivatives (continued)

**b) Held for hedging purposes (continued)**

**Cash flow hedges**

The Group is exposed to variability in future cash flows on non-trading assets and liabilities which bear profit rate risk. The Group uses profit rate swaps as hedging instruments to hedge against these profit rate risks. Below is the schedule indicating as at December 31, the periods when the hedged cash flows (profit receipts / payments) are expected to occur and when they are expected to affect the consolidated statement of income:

| **2025**<br>**SAR'000** | **Within 1 year** | **1-3 years** | **3-5 years** | **Over 5 years** |
|---|---|---|---|---|
| Cash inflows (assets) | **79,875** | **203,056** | **184,604** | **389,589** |
| Cash outflows (liabilities) | **(63,393)** | **(111,541)** | **(107,956)** | **(168,908)** |
| Net cash outflow | **16,482** | **91,515** | **76,648** | **220,681** |

| **2024**<br>**SAR'000** | **Within 1 year** | **1-3 years** | **3-5 years** | **Over 5 years** |
|---|---|---|---|---|
| Cash inflows (assets) | 97,224 | 162,917 | 62,440 | 61,940 |
| Cash outflows (liabilities) | (96,192) | (160,682) | (173,607) | (409,029) |
| Net cash outflow | 1,032 | 2,235 | (111,167) | (347,089) |

The gains on cash flow hedges on disposal / amortisation of previously discontinued hedging relationship, reclassified to the consolidated statement of income during the year are as follows:

| | **2025**<br>**SAR'000** | 2024<br>SAR'000 |
|---|---|---|
| Income from investments and financing | **54,694** | 35,783 |
| Return on deposits and financial liabilities | **(24,542)** | (25,634) |
| Net gains on cash flow hedges reclassified to the consolidated statement of income | **30,152** | 10,149 |

## 11. SHARI'AH COMPLIANT DERIVATIVES (continued)

### 11.2 Purpose of derivatives (continued)

#### b) Held for hedging purposes (continued)

| | **2025** | 2024 |
|---|---|---|
| | **SAR'000** | SAR'000 |
| Balance at the beginning of the year | **38,319** | 31,290 |
| Gains from change in fair value recognised directly in equity, net (effective portion) | **(48,518)** | 17,178 |
| Gains removed from equity and transferred to consolidated statement of income | **(30,152)** | (10,149) |
| Balance at the end of the year | **(40,351)** | 38,319 |

Cashflow hedge reserve as of year-end include unrealised loss of SAR 104.55 million (2024: unrealised loss of SAR 16.56 million) on outstanding hedges and a realised gain of SAR 64.20 million (2024: realised gain of SAR 54.88 million) related to terminated hedges.

Fair value loss on cash flow hedges amounting to SAR 48.52 million (2024: gain of SAR 17.18 million) included in the consolidated statement of comprehensive income comprised of net unrealized loss of SAR 87.99 million (2024: unrealized loss of SAR 89.23 million) and realized gain of SAR 39.47 million (2024: net realised gain of SAR 106.40 million) on termination of hedge relationship.

During the current and prior years, the Group terminated certain of its profit rate swaps used for cash flows hedges. However, the gain / (loss) would continue to be classified in consolidated statement of comprehensive income as the related hedge items are still outstanding. In accordance with the IFRS as endorsed in KSA requirements, the gain / (loss) will be reclassified to consolidated statement of income in the period when the cash flows pertaining to hedged items will affect the consolidated statement of income i.e. when profit receipts / payments impact the consolidated statement of income which is over the remaining maturity of financial instrument / hedge items.

### 11.3 Details of shar'iah compliant derivatives

The table below sets out the positive and negative fair values of the Group's derivative financial instruments, together with their notional amounts. The notional amounts, which provide an indication of the volume of transactions outstanding at the year end, do not necessarily reflect the amount of future cash flows involved. The notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

## 11 SHARI'AH COMPLIANT DERIVATIVES (continued)

### 11.3 Details of shar'iah compliant derivatives (continued)

**2025**
**SAR'000**

| | **Positive fair value** | **Negative fair value** | **Notional amount** | **Notional amounts by term to maturity: Within 3 months** | **3-12 months** | **1-5 years** | **Over 5 years** | **Monthly average** |
|---|---|---|---|---|---|---|---|---|
| **Held for trading:** | | | | | | | | |
| Options | **1,901** | **1,901** | **588,833** | **-** | **-** | **588,833** | **-** | **1,088,833** |
| Currency swaps | **2,531** | **1,214** | **3,508,936** | **1,033,936** | **2,475,000** | **-** | **-** | **4,046,657** |
| Currency forwards | **53** | **47** | **77,966** | **77,966** | **-** | **-** | **-** | **39,357** |
| Profit rate swaps | **62,747** | **52,296** | **5,894,689** | **1,197,030** | | **3,330,747** | **1,366,912** | **6,262,646** |
| Cross currency profit rate swaps | **6,216** | **459** | **1,875,000** | **-** | **1,875,000** | **-** | **-** | **1,875,000** |
| **Held as cash flow hedges:** | | | | | | | | |
| Profit rate swaps | **22,735** | **124,990** | **5,351,250** | **-** | **-** | **897,000** | **4,454,250** | **3,633,958** |
| **Total** | **96,183** | **180,907** | **17,296,674** | **2,308,932** | **4,350,000** | **4,816,580** | **5,821,162** | **16,946,451** |

**2024**
**SAR'000**

| | **Positive fair value** | **Negative fair value** | **Notional amount** | **Notional amounts by term to maturity: Within 3 months** | **3-12 months** | **1-5 years** | **Over 5 years** | **Monthly average** |
|---|---|---|---|---|---|---|---|---|
| **Held for trading:** | | | | | | | | |
| Options | 19,636 | 19,636 | 1,188,832 | - | 600,000 | 538,530 | 50,302 | 1,185,920 |
| Currency swaps | 1,175 | 3,516 | 3,168,750 | 1,331,250 | 1,837,500 | - | - | 3,418,760 |
| Currency forwards | 199 | 149 | 82,529 | 82,529 | - | - | - | 249,919 |
| Profit rate swaps | 73,630 | 65,104 | 5,650,087 | - | 1,822,500 | 2,326,998 | 1,500,589 | 5,985,863 |
| Cross currency profit rate swaps | 411 | 2,020 | 1,875,000 | - | - | 1,875,000 | - | 1,875,000 |
| **Held as cash flow hedges:** | | | | | | | | |
| Profit rate swaps | 56,686 | 74,574 | 5,137,500 | 500,000 | - | 2,450,000 | 2,187,500 | 3,817,577 |
| **Total** | 151,737 | 164,999 | 17,102,698 | 1,913,779 | 4,260,000 | 7,190,528 | 3,738,391 | 16,533,039 |

Held for trading profit rate swaps (positive fair value / negative fair value) include accrued receivable amounting to SAR 7.73 million (2024: SAR 8.40 million) and accrued payable amounting to SAR 7.73 million (2024: SAR 8.40 million) respectively. Held as cash flow hedge profit rate swaps (positive fair value / negative fair value) include accrued receivable amounting to SAR 22.74 million (2024: SAR 35.26 million) and accrued payable amounting to SAR 20.44 million(2024: SAR 36.59 million) respectively.

All the derivative products in the above table are Shari'ah approved.

### 11. SHARI'AH COMPLIANT DERIVATIVES (continued)

During the years ended on December 31, 2025 and December 31, 2024, the Bank's cash flow hedging relationships met the hedge effectiveness requirements under IFRS, and no material hedge ineffectiveness was recognized in Statement of Income.

The tables below show a summary of hedged items and portfolios, the nature of the risk being hedged, the hedging instrument and its fair value.

| **Description of hedged items (SAR '000) 2025** | **Hedge inception value** | **Risk** | **Hedging instrument** | **Positive fair value** | **Negative fair value** |
|---|---|---|---|---|---|
| **Floating rate investments** | 2,070,000 | Cash flow | Profit rate swap | 6,994 | 51,221 |
| **Floating rate deposits** | 3,281,250 | Cash flow | Profit rate swap | 15,742 | 73,770 |

| **Description of hedged items (SAR '000) 2024** | **Hedge inception value** | **Risk** | **Hedging instrument** | **Positive fair value** | **Negative fair value** |
|---|---|---|---|---|---|
| Floating rate investments | 2,450,000 | Cash flow | Profit rate swap | 20,932 | 62,213 |
| Floating rate deposits | 2,687,500 | Cash flow | Profit rate swap | 35,754 | 12,361 |

Currently the Bank is exposed to SAIBOR and SOFR rates on its hedging positions.

### 12. DUE TO BANKS, SAUDI CENTRAL BANK AND OTHER FINANCIAL INSTITUTIONS

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Current accounts | **340,077** | 296,103 |
| Money market deposits from banks and other financial institutions (refer note 12.1) | **17,932,704** | 8,440,523 |
| Repurchase agreement borrowings | **5,639,449** | 10,572,707 |
| **Total** | **23,912,230** | 19,309,333 |

**12.1** This balance includes profit free deposits received during financial year 2020 from SAMA with gross amount of SAR Nil (2024: SAR 1.47 billion) with varying maturities in order to support the Bank in its implementation of various regulatory relief packages given by the government in response to COVID-19.

The above comprise of Shari'ah approved balances as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Current accounts | **340,077** | 296,103 |
| Commodity murabaha | **4,380,810** | 2,543,650 |
| Wakala | **15,725,436** | 7,054,443 |
| Wa'ad | **3,465,907** | 9,415,137 |
| **Total** | **23,912,230** | 19,309,333 |

## 13. CUSTOMERS' DEPOSITS

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Demand | **32,046,487** | 34,564,643 |
| Saving and call deposits | **13,654,158** | 11,114,104 |
| Customers' time investments | **67,398,888** | 60,193,863 |
| Other | **2,295,782** | 2,313,904 |
| **Total** | **115,395,315** | 108,186,514 |

The above comprise of Shari'ah approved customer deposits as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Demand - Qard | **32,046,487** | 34,564,643 |
| Saving and call deposits- Wakala | **13,654,158** | 11,114,104 |
| Customers' time investments – Murabaha | **32,175,832** | 27,758,619 |
| Customers' time investments – Wakala | **35,223,056** | 32,435,244 |
| Other – Qard | **2,295,782** | 2,313,904 |
| **Total** | **115,395,315** | 108,186,514 |

Other customers' deposits include SAR 907.11 million (2024: SAR 1,075.45 million) of margins held for irrevocable contingencies and commitments.

The above includes foreign currency deposits as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Demand | **935,139** | 987,952 |
| Customers' time investments | **3,796,037** | 5,346,221 |
| Other | **40,480** | 53,887 |
| **Total** | **4,771,656** | 6,388,060 |

The foreign currency deposits are mainly in US Dollars to which the SAR is pegged. Accordingly, the sensitivity with respect to foreign currency risk is not material.

## 14. SUBORDINATED SUKUK

On 8 December 2021, the Bank issued 2,000 Subordinated Sukuk Certificates (Sukuk) of SAR 1 million each, with a profit distribution rate based on 6 month Saudi Inter-Bank Offered Rate (SIBOR), reset semi-annually in advance, plus a margin of 155 basis point per annum and payable semi-annually in arrears on 8 December and 8 June each year until 8 December 2031, on which date the Sukuk will expire. The Bank has a call option which can be exercised on or after 8 December 2026 on meeting certain conditions and as per the terms mentioned in the related offering circular. The Sukuk may also be called upon occurrence of certain other conditions as per the terms specified in the offering circular. These Sukuk are registered with Saudi Exchange (Tadawul).

## 15. OTHER LIABILITIES

| | **2025** **SAR'000** | 2024 SAR'000 |
|---|---|---|
| Accounts payable | **882,890** | 678,982 |
| Employee benefit obligations (refer note 30) | **340,436** | 309,433 |
| Lease Liability – discounted (note a below) | **203,537** | 177,821 |
| Loss allowance for credit related commitments and contingencies (refer note 20(c)(iii)) | **323,358** | 351,252 |
| Dividend payable | **48,282** | 62,934 |
| AlJazira Philanthropic Program (note b below) | **8,989** | 4,953 |
| Others | **845,712** | 452,232 |
| **Total** | **2,653,204** | 2,037,607 |

a) The maturity analysis of lease liabilities based on contractual undiscounted cash flows is as follows:

| | **2025** **SAR'000** | 2024 SAR'000 |
|---|---|---|
| Less than one year | **77,603** | 65,957 |
| One to five years | **112,725** | 108,494 |
| More than five years | **46,827** | 26,902 |
| **Total undiscounted lease liabilities at December 31** | **237,155** | 201,353 |
| **Lease liabilities included in the consolidated statement of financial position at December 31** | **203,537** | 177,821 |
| Current | **67,991** | 58,082 |
| Non-Current | **135,546** | 119,739 |

b) During 2006, aljazira bank announced the allocation of SAR 100 million to community services and charitable contributions directed to the local community throughout the Kingdom. The Bank's Board of Directors recognizes the importance of this vital role in serving the community and contributing to supporting this noble goal. The Bank allocated this amount to social responsibility programs, which contributes to sustainable development.

A committee emanating from the Board of Directors has been formed under the name of "Sustainability and Social Responsibility Committee" to develop, follow up and supervise the strategic plan for the Bank's social initiatives, and this committee consists of members from the Board of Directors and the executive management, also uses other independent members who are knowledgeable and experienced in social responsibility-related fields in order to enhance the quality of programs and offer strategic guidance.

## 16. SHARE CAPITAL & TREASURY SHARES

### a) Share Capital:

The shareholders of the Bank in their Extra Ordinary General Assembly Meeting held on 28 April 2025 approved the increase in the Bank's share capital from SAR 10.25 billion to SAR 12.8 billion (increase of SAR 2.56 billion) through the issuance of bonus shares to shareholders of the Bank in the ratio of one share for every four shares held. The legal formalities relating to the increase in share capital completed during second quarter of 2025. Accordingly, the authorized, issued and fully paid share capital of the Bank consists of 1,281.25 million shares of SAR 10 each (2024: 1,025 million shares of SAR 10 each).

## 16. SHARE CAPITAL & TREASURY SHARES (continued)

### a) Share Capital: (continued)

The ownership of the Bank's share capital is as follows:

| | **2025** | 2024 |
|---|---|---|
| Saudi shareholders | **82.41%** | 85.11% |
| Non-Saudi shareholder - National Bank of Pakistan (NBP) | **3.70%** | 3.70% |
| Non-Saudi shareholders – others | **13.89%** | 11.19% |

### b) Treasury Shares

The Extraordinary General Assembly Meeting held on 11 December 2024, approved the Employee Share Plan for which 4.5 million shares (pre-bonus issue) were to be purchased as treasury shares for allocating them to the Employee Share Plan. The Bank completed the purchase of these shares during the first quarter of 2025.

The below are the treasury shares held by the Bank:

| | **2025** | **2024** |
|---|---|---|
| | **Number of shares** | |
| **Beginning of the year** | **-** | **-** |
| Acquired (adjusted for bonus shares) | **5,625,000** | - |
| Vested | **(96,154)** | - |
| Cancelled | **-** | - |
| **End of the year** | **5,528,846** | **-** |

## 17. STATUTORY RESERVE

In accordance with Saudi Arabian Banking Control Law and the By-laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up capital of the Bank. Accordingly, SAR 376.39 million has been transferred from net income (2024: SAR 307.74 million). The statutory reserve is not available for distribution.

## 18. OTHER RESERVES

| **2025** | **Cash flow hedges SAR' 000** | **Fair value reserve – FVOCI debt SAR' 000** | **Fair value reserve – FVOCI equity SAR' 000** | **Actuarial gains (note 30) SAR'000** | **Employees share-based plan reserve SAR' 000** | **Share in OCI of associate SAR' 000** | **Total SAR' 000** |
|---|---|---|---|---|---|---|---|
| Balance at beginning of the year – restated | **38,319** | **(1,187,941)** | **226,281** | **31,691** | **-** | **10,817** | **(880,833)** |
| Net change in fair value | **(48,518)** | **318,057** | **50,363** | **-** | **-** | **6,675** | **326,577** |
| Reclassified to consolidated statement of income (note 11.2(b)) | **(30,152)** | **-** | **-** | **-** | **-** | **-** | **(30,152)** |
| Actuarial losses on employee benefit obligation (note 30.1 (d)) | **-** | **-** | **-** | **(8,040)** | **-** | **-** | **(8,040)** |
| Employee share based plan reserve | **-** | **-** | **-** | **-** | **14,892** | **-** | **14,892** |
| Share based payment transactions | **-** | **-** | **-** | **-** | **(1,207)** | **-** | **(1,207)** |
| Net movement during the year | **(78,670)** | **318,057** | **50,363** | **(8,040)** | **13,685** | **6,675** | **302,070** |
| **Balance at the end of the year** | **(40,351)** | **(869,884)** | **276,644** | **23,651** | **13,685** | **17,492** | **(578,763)** |

## 18. OTHER RESERVES (continued)

| 2024 | Cash flow hedges SAR' 000 | Fair value reserve – FVOCI debt SAR' 000 | Fair value reserve – FVOCI equity SAR' 000 Restated | Actuarial gains (note 30) SAR' 000 | Share in OCI of associate SAR' 000 | Total SAR' 000 |
|---|---|---|---|---|---|---|
| Balance at beginning of the year | 31,290 | (859,574) | (75,324) | 49,376 | 9,833 | (844,399) |
| Impact of restatement (note 43) | - | - | 212,633 | - | - | 212,633 |
| Balance at beginning of the year – restated | 31,290 | (859,574) | 137,309 | 49,376 | 9,833 | (631,766) |
| Net change in fair value | 17,178 | (328,367) | 89,115 | - | 984 | (221,090) |
| Transfers to retained earnings on disposal | - | - | (143) | - | - | (143) |
| Reclassified to consolidated statement of income (note 11.2(b)) | (10,149) | - | - | - | - | (10,149) |
| Actuarial losses on employee benefit obligation (note 30.1 (d)) | - | - | - | (17,685) | - | (17,685) |
| Net movement during the year | 7,029 | (328,367) | 88,972 | (17,685) | 984 | (249,067) |
| **Balance at the end of the year** | 38,319 | (1,187,941) | 226,281 | 31,691 | 10,817 | (880,833) |

## 19. TIER 1 SUKUK

During the current year, the Bank issued cross border Tier 1 Sukuk through a Shari'ah compliant arrangement amounting to SAR 1.875 billion (denominated in US Dollars). This issuance forms part of the Bank's USD 1.5 billion Additional Tier 1 Capital Sukuk Programme. This arrangement was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.5% per annum from date of issue up to September 2030 and is subject to reset every 5 years.

During the first quarter of the current year, the Bank also completed the issuance of an SAR-denominated additional Tier 1 sukuk of SAR 1 billion (which is part of additional Tier 1 Capital Sukuk Programme of SAR 5 billion) by way of a private placement in Saudi Arabia. This arrangement was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.3% per annum from date of issue up to January 2030 and is subject to reset every 5 years.

As part of the additional Tier 1 Capital Sukuk Programme of SAR 5 billion, the Bank had also completed during year 2023, the issuance of an SAR-denominated additional Tier 1 sukuk of SAR 2 billion by way of a private placement in Saudi Arabia. This arrangement was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6% per annum from date of issue up to June 2028 and is subject to reset every 5 years.

Additionally, during the year 2021, the Bank issued cross border Tier 1 Sukuk (the "Sukuk) through a Shari'ah compliant arrangement amounting to SAR 1.875 billion (denominated in US Dollars). This arrangement was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 3.95% per annum from date of issue up to June 2026 and is subject to reset every 5 years.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuks in a specific period of time, subject to the terms and conditions stipulated in the Sukuk agreement.

## 19. TIER 1 SUKUK (continued)

The applicable profit on the Sukuks is payable semi-annual in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

## 20. COMMITMENTS AND CONTINGENCIES

### a) Legal proceedings

As at December 31, 2025, there were legal proceedings of routine nature outstanding against the Group. No significant provision has been made as related professional legal advice indicated that it is unlikely that any significant loss will eventually arise.

### b) Capital commitments

As at December 31, 2025, the Group had capital commitments of SAR 154.44 million (2024: SAR 276.22 million) in respect of premises and IT related projects.

### c) Credit related commitments and contingencies

The primary purpose of these instruments is to ensure that funds are available to customers as required.

Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as financing. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the related commitment because the Group does not generally expect the third party to draw funds under the agreement.

Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralized by the underlying shipments of goods to which they relate and, therefore, have significantly less credit risk.

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be presented before being reimbursed by customers.

Commitments to extend credit represent the unused portion of authorisations to extend credit, principally in the form of financing, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss, which cannot be readily quantified, is expected to be considerably less than the total unused commitments as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of the commitments could expire or terminate without being funded.

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### c) Credit related commitments and contingencies (continued)

i) The contractual maturity structure for the Group's credit related commitments and contingencies are as follows:

| | | | (SAR'000) | | |
|---|---|---|---|---|---|
| **2025** | **Within 3 months** | **3-12 months** | **1-5 years** | **Over 5 years** | **Total** |
| Letters of credit | **2,709,072** | **1,076,213** | **547,618** | **-** | **4,332,903** |
| Letters of guarantee | **12,197,537** | **3,273,435** | **262,842** | **36,161** | **15,769,975** |
| Acceptances | **1,330,997** | **-** | **-** | **-** | **1,330,997** |
| Irrevocable commitments to extend credit | **48,842** | **6,015** | **1,072,119** | **975,626** | **2,102,602** |
| **Total** | **16,286,448** | **4,355,663** | **1,882,579** | **1,011,787** | **23,536,477** |
| Allowance for impairment | | | | | **(323,358)** |
| **Net exposure** | | | | | **23,213,119** |

| | | | (SAR'000) | | |
|---|---|---|---|---|---|
| **2024** | **Within 3 months** | **3-12 months** | **1-5 years** | **Over 5 years** | **Total** |
| Letters of credit | 1,544,225 | 792,054 | 543,839 | - | 2,880,118 |
| Letters of guarantee | 9,471,687 | 2,504,007 | 224,809 | 23,050 | 12,223,553 |
| Acceptances | 1,108,259 | - | - | - | 1,108,259 |
| Irrevocable commitments to extend credit | - | 104,620 | 561,278 | 1,426,431 | 2,092,329 |
| **Total** | 12,124,171 | 3,400,681 | 1,329,926 | 1,449,481 | 18,304,259 |
| Allowance for impairment | | | | | (351,252) |
| **Net exposure** | | | | | 17,953,007 |

Due to the nature of the contingent liabilities and credit commitment, it is probable that the guarantees and commitments could be called in the less than three months bucket, being the earliest period in which the guarantees could be called, and commitments could be drawn.

The outstanding unused portion of commitments as at December 31, 2025, which can be revoked unilaterally at any time by the Group, amounts to SAR 6.92 billion (2024: SAR 5.64 billion ).

**20. COMMITMENTS AND CONTINGENCIES (continued)**

**c) Credit related commitments and contingencies (continued)**

ii) The following table explains changes in gross carrying amount of the credit related commitments and contingencies to help explain their significance to the changes in the credit loss allowance for the same portfolio.

| | **2025** | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | **(SAR'000)** | | | |
| **Gross carrying amount as at 1 January 2025** | **17,283,933** | **486,381** | **533,945** | **18,304,259** |
| Transfer to 12-month ECL | **17,859** | **(16,583)** | **(1,276)** | **-** |
| Transfer to lifetime ECL not credit – impaired | **(436,873)** | **436,873** | **-** | **-** |
| Transfer to lifetime ECL credit – impaired | **(122,348)** | **-** | **122,348** | **-** |
| New financial assets originated | **5,514,272** | **171,348** | **-** | **5,685,620** |
| Financial assets derecognised during the year | **(837,175)** | **(116,559)** | **(174,341)** | **(1,128,075)** |
| Other movements | **(4,277)** | **719,574** | **(40,624)** | **674,673** |
| **Gross carrying amount as at 31 December 2025** | **21,415,391** | **1,681,034** | **440,052** | **23,536,477** |

Other movements mainly represent changes in exposures for customers where there has been no change in the stage during the year.

| | **2024** | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | (SAR'000) | | | |
| **Gross carrying amount as at 1 January 2024** | 13,187,483 | 48,116 | 519,682 | 13,755,281 |
| Transfer to 12-month ECL | 46,078 | (44,772) | (1,306) | - |
| Transfer to lifetime ECL not credit – impaired | (127,236) | 127,236 | - | - |
| Transfer to lifetime ECL credit – impaired | (28,475) | (1,178) | 29,653 | - |
| New financial assets originated | 5,148,474 | 5,000 | - | 5,153,474 |
| Financial assets derecognised during the year | (1,008,259) | (685) | (14,078) | (1,023,022) |
| Other movements | 65,868 | 352,664 | (6) | 418,526 |
| **Gross carrying amount as at 31 December 2024** | 17,283,933 | 486,381 | 533,945 | 18,304,259 |

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### c) Credit related commitments and contingencies (continued)

iii) An analysis of changes in allowance for impairment for credit related commitments and contingencies is as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **ECL as at 1 January 2025** | **52,487** | **2,059** | **296,706** | **351,252** |
| Transfer to 12-month ECL | **712** | **(74)** | **(638)** | **-** |
| Transfer to lifetime ECL not credit – Impaired | **(1,031)** | **1,031** | **-** | **-** |
| Transfer to lifetime ECL credit impaired | **(530)** | **-** | **530** | **-** |
| Net re-measurement of loss allowance | **(18,276)** | **10,526** | **72,303** | **64,553** |
| New financial assets originated | **8,716** | **2,330** | **-** | **11,046** |
| Financial assets that have been derecognized | **(2,183)** | **(166)** | **(101,144)** | **(103,493)** |
| **ECL as at 31 December 2025** | **39,895** | **15,706** | **267,757** | **323,358** |

| | 2024 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **ECL as at 1 January 2024** | 44,753 | 301 | 284,757 | 329,811 |
| Transfer to 12-month ECL | 270 | (232) | (38) | - |
| Transfer to lifetime ECL not credit – Impaired | (344) | 344 | - | - |
| Transfer to lifetime ECL credit impaired | (196) | (6) | 202 | - |
| Net re-measurement of loss allowance | (5,102) | 1,640 | 19,889 | 16,427 |
| New financial assets originated | 15,270 | 38 | - | 15,308 |
| Financial assets that have been derecognized | (2,164) | (26) | (8,104) | (10,294) |
| **ECL as at 31 December 2024** | 52,487 | 2,059 | 296,706 | 351,252 |

iv) The analysis of commitments and contingencies by counterparty is as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Government and quasi government | **433,013** | 759,482 |
| Corporate | **14,050,630** | 11,509,122 |
| Banks and other financial institutions | **9,052,834** | 6,035,655 |
| | **23,536,477** | 18,304,259 |
| Allowance for impairment | **(323,358)** | (351,252) |
| **Total** | **23,213,119** | 17,953,007 |

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### d) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases where the Group is the lessee are as follows:

| | **2025** | 2024 |
|---|---|---|
| | **SAR'000** | SAR'000 |
| Less than 1 year | **21,363** | 23,742 |
| 1 to 5 years | **41,433** | 68,142 |
| **Total** | **62,796** | 91,884 |

## 21. NET FINANCING AND INVESTMENT INCOME

| | **2025** | 2024 |
|---|---|---|
| | **SAR'000** | SAR'000 |
| **Income from investments and financing** | | |
| Financing | **6,670,124** | 5,856,180 |
| Investments held at amortised cost | **974,042** | 925,943 |
| Investments held at FVOCI | **402,986** | 380,506 |
| Shari'ah compliant derivatives | **199,242** | 376,579 |
| Due from banks and other financial institutions | **350,791** | 439,585 |
| **Total** | **8,597,185** | 7,978,793 |
| **Return on deposits and financial liabilities** | | |
| Customers' deposits | **4,121,598** | 3,740,659 |
| Due to banks and other financial institutions | **1,164,669** | 1,107,031 |
| Shari'ah compliant derivatives | **157,659** | 331,951 |
| Subordinated Sukuk | **141,984** | 157,645 |
| Finance cost on leased assets | **16,495** | 11,591 |
| Others | **(4,872)** | (4,506) |
| **Total** | **5,597,533** | 5,344,371 |
| **Net financing and investment income** | **2,999,652** | 2,634,422 |

All of the Group's income from investments and financing and return on deposits and financial liabilities is from Shari'ah approved products.

Shari'ah-compliant derivatives income included above is measured on a basis other than the effective profit rate (EPR). Financing income includes income from Ijara (Auto Lease) contracts amounting to SAR 97.05 million (2024: SAR 47.73 million) which is as booked as per IFRS 16.

## 22. FEES FROM BANKING SERVICES, NET

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| **Fees from banking services - income** | | |
| Cards business | **381,030** | 380,234 |
| Mutual funds fees | **283,027** | 188,095 |
| Trade finance | **177,571** | 147,736 |
| Local share trading | **97,666** | 171,684 |
| Fees from remittance business | **63,345** | 71,803 |
| Investment banking and advisory fee | **19,905** | 20,937 |
| Financing related fees | **51,904** | 35,555 |
| International share trading | **18,300** | 14,469 |
| Others | **43,075** | 55,153 |
| Total fees from banking services | **1,135,823** | 1,085,666 |
| **Fees from banking services - expense** | | |
| Cards related expenses | **(305,026)** | (348,936) |
| Brokerage fees | **(51,350)** | (90,478) |
| Mutual funds related expenses | **(23,287)** | (26,753) |
| Financing related expenses | **(18,802)** | (12,785) |
| International share trading | **(3,268)** | (2,616) |
| Remittance business fee expense | **(101)** | (37) |
| Total fees expense on banking services | **(401,834)** | (481,605) |
| **Total** | **733,989** | 604,061 |

## 23. NET GAIN / (LOSS) ON FVIS FINANCIAL INSTRUMENTS

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| Mutual funds | **85,870** | 44,647 |
| Equities and convertible debt instruments | **83,376** | (1,732) |
| Derivatives | **2,644** | 1,726 |
| **Total** | **171,890** | 44,641 |

Net gain on FVIS financial instruments includes net unrealized gain of SAR 197.62 million (2024: unrealised gain of SAR 19.45 million).

## 24. DIVIDEND INCOME

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| Investments - FVOCI | **176,402** | 151,499 |
| Investments - FVIS | **75,553** | 41,182 |
| **Total** | **251,955** | 192,681 |

## 25. OTHER OPERATING INCOME

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Gain on sale of other real estate | **3,219** | 68,077 |
| Gain on sale of property and equipment | **564** | 14 |
| Others | **32,896** | 14,442 |
| **Total** | **36,679** | 82,533 |

## 26. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| VAT and government related charges | **106,126** | 72,859 |
| Repair & maintenance, utilities and IT cost | **374,131** | 342,138 |
| Insurance cost | **46,235** | 39,351 |
| Legal, Professional and consultancy fee | **83,898** | 77,291 |
| Communication, publication and advertisement charges | **95,187** | 53,248 |
| Stationery and supplies | **35,758** | 35,416 |
| Travel and entertainment | **16,107** | 14,235 |
| Others | **52,303** | 68,156 |
| **Total** | **809,745** | 702,694 |

### 26.1. Auditors' remuneration

Auditors' remuneration for the statutory audit of the Group's consolidated financial statements (including financial statements of the subsidiaries) for the year ended 31 December 2025 amounts to SAR 3.74 million (2024: SAR 2.76 million). Auditors' remuneration for the review of the Group's interim financial information for the year ended 31 December 2025 and provision of other statutory and related services amounts to SAR 1.19 million and SAR 1.12 million respectively. (2024: SAR SAR 1.03 million and SAR 0.42 million respectively)

## 27. EARNINGS PER SHARE

Basic earnings per share for the current and prior year is calculated by dividing the net income for the year attributable to common equity holders of the Bank (adjusted for Tier 1 sukuk related costs) by the weighted average number of ordinary shares outstanding. The weighted average number of shares have been retrospectively adjusted for prior year to reflect the effect of the changes in number of shares due to issue of bonus shares.

| | **2025 SAR'000** | 2024 SAR'000 Restated |
|---|---|---|
| **Profit attributable to ordinary share holders** | | |
| (adjusted for Tier 1 sukuk related costs) | | |
| For basic and diluted earnings per share | **1,276,278** | 1,035,127 |
| | **Shares** | Shares |
| **Weighted-average number of** | | |
| **ordinary shares after the adjustment of treasury shares** | | |
| For basic and diluted earnings per share | **1,276,214,869** | 1,281,250,000 |
| Basic and diluted earnings per share (in SAR) | **1.00** | 0.81 |

The calculations of basic and diluted earnings per share are same for the Group.

## 28. ZAKAT AND INCOME TAX

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| **Zakat** | | |
| Current year | **189,567** | 167,810 |
| Prior year | **77,578** | (2,529) |
| | **267,145** | 165,281 |
| **Income tax** | | |
| Current year | **13,144** | 8,384 |
| | **13,144** | 8,384 |
| **Total** | **280,289** | 173,665 |

***Status of assessments:***

The Bank has submitted its objection to the General Secretariat of Tax Committees (GSTC) related to Zakat assessments for the years 2019 and 2021, amounting to SAR 77.57 million and SAR 65.5 million respectively. The Bank continues to contest this case as it has strong grounds.

As of 31 December 2025, the Bank has filed its Zakat and Income Tax returns with the Zakat, Tax, and Customs Authority (ZATCA) and has paid Zakat and Income Tax for the years up to and including 2024. Zakat and Income Tax assessments have been finalized up to the fiscal year 2018.

## 29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

| | 2025 SAR'000 | 2024 SAR'000 Restated (noted 43) |
|---|---|---|
| Cash and balances with SAMA, excluding statutory deposit (note 4) | **1,554,523** | 1,154,335 |
| Due from banks and other financial institutions with original maturity of 90 days or less from the date of acquisition | **986,136** | 1,635,471 |
| **Total** | **2,540,659** | 2,789,806 |

**29.1** Below is a reconciliation of liabilities arising from financing activities:

| **2025** | **Subordinated Sukuk** | **Dividend Payable** | **Lease liabilities against right of use assets** |
|---|---|---|---|
| | | **(SAR' 000)** | |
| **Balances as at 1 January 2025** | **2,005,918** | **62,934** | **177,821** |
| **Changes from financing cash flows** | | | |
| Payment of return on Subordinate Sukuk | **(140,414)** | **-** | **-** |
| Payment of leased liability - principal | **-** | **-** | **(74,707)** |
| Dividend paid | **-** | **(14,652)** | **-** |
| **Other changes** | | | |
| Increase due to additions | **-** | **-** | **100,423** |
| Payment of leased liability - profit | **-** | **-** | **(16,495)** |
| Financing cost | **140,243** | **-** | **16,495** |
| Amortisation of transaction cost | **1,742** | **-** | **-** |
| **Balances as at 31 December 2025** | **2,007,489** | **48,282** | **203,537** |

**29. CASH AND CASH EQUIVALENTS (continued)**

**29.1** Below is a reconciliation of liabilities arising from financing activities: (continued)

| **2024** | **Subordinated Sukuk** | **Dividend Payable** | **Lease liabilities against right of use assets** |
|---|---|---|---|
| | | (SAR' 000) | |
| **Balances as at 1 January 2024** | 2,004,346 | 66,610 | 197,373 |
| **Changes from financing cash flows** | | | |
| Payment of return on Subordinate Sukuk | (156,073) | - | - |
| Payment of leased liability - principal | - | - | (97,960) |
| Dividend paid | - | (3,676) | - |
| **Other changes** | | | |
| Increase due to additions | - | - | 78,408 |
| Payment of leased liability - profit | - | - | (11,591) |
| Financing cost | 155,903 | - | 11,591 |
| Amortisation of transaction cost | 1,741 | - | - |
| Other adjustments | 1 | - | - |
| **Balances as at 31 December 2024** | 2,005,918 | 62,934 | 177,821 |

**30 EMPLOYEE BENEFIT OBLIGATION**

**30.1 Defined Benefit obligation**

a) General description

The Group operates an "End of Service Benefit Plan" for its employees based on the prevailing Saudi Labour Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

b) The amounts recognized in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Defined benefit obligation at the beginning of the year | **309,433** | 293,066 |
| Charge for the year | **36,658** | 23,334 |
| Finance cost | **15,873** | 12,505 |
| Benefits paid | **(29,568)** | (37,157) |
| Re-measurements | **8,040** | 17,685 |
| Defined benefit obligation at the end of the year | **340,436** | 309,433 |

c) Amounts recognized in consolidated statement of income

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Current service cost | **36,658** | 33,277 |
| Past service cost | **-** | (9,943) |
| | **36,658** | 23,334 |

**30 EMPLOYEE BENEFIT OBLIGATION (continued)**

**30.1 Defined Benefit obligation (continued)**

d) Re-measurement gain recognised in consolidated other comprehensive income

| | **2025** **SAR'000** | 2024 SAR'000 |
|---|---|---|
| Changes in experience assumptions | **17,781** | (5,849) |
| Changes in demographic assumptions | **-** | 569 |
| Changes in financial assumptions | **(9,741)** | 22,965 |
| | **8,040** | 17,685 |

e) Principal actuarial assumptions used in estimating the defined benefit obligation included:

| | **2025** | 2024 |
|---|---|---|
| Discount rate | 5.15% | 5.35% |
| Expected rate of salary increase (long term) | 3.80% | 3.00% |
| Withdrawal rate | 13% up to 35 years and 9% for others | 13% up to 35 years and 9% for others |
| Average duration | 8.01 years | 6.72 years |
| Normal retirement age | 65 years | 65 years |

f) The table below illustrates the sensitivity of the defined benefit obligation due to changes in the key assumptions and holding all other variables constant:

| | | **2025 SAR'000** | |
|---|---|---|---|
| | **Change in assumption** | **Increase in assumption** | **Decrease in assumption** |
| Discount rate | 1% | **(26,102)** | **30,022** |
| Expected rate of salary increase | 1% | **31,484** | **(27,824)** |
| Withdrawal rate | 10% | **(1,637)** | **1,944** |

| | | **2024 SAR'000** | |
|---|---|---|---|
| | **Change in assumption** | **Increase in assumption** | **Decrease in assumption** |
| Discount rate | 1% | (20,710) | 23,570 |
| Expected rate of salary increase | 1% | 24,910 | (22,247) |
| Withdrawal rate | 10% | (624) | 776 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

## 30. EMPLOYEE BENEFIT OBLIGATION (continued)

### 30.1 Defined Benefit obligation (continued)

g) Expected maturity analysis of undiscounted defined benefit obligation for the end of service plan is as follows:

**SAR'000**

| | Less than a year | 1-2 years | 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **December 31, 2025** | **32,064** | **28,683** | **81,576** | **417,485** | **559,808** |
| December 31, 2024 | 36,435 | 32,153 | 85,354 | 334,046 | 487,988 |

h) The expected contribution for next year amounts to SAR 54.83 million (2024: SAR 50.10 million) comprising of service cost and finance cost.

### 30.2 Defined Contribution obligation

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was SAR 51.99 million (2024: SAR 45.54 million).

## 31. OPERATING SEGMENTS

The operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (Chief Executive Officer) in order to allocate resources to the segments and to assess their performance.

All of the Group's operations are based in the Kingdom of Saudi Arabia.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated statement of income. Segment assets and liabilities comprise operating assets and liabilities.

For management reporting purposes, the Group is organized into following main operating segments:

**Personal banking**
Deposit, credit and investment products for individuals.

**Corporate banking**
Financing, deposits and other credit products for corporate, small to medium sized business and institutional customers.

**Treasury**
Treasury includes money market, foreign exchange, trading and treasury services.

**Brokerage and asset management**
Group provides shares brokerage and asset management services to customers (this segment includes the activities of the Bank's subsidiary AlJazira Capital Company).

**31. OPERATING SEGMENTS (continued)**

**Others**
Others include investment in associate, inter segment income and expense eliminations and gain on sale of other real estate.

The Group's total assets and liabilities and its income from operations and net income for the year by operating segment are as follows:

| 2025 | Personal banking | Corporate banking | Treasury | Brokerage and asset management | Others | Total |
|---|---|---|---|---|---|---|
| | | | SAR'000 | | | |
| **Total assets** | **50,493,881** | **58,676,385** | **51,637,409** | **4,779,660** | **336,639** | **165,923,974** |
| **Total liabilities** | **40,818,288** | **57,717,783** | **42,914,733** | **2,698,415** | **(74)** | **144,149,145** |
| Inter - segment profit / (loss) | **294,302** | **(271,680)** | **(22,622)** | **-** | **-** | **-** |
| **Total operating income** | **2,328,650** | **1,343,154** | **511,747** | **629,301** | **(348,518)** | **4,464,334** |
| of which: | | | | | | |
| - Net financing and investment income | **1,796,136** | **1,021,632** | **47,262** | **134,622** | **-** | **2,999,652** |
| - Fees from banking services, net | **259,985** | **197,460** | **85** | **340,992** | **(64,533)** | **733,989** |
| - Net gain /(loss) on FVIS financial instruments | **60,188** | **15,527** | **25,026** | **74,544** | **(3,395)** | **171,890** |
| **Total operating expenses** | **(1,617,318)** | **(645,474)** | **(177,938)** | **(251,725)** | **1,083** | **(2,691,372)** |
| of which<br>- Impairment charge for financing and other financial assets, net | **(27,616)** | **(325,234)** | **(894)** | **-** | **-** | **(353,744)** |
| - Depreciation and amortisation | **(137,309)** | **(16,853)** | **(12,056)** | **(11,365)** | **-** | **(177,583)** |
| Share in net income of an associate | **-** | **-** | **-** | **1,839** | **11,032** | **12,871** |
| **Net income before zakat and income tax** | **711,332** | **697,680** | **333,809** | **379,415** | **(336,403)** | **1,785,833** |

**31. OPERATING SEGMENTS (continued)**

| 2024 | Personal banking | Corporate banking | Treasury | Brokerage and asset management | Others | Total |
|---|---|---|---|---|---|---|
| | | | SAR'000 | | | |
| **Total assets** | 44,685,961 | 50,552,799 | 49,617,330 | 3,938,976 | 323,635 | 149,118,701 |
| **Total liabilities** | 43,727,176 | 52,491,559 | 33,279,798 | 2,205,919 | (81) | 131,704,371 |
| Inter - segment profit / (loss) | 582,223 | 19,847 | (558,203) | - | (43,867) | - |
| **Total operating income** | 2,081,817 | 1,203,802 | 404,576 | 441,775 | (352,573) | 3,779,397 |
| of which: | | | | | | |
| - Net financing and investment income | 1,643,417 | 913,986 | 22,171 | 98,714 | (43,866) | 2,634,422 |
| - Fees from banking services, net | 232,490 | 164,153 | 87 | 275,255 | (67,924) | 604,061 |
| - Net gain on FVIS financial instruments | - | - | 15,011 | 29,630 | - | 44,641 |
| **Total operating expenses** | (1,530,824) | (501,602) | (162,867) | (197,487) | 1,101 | (2,391,679) |
| of which | | | | | | |
| - Impairment charge for financing and other financial assets, net | (53,328) | (263,262) | (870) | - | - | (317,460) |
| - Impairment reversal for other real estate | - | 42,571 | - | - | - | 42,571 |
| - Depreciation and amortisation | (142,990) | (16,997) | (13,244) | (10,584) | - | (183,815) |
| Share in net income of an associate | - | - | - | 2,414 | 14,487 | 16,901 |
| **Net income before zakat and income tax** | 550,993 | 702,200 | 241,709 | 246,702 | (336,985) | 1,404,619 |

a) The Group's credit exposure by operating segment is as follows:

| | (SAR'000) | | | | |
|---|---|---|---|---|---|
| 2025 | Personal banking | Corporate banking | Brokerage and asset management | Treasury | Total |
| Assets | **2,573,801** | **58,837,796** | **49,791,363** | **37,858,931** | **149,061,891** |
| Commitments and contingencies | **-** | **20,108,465** | **-** | **-** | **20,108,465** |
| Derivatives | **-** | **-** | **-** | **706,055** | **706,055** |

## 31. OPERATING SEGMENTS (continued)

a) The Group's credit exposure by operating segment is as follows (continued):

| | (SAR'000) | | | | |
|---|---|---|---|---|---|
| **2024** | **Personal banking** | **Corporate banking** | **Brokerage and asset management** | **Treasury** | **Total** |
| Assets | 44,379,691 | 50,287,374 | 2,257,913 | 37,553,088 | 134,478,066 |
| Commitments and contingencies | - | 15,608,803 | - | - | 15,608,803 |
| Derivatives | - | - | - | 664,660 | 664,660 |

Credit exposure comprises the carrying value of the consolidated assets excluding cash, property and equipment, other real estate, investment in equities and mutual funds and certain other assets. Additionally, the credit equivalent values of commitments, contingencies and derivatives are also included in the credit exposure.

## 32. FINANCIAL RISK MANAGEMENT

### 32.1 Credit Risk

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has set up Board Risk Committee (BRC) which has the responsibility to monitor the overall risk process within the Bank.

The BRC has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

The BRC is responsible for supervising risk management decisions and monitoring risk levels and reviewing Risk Management reports / Dashboards on a regular basis. BRC is mandated to escalate to the Board any risk management issue which warrants attention of the Board of Directors of the Bank.

The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in lending activities that lead to financing, and investment activities. There is also credit risk in off-balance sheet financial instruments, such as credit related commitments.

The Group assesses the probability of default of counterparties using internal rating tools. Also, the Group uses the external ratings, of the major rating agency, where available.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.1 Credit Risk (continued)

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The Group seeks to manage its credit risk exposure through diversification of financing activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate.  The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual financing.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Group regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

The debt securities included in the investment portfolio are mainly sovereign risk. Analysis of investments by counter-party is provided in note 6. For details of the composition of financing refer to note 7. Information on credit risk relating to shari'ah compliant derivative instruments is provided in note 11 and for commitments and contingencies in note 20. The information on Bank's maximum credit exposure by business segment is given in note 31.

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.1 Credit Risk (continued)

The Group's internal credit rating grading is as follows:

| ajb Internal Grade | Description | Band | PD Lower Bound | PD Upper Bound | Mapping to Moodys Master Scale | Moody's Master Scale Mid-Point PD |
|---|---|---|---|---|---|---|
| 1A | Superior | 1 | 0.000% | 0.010% | A2 | 0.0109% |
| 2A | Excellent | 2 | 0.010% | 0.015% | A2 | 0.0109% |
| 2B | Excellent | | 0.015% | 0.023% | A2 | 0.0109% |
| 2C | Excellent | | 0.023% | 0.035% | A3 | 0.0389% |
| 3A | Very Good | 3 | 0.035% | 0.053% | A3 | 0.0389% |
| 3B | Very Good | | 0.053% | 0.080% | Baa1 | 0.0900% |
| 3C | Very Good | | 0.080% | 0.120% | Baa1 | 0.0900% |
| 4A | Good | 4 | 0.120% | 0.190% | Baa2 | 0.1700% |
| 4B | Good | | 0.190% | 0.280% | Baa2 | 0.1700% |
| 4C | Good | | 0.280% | 0.430% | Baa3 | 0.4200% |
| 5A | Acceptable | 5 | 0.430% | 0.700% | Baa3 | 0.4200% |
| 5B | Acceptable | | 0.700% | 1.000% | Ba1 | 0.8700% |
| 5C | Acceptable | | 1.000% | 1.500% | Ba2 | 1.5600% |
| 6A | Acceptable with Care | 6 | 1.500% | 2.300% | Ba2 | 1.5600% |
| 6B | Acceptable with Care, Not Rated, Start Up | | 2.300% | 3.500% | Ba3 | 2.8100% |
| 6C | Acceptable with Care, Watch list | | 3.500% | 5.000% | B1 | 4.6800% |
| 7A | Special Attention | 7 | 5.000% | 8.000% | B2 | 7.1600% |
| 7B | Special Attention | | 8.000% | 12.000% | B3 | 11.6200% |
| 7C | Special Attention | | 12.000% | 100.000% | Caa1 | 17.3816% |
| 8A | Default -Sub-Standard | 8 | 100.000% | 100.000% | C | 100.0000% |
| 9A | Default -Doubtful | 9 | 100.000% | 100.000% | C | 100.0000% |
| 9B | Default - Loss | | 100.000% | 100.000% | C | 100.0000% |

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.2 Credit quality analysis**

The following table sets out information about the credit quality of financial assets measured at amortized cost and FVOCI sukuk investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For credit related commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **Due from banks and other financial institutions, net** | | | | |
| Investment grade | **5,849,717** | **-** | **-** | **5,849,717** |
| Non-investment grade | **9,277** | **173,952** | **-** | **183,229** |
| Unrated | **1,809** | **170** | **-** | **1,979** |
| | **5,860,803** | **174,122** | **-** | **6,034,925** |
| Allowance for ECL | **(2,954)** | **(6,200)** | **-** | **(9,154)** |
| Carrying amount | **5,857,849** | **167,922** | **-** | **6,025,771** |
| **Financing to customers at amortized cost** | | | | |
| Low – fair risk | **107,196,956** | **-** | **-** | **107,196,956** |
| Watch list | **-** | **3,275,034** | **1,392,961** | **4,667,995** |
| Default | **-** | **-** | **1,164,659** | **1,164,659** |
| | **107,196,956** | **3,275,034** | **2,557,620** | **113,029,610** |
| Allowance for ECL | **(337,463)** | **(240,677)** | **(1,589,301)** | **(2,167,441)** |
| Carrying amount | **106,859,493** | **3,034,357** | **968,319** | **110,862,169** |

Lifetime ECL credit impaired includes non-performing Financing. It also includes exposures that are now performing but have yet to complete the curing period to be eligible to be upgraded to a not-impaired category.

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **Due from banks and other financial institutions, net** | | | | |
| Investment grade | 6,451,718 | - | - | 6,451,718 |
| Non-investment grade | 7,490 | 175,835 | - | 183,325 |
| Unrated | 70,311 | - | - | 70,311 |
| | 6,529,519 | 175,835 | - | 6,705,354 |
| Allowance for ECL | (2,053) | (6,184) | - | (8,237) |
| Carrying amount | 6,527,466 | 169,651 | - | 6,697,117 |
| **Financing to customers at amortized cost** | | | | |
| Low – fair risk | 93,437,785 | - | - | 93,437,785 |
| Watch list | - | 2,571,824 | 2,229,817 | 4,801,641 |
| Default | - | - | 1,202,077 | 1,202,077 |
| | 93,437,785 | 2,571,824 | 3,431,894 | 99,441,503 |
| Allowance for ECL | (317,382) | (282,012) | (1,929,613) | (2,529,007) |
| Carrying amount | 93,120,403 | 2,289,812 | 1,502,281 | 96,912,496 |

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.2 Credit quality analysis (continued)

**a)** The following table sets out information about the credit quality of financing to customers at amortized cost by class of financial instrument:

| Consumer financing | December 31, 2025 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **Financing to customers at amortized cost** | | | | |
| Low – fair risk | **38,908,520** | **-** | **-** | **38,908,520** |
| Watch list | **-** | **436,137** | **84,055** | **520,192** |
| Default | **-** | **-** | **233,680** | **233,680** |
| | **38,908,520** | **436,137** | **317,735** | **39,662,392** |
| Allowance for ECL | **(151,488)** | **(6,276)** | **(150,988)** | **(308,752)** |
| Carrying amount | **38,757,032** | **429,861** | **166,747** | **39,353,640** |

| Consumer financing | December 31, 2024 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **Financing to customers at amortized cost** | | | | |
| Low – fair risk | 35,038,615 | - | - | 35,038,615 |
| Watch list | - | 248,654 | - | 248,654 |
| Default | - | - | 291,192 | 291,192 |
| | 35,038,615 | 248,654 | 291,192 | 35,578,461 |
| Allowance for ECL | (140,033) | (2,738) | (173,131) | (315,902) |
| Carrying amount | 34,898,582 | 245,916 | 118,061 | 35,262,559 |

| Commercial financing | December 31, 2025 | | | |
|---|---|---|---|---|
| | 12 month ECL (Stage 1) | Life time ECL not credit impaired (Stage 2) | Lifetime ECL credit impaired (Stage 3) | Total |
| | (SAR'000) | | | |
| **Financing to customers at amortized cost** | | | | |
| Low – fair risk | **68,288,436** | **-** | **-** | **68,288,436** |
| Watch list | **-** | **2,838,897** | **1,308,906** | **4,147,803** |
| Default | **-** | **-** | **930,979** | **930,979** |
| | **68,288,436** | **2,838,897** | **2,239,885** | **73,367,218** |
| Allowance for ECL | **(185,975)** | **(234,401)** | **(1,438,313)** | **(1,858,689)** |
| Carrying amount | **68,102,461** | **2,604,496** | **801,572** | **71,508,529** |

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.2 Credit quality analysis (continued)**

| | December 31, 2024 | | | |
|---|---|---|---|---|
| **Commercial financing** | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | | (SAR'000) | | |
| **Financing to customers at amortized cost** | | | | |
| Low – fair risk | 58,399,170 | - | - | 58,399,170 |
| Watch list | - | 2,323,170 | 2,229,817 | 4,552,987 |
| Default | - | - | 910,885 | 910,885 |
| | 58,399,170 | 2,323,170 | 3,140,702 | 63,863,042 |
| Allowance for ECL | (177,349) | (279,274) | (1,756,482) | (2,213,105) |
| Carrying amount | 58,221,821 | 2,043,896 | 1,384,220 | 61,649,937 |

The following table sets out information about the credit quality of debt investments.

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | | **(SAR'000)** | | |
| **Debt investment securities at amortized cost** | | | | |
| Low – fair risk | **22,241,528** | **-** | **-** | **22,241,528** |
| Allowance for ECL | **(9,226)** | **-** | **-** | **(9,226)** |
| Carrying amount | **22,232,302** | **-** | **-** | **22,232,302** |
| **Debt investment securities at FVOCI** | | | | |
| Low – fair risk | **10,516,343** | **-** | **-** | **10,516,343** |
| Allowance for ECL | **(3,980)** | **-** | **-** | **(3,980)** |
| Carrying amount | **10,512,363** | **-** | **-** | **10,512,363** |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | | (SAR'000) | | |
| **Debt investment securities at amortized cost** | | | | |
| Low – fair risk | 21,093,972 | - | - | 21,093,972 |
| Allowance for ECL | (10,105) | - | - | (10,105) |
| Carrying amount | 21,083,867 | - | - | 21,083,867 |
| **Debt investment securities at FVOCI** | | | | |
| Low – fair risk | 9,786,433 | - | - | 9,786,433 |
| Allowance for ECL | (1,847) | - | - | (1,847) |
| Carrying amount | 9,784,586 | - | - | 9,784,586 |

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.2 Credit quality analysis (continued)

The classification of investments in debt instruments as per their external ratings is as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Aa3 | 10,789,604 | 12,834,213 |
| A2 | 8,793,184 | 7,063,658 |
| A3 | 846,987 | 735,619 |
| Baa1 | 286,444 | - |
| Baa3 | 1,525,309 | 460,482 |
| **Debt investment securities at amortized cost** | **22,241,528** | **21,093,972** |
| Aa3 | 9,484,465 | 9,337,827 |
| A2 | 160,551 | 386,658 |
| A3 | 415,111 | 10,098 |
| Baa3 | 456,216 | 51,850 |
| **Debt investment securities at FVOCI** | **10,516,343** | **9,786,433** |

The following table sets out information about the credit quality of Commitments and contingencies.

| | **December 31, 2025** | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | **(SAR'000)** | | | |
| **Commitments and contingencies** | | | | |
| Low – fair risk | **21,415,391** | **-** | **-** | **21,415,391** |
| Watch list | **-** | **1,681,034** | **79,169** | **1,760,203** |
| Default | **-** | **-** | **360,883** | **360,883** |
| | **21,415,391** | **1,681,034** | **440,052** | **23,536,477** |
| Allowance for ECL | **(39,895)** | **(15,706)** | **(267,757)** | **(323,358)** |
| Carrying amount (net of provision) | **21,375,496** | **1,665,328** | **172,295** | **23,213,119** |

| | **December 31, 2024** | | | |
|---|---|---|---|---|
| | **12 month ECL (Stage 1)** | **Life time ECL not credit impaired (Stage 2)** | **Lifetime ECL credit impaired (Stage 3)** | **Total** |
| | (SAR'000) | | | |
| **Commitments and contingencies** | | | | |
| Low – fair risk | 17,283,933 | - | - | 17,283,933 |
| Watch list | - | 486,381 | 28,643 | 515,024 |
| Default | - | - | 505,302 | 505,302 |
| | 17,283,933 | 486,381 | 533,945 | 18,304,259 |
| Allowance for ECL | (52,487) | (2,059) | (296,706) | (351,252) |
| Carrying amount (net of provision) | 17,231,446 | 484,322 | 237,239 | 17,953,007 |

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.3 Amounts arising from ECL – Significant increase in credit risk ("SICR")

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group classifies it's financing into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1 (12 month ECL): When a financing is first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 financing also include facilities where the credit risk has improved and the financing has been reclassified from Stage 2.

Stage 2 (Life time ECL not credit impaired): When a financing has shown a significant increase in credit risk ("SICR") since origination, the Group records an allowance for the Lifetime ECL. Stage 2 financing also include facilities, where the credit risk has improved and the financing has been reclassified from Stage 3.

Stage 3 (Lifetime ECL credit impaired): Financing considered credit-impaired. The Group records an allowance for the Lifetime ECL.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit is subsequently recognised based on a credit-adjusted effective yield rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

#### a) Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. Significant increase in credit risk is also evaluated based on the credit monitoring framework, including decrease in internal rating and macroeconomic factors and is subject to management overrides.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.3 Amounts arising from ECL – Significant increase in credit risk ("SICR") (continued)

#### a) Determining whether credit risk has increased significantly (continued)

Due dates are determined without considering any grace period that might be available to the borrower.
The Group monitors the effectiveness of the criteria used to identify SICR by regular reviews to confirm that:

- the criteria are capable of identifying SICR before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in ECL from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

**Credit risk grades**

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each corporate exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring of exposures involves use of the following data.

**Corporate exposures**

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality management, and senior management changes.
- Data from credit reference agencies, press articles, changes in external credit ratings
- Quoted bond and credit default swap (CDS) prices for the borrower where available
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

**Retail exposures**

- Internally collected data and customer behaviour – e.g. utilization of credit card facilities
- Affordability metrics
- External data from credit reference agencies including industry-standard credit scores

**All exposures**

- Payment record – this includes overdue status as well as a range of variables about payment ratios
- Utilization of the granted limit
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.3 Amounts arising from ECL – Significant increase in credit risk ("SICR") (continued)

#### b) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

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

This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, oil prices, real wages and unemployment rates. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the credit risk managers and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

#### c) Definition of 'Default'

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default. The Group considers indicators that are:

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

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

#### d) Modified financial assets

The contractual terms of a financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing whose terms have been modified may be derecognized and the renegotiated financing recognized as a new financing at fair value in accordance with the accounting policy.

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.3 Amounts arising from ECL – Significant increase in credit risk ("SICR") (continued)

#### d) Modified financial assets (continued)

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates financings to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, financing forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of financing covenants. Both consumer and commercial financing are subject to the forbearance/remedial policy. The Bank Board Risk Committee regularly reviews reports on forbearance activities.

The following tables refer to modified financial assets where modification does not result in derecognition.

| | **2025**<br>**SAR '000** | 2024<br>SAR '000 |
|---|---|---|
| **Financial assets (with loss allowance based on lifetime ECL) modified during the year** | | |
| Gross carrying amount before modification | **136,072** | 97,098 |
| Loss allowance before modification | **(3,157)** | (6,085) |
| Net amortised cost before modification | **132,915** | 91,013 |
| Net modification gain | **-** | - |
| Net amortised cost after modification | **132,915** | 91,013 |
| **Financial assets modified since initial recognition at a time when loss allowance was based on lifetime ECL** | | |
| Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL | **7,012** | 69,661 |

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect profit and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a SICR and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the ECL reverts to being measured at an amount equal to 12-month ECL.

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.3 Amounts arising from ECL – Significant increase in credit risk (“SICR”) (continued)

#### e) Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Bank Market Risk Policy Committee, Asset and Liability Committee (“ALCO”) and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Saudi Arabia and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at December 31, 2025 included the following key indicators.

- GDP
- Oil prices
- Unemployment rates
- Real wages / inflation rate

Predicted relationships between the key indicators and default / loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 10 to 15 years. The Group has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

| Economic Indicators | Forecast calendar years used in 2025 ECL model | | | Forecast calendar years used in 2024 ECL model | | |
|---|---|---|---|---|---|---|
| | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| GDP | **5,059.24** | **5,188.01** | **5,364.38** | 3,636.36 | 3,730.11 | 3,863.18 |
| Brent oil prices | **58.56** | **64.92** | **68.42** | 68.83 | 66.85 | 68.57 |

The table below shows the sensitivity of change in economic indicators to the ECL computed under three different scenarios used by the Bank:

| <u>2025</u> | **Due from Banks and investments** | **Financing** | **credit related commitment and financial guarantees** | **Total** |
|---|---|---|---|---|
| | *SAR ‘000’* | | | |
| Most likely | **22,360** | **2,167,441** | **323,358** | **2,513,159** |
| More optimistic (Baseline) | **21,644** | **2,133,182** | **311,490** | **2,466,316** |
| More optimistic (Upside) | **21,720** | **2,112,704** | **315,531** | **2,449,955** |
| More pessimistic (Downside) | **22,929** | **2,212,971** | **331,770** | **2,567,670** |

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.3 Amounts arising from ECL – Significant increase in credit risk ("SICR") (continued)**

**e) Incorporation of forward looking information (continued)**

| 2024 | Due from Banks and investments | Financing | credit related commitment and financial guarantees | Total |
|---|---|---|---|---|
| | *SAR '000'* | | | |
| Most likely | 20,189 | 2,529,007 | 351,252 | 2,900,448 |
| More optimistic (Baseline) | 20,238 | 2,531,769 | 353,607 | 2,905,614 |
| More optimistic (Upside) | 20,205 | 2,459,636 | 344,460 | 2,824,301 |
| More pessimistic (Downside) | 20,298 | 2,608,264 | 362,593 | 2,991,155 |

The weightage for Baseline, Upside and Downside scenario is 40%, 30% and 30% respectively.

**f) Measurement of ECL**

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

i. probability of default (PD);
ii. loss given default (LGD);
iii. exposure at default (EAD).

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

PD estimates are estimates at a certain date, which are calculated, based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD for each line of business based on expert judgment and historical experience The Group has made an assessment of the data driven approaches for LGD. However, on account of data limitations and associated challenges, the Group uses regulatory LGD benchmarks, based on Basel guidelines and LGD estimates determined in line with National Credit Data Pooling Consortium report.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a credit related commitment or guarantee.

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.3 Amounts arising from ECL – Significant increase in credit risk ("SICR") (continued)**

**f) Measurement of ECL (continued)**

However, for retail overdrafts and credit card facilities that include both a financing and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits. Cancellation of the facility and/or turning the outstanding balance into a financing with fixed repayment terms.

The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year-end:

| **Assumptions sensitized** | **2025 SAR '000** | 2024 SAR '000 |
|---|---|---|
| **Statement of income Impact** | | |
| *Macro-economic factors:* | | |
| Decrease in \$10 oil price per barrel | **196,069** | 56,807 |
| Decrease in \$20 oil price per barrel | **233,221** | 68,758 |
| Decrease in GDP by 5% | **59,335** | 53,096 |
| Increase in inflation by 10% | N/A | N/A |

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

- instrument type;
- credit risk grading;
- collateral type;
- LTV (financing to value) ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The Grouping is subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

| | | **External benchmarks used** | |
|---|---|---|---|
| | Exposure (SAR '000) | PD | LGD |
| Due from Banks and other financial institutions | **6,034,925** | Moody's / FITCH / S&P – lower of the two ratings for each bank is considered for assignment of Risk Weights under Standardised Approach | N/A |

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.4 Ageing of financing (past due but not classified as Non-Performing Financing)**

| 31 December 2025 | Consumer financing | Commercial financing | Total |
|---|---|---|---|
| | | SAR '000 | |
| From 1 day to 30 days | **1,141,206** | **28,706** | **1,169,912** |
| From 31 Days to 90 days | **289,790** | **347,738** | **637,528** |
| From 91 Days to 180 days | **-** | **329,624** | **329,624** |
| More than 180 days | **-** | **844,344** | **844,344** |
| **Total financing** | **1,430,996** | **1,550,412** | **2,981,408** |

| 31 December 2024 | Consumer financing | Commercial financing | Total |
|---|---|---|---|
| | | SAR '000 | |
| From 1 day to 30 days | 868,912 | 542,521 | 1,411,433 |
| From 31 Days to 90 days | 316,427 | 141,348 | 457,775 |
| From 91 Days to 180 days | 5,354 | 20,169 | 25,523 |
| More than 180 days | 8,627 | 859,205 | 867,832 |
| **Total financing** | 1,199,320 | 1,563,243 | 2,762,563 |

**32.5 Economic Sector risk concentration**

Economic Sector risk concentration for the financing and allowance for impairment has been disclosed in note 7(f).

**32.6 Collateral**

The Group in the ordinary course of financing activities holds collaterals as security to mitigate credit risk in the financing. These collaterals mostly include time, demand, and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and consumer financings and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk.

The amount of collateral held as security for financing along with financing to collateral value percentage that are credit-impaired are as follows:

| | **2025 SAR'000** | 2024 SAR'000 |
|---|---|---|
| Less than 50% | **1,045** | 28,965 |
| 51-70% | **34,406** | 36,393 |
| More than 70% | **657,940** | 764,554 |
| Total | **693,391** | 829,912 |

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.7 Maximum credit exposure

Maximum exposure to credit risk without taking into account any collateral and other credit enhancements is as follows:

| | 2025 SAR'000 | 2024 SAR'000 |
|---|---|---|
| **Assets** | | |
| Due from banks and other financial institutions (note 5) | **6,025,771** | 6,697,117 |
| Investments at FVOCI (note 6) | **10,512,363** | 9,784,586 |
| Investments at amortised cost (note 6) | **22,232,302** | 21,083,867 |
| Financing, net (note 7) | **110,862,169** | 96,912,496 |
| Other assets - margin deposits against financial instruments (note 8) | **75,760** | 2,028 |
| **Total assets** | **149,708,365** | 134,480,094 |
| Contingencies and commitments, net (note 20) | **23,213,119** | 17,953,007 |
| Derivatives - positive fair value (note 11) | **96,183** | 151,737 |
| **Total maximum exposure** | **173,017,667** | 152,584,838 |

## 33. GEOGRAPHICAL CONCENTRATION

a) The distribution by geographical region for major categories of financial assets, financial liabilities, commitments and contingencies, and credit exposure are as follows:

| | (SAR'000) | | | | | | |
|---|---|---|---|---|---|---|---|
| 2025 | Kingdom of Saudi Arabia | GCC and Middle East | Europe | North America | South East Asia | Other countries | Total |
| **Financial Assets** | | | | | | | |
| **Cash and balances with SAMA** | | | | | | | |
| Cash in hand | **1,059,575** | - | - | - | - | - | **1,059,575** |
| Balances with SAMA | **5,999,634** | - | - | - | - | - | **5,999,634** |
| **Due from Banks and other financial institutions** | | | | | | | |
| Current accounts | **9** | **56,236** | **173,671** | **729,508** | **13,130** | **12,031** | **984,585** |
| Money market placements | **5,041,186** | - | - | - | - | - | **5,041,186** |
| **Investments** | | | | | | | |
| Held as FVIS | **1,552,799** | **26,858** | **2,134** | **1,153,124** | - | - | **2,734,915** |
| Held as FVOCI | **13,786,147** | **212,823** | **1,693** | - | - | - | **14,000,663** |
| Held at amortised cost | **21,849,967** | - | **382,335** | - | - | - | **22,232,302** |
| **Positive fair value of derivatives** | | | | | | | |
| Held for trading | **37,836** | **22,763** | **12,849** | - | - | - | **73,448** |
| Held as cash flow hedges | - | **9,094** | **13,641** | - | - | - | **22,735** |
| **Financing, net** | | | | | | | |
| Consumer Financing | **39,353,640** | - | - | - | - | - | **39,353,640** |
| Commercial Financing | **69,230,900** | **2,203,929** | **73,700** | - | - | - | **71,508,529** |
| **Other assets** | **696,452** | **65,088** | **14,872** | - | - | - | **776,412** |
| **Investment in an associate** | **336,713** | - | - | - | - | - | **336,713** |
| **Total** | **158,944,858** | **2,596,791** | **674,895** | **1,882,632** | **13,130** | **12,031** | **164,124,337** |

## 33. GEOGRAPHICAL CONCENTRATION (continued)

| 2025 | Kingdom of Saudi Arabia | GCC and Middle East | Europe | North America | South East Asia | Other countries | Total |
|---|---|---|---|---|---|---|---|
| | (SAR'000) | | | | | | |
| **Financial liabilities** | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | |
| Current accounts | 144,780 | 139,145 | 12,123 | 214 | - | 43,815 | 340,077 |
| Money market deposits | 17,641,190 | 26,278 | - | - | - | 265,236 | 17,932,704 |
| Repurchase agreement borrowing | 3,465,907 | 343,237 | 1,830,305 | - | - | - | 5,639,449 |
| **Customer deposits** | | | | | | | |
| Demand | 32,038,397 | 6,671 | 1,360 | - | - | 59 | 32,046,487 |
| Saving & call | 13,654,158 | - | - | - | - | - | 13,654,158 |
| Customers' time investments | 67,398,888 | - | - | - | - | - | 67,398,888 |
| Other | 2,283,031 | 9,654 | 2,340 | - | - | 757 | 2,295,782 |
| **Negative fair value of derivatives** | | | | | | | |
| Held for trading | 19,712 | 28,395 | 7,810 | - | - | - | 55,917 |
| Held as cash flow hedges | - | 47,118 | 77,872 | - | - | - | 124,990 |
| **Subordinated Sukuk** | 2,007,489 | - | - | - | - | - | 2,007,489 |
| **Other liabilities** | 1,714,530 | - | - | - | - | - | 1,714,530 |
| **Total** | 140,368,082 | 600,498 | 1,931,810 | 214 | - | 309,867 | 143,210,471 |
| **Commitments and Contingencies** | | | | | | | |
| Letters of credit | 2,355,205 | 680,372 | 225,988 | 705,000 | - | 366,338 | 4,332,903 |
| Letters of guarantee | 9,199,396 | 2,039,617 | 2,009,717 | 23,356 | 23,500 | 2,474,389 | 15,769,975 |
| Acceptances | 826,441 | 78,200 | 357,159 | - | - | 69,197 | 1,330,997 |
| Irrevocable commitments to extend credit | 1,986,595 | - | 116,007 | - | - | - | 2,102,602 |
| | 14,367,637 | 2,798,189 | 2,708,871 | 728,356 | 23,500 | 2,909,924 | 23,536,477 |
| **Credit exposure (credit equivalent)** | | | | | | | |
| **Commitments and contingencies** | | | | | | | |
| Letters of credit | 1,177,603 | 340,186 | 112,994 | 352,500 | - | 183,169 | 2,166,452 |
| Letters of guarantee | 9,199,396 | 2,039,617 | 2,009,717 | 23,356 | 23,500 | 2,474,389 | 15,769,975 |
| Acceptances | 826,441 | 78,200 | 357,159 | - | - | 69,197 | 1,330,997 |
| Irrevocable commitments to extend credit | 794,638 | - | 46,403 | - | - | - | 841,041 |
| **Derivatives** | | | | | | | |
| Held for trading | 160,165 | 230,493 | 28,397 | - | - | - | 419,055 |
| Held for hedging | - | 98,705 | 188,295 | - | - | - | 287,000 |
| | 12,158,243 | 2,787,201 | 2,742,965 | 375,856 | 23,500 | 2,726,755 | 20,814,520 |

## 33. GEOGRAPHICAL CONCENTRATION (continued)

| | (SAR'000) | | | | | | |
|---|---|---|---|---|---|---|---|
| 2024 | Kingdom of Saudi Arabia | GCC and Middle East | Europe | North America | South East Asia | Other countries | Total |
| **Financial Assets** | | | | | | | |
| **Cash and balances with SAMA** | | | | | | | |
| Cash in hand | 1,154,335 | - | - | - | - | - | 1,154,335 |
| Balances with SAMA | 5,429,455 | - | - | - | - | - | 5,429,455 |
| **Due from Banks and other financial institutions** | | | | | | | |
| Current accounts | 9 | 45,620 | 167,654 | 164,623 | 12,839 | 13,773 | 404,518 |
| Money market placements | 6,292,599 | - | - | - | - | - | 6,292,599 |
| Reverse repos | - | - | - | - | - | - | - |
| **Investments** | | | | | | | |
| Held as FVIS | 1,067,238 | 18,839 | 1,875 | 1,166,666 | - | - | 2,254,618 |
| Held as FVOCI | 12,860,269 | 206,360 | 1,242 | - | - | - | 13,067,871 |
| Held at amortised cost | 20,701,532 | - | 382,335 | - | - | - | 21,083,867 |
| **Positive fair value of derivatives** | | | | | | | |
| Held for trading | 53,064 | 15,642 | 26,345 | - | - | - | 95,051 |
| Held as cash flow hedges | 8,571 | 32,294 | 15,821 | - | - | - | 56,686 |
| **Financing, net** | | | | | | | |
| Consumer Financing | 35,262,559 | - | - | - | - | - | 35,262,559 |
| Commercial Financing | 60,420,703 | 1,155,981 | 73,253 | - | - | - | 61,649,937 |
| **Other assets** | 543,837 | - | 2,028 | - | - | - | 545,865 |
| **Investment in an associate** | 323,716 | - | - | - | - | - | 323,716 |
| **Total** | 144,117,887 | 1,474,736 | 670,553 | 1,331,289 | 12,839 | 13,773 | 147,621,077 |

## 33. GEOGRAPHICAL CONCENTRATION (continued)

| 2024 | Kingdom of Saudi Arabia | GCC and Middle East | Europe | North America | South East Asia | Other countries | Total |
|---|---|---|---|---|---|---|---|
| | (SAR'000) | | | | | | |
| **Financial liabilities** | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | |
| Current accounts | 182,955 | 72,840 | 15,397 | 214 | 13 | 24,684 | 296,103 |
| Money market deposits | 6,981,592 | 649,958 | - | - | 444,687 | 364,286 | 8,440,523 |
| Repurchase agreement borrowing | 9,415,137 | - | 1,157,570 | - | - | - | 10,572,707 |
| **Customer deposits** | | | | | | | |
| Demand | 34,560,929 | 3,560 | 77 | - | - | 77 | 34,564,643 |
| Saving & call | 11,114,104 | - | - | - | - | - | 11,114,104 |
| Customers' time investments | 60,193,863 | - | - | - | - | - | 60,193,863 |
| Other | 2,287,367 | 10,309 | 3,906 | - | - | 12,322 | 2,313,904 |
| **Negative fair value of derivatives** | | | | | | | |
| Held for trading | 40,160 | 34,367 | 15,898 | - | - | - | 90,425 |
| Held as cash flow hedges | 32,500 | 23,250 | 18,824 | - | - | - | 74,574 |
| **Subordinated Sukuk** | 2,005,918 | - | - | - | - | - | 2,005,918 |
| **Other liabilities** | 1,210,750 | - | - | - | - | - | 1,210,750 |
| **Total** | 128,025,275 | 794,284 | 1,211,672 | 214 | 444,700 | 401,369 | 130,877,514 |
| **Commitments and Contingencies** | | | | | | | |
| Letters of credit | 2,149,331 | 389,433 | 4,448 | - | - | 336,906 | 2,880,118 |
| Letters of guarantee | 7,076,916 | 1,911,766 | 1,534,219 | 26,240 | - | 1,674,412 | 12,223,553 |
| Acceptances | 950,028 | 1,326 | 5,128 | - | - | 151,777 | 1,108,259 |
| Irrevocable commitments to extend credit | 1,950,510 | - | 141,819 | - | - | - | 2,092,329 |
| | 12,126,785 | 2,302,525 | 1,685,614 | 26,240 | - | 2,163,095 | 18,304,259 |
| **Credit exposure (credit equivalent)** | | | | | | | |
| **Commitments and contingencies** | | | | | | | |
| Letters of credit | 1,074,665 | 194,717 | 2,224 | - | - | 168,453 | 1,440,059 |
| Letters of guarantee | 7,076,916 | 1,911,766 | 1,534,219 | 26,240 | - | 1,674,412 | 12,223,553 |
| Acceptances | 950,028 | 1,326 | 5,128 | - | - | 151,777 | 1,108,259 |
| Irrevocable commitments to extend credit | 780,204 | - | 56,728 | - | - | - | 836,932 |
| **Derivatives** | | | | | | | |
| Held for trading | 163,461 | 177,593 | 88,463 | - | - | - | 429,517 |
| Held for hedging | 20,467 | 166,815 | 47,861 | - | - | - | 235,143 |
| | 10,065,741 | 2,452,217 | 1,734,623 | 26,240 | - | 1,994,642 | 16,273,463 |

## 33. GEOGRAPHICAL CONCENTRATION (continued)

Certain international mutual funds domicile in the Kingdom of Saudi Arabia that have been classified under international category in note 6(b) to these consolidated financial statements have been classified in the Kingdom of Saudi Arabia region for the purpose of this note.

Credit equivalent of commitments and contingencies is calculated according to SAMA's prescribed methodology.

b) The distributions by geographical concentration of non-performing financing and allowance for impairment are as follows:

| | Non-performing financing, net | | Allowance for impairment | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | **SAR' 000** | SAR' 000 | **SAR' 000** | SAR' 000 |
| **Kingdom of Saudi Arabia** | | | | |
| Consumer financing | **233,680** | 291,192 | **308,752** | 315,902 |
| Commercial financing | **930,979** | 910,885 | **1,855,479** | 2,211,435 |
| **GCC and Middle East** | **1,164,659** | 1,202,077 | **2,164,231** | 2,527,337 |
| Commercial financing | **-** | - | **3,157** | 1,596 |
| **Europe** | | | | |
| Commercial financing | **-** | - | **53** | 74 |
| Total | **1,164,659** | 1,202,077 | **2,167,441** | 2,529,007 |

## 34. MARKET RISK

Market risk is the risk that the Group's earnings or capital, or its ability to meet business targets, will be adversely affected by changes in the level or volatility in market prices, such as profit rates, credit spreads (not relating to changes in the obligor's / issuer's credit standing), equity prices and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the Treasury division and include equity investments and mutual funds that are managed on a fair value basis.

The Board of Directors (BoD) approves market risk appetite for trading and non-trading activities. The Market Risk Policy Committee is responsible for the Market Risk Framework and under the delegated authority of the Board sets a limits framework within the approved market risk appetite. A daily market risk report details the Group's market risk exposures against agreed limits. This daily report is reviewed by the Treasurer and Chief Risk Officer. The market risk for the trading book is managed and monitored using Value at Risk (VaR) methodology and sensitivity analysis. The market risk for the non-trading book is managed and monitored using sensitivity analysis.

### a) MARKET RISK - TRADING BOOK

Market risk on trading mainly arises from the foreign currency exposures and changes in equity prices and the net asset values of mutual funds.

## 34. MARKET RISK (continued)

### a) MARKET RISK - TRADING BOOK (continued)

The Board has set limits for the acceptable level of risks in managing the trading book. In order to manage the market risk in trading book, the Group periodically applies a VaR methodology to assess the market risk positions held and also to estimate the potential economic loss based on a set of assumptions and changes in market conditions.

A VaR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses historical methodology models to assess the possible changes in the market value of the trading book based on historical data. The VaR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VaR figure should occur, on average, not more than once every hundred days.

The VaR represents the risk of portfolios at the close of a business day, and it does not account for any losses that may occur beyond the defined confidence interval. The actual trading results however, may differ from the VaR calculations and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

To overcome the VaR limitations mentioned above, the Group also carries out stress tests of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the Bank's Board Risk Committee for their review.

The Group's VaR related information is as under.

| | **2025** | 2024 |
|---|---|---|
| | **SAR'000** | SAR'000 |
| **Foreign exchange rate** | | |
| Average VaR for the year | **320** | 330 |

### i) FOREIGN EXCHANGE RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board has set limits on positions by currency. Positions are monitored daily to ensure positions are maintained within established limits.

At the end of the year, the Group has the following significant exposure in its trading book, denominated in foreign currencies as at December 31:

| | **2025** | 2024 |
|---|---|---|
| | **SAR'000** | SAR'000 |
| US Dollar | **66,821** | 1,297,013 |
| Australian dollars | **30** | - |
| Pound Sterling | **61** | 57,536 |
| Hong Kong Dollar | **595** | - |
| Taiwan Dollar | **-** | 588 |
| UAE Dirhams | **501** | 19,263 |
| Indonesian Rupiah | **-** | 2,376 |
| South Korean Won | **-** | 8,612 |
| JPY | **11,955** | - |
| Euro | **213** | - |

## 34. MARKET RISK (continued)

### a) MARKET RISK - TRADING BOOK (continued)

### i) FOREIGN EXCHANGE RISK (continued)

The table below indicates the extent to which the Group was exposed to currency risk at December 31, on its foreign currency positions. The analysis is performed for a reasonable possible movement of the currency rate against the Saudi Arabian Riyal with all other variables held constant, including the effect of hedging instrument, on the consolidated statement of income. A negative amount in the table reflects a potential net reduction in consolidated statement of income, while a positive amount reflects a net potential increase. The sensitivity analysis does not take account of actions that might be taken by the Group to mitigate the effect of such changes.

| **Currency** | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Increase/ decrease in currency rate in %** | **Effect on net income SAR'000** | Increase/ decrease in currency rate in % | Effect on net income SAR'000 |
| US Dollar | ± 0.19 | **127** | ± 2.80 | 36,316 |
| Australian dollars | ± 9.58 | **3** | - | - |
| Pound Sterling | ± 7.28 | **4** | ± 2.72 | 1,565 |
| Taiwan Dollar | **-** | **-** | ± 3.23 | 19 |
| Hong Kong Dollar | ± 0.83 | **5** | - | - |
| UAE Dirhams | ± 0.03 | **-** | ± 0.50 | 96 |
| Indonesian Rupiah | **-** | **-** | ± 16.50 | 392 |
| South Korean Won | **-** | **-** | ± 6.41 | 552 |
| Japanese Yen | ± 9.93 | **1,187** | - | - |
| Euro | ± 5.91 | **13** | - | - |

### ii) EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equities and mutual funds decrease as a result of changes in the levels of equity index and the value of individual stocks deriving the net asset value of the funds.

The financial instruments included in the FVIS portfolio are equity securities held by mutual funds owned by the Group. The Group manages the risk relating to the mutual funds by monitoring changes in net asset value of the mutual funds. The investments in equity securities and mutual funds held by the Group are managed by the Group in conjunction with professional investment advisors, and the equity price risk is monitored by the Group on a portfolio basis for each mutual fund. The effect on the consolidated statement of income as a result of a change in the fair value of mutual funds held under FVIS at December 31 due to reasonably possible changes in the underlying respective fund's net asset value, with all other variables held constant, is as follows:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| **Portfolio** | **Increase / decrease in equity price %** | **Effect on consolidated statement of income SAR'000** | Increase / decrease in equity price % | Effect on consolidated statement of income SAR'000 |
| Global Emerging Market Fund | **±12.57%** | **-** | ±10.32% | 255 |
| AlJazira GCC Income Fund | **±11.49%** | **230** | ± 3.97% | 84 |
| AlJazira Sukuk Fund | **±7.59%** | **2,464** | ± 3.43% | 1,245 |
| Diversified Conservative Fund | **±12.84%** | **5,385** | ± 0.58% | 225 |
| Aljazira Saudi Equities Fund | **±12.84%** | **1,390** | ± 0.58% | 44 |
| Aljazira International Equities Fund | **±12.57%** | **1,917** | ± 10.32% | 1,327 |
| AlJazira Private Equity Fund – E-commerce | **±12.57%** | **1,852** | ±10.32% | **-** |
| AlJazira Private Equity Fund – Space Economy | **±12.57%** | **2,055** | ±10.32% | **-** |
| Aljazira Ijarah Income Fund | **±12.84%** | **31,128** | ±0.58% | **-** |
| AlJazira Real Estate Fund 3 | **±12.84%** | **2,241** | ±0.58% | **-** |
| AlJazira US Healthcare Income Fund | **±12.57%** | **1,913** | ±10.32% | **-** |
| Others | **±5.00%** | **89,194** | ± 5.00% | 82,393 |

## 34. MARKET RISK (continued)

### a) MARKET RISK - TRADING BOOK (continued)

### ii) EQUITY PRICE RISK (continued)

The effect on the consolidated statement of income as a result of a change in the fair value of equity instruments held at FVIS at December 31, 2025 due to reasonably possible changes in the following market index, with all other variables held constant, is as follows:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| **Market index** | **Increase / decrease in index %** | **Effect on consolidated statement of income SAR'000** | Increase / decrease in index % | Effect on consolidated statement of income SAR'000 |
| Tadawul | **12.84%** | **282** | 0.58% | 100 |

### b) MARKET RISK – NON TRADING OR BANKING BOOK

Market risk on non-trading or banking positions mainly arises from the profit rate, foreign currency exposures and equity price changes.

### i) PROFIT RATE RISK

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Group's Market Risk Policy Committee (MRPC) has established limits on the profit rate gap. Positions are monitored on a daily basis and reported regularly to senior management and MRPC to ensure positions are maintained within the established limits. In case of stressed market conditions, the asset-liability gap may be reported to MRPC more frequently.

The following table depicts the sensitivity due to reasonably possible changes in profit rates, with other variables held constant, on the Group's consolidated statement of income. The sensitivity of the income is the effect of the assumed changes in profit rates on the net financing and investment income for one year, based on the profit bearing non-trading financial assets and financial liabilities held as at December 31, 2025 including the effect of hedging instruments. All the non-trading book exposures are monitored and analysed in currency concentrations and relevant sensitivities are disclosed in local currency. The sensitivity analysis does not take account of actions that might be taken by the Group to mitigate the effect of such changes.

| **Currency** | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Increase / decrease in basis points** | **Sensitivity of income from investments and financing SAR'000** | Increase / decrease in basis points | Sensitivity of income from investments and financing SAR'000 |
| SAR | **± 25** | **± 646** | ± 25 | ±138,035 |
| USD | **± 25** | **± 14** | ± 25 | ± 23,213 |
| INR | **± 25** | **± 1** | ± 25 | ± 2 |
| PKR | **± 25** | **± 1** | ± 25 | ± 1 |
| AED | **± 25** | **± 25** | ± 25 | ± 119 |

**34. MARKET RISK (continued)**

**b) MARKET RISK – NON TRADING OR BANKING BOOK (continued)**

**i) PROFIT RATE RISK (continued)**

**2025**

| Currency | Increase in basis points | Sensitivity income from investments and financing | Sensitivity of equity 6 months or less | 1 year or less | 1-5 years or less | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| SAR | ± 25 | ± 646 | ± 325 | ± 321 | ± 973 | ± 2,680 | ± 4,299 |
| USD | ± 25 | ± 14 | ± (5) | ± 19 | ± 93 | ± 11 | ± 118 |
| INR | ± 25 | ± 1 | ± 1 | ± - | ± - | ± - | ± 1 |
| PKR | ± 25 | ± 1 | ± 1 | ± - | ± - | ± - | ± 1 |
| AED | ± 25 | ± 25 | ± 18 | ± 7 | ± 45 | ± 16 | ± 86 |

**2024**

| Currency | Increase in basis points | Sensitivity income from investments and financing | Sensitivity of equity 6 months or less | 1 year or less | 1-5 years or less | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| SAR | ± 25 | ±138,035 | ±82,785 | ±55,250 | ±238,358 | ±180,846 | ±557,239 |
| USD | ± 25 | ± 23,213 | ±11,785 | ±11,428 | ±31,765 | ± 259 | ± 55,237 |
| INR | ± 25 | ± 2 | ± 2 | ± - | ± - | ± - | ± 2 |
| PKR | ± 25 | ± 1 | ± 1 | ± - | ± - | ± - | ± 1 |
| AED | ± 25 | ± 119 | ± 68 | ± 51 | ± 311 | ± 120 | ± 550 |

**Profit rate sensitivity of assets, liabilities and off-balance sheet items**

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market profit rates on its financial position and cash flows.

## 34. MARKET RISK (continued)

### b) MARKET RISK – NON TRADING OR BANKING BOOK (continued)

### i) PROFIT RATE RISK (continued)

The table below summarizes the Group's exposure to profit rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by the earlier of the contractual re-pricing or the maturity dates. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

| | (SAR'000) | | | | | | |
|---|---|---|---|---|---|---|---|
| **2025** | **Within 3 months** | **3-12 months** | **1-5 years** | **Over 5 years** | **Non profit bearing** | **Total** | **Effective profit rate** |
| **Assets** | | | | | | | |
| **Cash and balances with SAMA** | | | | | | | |
| Cash in hand | - | - | - | - | 1,059,575 | 1,059,575 | - |
| Balances with SAMA | 494,948 | - | - | - | 5,504,686 | 5,999,634 | 3.75% |
| **Due from Banks and other financial institutions** | | | | | | | |
| Current accounts | - | - | - | - | 984,585 | 984,585 | 4.61% |
| Money market placements | 2,362,208 | 2,496,939 | - | - | 182,039 | 5,041,186 | 5.86% |
| **Investments** | | | | | | | |
| Held as FVIS | - | - | - | - | 2,734,915 | 2,734,915 | - |
| Held as FVOCI | 549,270 | | 2,860,142 | 6,969,915 | 3,621,336 | 14,000,663 | 3.86% |
| Held at amortised cost | 830,246 | 2,779,350 | 6,159,393 | 12,182,959 | 280,354 | 22,232,302 | 4.56% |
| **Positive fair value of derivatives** | | | | | | | |
| Held for trading | - | - | - | - | 73,448 | 73,448 | |
| Held as cash flow hedges | - | - | - | - | 22,735 | 22,735 | |
| **Financing, net** | | | | | | | |
| Consumer Financing | 929,708 | 538,581 | 14,939,387 | 22,519,622 | 426,342 | 39,353,640 | 5.42% |
| Commercial Financing | 31,056,791 | 39,053,469 | - | - | 1,398,269 | 71,508,529 | 6.63% |
| **Other assets** | - | - | - | - | 927,024 | 927,024 | |
| **Investment in an associate** | - | - | - | - | 336,713 | 336,713 | |
| **Other real estate, net** | - | - | - | - | 126,000 | 126,000 | |
| **Property, equipment, software and right of use assets, net** | - | - | - | - | 1,523,025 | 1,523,025 | |
| **Total assets** | 36,223,171 | 44,868,339 | 23,958,922 | 41,672,496 | 19,201,046 | 165,923,974 | |

## 34. MARKET RISK (continued)

### b) MARKET RISK – NON TRADING OR BANKING BOOK (continued)

### i) PROFIT RATE RISK (continued)

**Profit rate sensitivity of assets, liabilities and off-balance sheet items (continued)**

| | (SAR'000) | | | | | | |
|---|---|---|---|---|---|---|---|
| 2025 | Within 3 months | 3-12 months | 1-5 years | Over 5 years | Non profit bearing | Total | Effective profit rate |
| **Liabilities and equity** | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | |
| Current accounts | - | - | - | - | 340,077 | 340,077 | |
| Money market deposits | 17,855,750 | - | - | - | 76,954 | 17,932,704 | 4.93% |
| Repurchase agreement borrowings | 4,798,743 | 816,431 | - | - | 24,275 | 5,639,449 | 4.61% |
| **Customer deposits** | | | | | | | |
| Demand | - | - | - | - | 32,046,487 | 32,046,487 | |
| Saving & call | 13,654,158 | - | - | - | - | 13,654,158 | 4.37% |
| Customers' time investments | 56,579,224 | 10,011,954 | 112,200 | - | 695,510 | 67,398,888 | 5.29% |
| Other | - | - | - | - | 2,295,782 | 2,295,782 | |
| **Negative fair value of derivatives** | | | | | | | |
| Held for trading | - | - | - | - | 55,917 | 55,917 | |
| Held as cash flow hedges | - | - | - | - | 124,990 | 124,990 | |
| **Subordinated Sukuk** | - | 1,998,404 | - | - | 9,085 | 2,007,489 | 6.81% |
| **Other liabilities** | - | - | - | - | 2,653,204 | 2,653,204 | |
| **Equity** | - | - | - | - | 21,774,829 | 21,774,829 | |
| **Total liabilities and Equity** | 92,887,875 | 12,826,789 | 112,200 | - | 60,097,110 | 165,923,974 | |
| **Profit rate sensitivity of on consolidated statement of financial position gap** | (56,664,704) | 32,041,550 | 23,846,722 | 41,672,496 | (40,896,064) | - | |
| **Profit rate sensitivity of off consolidated statement of financial position gap** | 22,043,750 | 780,000 | (7,703,000) | (15,120,750) | - | - | |
| **Total profit rate sensitivity gap** | (34,620,954) | 32,821,550 | 16,143,722 | 26,551,746 | (40,896,064) | - | |
| **Cumulative profit rate sensitivity gap** | (34,620,954) | (1,799,404) | 14,344,318 | 40,896,064 | | | |

## 34. MARKET RISK (continued)

### b) MARKET RISK – NON TRADING OR BANKING BOOK (continued)

### i) PROFIT RATE RISK (continued)

**Profit rate sensitivity of assets, liabilities and off-balance sheet items (continued)**

| | (SAR'000) | | | | | | |
|---|---|---|---|---|---|---|---|
| **2024** | Within 3 months | 3-12 months | 1-5 years | Over 5 years | Non profit bearing | Total | Effective profit rate |
| **Assets** | | | | | | | |
| **Cash and balances with SAMA** | | | | | | | |
| Cash in hand | - | - | - | - | 1,154,335 | 1,154,335 | - |
| Balances with SAMA | - | - | - | - | 5,429,455 | 5,429,455 | - |
| **Due from Banks and other financial institutions** | | | | | | | |
| Current accounts | - | - | - | - | 404,518 | 404,518 | - |
| Money market placements | 2,391,250 | 3,800,000 | - | - | 101,349 | 6,292,599 | 5.69% |
| Reverse repos | - | - | - | - | - | - | |
| **Investments** | | | | | | | |
| Held as FVIS | - | 3,993 | - | | 2,250,625 | 2,254,618 | |
| Held as FVOCI | 980,036 | 16,875 | 4,803,671 | 6,860,726 | 406,563 | 13,067,871 | 3.77% |
| Held at amortised cost | 1,857,194 | 2,927,535 | 6,402,304 | 9,652,273 | 244,561 | 21,083,867 | 4.44% |
| **Positive fair value of derivatives** | | | | | | | |
| Held for trading | - | - | - | - | 95,051 | 95,051 | - |
| Held as cash flow hedges | - | - | - | - | 56,686 | 56,686 | - |
| **Financing, net** | | | | | | | |
| Consumer Financing | 791,627 | 321,321 | 12,914,288 | 20,839,729 | 395,594 | 35,262,559 | 4.93% |
| Commercial Financing | 27,474,880 | 26,187,620 | 6,702,231 | 51,104 | 1,234,102 | 61,649,937 | 7.21% |
| **Other assets** | - | - | - | - | 645,696 | 645,696 | - |
| **Investment in an associate** | - | - | - | - | 323,716 | 323,716 | - |
| **Other real estate, net** | - | - | - | - | 139,717 | 139,717 | - |
| **Property, equipment, software and right of use assets, net** | - | - | - | - | 1,258,076 | 1,258,076 | - |
| **Total assets** | 33,494,987 | 33,257,344 | 30,822,494 | 37,403,832 | 14,140,044 | 149,118,701 | |

## 34. MARKET RISK (continued)

### b) MARKET RISK – NON TRADING OR BANKING BOOK (continued)

### i) PROFIT RATE RISK (continued)

**Profit rate sensitivity of assets, liabilities and off-balance sheet items (continued)**

(SAR'000)

| 2024 | Within 3 months | 3-12 months | 1-5 years | Over 5 years | Non profit bearing | Total | Effective profit rate |
|---|---|---|---|---|---|---|---|
| **Liabilities and equity** | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | |
| Current accounts | - | - | - | - | 296,103 | 296,103 | - |
| Money market deposits | 4,401,000 | 2,545,000 | - | - | 1,494,523 | 8,440,523 | 5.39% |
| Repurchase agreement borrowings | 9,732,568 | 797,269 | - | - | 42,870 | 10,572,707 | 5.32% |
| **Customer deposits** | | | | | | | |
| Demand | | | | | 34,564,643 | 34,564,643 | - |
| Saving & call | 11,114,104 | - | - | - | - | 11,114,104 | 5.06% |
| Customers' time investments | 34,983,824 | 24,543,033 | 82,450 | - | 584,556 | 60,193,863 | 5.77% |
| Other | - | - | - | - | 2,313,904 | 2,313,904 | - |
| **Negative fair value of derivatives** | | | | | | | |
| Held for trading | - | - | - | - | 90,425 | 90,425 | |
| Held as cash flow hedges | - | - | - | - | 74,574 | 74,574 | |
| **Subordinated Sukuk** | - | 1,996,663 | - | - | 9,255 | 2,005,918 | |
| **Other liabilities** | - | - | - | - | 2,037,607 | 2,037,607 | |
| **Equity** | - | - | - | - | 17,414,330 | 17,414,330 | |
| **Total liabilities and Equity** | 60,231,496 | 29,881,965 | 82,450 | - | 58,922,790 | 149,118,701 | |
| **Profit rate sensitivity of on consolidated statement of financial position gap** | (26,736,509) | 3,375,379 | 30,740,044 | 37,403,832 | (44,782,746) | - | |
| **Profit rate sensitivity of off consolidated statement of financial position gap** | 12,787,500 | (250,000) | (3,650,000) | (8,887,500) | - | - | |
| **Total profit rate sensitivity gap** | (13,949,009) | 3,125,379 | 27,090,044 | 28,516,332 | (44,782,746) | - | |
| **Cumulative profit rate sensitivity gap** | (13,949,009) | (10,823,630) | 16,266,414 | 44,782,746 | - | - | |

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

## 34. MARKET RISK (continued)

### b) MARKET RISK – NON TRADING OR BANKING BOOK (continued)

### ii) CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Bank's Board has set limits on positions by currency. Positions are monitored on a daily basis to ensure positions are maintained within established limits.

At the end of the year, the Group has the following significant net exposures denominated in foreign currencies as at December 31:

| | **2025 SAR' 000 Long / (Short)** | 2024 SAR'000 Long /(Short) |
|---|---|---|
| USD | **1,377,431** | 32,769 |
| AUD | **4,279** | 4,136 |
| GBP | **-** | 1,209 |
| INR | **-** | 8,625 |
| PKR | **-** | 2,852 |
| AED | **33,749** | 36,335 |
| QAR | **5,101** | - |
| BHD | **3,602** | - |
| JPY | **2,375** | - |
| CHF | **1,679** | - |

A long position indicates that assets in a foreign currency are higher than the liabilities in the same currency; the opposite applies to short position.

The table below indicates the currencies to which the Group has significant exposure as at December 31, 2025. The analysis is performed for a reasonable possible movement of the currency rate against the Saudi Arabian Riyal with all other variables held constant, including the effect of hedging instrument, on the consolidated statement of income. A negative amount in the table reflects a potential net reduction in consolidated statement of income, while a positive amount reflects a net potential increase. The sensitivity analysis does not take account of actions that might be taken by the Group to mitigate the effect of such changes.

| **Currency** | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Increase / decrease in currency rate in %** | **Effect on net income SAR'000** | **Effect on equity SAR'000** | Increase/ decrease in currency rate in % | Effect on net income SAR'000 | Effect on equity SAR'000 |
| USD | ±0.05 | ±689 | ±689 | ±0.05 | ±16 | ±16 |
| AUD | ±0.05 | ±2 | ±2 | ±0.05 | ± 2 | ± 2 |
| GBP | - | - | - | ±0.05 | ± 1 | ± 1 |
| INR | - | - | - | ±0.05 | ± 4 | ± 4 |
| PKR | - | - | - | ±0.05 | ± 1 | ± 1 |
| AED | ±0.05 | ±17 | ±17 | ±0.05 | ±18 | ±18 |
| QAR | ±0.05 | ±3 | ±3 | - | - | - |
| BHD | ±0.05 | ±2 | ±2 | - | - | - |
| JPY | ±0.05 | ±1 | ±1 | - | - | - |
| CHF | ±0.05 | ±1 | ±1 | - | - | - |

## 35. LIQUIDITY RISK

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they become due, both under normal and stressful conditions. Market disruptions or credit downgrades can cause liquidity risk, making certain sources of funding less readily available. To mitigate this risk, management has diversified its funding sources beyond its core deposit base, manages assets with a focus on liquidity, maintaining an appropriate balance of cash, cash equivalents, and readily marketable securities, and monitors future cash flows and liquidity on a daily basis. In addition, the Group has committed lines of credit that can be used to meet any liquidity needs.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA at 7% of total demand deposits and 4% of savings and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of not less than 20% of the deposit liabilities, in the form of cash or assets that can be converted into cash within a period not exceeding 30 days. The Group has the ability to raise additional funds through repo facilities available with SAMA up to 98% of the value of debt securities issued by the government and 90% of the value of debt securities issued Ministry of Finance, Saudi Central Bank and or guaranteed by government.

In addition, the Group keeps a Liquidity Contingency Funding Plan (CFP) in place to provide guidance to senior management. The CFP establishes early warning indicators to alert management of impending stress, establishes responsibilities, and describes the approach management may take at various stages of crisis severity.

### a) Analysis of financial liabilities by remaining undiscounted contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at December 31, 2025 and December 31, 2024 based on contractual undiscounted repayment obligations. As profit payments up to contractual maturity are included in the table, totals do not match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date and do not take into account the effective expected maturities as shown in note (b) below (maturity analysis of assets and liabilities for the expected maturities). Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group’s deposit retention history and liquidity risk management policy.

## 35. LIQUIDITY RISK (continued)

### a) Analysis of financial liabilities by remaining undiscounted contractual maturities (continued)

(SAR' 000)

| | On demand | within 3 months | 3-12 months | 1-5 years | Over 5 years | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| **As at December 31, 2025** | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | |
| Current accounts | **340,077** | **-** | **-** | **-** | **-** | **-** | **340,077** |
| Money market deposits | **-** | **17,985,241** | | | | | **17,985,241** |
| Repurchase agreement borrowings | **-** | **3,857,597** | **605,943** | **478,231** | **1,242,151** | **-** | **6,183,922** |
| **Customers' deposits** | | | | | | | |
| Demand | **32,046,487** | **-** | **-** | **-** | **-** | **-** | **32,046,487** |
| Saving & call | **13,654,159** | **-** | **-** | **-** | **-** | **-** | **13,654,159** |
| Customers' time investments | **-** | **57,494,908** | **10,361,381** | **134,078** | **-** | **-** | **67,990,367** |
| Other | **2,295,782** | | | | | | **2,295,782** |
| **Negative fair value of derivatives** | | | | | | | |
| Held for trading | **-** | **8,376** | **1,630** | **34,322** | **11,589** | **-** | **55,917** |
| Held as cash flow hedges | **-** | **20,440** | **-** | **2,726** | **101,824** | **-** | **124,990** |
| **Subordinated Sukuk** | **-** | **-** | **134,093** | **535,901** | **2,141,112** | **-** | **2,811,106** |
| **Other liabilitiess** | **-** | **30,918** | **46,685** | **112,725** | **46,827** | **2,449,667** | **2,686,822** |
| **Total undiscounted financial liabilities** | **48,336,505** | **79,397,480** | **11,149,732** | **1,297,983** | **3,543,503** | **2,449,667** | **146,174,870** |
| Shari'ah compliant derivatives | **-** | **1,729,170** | **4,484,991** | **3,482,001** | **5,742,268** | **-** | **15,438,430** |

(SAR' 000)

| | On demand | within 3 months | 3-12 months | 1-5 years | Over 5 years | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| **As at December 31, 2024** | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | |
| Current accounts | 296,103 | - | - | - | - | - | 296,103 |
| Money market deposits | - | 5,568,872 | 2,999,841 | - | - | - | 8,568,713 |
| Repurchase agreement borrowings | - | 9,856,920 | 522,809 | 342,070 | - | - | 10,721,799 |
| **Customers' deposits** | | | | | | | |
| Demand | 34,564,643 | - | - | - | - | - | 34,564,643 |
| Saving & call | 11,114,104 | - | - | - | - | - | 11,114,104 |
| Customers' time investments | - | 43,557,745 | 17,221,705 | 93,897 | - | - | 60,873,347 |
| Other | 2,313,904 | - | - | - | - | - | 2,313,904 |
| **Negative fair value of derivatives** | | | | | | | |
| Held for trading | - | 8,937 | 21,651 | 19,531 | 40,306 | - | 90,425 |
| Held as cash flow hedges | - | 36,593 | - | - | 37,981 | - | 74,574 |
| **Subordinated Sukuk** | - | - | 140,005 | 559,744 | 2,284,375 | - | 2,984,124 |
| **Other liabilities** | - | 13,194 | 52,763 | 108,494 | 26,902 | 1,859,786 | 2,061,139 |
| **Total undiscounted financial liabilities** | 48,288,754 | 59,042,261 | 20,958,774 | 1,123,736 | 2,389,564 | 1,859,786 | 133,662,875 |
| Shari'ah compliant derivatives | - | 1,944,704 | 3,199,068 | 6,240,401 | 3,157,403 | - | 14,541,576 |

The contractual maturity structure of the Group's credit-related contingencies and commitments are shown under note 20 (c).

## 35. LIQUIDITY RISK (continued)

### b) Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. For presentation purposes demand /saving deposits and other on demand liabilities are included in "No fixed maturity" category.

(SAR' 000)

| 2025 | Within 3 Months | 3-12 months | Within 1 year | 1-5 years | Over 5 years | More than 1 year | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Cash and balances with SAMA** | | | | | | | | |
| Cash in hand | - | - | - | - | - | - | 1,059,575 | 1,059,575 |
| Balances with SAMA | 494,948 | - | 494,948 | - | - | - | 5,504,686 | 5,999,634 |
| **Due from Banks and other financial institutions** | | | | | | | | |
| Current accounts | - | - | - | - | - | - | 984,585 | 984,585 |
| Money market placements | 2,473,540 | 2,567,646 | 5,041,186 | - | - | - | - | 5,041,186 |
| Reverse repos | | | | | | | | |
| **Investments** | | | | | | | | |
| Held as FVIS | - | - | - | - | - | - | 2,734,915 | 2,734,915 |
| Held as FVOCI | 9,008 | 596,829 | 605,837 | 6,144,053 | 6,969,914 | 13,113,967 | 280,859 | 14,000,663 |
| Held at amortised cost | 70,966 | 432,089 | 503,055 | 6,906,728 | 14,822,519 | 21,729,247 | - | 22,232,302 |
| **Positive fair value of derivatives** | | | | | | | | |
| Held for trading | 10,162 | 7,078 | 17,240 | 36,686 | 19,522 | 56,208 | - | 73,448 |
| Held as cash flow hedges | 22,735 | - | 22,735 | - | - | - | - | 22,735 |
| **Financing, net** | | | | | | | | |
| Consumer financing | 615,412 | 831,736 | 1,447,148 | 14,939,387 | 22,519,622 | 37,459,009 | 447,483 | 39,353,640 |
| Commercial financing | 19,121,136 | 14,401,150 | 33,522,286 | 29,123,517 | 8,862,726 | 37,986,243 | - | 71,508,529 |
| **Other assets** | 45,438 | 136,313 | 181,751 | - | - | - | 745,273 | 927,024 |
| **Investment in an associate** | - | - | - | - | - | - | 336,713 | 336,713 |
| **Other real estate, net** | - | - | - | - | - | - | 126,000 | 126,000 |
| **Property, equipment, software and right of use assets, net** | - | - | - | - | - | - | 1,523,025 | 1,523,025 |
| **Total assets** | 22,863,345 | 18,972,841 | 41,836,186 | 57,150,371 | 53,194,303 | 110,344,674 | 13,743,114 | 165,923,974 |

## 35. LIQUIDITY RISK (continued)

### b) Maturity analysis of assets and liabilities (continued)

| | (SAR' 000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **2025** | **Within 3 Months** | **3-12 months** | **Within 1 year** | **1-5 years** | **Over 5 years** | **More than 1 year** | **No fixed maturity** | **Total** |
| **Liabilities** | | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | | |
| Current accounts | - | - | **-** | - | - | **-** | **340,077** | **340,077** |
| Money market deposits | 17,932,704 | - | **17,932,704** | - | - | **-** | **-** | **17,932,704** |
| Repurchase agreement borrowings | 3,811,369 | 539,409 | **4,350,778** | 288,671 | 1,000,000 | **1,288,671** | **-** | **5,639,449** |
| **Customer deposits** | | | | | | | | |
| Demand | - | - | **-** | - | - | **-** | **32,046,487** | **32,046,487** |
| Saving & call | - | - | **-** | - | - | **-** | **13,654,158** | **13,654,158** |
| Customers' time investments | 57,210,367 | 10,071,742 | **67,282,109** | 116,779 | - | **116,779** | | **67,398,888** |
| Other | - | - | **-** | - | - | **-** | **2,295,782** | **2,295,782** |
| **Negative fair value of derivatives** | | | | | | | | |
| Held for trading | 8,376 | 1,630 | **10,006** | 34,322 | 11,589 | **45,911** | **-** | **55,917** |
| Held as cash flow hedges | 20,440 | - | **20,440** | 2,726 | 101,824 | **104,550** | **-** | **124,990** |
| **Subordinated Sukuk** | - | 9,085 | **9,085** | - | 1,998,404 | **1,998,404** | **-** | **2,007,489** |
| **Other liabilities** | 28,233 | 39,758 | **67,991** | 95,203 | 40,343 | **135,546** | **2,449,667** | **2,653,204** |
| **Total liabilities** | 79,011,489 | 10,661,624 | **89,673,113** | 537,701 | 3,152,160 | **3,689,861** | **50,786,171** | **144,149,145** |

## 35. LIQUIDITY RISK (continued)

### b) Maturity analysis of assets and liabilities (continued)

(SAR' 000)

| 2024 | Within 3 Months | 3-12 months | Within 1 year | 1-5 years | Over 5 years | More than 1 year | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Cash and balances with SAMA** | | | | | | | | |
| Cash in hand | - | - | **-** | - | - | **-** | **1,154,335** | **1,154,335** |
| Balances with SAMA | - | - | **-** | - | - | **-** | **5,429,455** | **5,429,455** |
| **Due from Banks and other financial institutions** | | | | | | | | |
| Current accounts | - | - | **-** | - | - | **-** | **404,518** | **404,518** |
| Money market placements | 2,439,715 | 3,852,884 | **6,292,599** | - | - | **-** | **-** | **6,292,599** |
| Reverse repos | - | - | **-** | - | - | **-** | **-** | **-** |
| **Investments** | | | | | | | | |
| Held as FVIS | - | 3,993 | **3,993** | - | - | **-** | **2,250,625** | **2,254,618** |
| Held as FVOCI | 116,480 | 23,087 | **139,567** | 5,783,671 | 6,860,726 | **12,644,397** | **283,907** | **13,067,871** |
| Held at amortised cost | 333,748 | 582,312 | **916,060** | 8,248,772 | 11,919,035 | **20,167,807** | **-** | **21,083,867** |
| **Positive fair value of derivatives** | | | | | | | | |
| Held for trading | 9,330 | 20,475 | **29,805** | 19,003 | 46,243 | **65,246** | **-** | **95,051** |
| Held as cash flow hedges | 35,369 | - | **35,369** | - | 21,317 | **21,317** | **-** | **56,686** |
| **Financing, net** | | | | | | | | |
| Consumer financing | 482,703 | 614,473 | **1,097,176** | 12,914,302 | 20,839,729 | **33,754,031** | **411,352** | **35,262,559** |
| Commercial financing | 20,846,280 | 13,170,196 | **34,016,476** | 18,689,987 | 8,943,474 | **27,633,461** | **-** | **61,649,937** |
| **Other assets** | 49,451 | 148,354 | **197,805** | - | - | **-** | **447,891** | **645,696** |
| **Investment in an associate** | - | - | **-** | - | - | **-** | **323,716** | **323,716** |
| **Other real estate, net** | - | - | **-** | - | - | **-** | **139,717** | **139,717** |
| **Property, equipment, software and right of use assets, net** | - | - | **-** | - | - | **-** | **1,258,076** | **1,258,076** |
| **Total assets** | 24,313,076 | 18,415,774 | **42,728,850** | 45,655,735 | 48,630,524 | **94,286,259** | **12,103,592** | **149,118,701** |

## 35. LIQUIDITY RISK (continued)

### b) Maturity analysis of assets and liabilities (continued)

(SAR' 000)

| 2024 | Within 3 Months | 3-12 months | Within 1 year | 1-5 years | Over 5 years | More than 1 year | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | |
| **Due to banks, Saudi Central Bank and other financial institutions** | | | | | | | | |
| Current accounts | - | - | **-** | - | - | **-** | **296,103** | **296,103** |
| Money market deposits | 5,552,286 | 2,888,237 | **8,440,523** | - | - | **-** | **-** | **8,440,523** |
| Repurchase agreement borrowings | 9,772,002 | 512,034 | **10,284,036** | 288,671 | - | **288,671** | **-** | **10,572,707** |
| **Customer deposits** | | | | | | | | |
| Demand | - | - | **-** | - | - | **-** | **34,564,643** | **34,564,643** |
| Saving & call | - | - | **-** | - | - | **-** | **11,114,104** | **11,114,104** |
| Customers' time investments | 43,324,069 | 16,786,217 | **60,110,286** | 83,577 | - | **83,577** | **-** | **60,193,863** |
| Other | - | - | **-** | - | - | **-** | **2,313,904** | **2,313,904** |
| **Negative fair value of derivatives** | | | | | | | | |
| Held for trading | 8,937 | 21,651 | **30,588** | 19,531 | 40,306 | **59,837** | **-** | **90,425** |
| Held as cash flow hedges | 36,593 | - | **36,593** | - | 37,981 | **37,981** | **-** | **74,574** |
| **Subordinated Sukuk** | - | 9,255 | **9,255** | - | 1,996,663 | **1,996,663** | **-** | **2,005,918** |
| **Other liabilities** | 10,935 | 47,147 | **58,082** | 96,536 | 23,203 | **119,739** | **1,859,786** | **2,037,607** |
| **Total liabilities** | 58,704,822 | 20,264,541 | **78,969,363** | 488,315 | 2,098,153 | **2,586,468** | **50,148,540** | **131,704,371** |

## 36. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

**Determination of fair value and fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data

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

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

a) The following table presents the Group's financial assets and liabilities that are measured at fair values:

| | | 2025 (SAR'000) | | | |
|---|---|---|---|---|---|
| | Carrying | | Fair Value | | |
| | Value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value:** | | | | | |
| FVIS - Mutual funds | **2,105,933** | **-** | **102,467** | **2,003,466** | **2,105,933** |
| FVIS – Equities | **607,262** | **38,300** | **-** | **568,962** | **607,262** |
| FVIS – Convertible debt instrument | **21,720** | **-** | **-** | **21,720** | **21,720** |
| FVOCI – Equities | **280,859** | **-** | **-** | **280,859** | **280,859** |
| FVOCI – Sukuk – equity | **3,207,441** | **-** | **3,207,441** | **-** | **3,207,441** |
| FVOCI – Sukuk – debt | **10,512,363** | **-** | **10,512,363** | **-** | **10,512,363** |
| Shari'ah compliant derivatives | **96,183** | **-** | **96,183** | **-** | **96,183** |
| **Total** | **16,831,761** | **38,300** | **13,918,454** | **2,875,007** | **16,831,761** |
| **Financial liabilities measured at fair value:** | | | | | |
| Shari'ah compliant derivatives | **180,907** | **-** | **180,907** | **-** | **180,907** |

**36. FAIR VALUE MEASUREMENT (continued)**

**Determination of fair value and fair value hierarchy (continued)**

a) The following table presents the Group’s financial assets and liabilities that are measured at fair values: (continued)

| | | | 2024 (SAR’000) | | |
|---|---|---|---|---|---|
| | | | Fair Value | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value:** | | | | | |
| FVIS - Mutual funds | 1,748,147 | - | 117,102 | 1,631,045 | 1,748,147 |
| FVIS – Equities | 499,853 | 17,264 | - | 482,589 | 499,853 |
| FVIS – Convertible debt instrument | 6,618 | - | - | 6,618 | 6,618 |
| FVOCI – Equities | 283,907 | - | - | 283,907 | 283,907 |
| FVOCI – Sukuk – equity | 2,999,378 | - | 2,999,378 | - | 2,999,378 |
| FVOCI – Sukuk – debt | 9,784,586 | - | 9,784,586 | - | 9,784,586 |
| Shari’ah compliant derivatives | 151,737 | - | 151,737 | - | 151,737 |
| **Total** | 15,474,226 | 17,264 | 13,052,803 | 2,404,159 | 15,474,226 |
| **Financial liabilities measured at fair value:** | | | | | |
| Shari’ah compliant derivatives | 164,999 | - | 164,999 | - | 164,999 |

Fair value of quoted investments is based on price quoted on the reporting date. Level 2 trading and hedging derivatives comprise foreign exchange, options and profit rate swaps. These foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Profit rate swaps and options are fair valued using forward profit rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

There were no changes in valuation techniques during the period.

There were no transfers between levels 1 and 2 during the year. New investments acquired during the year are classified under the relevant levels. Level 3 includes investment in unquoted equities which have been valued using a valuation model.

**Reconciliation of Level 3 fair values**

| **31 December 2025 - SAR’000** | **Financial asset held at FVIS** | **Financial asset held at FVOCI** |
|---|---|---|
| Balance at 1 January 2025 | **2,120,252** | **283,907** |
| Total gains/(losses) in the consolidated statement of income | **188,460** | **-** |
| Total gains/(losses) in the OCI | **-** | **(3,048)** |
| Purchases | **1,077,645** | **-** |
| Sales / redemption /maturities | **(792,209)** | **-** |
| Balance at 31 December 2025 | **2,594,148** | **280,859** |

| **31 December 2024 - SAR’000** | **Financial asset held at FVIS** | **Financial asset held at FVOCI** |
|---|---|---|
| Balance at 1 January 2024 | 1,372,563 | 217,897 |
| Total gains/(losses) in the consolidated statement of income | 6,014 | - |
| Total gains/(losses) in the OCI | - | 66,010 |
| Purchases | 1,315,009 | - |
| Sales / redemption /maturities | (573,334) | - |
| Balance at 31 December 2024 | 2,120,252 | 283,907 |

**36. FAIR VALUE MEASUREMENT (continued)**

b) Following table represent fair values of financial assets and liabilities measured at amortised cost. There are no financial assets and liabilities that are measured as level 1 and level 3 fair value.

| **31 December 2025** | **Amortised cost** | **Level 2** |
|---|---|---|
| **Financial assets:** | | |
| Due from banks and other financial institutions, net | **6,025,771** | **6,039,909** |
| Investment held at amortised cost – net (note 6(d)) | **22,232,302** | **21,606,319** |
| Financing, net | **110,862,169** | **111,505,245** |
| **Total** | **139,120,242** | **139,151,473** |
| **Financial liabilities:** | | |
| Due to banks and other financial institutions | **23,912,230** | **26,710,746** |
| Customers' deposits | **115,395,315** | **116,229,463** |
| Subordinated Sukuk | **2,007,489** | **2,007,489** |
| **Total** | **141,315,034** | **144,947,698** |

| **31 December 2024** | **Amortised cost** | **Level 2** |
|---|---|---|
| **Financial assets:** | | |
| Due from banks and other financial institutions, net | 6,697,117 | 6,706,393 |
| Investment held at amortised cost – net (note 6(d)) | 21,083,867 | 20,131,588 |
| Financing, net | 96,912,496 | 97,309,690 |
| **Total** | 124,693,480 | 124,147,671 |
| **Financial liabilities:** | | |
| Due to banks and other financial institutions | 19,309,333 | 20,816,924 |
| Customers' deposits | 108,186,514 | 108,874,632 |
| Subordinated Sukuk | 2,005,918 | 2,005,918 |
| **Total** | 129,501,765 | 131,697,474 |

The fair value of the cash and balances with SAMA, other assets and other liabilities approximate to their carrying amount. The fair values of level 2 financial instruments are estimated as at December 31, 2025 at the current applicable yield curve taking into account the counterparty risks and applicable market rate.

**36. FAIR VALUE MEASUREMENT (continued)**

**Valuation technique and significant unobservable inputs**

The following table shows the valuation techniques used in measuring level 2 and Level 3 fair values at 31 December 2025 and 31 December 2024, as well as the significant unobservable inputs used.

| Type | Accounting Classification | Valuation Technique | Significant unobservable Inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|---|
| Mutual Fund units | FVIS | Fair valued using the net asset value determined by the fund manager. The fund manager deploys various techniques for the valuation of underlying assets classified under level 3 of the respective fund's fair value hierarchy | Risk adjusted discount rates, marketability and liquidity discounts and control premiums | None |
| Equities | FVIS | Includes investment in unquoted equities which have been valued using a valuation model. | Risk Free Rate, Asset Volatility | Valuation is highly sensitive to changes in the asset volatility |
| Equities | FVOCI | Includes investment in unquoted equities which have been valued using a valuation model. | Revenue growth rate, terminal growth rate | Higher growth rates increase fair value, while lower growth rates reduce it. |
| Investment held at FVOCI – Sukuks (debt & equity) | FVOCI | Fair valued using the broker quoted prices or estimating present value by discounting cash flows using adjusted discount rate. | Not applicable | Not applicable |
| Forward exchange contracts (Wa'ad) and Profit rate swaps | FVIS | Forward exchange contracts (Wa'ad): Fair valued using discounted Notional techniques that use observable market data inputs for Foreign Exchange (FX) and yield curves<br>Profit rate swaps: The fair value is determined by discounting the future cash flows using observable market data inputs for yield curves. | Not applicable | Not applicable |
| Due from banks and other financial institutions, Financing, Due to banks and other financial institutions, Customer Deposits | Amortised Cost | Market Data: Used observable market data inputs for yield curves.<br>Fair value technique: The fair value is determined by discounting the future cash flows. A discounted cash flow is the product of:<br>• The anticipated nominal magnitude and sign of a cash flow.<br>• The accumulated discount over the amount of time remaining until the anticipated time of the cash flow, at a rate of discount.<br>The fair value is determined only for the Customers' time investments. | Not applicable | Not applicable |
| Investment held at amortised cost - net | Amortised Cost | Fair valued using the quoted prices, where available or estimating present value by discounting cash flows using adjusted discount rate. | Not applicable | Not applicable |

## 37. RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. The related party transactions are governed by the limits set by the Banking Control Law and regulations issued by Saudi Central Bank (SAMA) and approved by the board of directors and management. These transactions are carried out on terms similar to those with external customers/parties.

The balances as at December 31 resulting from such transactions included in the consolidated financial statements are as follows:

| | **2025** | 2024 |
|---|---|---|
| | **SAR' 000** | SAR' 000 |
| **Subsidiary companies*** | | |
| Investments | **500,980** | 500,980 |
| Customer deposits | **1,687,290** | 2,389,506 |
| Due from banks and other financial institutions | **2,400,930** | 2,023,568 |
| Due to banks and other financial institutions | **1,288,671** | 291,019 |
| Receivables and other assets | **144,199** | 161,081 |
| Payables and liabilities | **43,524** | 30,623 |
| Commitments and contingencies | **42** | 98 |
| Notional values of outstanding shari'ah compliant contracts | **4,142,944** | 3,675,436 |
| Outstanding Sukuk liability | **1,875,000** | 1,875,000 |
| **Associate with significant influence** | | |
| Investments | **336,713** | 323,716 |
| Customer deposits | **240,811** | 305,417 |
| Contingencies and commitments | **7,280** | 7,280 |
| Sukuk liability | **160,000** | 150,000 |
| **Directors, key management personnel, other major shareholders and their affiliates** | | |
| Financing | **2,383,466** | 327,474 |
| Customers' deposits | **144,553** | 119,835 |
| Contingencies and commitments | **7,864** | 35,835 |

The above table includes the Financing amounting to SAR 2.31 billion, customers' deposits SAR 17.15 million and contingencies and commitments SAR 7.86 million pertaining to entities having common directorships or common key management personnel in accordance with regulations.

Other major shareholders represent shareholdings of more than 5% of the Bank's issued share capital.

| | | |
|---|---|---|
| **Mutual Funds under subsidiary's management** | | |
| Investments | **972,065** | 579,306 |
| Customers' deposits | **369,505** | 111,785 |

## 37 RELATED PARTY TRANSACTIONS (continued)

Income, expenses and other transactions with related parties included in the consolidated financial statements are as follows:

| | **2025 SAR' 000** | 2024 SAR'000 |
|---|---|---|
| **Subsidiary companies*** | | |
| Income from investments and financing | **228,353** | 283,294 |
| Return on deposits and financial liabilities | **284,205** | 289,565 |
| Fees income | **27** | 282 |
| Fee expense | **8,684** | 12,697 |
| Income under shared service agreements | **1,150** | 1,150 |
| Reimbursement of building related expense | **6,399** | 4,005 |
| Reimbursement of expense to a subsidiary | **46** | 39 |
| **Associate with significant influence** | | |
| Return on deposits and financial liabilities | **12,432** | 7,779 |
| Fees income | **484** | 113 |
| Insurance premium | **17,172** | 131,247 |
| Claims received | **31,721** | 26,505 |
| Investment in the sukuks issued by the Bank | **10,000** | - |
| Dividend received by Bank | **5,813** | 5,813 |
| Profit on the sukuks issued by the Bank | **9,315** | 9,000 |
| Participation in DMO sukuk auction for an associate | **-** | 33,516 |
| Purchase of shares of associate (ATT) | **-** | 76,218 |
| **Directors, key management personnel, other major shareholders and their affiliates** | | |
| Income from investments and financing | **156,744** | 20,959 |
| Return on deposits and financial liabilities | **6,341** | 4,106 |
| Directors' remuneration | **17,630** | 17,049 |
| Operating expenses | **5,206** | 5,432 |
| Rent expense for branches | **782** | 765 |

The above table includes the income from investment and financing amounting to SAR 155 million and return on deposits and financial liabilities amounting to SAR 0.4 million pertaining to entities having common directorships or common key management personnel in accordance with regulations.

| | **2025 SAR' 000** | 2024 SAR'000 |
|---|---|---|
| **Mutual Funds under subsidiary's management** | | |
| Return on deposits and financial liabilities | **7,503** | 9,684 |
| Investment in mutual funds | **112,500** | 144,716 |

The total amount of compensation paid to directors and key management personnel during the year is as follows:

| | **2025 SAR' 000** | 2024 SAR'000 |
|---|---|---|
| Short-term employee benefits | **138,189** | 133,687 |
| Termination benefits | **30,950** | 28,608 |

Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

*This is in addition to the requirements of IAS 24.

## 38. SALARIES AND EMPLOYEE RELATED EXPENSES

| | 2025 | | | | |
|---|---|---|---|---|---|
| **Categories of employees** | **Number of employees** | **Fixed compensation (on accrual basis) SAR' 000** | **Variable compensation (on cash basis) SAR' 000** | **Shares SAR' 000** | **Total SAR' 000** |
| Senior executives that require SAMA no objection | **25** | **46,629** | **20,276** | **1,200** | **68,105** |
| Employees involved in control functions | **351** | **115,798** | **13,020** | **-** | **128,818** |
| Employees involved in risk taking activities | **48** | **63,525** | **17,415** | **-** | **80,940** |
| Other employees | **2,346** | **651,523** | **204,633** | **-** | **856,156** |
| Outsourced employees | **652** | **101,568** | **1,862** | **-** | **103,430** |
| **Total** | **3,422** | **979,043** | **257,206** | **1,200** | **1,237,449** |
| **Variable compensation (accrual basis)** | | **246,705** | | | |
| **Other employee related benefits** | | **35,398** | | | |
| **Total salaries and employee-related** | | **1,261,146** | | | |

| | 2024 | | | | |
|---|---|---|---|---|---|
| **Categories of employees** | **Number of employees** | **Fixed compensation (on accrual basis)** SAR' 000 | **Variable compensation (on cash basis)** SAR' 000 | **Shares** SAR' 000 | **Total** SAR' 000 |
| Senior executives that require SAMA no objection | 24 | 45,147 | 23,849 | - | 68,996 |
| Employees involved in control functions | 364 | 114,101 | 12,212 | - | 126,313 |
| Employees involved in risk taking activities | 45 | 54,604 | 16,633 | - | 71,237 |
| Other employees | 2,156 | 549,346 | 153,389 | - | 702,735 |
| Outsourced employees | 619 | 96,059 | 1,461 | - | 97,520 |
| **Total** | 3,208 | 859,257 | 207,544 | - | 1,066,801 |
| **Variable compensation (accrual basis)** | | 211,079 | | | |
| **Other employee related benefits** | | 55,764 | | | |
| **Total salaries and employee-related** | | 1,126,100 | | | |

Control functions mainly include Enterprise Risk Management, Credit Management, Internal Audit, Finance, Compliance and Board Secretary & Governance, Shariah Groups. Employees involved in risk taking activities are Material Risk Takers.

## 38. SALARIES AND EMPLOYEE RELATED EXPENSES (continued)

### 38.1 Salient features of Compensation Policy

The Bank has developed a Senior Management Compensation & Benefits Policy based on the 'Banks Remuneration Rules' issued by SAMA as well as the guidelines provided by the Financial Stability Board and the Basel Committee on Banking Supervision in this respect. The policy was approved by the General Assembly and prioritizes the alignment of compensation with risk and offers a competitive and balanced mix of fixed and variable pay. The policy ensures that compensation reflects the probability and timing of earnings and their effect on the Bank's capital. It also aims to foster effective risk management, achieve financial stability and address the risks arising from the Bank's compensation practices. The Group considers all kinds of current and potential material risks and maintains a balance between general industry practices and Group-specific factors such as business model, financial condition, operating performance, market perception, business prospects and suitable managerial judgement, etc.

The Board of Directors of the Bank has established a Nomination and Remuneration Committee (the Committee) which consists of four members. The functions and duties of the committee focus on recommending nominations to the Board of Directors as per the approved policies and standards, performing annual reviews on the skills required for the membership of the board of directors, performing reviews of the board of directors 'structure and recommending those changes that could be carried out. The committee is also responsible for ensuring the independence of independent members and lack of any conflict of interests in case any director was a member in any other company's board, ensuring recommended appointment is commensurate with the proper skills and required qualifications, and development and review of remuneration for the directors and senior executives.

The Committee is also responsible to recommend to the Board of Directors the approval of the Bank's Compensation Policy and any amendments thereto, to ensure that the Bank's remuneration policies are in compliance with SAMA Rules, to periodically review the Bank's compensation policy, to evaluate practices by which compensation is paid, and to determine the performance bonuses for the Bank's employees based on the risk adjusted profit of the Bank.

The governance process ensures that the Compensation Policy is consistently applied and operates as intended. The Bank has established an oversight mechanism to regularly evaluate the design characteristics of compensation practices and their implementation to achieve the desired objectives

**The compensation and benefits program**

The Compensation Policy is designed to attract, retain and motivate high performing and high potential employees. The Group's compensation policy is based on the nature of the job, market practices and jobholder's level of involvement in risk taking and controlling activities. The policy applies to all employees, including the executive management team and aims to link individual performance to the Group's overall achievements and financial soundness and results.

The Banks participates in Compensation and Benefits surveys conducted by independent third parties to get insights into the market pay levels. The Bank also conducts annual performance cycles that ensures that employees are appraised of their annual performance.

The distribution of compensation is composed of a mix of fixed and variable pay, allowances, periodic meritorious reward schemes and non-cash benefits in line with the standards and norms for the financial services industry in the Kingdom of Saudi Arabia.

According to labour law of the Kingdom of Saudi Arabia and Group's internal policies, staff end of services benefits is due for payment at the end of an employee's period of services. The end of service benefits outstanding at December 31, 2025 amounted to SAR 340.44 million (2024: SAR 309.43 million).

## 38. SALARIES AND EMPLOYEE RELATED EXPENSES (continued)

### 38.1 Salient features of Compensation Policy (continued)

**The compensation and benefits program (continued)**

The compensation and benefits program is applicable to all regular (Headcount) Saudi national and expatriate employees of the Bank, and its subsidiaries within all applicable regulatory and corporate governance limitations.

- **Fixed compensation** includes salaries and wages, and job/position specific allowances and related benefits, which are fixed in employment contracts and are given irrespective of performance.

- **Variable compensation** includes performance bonuses, incentives and other variable performance related allowances which are not fixed by the employment contracts, and which vary from year to year, and have a direct correlation with individual, group and institutional performance success.

**Performance management system**

The Bank has adopted a framework to develop a clear link between variable compensation and performance. The framework is designed on the basis that the combination of meeting both financial performance and achievement of other non-financial factors would deliver a target bonus pool for the employees, prior to consideration of any allocation to business areas and employees individually.

The performance of all employees is evaluated against agreed targets using a KPI and Competency Scorecard methodology. Financial and non-financial metrics are used to measure performance against the objectives, which include profitability, expense control, customer satisfaction, quality assurance, employee development and engagement, sustainable business practices, lending guidelines, internal controls, compliance with regulations, and business systems and processes. Effective risk management is emphasized to maintain a strong and secure operating platform. The performance management methodology at the Bank focuses on the differentiation of individual performance and drives the variable reward strategy which encourages high performance within a risk compliant manner.

In line with SAMA Regulations, Material Risk Takers (MRTs) have a percentage of their variable compensation deferred and vested over a period of three (3) years. The MRTs are determined every year and approved by the Nomination and Remuneration Committee.

**Risk-adjustment for variable pay schemes**

The Bank has adopted a framework to develop a clear link between variable compensation and performance. The Bank has reviewed all its variable pay schemes, to ensure that any bonus pay pools have taken into account all relevant risks. The determination of bonus pools is based on appropriate performance factors adjusted for risk. The bonus pool for the Control functions have been ring fenced from short-term profits in alignment with SAMA regulations.

The Bank’s subsidiaries have adopted a similar approach to remuneration and compensation practices as described above, including policies within a framework of prudent risk management.

## 38. SALARIES AND EMPLOYEE RELATED EXPENSES (continued)

### 38.2 Employees share-based plans

The Bank has following share-based payment plan outstanding at the end of the year. Significant features of the plans are as follows:

| Nature of Plan | Equity Based Long Term Bonus Plan |
|---|---|
| Number of outstanding plans | 1 |
| Grant date | 9 January 2025 |
| Maturity date | 2025, 2026, 2027& 2028 |
| Number of shares granted on the grant date, adjusted for bonus share issue | 1,631,282 |
| Strike price per share at grant date adjusted for bonus share issue | 13.416 |
| Vesting period | 0-3 Years |
| Vesting conditions | Employee remain in service |
| Method of settlement | Equity |
| Valuation model | Market value |
| Fair value per share on grant date adjusted for bonus share issue | 14.484 |

The movement in weighted average price and in the number of shares in the employees share participation scheme is as follows:

| | Weighted average exercise price (SAR) | | Number of shares in scheme | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| Beginning of the year | 13.416 | - | - | - |
| Forfeited | 13.416 | - | (26,965) | - |
| Exercised/Expired | 12.48 | - | (96,154) | - |
| Granted during the year | 13.36 | - | 1,631,282 | - |
| **End of the year** | **13.416** | **-** | **1,508,163** | **-** |

## 39. CAPITAL ADEQUACY

The Group actively manages its capital base to cover the risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision including the framework and guidance regarding the implementation of capital reforms under Basel III ("Basel III Accord") which has been adopted by the Bank's regulator, SAMA. The Basel III capital ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to risk-weighted assets ("RWA") at or above 10.5 percent, including a capital conservation buffer (2.5 percent).

## 39. CAPITAL ADEQUACY (continued)

The Group monitors the adequacy of its capital using the methodology and ratios established by SAMA. Various committees have been established by the Bank which also monitor the capital adequacy.

The following table summarizes the Group's Pillar-I Risk Weighted Assets (RWA), Regulatory Capital and Capital Adequacy Ratios as per as per Basel III final reform issued by SAMA (circular number 44047144) effective from January 01, 2023

| | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Eligible capital SAR '000** | **Capital adequacy ratio %** | Eligible capital SAR '000 | Capital adequacy ratio % |
| Common Equity Tier 1 (CET 1) Capital | **15,065,179** | **12.28** | 13,288,378 | 12.11 |
| Additional Tier 1 (AT1) Capital | **6,750,000** | | 3,875,000 | - |
| Tier I Capital | **21,815,179** | **17.78** | 17,163,378 | 15.64 |
| Supplementary capital (Tier 2) | **2,654,505** | | 2,616,245 | |
| Core and supplementary capital (Tier 1 + Tier 2) | **24,469,684** | **19.94** | 19,779,623 | 18.02 |

Common Equity Tier 1 capital of the Bank at the year-end comprises of share capital, statutory reserve, general reserves, other reserves, retained earnings and certain regulatory capital adjustments in accordance with the requirement of SAMA Basel III Framework. The other component of regulatory capital is Tier 2 capital, which comprises subordinated sukuk issued by the Group and eligible collective allowances.

A strong capital position is essential to the Group's business strategy and competitive position. The Group's capital strategy focuses on long-term stability, which aims to build and invest in core banking activities.

The Group seeks to maintain adequate levels of capital in order to:

- Optimize assets growth in target business segments to support its strategic objectives
- Support the underlying risks of the Bank's business;
- Be able to withstand capital demands under prevailing market and stress conditions.

Strategic business plans, ICAAP and ILAAP are drawn up annually covering at least three years horizon. This ensures that risks based on the Bank's Risk Appetite Framework & Policy are assessed and adequate levels of capital are maintained by the Group to support its growth. The above takes the following into account:

- Growth of core financing and investment business based on business plans of the various business units such as Corporate Banking (includes Commercial and SME Segment), Global Transactions Services, Financial Institutions, Retail Banking, Treasury and Private Banking;
- The funding structure and sources of funding, liabilities and equity, to support the asset growth taking into consideration the need to maintain strong liquidity position based on Basel III Liquidity Management guidelines;
- Maintenance of Regulatory capital requirements and Capital Adequacy Ratios.

For the purpose of calculating risk weighted assets, the Group uses the Standardized Approach for credit risk and market risk and the Basic Indicator Approach for operational risk. The Group's Risk Management Division is responsible for ensuring that the Group's capital adequacy ratios meet the minimum requirement specified by SAMA. The Group is required to submit Capital Adequacy Prudential Returns on quarterly basis to SAMA showing the capital position.

## 39. CAPITAL ADEQUACY (continued)

| | **2025** **SAR '000** | 2024 SAR '000 |
|---|---|---|
| Credit risk | **116,415,075** | 103,418,920 |
| Market risk | **1,046,111** | 1,468,837 |
| Operational risk | **5,228,814** | 4,860,836 |
| Total pillar-1 – risk weighted assets | **122,690,000** | 109,748,593 |

As at 31 December 2025, the Bank is in compliance with all externally imposed capital requirements.

## 40. INVESTMENT MANAGEMENT AND BROKERAGE SERVICES

The Bank's subsidiary, AlJazira Capital Company offers investment management and advisory services to its customers, compliant with the principles of Shari'ah (non-interest based). These services include portfolio management on a discretionary and non-discretionary basis and management of investment funds in conjunction with professional investment advisors.

The Group also provides investment management and other services to AlJazira Takaful Ta'awuni Company.

Total assets under administration held by the Group related to its brokerage services business amounted to SAR 47.7 billion (2024: SAR 51.5 billion).

Assets held in a fiduciary capacity by the Group related to its asset and wealth management services business amounted to SAR 28.4 billion (2024: SAR 23.7 billion).

## 41. UNCONSOLIDATED ENTITIES

Unconsolidated structured entities are all structured entities that are not controlled by the Group. The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and/or for specific investment opportunities. An interest in a structured entity is contractual or non-contractual involvement which creates variability of the returns of the Group arising from the performance of the structured entity.

**41. UNCONSOLIDATED ENTITIES (continued)**

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

| Type of structured entity | Nature and purpose | Interest held by the Group | Total assets 2025 SAR '000 | Total assets 2024 SAR '000 |
|---|---|---|---|---|
| Public funds | To generate:<br>▪ returns from trading in the units and / or periodic distributions from the funds.<br>▪ fee from managing assets on behalf of third party investors.<br>These funds are financed through the issue of units to investors. | Investments in units issued by the funds.<br>Management and performance fee | **1,519,011** | 1,491,219 |
| Private funds | To generate:<br>▪ returns from capital appreciation and / or periodic distributions from the funds.<br>▪ fee from advisory services / managing assets on behalf of third party investors.<br>These funds are financed through the issue of units / shares to investors. | Investments in units / shares issued by the funds.<br>Advisory and management fee | **2,986,932** | 4,785,475 |

The table below sets out an analysis of the carrying amounts of interest held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held. These interests are reported as investments at fair value through statement of income into these consolidated financial statements

| | 2025 SAR '000 | 2024 SAR '000 |
|---|---|---|
| Public funds | **60,538** | 100,331 |
| Private funds | **587,923** | 1,602,862 |
| | **648,461** | 1,703,193 |

The Group considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity. The Group earned a fee amounting to SAR 155.88 million (2024: SAR 65.7 million ) from the structured entities it has sponsored, but in which the Group does not have an interest.

## 42. PROFIT SHARING INVESTMENT ACCOUNTS

### a) Analysis of PSIA income according to types of investments and their financing

As of December 31, 2025, all joint financing is funded by comingled pool which includes funds from Unrestricted Investment Accountholder (mainly Mudaraba).

Gross pool assets by type of contract:

| | 2025 SAR '000 | 2024 SAR '000 |
|---|---|---|
| Tawarraq | **61,427,905** | 53,054,641 |
| Murabaha | **44,890,429** | 40,090,120 |
| Ijarah | **8,068,572** | 7,172,581 |
| Wakala | **1,516,886** | 2,766,369 |
| Sukuk | **35,965,312** | 33,879,783 |
| Qard Alhasan & Others | **2,669,555** | 2,658,352 |
| Total financing and investments | **154,538,659** | 139,621,846 |

### b) the basis for calculating and allocating profits between the bank and the IAHs;

Computation of Pool income is as follows:

| SAR '000 | 2025 | 2024 |
|---|---|---|
| Pool Income from Financing | **4,905,858** | 4,197,567 |
| Income from Investments | **494,431** | 562,610 |
| **Total Pool Income** | **5,400,289** | 4,760,177 |
| Investment risk reserve (IRR) - (Mudaraba Reserve Account | **760,066** | 602,890 |
| Mudaraba Pool Income | **522,293** | 432,903 |
| Mudarib fee | **5,223** | 4,329 |
| Movement to or from IRR | **157,176** | 155,001 |
| Total amount paid to IAH Mudaraba | **297,173** | 273,660 |
| Profit allocation during the year | **359,894** | 273,573 |
| **Total amount attributable to shareholders pool** | **1,179,042** | 1,146,240 |

The basis of allocating the profits between IAH and the Bank:

| | IAH Share | Bank Share |
|---|---|---|
| Profit Sharing Allocation Percentages | 99% | 1% |

**42. PROFIT SHARING INVESTMENT ACCOUNTS (continued)**

**c) the equity of the IAHs at the end of the reporting period**

| SAR '000 | 2025 | 2024 |
|---|---|---|
| Investment account holders balance before profit | **7,895,000** | 4,895,000 |
| Add: Profit for the IAH during the year | **517,070** | 428,574 |
| Less: Profit allocation during the year | **(359,894)** | (273,573) |
| Total value of Investment Account Holders after share of profits and before the fair value reserves | **8,052,176** | 5,050,001 |
| Share in fair value reserve | **(157,176)** | (155,001) |
| Total equity for Investment Account Holders | **7,895,000** | 4,895,000 |

**d) Basis for determining any IRR and the changes that have occurred in any of those reserves during the reporting period**

Investment risk reserve / Mudaraba Reserve (IRR) is created by setting aside amounts out of the profit attributable to investment account holders, after deducing the Mudarib share, in order to cushion the effects of future investment losses on investment account holders. The IRR enables the Bank's to cover, fully or partially, unexpected losses on investments. Where the losses are fully covered, use of PER may enable a profit pay-out to be made to the IAH notwithstanding the loss.

With regard to IRR, IAH agree in advance in the contract that regulates their relationship with the Bank, on the proportion of their income that may be appropriated to each of these reserves. This amount is determined by the management of the Bank at their discretion. As per terms and conditions, in case of any shortfall the Bank has to first utilise any amount available in the Mudaraba Reserve and in case of any shortfall may (at its sole discretion) elect (but shall not be obliged) to make one or more payments from its own cash resources in order to cover such shortfall and the Bank will be entitled to recover such amounts at a later date from the Mudaraba Reserve. Investment risk reserve (IRR) are used to manage and mitigate below risk faced by the Bank.

**Displaced commercial risk**

Rate of return risk can give rise to displaced commercial risk. The Bank may be under pressure to pay a return that is above the rate earned on assets to match the competitors' rates. The Bank cannot provide their customers fixed guaranteed returns on their deposits or investments. Instead, they follow risk/return sharing model. However, in practice, investment account holders are likely to expect competitive returns. This lead to displaced commercial risk for the Banks. It is vital for the Banks to effectively manage their displaced commercial risk to be able to compete with their conventional counterparts. To mitigate displaced commercial risk, the Banks may decide to waive their portions of profits and thus dissuade investment account holders from withdrawing funds. However, the practice of foregoing part or all of shareholders' profits can adversely affect the Bank's own capital which can lead to insolvency in extreme cases.

## 43. RESTATEMENT AND COMPARATIVE FIGURES

During the current year, the financial statements have been restated and reclassified as set out below to reflect the impact of refinements in accounting presentation and classification.

(i) The Bank corrected the valuation of its interest in an equity investment that is classified as investments at fair value through other comprehensive income (FVOCI) which was historically valued at cost and net assets value as at 31 December 2023 and 31 December 2024 respectively. As a result of using correct/appropriate valuation method, the fair value of the investment has increased by SAR 212.63 million as at 31 December 2023 and 31 December 2024. This adjustment is considered as correction of errors as per IAS 8 (Accounting policies, Changes in Accounting Estimates and Errors) and is material to the consolidated financial statements and accordingly the consolidated statement of financial position and consolidated statement of changes in equity have been restated.

(ii) Following an enhanced interpretation of the contractual terms of the Share Purchase Agreement, the Group refined the classification of one of its investments. The investment, previously designated at fair value through other comprehensive income (FVOCI) under IFRS 9, was determined to require measurement at fair value through profit or loss (FVTPL). In accordance with IAS 8, the Group has retrospectively reclassified the carrying amount of SAR 460 million from FVOCI to FVIS. This restatement has no impact on the consolidated statement of financial position, consolidated statement of income and consolidated statement of changes in equity for the comparative year.

(iii) During the year, following a review of balances held with cash management companies, certain amounts previously classified as “Other assets” were reclassified as “Cash and balances with SAMA,” meeting the definition of cash and cash equivalents under IAS 7. Comparative information has been re-presented accordingly. This reclassification affected the consolidated statement of financial position and consolidated statement of cash flows, with no impact on consolidated statement of income and consolidated statement of changes in equity.

Accordingly, the Bank has restated the affected line items to reflect the cumulative impact of all restatements and reclassifications, such that the prior year financial information is presented on a consistent and comparable basis.

| SAR’ 000 | As previously presented | Impact of (i) | Impact of (ii) | Impact of (iii) | Restated balance |
|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | |
| **Consolidated statement of financial position** | | | | | |
| Cash and balances with SAMA | 6,118,369 | - | - | 465,421 | **6,583,790** |
| Investments, net | 36,193,723 | 212,633 | - | - | **36,406,356** |
| Other assets | 1,111,117 | - | - | (465,421) | **645,696** |
| Total assets | 148,906,068 | 212,633 | - | - | **149,118,701** |
| Other reserves | (1,093,466) | 212,633 | - | - | **(880,833)** |
| Equity attributable to shareholders of the Bank | 13,326,697 | 212,633 | - | - | **13,539,330** |
| Total equity | 17,201,697 | 212,633 | - | - | **17,414,330** |
| Total liabilities and equity | 148,906,068 | 212,633 | - | - | **149,118,701** |
| **Consolidated statement of changes in equity** | | | | | |
| Other reserves | (1,093,466) | 212,633 | - | - | **(880,833)** |
| **Consolidated statement of Cashflows** | | | | | |
| Net cash (used in) / generated from operating activities | 1,916,975 | - | (460,000) | 184,985 | **1,641,960** |
| Net cash used in from investing activities | (1,854,306) | - | 460,000 | - | **(1,394,306)** |

## 43. RESTATEMENT AND COMPARATIVE FIGURES (continued)

| SAR' 000 | As previously presented | Impact of (i) | Impact of (ii) | Impact of (iii) | Restated balance |
|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | |
| **Consolidated statement of Cashflows (continued)** | | | | | |
| Investments held at FVIS | (267,575) | - | (460,000) | - | **(727,575)** |
| Other assets | (391,668) | - | - | 184,985 | **(206,683)** |
| Purchase of investments held at amortised cost and FVOCI | (5,910,158) | - | 460,000 | - | **(5,450,158)** |
| Net change in cash and cash equivalents | (398,475) | - | - | 184,985 | **(213,490)** |
| Cash and cash equivalents at the beginning of the year | 2,722,860 | - | - | 280,436 | **3,003,296** |
| Cash and cash equivalents at the end of the year | 2,324,385 | - | - | 465,421 | **2,789,806** |
| **Note 6 – Investments , net** | | | | | |
| Held at FVIS | 1,794,618 | - | 460,000 | - | **2,254,618** |
| Held at FVOCI, net | 13,315,238 | 212,633 | (460,000) | - | **13,067,871** |
| **As at 01 January 2024** | | | | | |
| **Consolidated statement of financial position** | | | | | |
| Cash and balances with SAMA | 5,840,693 | - | - | 280,436 | **6,121,129** |
| Investments, net | 34,442,290 | 212,633 | **-** | **-** | **34,654,923** |
| Other assets | 719,449 | - | - | (280,436) | **439,013** |
| Total assets | 129,550,777 | 212,633 | - | - | **129,763,410** |
| Other reserves | (844,399) | 212,633 | - | - | **(631,766)** |
| Equity attributable to shareholders of the Bank | 12,540,494 | 212,633 | - | - | **12,753,127** |
| Total equity | 16,415,494 | 212,633 | - | - | **16,628,127** |
| Total liabilities and equity | 129,550,777 | 212,633 | - | - | **129,763,410** |
| **Consolidated statement of changes in equity** | | | | | |
| Other reserves | (844,399) | 212,633 | - | - | **(631,766)** |

In addition, certain prior year amounts have been reclassified to align with the current year presentation. However, there was no impact of such reclassifications on the consolidated statement of income and consolidated statement of changes in equity.

## 44. EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors through their resolution dated 28 January 2026 approved a dividend payment of SAR 638.11 million equal to SAR 0.5 per share for the second half of 2025, net of zakat. The impact of this will be reflected in the consolidated financial statements for the year ending 31 December 2026.

## 45. BOARD OF DIRECTORS' APPROVAL

The consolidated financial statements were authorized for issue by the Board of Directors on 27 January 2026 (corresponding to 8th Shaban, 1447AH).