

**AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT**



Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Amlak International Finance Company (the "Company") and its subsidiary (together the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, 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).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matter	Expected credit loss allowance against Murabaha, Ijara and Ijara mawsofa fi athemma receivables
------------------	---

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

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



Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company) (continued) Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company) (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. This matter was 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.

Key audit matter	How our audit addressed the Key audit matter
<p>Expected credit loss allowance against Murabaha, Ijara and Ijara mawsofa fi athemma receivables</p> <p>As at 31 December 2025, gross Murabaha, Ijara and Ijara mawsofa fi athemma receivables were SAR 3,376.6 million, SAR 880.5 million and SAR 88.2 million respectively, against which the Group maintained an expected credit loss ("ECL") allowance of SAR 60.4 million, SAR 20.6 million and SAR 0.11 million respectively.</p> <p>We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgement and this has a material impact on the consolidated financial statements of the Group. The key areas of judgment include:</p> <ol style="list-style-type: none">Categorisation of receivables into Stages 1, 2 and 3 based on the identification of:<ol style="list-style-type: none">exposures with a significant increase in credit risk ("SICR") since their origination; andindividually impaired / defaulted exposures. <p>The Group has applied additional judgements to identify and estimate the likelihood of borrowers that may have experienced SICR according to the current economic outlook.</p> <ol style="list-style-type: none">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 assessment of 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.	<ul style="list-style-type: none">We obtained and updated our understanding of management's assessment of ECL allowance against Murabaha, Ijara and Ijara mawsofa fi athemma receivables including the Group's internal rating model, accounting policy, model methodology including any key changes made during the year.We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9.We assessed the design and implementation, and tested the operating effectiveness of key controls (including relevant "IT" general and application controls) over:<ul style="list-style-type: none">the ECL model, including governance over the model, and any model updates performed during the year, including approval of the respective oversight committee of key inputs, assumptions and post model adjustments;the classification of financing into Stages 1, 2 and 3, timely identification of SICR and the determination of defaulted / individually impaired exposures; andthe integrity of data inputs into the ECL model.For a sample of customers, we assessed:<ul style="list-style-type: none">the internal ratings determined by management based on the Group's internal rating model and considered these assigned ratings in light of the Group's ECL methodology and available industry information. We also assessed that these were consistent with the ratings used as input in the ECL model; andmanagement's computations for ECL.



Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company) (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>3. The need to apply post model overlays using expert credit judgement to reflect all relevant risk factors that might not have been captured by the ECL model.</p> <p><i>Application of these judgements and estimates results in greater estimation uncertainty and the associated audit risk around ECL calculation as at 31 December 2025.</i></p> <p><i>Refer to the material accounting policies note 3(g) for the impairment of financial assets; note 2(d)(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 25(1) which contains the disclosure of impairment against these receivables, credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p>	<ul style="list-style-type: none">• For selected customers, we assessed management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.• We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "defaulted" or "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.• 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.• 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.• We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2025.• Where required, we involved our experts to assist us in auditing 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 and of assumptions used in post model overlays.• We assessed the adequacy of disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company) (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's 2025 Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's 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.

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

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Board of Directors and the Audit Committee, are responsible for overseeing the Group's financial reporting process.

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

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



Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company) (continued)

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

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 scepticism throughout the audit. We also:

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

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

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



*Independent auditor's report to the shareholders of Amlak International Finance Company (A Saudi Joint Stock Company)
(continued)*

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

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

PricewaterhouseCoopers

Khalid A. Mahdhar
License No. 368

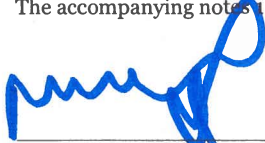



25 February 2026

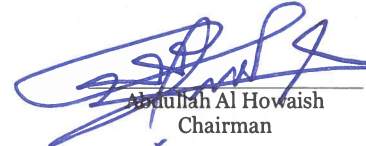
**AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(SR '000)**

	Note	2025	2024
ASSETS			
Cash and cash equivalents	4	46,038	32,360
Investments	5	893	893
Positive fair value of derivatives	12	369	6,855
Murabaha receivables, net	6	3,316,171	2,982,731
Ijara receivables, net	7	859,875	1,249,034
Ijara mawsofa fi athemmah receivables, net	8	88,050	90,435
Prepayments and other assets	9	75,812	82,373
Property, equipment and right of use assets, net	10	75,564	67,530
Total assets		4,462,772	4,512,211
LIABILITIES AND EQUITY			
Account payables and other accruals	11	87,837	76,789
Negative fair value of derivatives	12	3,720	3,723
Zakat payable	13	16,924	12,096
Borrowings	14	3,049,342	3,175,406
Employees' end of service benefits	15	23,750	19,478
Total liabilities		3,181,573	3,287,492
Share capital	16	1,019,250	1,019,250
Cash flow hedge reserve	12	(3,351)	3,132
Retained earnings		265,300	202,337
Total equity		1,281,199	1,224,719
Total liabilities and equity		4,462,772	4,512,211

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.


Murad Alsaadiq
Chief Finance Officer


Adnan Al Shubaily
Chief Executive Officer

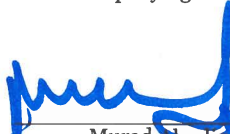

Abdullah Al Howaish
Chairman


2

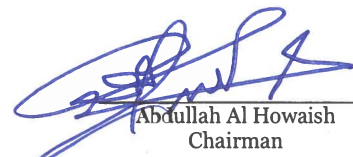
AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

	Note	2025	2024
INCOME			
Income from Murabaha contracts		455,431	318,669
Income from Ijara contracts		67,245	106,354
Income from Ijara mawsofa fi athemmah contracts		7,022	8,320
Revaluation of servicing rights asset, net		661	(1,276)
Fees and commission income		37,628	20,199
Total income from Murabaha, Ijara and Ijara mawsofa fi athemmah		567,987	452,266
EXPENSES			
Finance cost		(205,781)	(198,227)
Fee expense		(19,710)	(10,690)
Net income from Murabaha, Ijara and Ijara mawsofa fi athemmah		342,496	243,349
Other operating income			
Other income		1,067	1,113
		343,563	244,462
Operating expenses			
Depreciation and amortisation	10	(20,562)	(12,910)
General and administrative expenses	22	(137,446)	(121,793)
Selling and marketing expenses	23	(27,769)	(22,641)
Impairment charge for expected credit losses, net		(75,607)	(28,485)
Net income for the year before zakat		82,179	58,633
Zakat expense	13	(16,953)	(12,319)
Net income for the year		65,226	46,314
Basic and diluted earnings per share (SR)	20	0.64	0.45

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.


Murad Aladhi
Chief Finance Officer


Adnan Al Shubaily
Chief Executive Officer

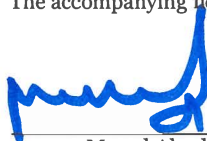

Abdullah Al Howaish
Chairman



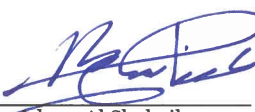
AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Net income for the year		65,226	46,314
Other comprehensive loss			
<i>Items that may be reclassified to consolidated statement of profit or loss in subsequent years:</i>			
Net change in fair value of cash flow hedges		(6,483)	(6,702)
<i>Items that will not to be reclassified to consolidated statement of profit or loss in subsequent years:</i>			
Remeasurement loss on defined benefit plan	15	(2,263)	(515)
Total other comprehensive loss		(8,746)	(7,217)
Total comprehensive income for the year		56,480	39,097


The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.



 Murad Alsadiq
 Chief Finance Officer



 Adnan Al Shubaily
 Chief Executive Officer



 Abdullah Al Howaish
 Chairman

AMIAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

For the year ended 31 December 2025

Balance at 1 January 2025
Net income for the year
Other comprehensive loss
Total comprehensive (loss) / income
Balance at 31 December 2025

	Share capital	Statutory reserve	Cash flow hedge reserve	Retained earnings	Total
	1,019,250	-	3,132	202,337	1,224,719
	-	-	-	65,226	65,226
	-	-	(6,483)	(2,263)	(8,746)
	-	-	(6,483)	62,963	56,480
	1,019,250	-	(3,351)	265,300	1,281,199

For the year ended 31 December 2024

Balance at 1 January 2024
Net income for the year
Other comprehensive loss
Total comprehensive (loss) / income
Bonus issuance (note 17 & 18)
Balance at 31 December 2024

	906,000	101,934	9,834	167,854	1,185,622
	-	-	-	46,314	46,314
	-	-	(6,702)	(515)	(7,217)
	-	-	(6,702)	45,799	39,097
	113,250	(101,934)	-	(11,316)	-
	1,019,250	-	3,132	202,337	1,224,719

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.


Murad Alsadiq
Chief Finance Officer


Adnan Al Shubaily
Chief Executive Officer

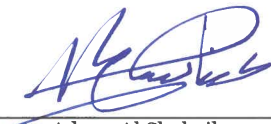

Abdullah Al Howaish
Chairman


AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

	Note	2025	2024
Cash flows from operating activities:			
Net income for the year before zakat		82,179	58,633
<i>Non-cash adjustment to reconcile net income before zakat for the year to net cash used in operating activities</i>			
Depreciation and amortisation	10	20,562	12,910
Finance cost		205,781	198,227
Employees' end of service benefits	15	3,979	3,857
Impairment allowance for expected credit losses, net		35,681	21,008
Write-off expense		39,926	7,477
Revaluation of servicing rights asset, net		(661)	1,276
Other income		(1,067)	(1,113)
		386,380	302,275
<i>(Increase) / decrease in operating assets</i>			
Murabaha receivables		(406,955)	(1,146,717)
Ijara receivables		387,617	521,551
Ijara mawsofa fi athemmah receivables		2,365	6,886
Prepayments and other assets		6,692	(26,842)
<i>(Decrease) / increase in operating liabilities</i>			
Account payables and other accruals		12,431	10,618
		388,530	(332,229)
Finance cost paid	14	(199,220)	(196,716)
Employees' end of service benefits paid	15	(1,970)	(2,768)
Zakat paid	13	(12,125)	(8,032)
		175,215	(539,745)
Net cash generated from / (used in) operating activities			
Cash flows from investing activities			
Purchase of property and equipment	10	(24,741)	(27,194)
Rental income received from property under possession		1,067	1,000
		(23,674)	(26,194)
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of borrowings	14	(1,468,089)	(1,120,444)
Proceeds from borrowings	14	1,336,000	1,695,000
Interest payment of lease liabilities		(527)	-
Principle payment of lease liabilities		(5,247)	(3,993)
		(137,863)	570,563
Net cash (used in) / generated from financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	4	32,360	27,736
Cash and cash equivalents at the end of the year	4	46,038	32,360
Non-cash supplemental information:			
Net changes in fair value of cash flow hedge		6,483	6,702

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.


Murad Alsadiq
Chief Finance Officer


Adnan Al Shubaily
Chief Executive Officer


Abdullah Al Howaish
Chairman

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

1 THE GROUP AND THE NATURE OF OPERATIONS

Amlak International Finance Company (the “Company”) is a Saudi Joint Stock Company established and registered in the Kingdom of Saudi Arabia under commercial registration number 1010234356 in Riyadh dated 27/05/1428H (corresponding to 13/06/2007G) and Ministry of Commerce Resolution No. 132/S dated 25/05/1428H (corresponding to 11/06/2007G) and the Saudi Central Bank (“SAMA”) License No. 2/PU/201312 dated 21/02/1435H (corresponding to 24/12/2013G). The Company operates through branches in Riyadh, Jeddah and Khobar.

As per the revised commercial registration certificate of the Company dated 17 Rajab 1444 H (corresponding to 28 Feb 2023), the objectives of the Group have been updated to provide real estate financing, SMEs financing and personal financing as per SAMA approval dated 20 Rabea Awwal 1444H (corresponding to 16 Oct 2022).

The registered office of the Company is located at Thumamah Road, Kingdom of Saudi Arabia. A Corporate Office has been established in Jeddah by the Company in 2019. The Company has the following branches in the Kingdom of Saudi Arabia:

<u>Branch Commercial Registration Number</u>	<u>Date of issuance</u>	<u>Location</u>
2050057816	30/12/1428	Khobar
4030171680	24/07/1428	Jeddah

The Company has the following subsidiary:

Name of the subsidiary	Registration Number	Country of incorporation	Ownership	Principal business activity
Amlak International For Real Estate Development Company	1010317413	Saudi Arabia	100%	Hold titles of real estate properties financed by Amlak International Finance Company

These consolidated financial statements comprise the financial statements of the Company and the subsidiary (Amlak International for Real Estate Development Company) together herein after referred to as the Group.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidation financial statements of the Group are prepared:

- i. in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA); and
- ii. in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and By-laws of the Company.

(b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement of investments and derivatives, which are carried at fair value. Further, employees’ end of service benefits are measured at present value of future obligations using the Projected Unit Credit Method.

(c) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), as it is the functional currency of the Group. All financial information presented has been rounded-off to the SR in thousand unless otherwise stated.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

2 BASIS OF PREPARATION (continued)

(d) Critical accounting judgements, estimates and assumptions

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

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 judgements are as follows:

i. Impairment of financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, 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 Expected Credit Loss ("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 judgements and estimates include:

- The Group's internal credit grading, which assigns probability of defaults (PDs) to corporate and high net worth customers;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as oil prices and collateral values, and the effect on PDs, exposure at default (EAD) and loss given defaults (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

ii. Servicing rights under agency arrangements

An intangible asset is recognised for servicing rights under agency arrangements (acquired by the Group pursuant to sale of originated Ijara contracts to third parties or as consideration for financing arrangements services) at the present value of net future cash flows under the agency arrangements. The net present value computation encompasses among others, estimates in respect of discount rate and fair value of services. For assumptions involved in the calculation of servicing rights under agency arrangements refer note 21.

iii. Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in business for the foreseeable future. Additionally, 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, these consolidated financial statements have been prepared on a going concern basis.

iv. Fair value measurement - refer note 3 (o) and 26

v. Employees' end of service benefits – refer note 15

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

2 BASIS OF PREPARATION (continued)

(e) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the financial statements of the subsidiary, as stated in note 1. The financial statements of the subsidiary is prepared for the same reporting period as that of the Group, using consistent accounting policies. Adjustments have been made to the consolidated financial statements of the subsidiary, where necessary, to align with the Group's consolidated financial statements.

Subsidiary is the investee that is controlled by the Group. The Group controls an investee only when it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect amount of its returns.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3 MATERIAL ACCOUNTING POLICIES

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 consolidated financial statements for the year ended 31 December 2024 unless otherwise stated.

The following accounting policies are applicable effective 1 January 2025 replacing, amending or adding to the corresponding accounting policies set out in 2024 annual audited consolidated financial statements.

New standards, interpretations and amendments adopted by the Group

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, these does not have any impact on the consolidated financial statements of the Group:

Standard, interpretation, amendments	Description	Effective date
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 sets 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.	1 January 2025

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

b) Accounting standards issued but not yet effective

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning after 1 January 2026 are listed below. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the consolidated financial statements.

Standard / Interpretation	Description	Effective from periods beginning on or after
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. 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.	1 January 2026
Contracts referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7	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.	1 January 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.	1 January 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.	1 January 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.	1 January 2027
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Not yet endorsed by SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Not yet endorsed by SOCPA

Management is currently assessing the impact of, if any, the adoption of these pronouncements may have on the Group's future reporting periods.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

c) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost less estimated residual value of property and equipment is depreciated/ amortized on a straight line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvement/assets or the term of the lease. Expenditure for repair and maintenance are charged to income. Improvements that increase the value or materially extend the life of the related assets are capitalised. The estimated useful lives of the principal classes of assets are as follows:

	Years
Leasehold improvements	Shorter of 10 years or lease term
Furniture and fixtures	6
Office equipment	5
Information technology equipment	3 to 5 years
Softwares	3 to 10 years

d) Murabaha receivables

Murabaha is an agreement whereby the Group sells to a customer an asset, which the Group 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. The difference between the Murabaha sale contracts receivable and the cost of the sold asset, is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contracts receivable.

e) Ijara receivables

Ijara receivables represent assets transferred under finance lease under Islamic lease agreement and the present value of the lease payments is recognised as a receivable and disclosed under "Ijara receivables". The difference between the gross receivables and the present value of the receivables is recognised as unearned Ijara income. Ijara income is recognised over the term of the Ijara using the net investment method, which reflects a constant periodic rate of return.

f) Ijara mawsofa fi athemmah receivables

Ijara mawsofa fi athemmah is an agreement where gross amounts due under Ijara includes the total of future lease payments, plus estimated residual amounts (lease contract receivable). The difference between the lease contracts receivable and the cost of the leased assets is recorded as unearned Ijara mawsofa fi athemmah income. Ijara mawsofa fi athemmah income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

g) Impairment

The Group recognizes impairment allowance for ECL on the following financial instruments:

- Murabaha receivables;
- Ijara receivables; and
- Ijara mawsofa fi athemmah receivables.

No impairment loss is recognized on 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 on which credit risk has not increased significantly since their initial recognition

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

g) Impairment (continued)

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.

Credit-impaired Murabaha receivables, Ijara receivables and Ijara mawsofa fi athemmah receivables

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable 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 loan or lease by the Group on terms that the Group would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

A loan or lease 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 loan or lease that is overdue for 90 days or more is considered impaired.

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); and
- 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.

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; and
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial assets.

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

Impairment allowances for ECL of financial assets measured at amortised cost are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the assets.

Write-off

Murabaha receivables, Ijara receivables and Ijara mawsofa fi athemmah receivables are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment charge for credit losses.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

g) Impairment (continued)

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 financial guarantees and real estate. Collateral, unless repossessed, is not recorded on the Group consolidated statement of financial position. However, the fair value of the real estate collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis. Other non-tangible collateral are not considered while calculating the ECL.

Non-financial collateral, such as real estate, is valued by third party valuers appointed by the Group.

Collateral repossessed

The Group policy is to sell the repossessed asset. The repossessed asset is classified as held for sale at the fair value less cost to sell for non-financial assets at the repossession date.

h) Financial instruments

All financial assets and financial liabilities are initially recognized on the trade date i.e. the date which the Group becomes party to the contractual provisions of the instrument. Financial assets comprise cash and cash equivalents, investments, Murabaha receivables, Ijara receivables, Ijara mawsofa fi athemmah receivable, derivative and other receivables. Financial liabilities comprise borrowings, derivatives, accounts and other payables and other liabilities.

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial asset at amortised cost

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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.

Financial asset at FVOCI

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Profit and foreign exchange gains and losses are recognised in profit or loss.

Equity instrument: 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 OCI. This election is made on an instrument-by-instrument basis.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL.

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 FVTPL 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 when the Group changes its business model for managing financial assets.

Business model assessment

The Group assess 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:

- 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 revenue, 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 FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit:

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 risk 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).

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Classification of financial liabilities

The Group classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium to issue the funds, and other cost that are integral part of the effective profit rate.

Derecognition

Financial assets

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.

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, cancelled or expire.

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 and a new financial asset is recognized at fair value.

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 and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as profit.

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 profit or loss.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Offsetting of financial instruments

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position when the entity has a legal currently enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not offset in the consolidated statement of profit or loss unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, primarily interest rate swaps, to hedge its exposure to variability in cash flows arising from changes in benchmark interest rates on floating-rate borrowings. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recognised in the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and accumulated in equity.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. In respect of interest rate risk management, the Group primarily hedges the variability in cash flows attributable to changes in benchmark interest rates (such as SAIBOR) on floating-rate borrowings.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it applies hedge accounting, including the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and the risk management objective and strategy for undertaking the hedge. The Group may designate a portion (layer) of its floating-rate borrowings as the hedged item, provided that the total exposure to the hedged risk exceeds the designated amount throughout the hedge period.

Hedge effectiveness is assessed at inception and on an ongoing basis by demonstrating the existence of an economic relationship between the hedged item and the hedging instrument, that the effect of credit risk does not dominate the value changes, and that the hedge ratio reflects the quantities actually hedged in line with the Group's risk management strategy. Depending on the complexity of the hedge relationship and whether there have been changes in its critical terms, the Group may perform either qualitative or quantitative effectiveness assessments.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is immediately transferred to the consolidated statement of profit or loss.

i) Income / expenses recognition

Income and expenses

Income from Murabaha, Ijara and Ijara mawsofa fi athemmah contracts and borrowing costs are recognized in profit or loss using the effective profit rate method. The 'effective profit rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or the amortized cost of the financial instrument.

When calculating the effective profit 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 profit rate is calculated using estimated future cash flows including expected credit losses.

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

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

i) Income / expenses recognition (continued)

Measurement of amortized cost and income

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 profit rate 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 profit, the effective profit 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.

However, for financial assets that have become credit-impaired subsequent to initial recognition, profit is calculated by applying the effective profit rate to the net carrying amount (amortised cost less ECL) of the financial asset. If the asset is no longer credit-impaired, then the calculation of profit reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, profit is calculated by applying the credit-adjusted effective profit 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.

j) Zakat and income tax

The Group's Saudi and GCC shareholders are subject to zakat and non-Saudi shareholders are subject to income tax in accordance with the regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia.

k) Employees' termination benefits

The Group operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised immediately in the consolidated statement of financial position with a corresponding credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date the Group recognises related restructuring costs.

Interest cost is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation in the consolidated statement of income of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements (under general and administrative expenses),
- Net special commission expense or income (under borrowing facility cost and charges).

l) Expenses

Selling and marketing expenses are those that specifically relate to salesmen and marketing expenses. All other expenses are classified as general and administrative expenses.

m) Fee and commission income and expense

Fee income and expense that are integral part to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission income is recognised as the related services are performed including servicing income. Other fee expense relates mainly to transaction and services fee, which are expensed as the services are received.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

n) Finance cost

Finance costs are expensed in the period to which they relate. Finance costs consist of profit and other costs that the Group incurs in connection with the borrowing of funds and amortisation of financial charges and lease liabilities.

o) Fair value measurement

The Group measures certain financial instruments, such as, derivatives and equity instruments at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 26.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 within 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 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized 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.

At each reporting date, management of the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

p) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment), which is subject to risks and rewards that are different from those of other segments.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

q) Other real estate asset

The Group acquires certain real estate against settlement of joint ventures and Murabaha, Ijara and Ijara Mowsofa Fi Athemmah receivable balances. Such real estates are considered as assets held for sale and are initially stated at the lower of net realisable value of due receivable balances or the joint ventures and the current fair value of related properties, less any costs to sell.

r) Value added tax (“VAT”)

The Group collects VAT from its customers for qualifying services provided, and make VAT payments to its vendors for qualifying payments. On a monthly basis, net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is borne by the Group and is either expensed or in the case of property, equipment, and intangibles payments, is capitalized and either depreciated or amortized as part of the capital cost.

s) 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 interest is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9. The benefit of the below-market rate of interest 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 the consolidated statement of profit or loss 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.

t) Accounting for leases

On initial recognition at inception of the contract, the Group assesses 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 right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurement of the lease liability.

Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

After the commencement date, Group measures the lease liability by:

- 1 Increasing the carrying amount to reflect interest on the lease liability.
- 2 Reducing the carrying amount to reflect the lease payments made and;
- 3 Re-measuring the carrying amount to reflect any re-assessment or lease modification.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

3 MATERIAL ACCOUNTING POLICIES (continued)

t) Accounting for leases (continued)

Lease liability (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4 CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at bank – current accounts (note 4.1)	45,988	32,319
Cash on hand	50	41
	46,038	32,360

4.1 Bank balances are with counterparties that have investment grade credit ratings, i.e. 'BBB' or higher by Standard and Poor's or Moody's. The impact of ECL on the cash at bank is immaterial as at 31 December 2025 and 2024.

5 INVESTMENTS

	31 December 2025	31 December 2024
Investment at FVOCI (note 5.1)	893	893

5.1 The amount represents to a 2.38% ownership interest in the share capital of the Saudi Finance Leasing Contract Registry Company. The Registration Company has been formed for registration of contracts relating to financial leases, amendments, registration and transfer of title deeds of the assets under the finance leases.

6 MURABAHA RECEIVABLES, NET

	31 December 2025	31 December 2024
Gross Murabaha receivables	3,376,593	3,017,771
Less: Allowance for expected credit losses	(60,422)	(35,040)
Murabaha receivables, net	3,316,171	2,982,731

6.1 The ageing of Murabaha receivables as at 31 December was as follows:

Days past due:	2025	2024
Not due yet	2,771,427	2,604,415
1 – 30	312,752	241,588
31 – 60	134,775	91,914
61 – 90	30,821	24,179
Above 90	126,818	55,675
Total	3,376,593	3,017,771

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

6 MURABAHA RECEIVABLES, NET (continued)

6.2 The maturity profile of Murabaha receivables as at 31 December was as follows:

	2025			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Gross Murabaha receivables	917,061	2,315,095	144,437	3,376,593
Less: Allowance for expected credit losses				(60,422)
Murabaha receivables, net				3,316,171
	2024			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross Murabaha receivables	742,819	2,094,690	180,262	3,017,771
Less: Allowance for expected credit losses				(35,040)
Murabaha receivables, net				2,982,731

6.3 Stage wise analysis of Murabaha receivables is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
31 December 2025				
Gross Murabaha receivables	3,018,819	224,266	133,508	3,376,593
Allowance for expected credit losses	(14,051)	(2,818)	(43,553)	(60,422)
Murabaha receivables, net	3,004,768	221,448	89,955	3,316,171
31 December 2024				
Gross Murabaha receivables	2,789,902	171,165	56,704	3,017,771
Allowance for expected credit losses	(13,223)	(2,043)	(19,774)	(35,040)
Murabaha receivables, net	2,776,679	169,122	36,930	2,982,731

6.4 The movement in allowance for expected credit losses is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2025				
Opening balance	13,223	2,043	19,774	35,040
Charge during the year	828	775	37,180	38,783
Written-off receivables	-	-	(13,401)	(13,401)
Closing balance	14,051	2,818	43,553	60,422
31 December 2024				
Opening balance	9,116	1,265	1,358	11,739
Charge during the year	4,107	778	19,188	24,073
Written-off receivables	-	-	(772)	(772)
Closing balance	13,223	2,043	19,774	35,040

6.5 Impairment charge for expected credit losses, net:

	31 December 2025	31 December 2024
Charge for the year	38,783	24,073
Write-off expense	34,732	1,669
Net	73,515	25,742

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

6 MURABAHA RECEIVABLES, NET (continued)

6.6 The movement in gross Murabaha receivables is as follows:

	31 December 2025	31 December 2024
Opening balance	3,017,771	1,879,922
Financial assets originated during the year (all stage 1)	1,867,185	1,868,845
Net other movements	(1,460,230)	(728,555)
Written-off receivables	(48,133)	(2,441)
Closing balance	3,376,593	3,017,771

6.7 The table below stratifies credit exposures from Murabaha receivables into ranges of receivables to collateral value ratio. Murabaha receivables to value ratio are calculated by dividing the gross amount of the financing with the fair value of the underlying property. The gross amount of financing used in calculating this ratio excludes any impairment allowance.

	31 December 2025	31 December 2024
Receivables to collateral ratio		
Upto 50%	1,186,447	863,633
51-70%	759,985	1,033,442
71-85%	15,108	40,967
No collateral	1,415,053	1,079,729
Total exposure	3,376,593	3,017,771

7 IJARA RECEIVABLES, NET

	31 December 2025	31 December 2024
Gross investment in Ijara receivables	1,199,953	1,718,092
Less: Unearned income	(319,417)	(444,832)
Net investment in Ijara receivables	880,536	1,273,260
Less: Allowance for expected credit losses	(20,661)	(24,226)
Ijara receivables, net	859,875	1,249,034

7.1 The ageing of Ijara receivables as at 31 December was as follows:

Days past due:	31 December 2025	31 December 2024
Not due yet	509,152	817,892
1 – 30	144,015	238,755
31 – 60	28,193	16,312
61 – 90	54,996	51,979
Above 90	144,180	148,322
Total	880,536	1,273,260

The fair value of collaterals, based on latest independent appraisals, held against Non-performing Ijara receivables as at 31 December 2025 was SR 195.25 million (2024: SR 255.43 million).

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

7 **IJARA RECEIVABLES, NET** (continued)

7.2 The maturity profile of Ijara receivables as at 31 December was as follows:

	2025			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Gross investment in Ijara receivables	268,520	413,634	517,799	1,199,953
Less: Unearned income	(50,673)	(133,139)	(135,605)	(319,417)
Net investment in Ijara receivables	217,847	280,495	382,194	880,536
Less: Allowance for expected credit losses				(20,661)
Ijara receivables, net				<u>859,875</u>
	2024			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross investment in Ijara receivables	430,902	644,740	642,450	1,718,092
Less: Unearned income	(82,157)	(187,665)	(175,010)	(444,832)
Net investment in Ijara receivables	348,745	457,075	467,440	1,273,260
Less: Allowance for expected credit losses				(24,226)
Ijara receivables, net				<u>1,249,034</u>

7.3 Stage wise analysis of Ijara receivables is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
31 December 2025				
Gross Ijara receivables	598,913	121,961	159,662	880,536
Allowance for expected credit losses	(321)	(407)	(19,933)	(20,661)
Ijara receivables, net	<u>598,592</u>	<u>121,554</u>	<u>139,729</u>	<u>859,875</u>
31 December 2024				
Gross Ijara receivables	899,927	211,984	161,349	1,273,260
Allowance for expected credit losses	(663)	(1,124)	(22,439)	(24,226)
Ijara receivables, net	<u>899,264</u>	<u>210,860</u>	<u>138,910</u>	<u>1,249,034</u>

7.4 The movement in allowance for expected credit losses is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2025				
Opening balance	663	1,124	22,439	24,226
Reversal during the year	(342)	(717)	(2,065)	(3,124)
Written-off receivables	-	-	(441)	(441)
Closing balance	<u>321</u>	<u>407</u>	<u>19,933</u>	<u>20,661</u>
31 December 2024				
Opening balance	1,785	2,527	23,446	27,758
Reversal during the year	(1,122)	(1,403)	(558)	(3,083)
Written-off receivables	-	-	(449)	(449)
Closing balance	<u>663</u>	<u>1,124</u>	<u>22,439</u>	<u>24,226</u>

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

7 IJARA RECEIVABLES, NET (continued)

7.5 Impairment charge for expected credit losses, net:

	31 December 2025	31 December 2024
Reversal for the year	(3,124)	(3,083)
Write-off expense	4,666	4,698
Net	1,542	1,615

7.6 The movement in gross Ijara receivables is as follows

	31 December 2025	31 December 2024
Opening balance	1,273,260	1,796,087
Financial assets originated during the year (all stage 1)	6,559	6,028
Net other movements	(394,176)	(523,708)
Written-off receivables	(5,107)	(5,147)
Closing balance	880,536	1,273,260

7.7 The table below stratifies credit exposures from Ijara receivables into ranges of receivables to collateral value ratio. Ijara receivables to value ratio is calculated by dividing the gross amount of the financing with the fair value of the underlying property. The gross amount of financing used in calculating this ratio excludes unearned income and any impairment allowance.

	31 December 2025	31 December 2024
Receivables to collateral ratio		
Upto 50%	328,879	542,841
51-70%	177,171	272,681
71-85%	344,842	369,923
86-100%	9,427	55,005
above 100%	20,217	32,810
Total exposure	880,536	1,273,260

8 IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET

	31 December 2025	31 December 2024
Gross investment in Ijara mawsofa fi atthemmah receivables	140,530	150,433
Less: Unearned income	(52,370)	(59,910)
Net investment in Ijara mawsofa fi atthemmah receivables	88,160	90,523
Less: Allowance for expected credit losses	(110)	(88)
Ijara mawsofa fi atthemmah receivables, net	88,050	90,435

8.1 The ageing of Ijara mawsofa fi atthemmah receivables as at 31 December was as follows:

	31 December 2025	31 December 2024
Days past due:		
Not due yet	64,657	67,501
1 - 30	17,614	20,969
31 - 60	4,170	760
61 - 90	752	-
Above 90	967	1,293
Total	88,160	90,523

The fair value of collaterals, based on latest independent appraisals, held against impaired Ijara mawsofa fi atthemmah as at 31 December 2025 was SR 1.22 million (2024: SR 1.76 million).

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

8 IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET (continued)

8.2 The maturity profile of Ijara mawsofa fi athemmah receivables as at 31 December was as follows:

	2025			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Gross investment in Ijara mawsofa fi athemmah receivables	12,082	44,203	84,245	140,530
Less: Unearned income	(6,489)	(21,577)	(24,304)	(52,370)
Net investment in Ijara mawsofa fi athemmah receivables	5,593	22,626	59,941	88,160
Less: Allowance for expected credit losses				(110)
Ijara mawsofa fi athemmah receivables, net				88,050

	2024			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Gross investment in Ijara mawsofa fi athemmah receivables	11,835	44,476	94,122	150,433
Less: Unearned income	(6,732)	(23,695)	(29,483)	(59,910)
Net investment in Ijara mawsofa fi athemmah receivables	5,103	20,781	64,639	90,523
Less: Allowance for expected credit losses				(88)
Ijara mawsofa fi athemmah receivables, net				90,435

8.3 Stage wise analysis of Ijara mawsofa fi athemmah receivables is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
31 December 2025				
Gross Ijara mawsofa fi athemmah receivables	80,727	6,316	1,117	88,160
Allowance for expected credit losses	(29)	(11)	(70)	(110)
Ijara mawsofa fi athemmah receivables, net	80,698	6,305	1,047	88,050
31 December 2024				
Gross Ijara mawsofa fi athemmah receivables	87,974	1,266	1,283	90,523
Allowance for expected credit losses	(23)	-	(65)	(88)
Ijara mawsofa fi athemmah receivables, net	87,951	1,266	1,218	90,435

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

8 IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET (continued)

8.4 The movement in allowance for expected credit losses is as follows:

31 December 2025	Stage 1	Stage 2	Stage 3	Total
Opening balance	23	-	65	88
Charge during the year	6	11	5	22
Written-off receivables	-	-	-	-
Closing balance	29	11	70	110

31 December 2024	Stage 1	Stage 2	Stage 3	Total
Opening balance	17	-	223	240
Charge during the year	6	-	12	18
Written-off receivables	-	-	(170)	(170)
Closing balance	23	-	65	88

8.5 Impairment charge for expected credit losses, net:

	31 December 2025	31 December 2024
Charge for the year	22	18
Write-off expense	(2)	1,110
Net	20	1,128

8.6 The movement in gross Ijara mawsofa fi athemmah receivables is as follows:

	31 December 2025	31 December 2024
Opening balance	90,523	97,409
Financial assets originated during the year (all stage 1)	-	-
Net other movements	(2,365)	(5,606)
Written-off receivables	2	(1,280)
Closing balance	88,160	90,523

8.7 The table below stratifies credit exposures from Ijara mawsofa fi athemmah receivables into ranges of receivables to collateral value ratio. Ijara mawsofa fi athemmah receivables to value ratio is calculated by dividing the gross amount of the financing with the fair value of the underlying property. The gross amount of financing used in calculating this ratio excludes unearned income and any impairment allowance.

	31 December 2025	31 December 2024
Receivables to collateral ratio		
Upto 50%	6,580	5,394
51-70%	44,479	40,348
71-85%	33,237	38,187
86-100%	3,864	6,594
Total exposure	88,160	90,523

9 PREPAYMENTS AND OTHER ASSETS

	31 December 2025	31 December 2024
Properties repossessed	30,478	40,222
Prepaid expenses	27,378	19,070
Servicing rights (note 21)	12,724	12,063
Value added tax (VAT) receivable	149	620
Others	5,083	10,398
	75,812	82,373

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

10 PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS, NET

2025	Leasehold improvements	Office equipment	Furniture and fixtures	Information technology equipment*	Right of use asset**	Capital work in progress***	Total
Cost:							
Balance at beginning of the year	7,308	1,305	2,023	75,808	33,143	13,154	132,741
Additions	738	11	366	17,733	4,530	5,893	29,271
Transfers	-	-	-	12,862	-	(12,862)	-
Disposal / write offs	-	-	-	-	(675)	-	(675)
Balance at end of the year	8,046	1,316	2,389	106,403	36,998	6,185	161,337
Accumulated depreciation:							
Balance at beginning of the year	5,135	1,159	1,281	39,863	17,773	-	65,211
Charge for the year	1,004	76	317	15,281	3,884	-	20,562
Balance at end of the year	6,139	1,235	1,598	55,144	21,657	-	85,773
Net book amount: As at 31 December 2025	1,907	81	791	51,259	15,341	6,185	75,564
2024	Leasehold improvements	Office equipment	Furniture and fixtures	Information technology equipment*	Right of use asset**	Capital work in progress***	Total
Cost:							
Balance at beginning of the year	6,732	1,281	1,819	49,469	33,352	13,103	105,756
Additions	139	14	85	1,457	-	25,499	27,194
Transfers	437	10	119	24,882	-	(25,448)	-
Disposal / write offs	-	-	-	-	(209)	-	(209)
Balance at end of the year	7,308	1,305	2,023	75,808	33,143	13,154	132,741
Accumulated depreciation:							
Balance at beginning of the year	4,150	1,055	975	32,631	13,490	-	52,301
Charge for the year	985	104	306	7,232	4,283	-	12,910
Balance at end of the year	5,135	1,159	1,281	39,863	17,773	-	65,211
Net book amount: As at 31 December 2024	2,173	146	742	35,945	15,370	13,154	67,530

* This includes software and other technologies (Core Banking System, Middleware, Development Costs etc.) which are treated under IAS 38.

** Right of use assets pertains to lease of premises of the Group's head office and its branches.

*** Capital work in progress as at 31 December 2025 and 2024 represents mainly the amount paid for information technology system implementation / upgrade.

The charge for the year allocated to general and administrative expenses and selling and marketing expenses amounts to SR 17.32 million and SR 3.5 million respectively (2024: SR 10.82 million and SR 2.08 million).

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

11 ACCOUNT PAYABLES AND OTHER ACCRUALS

	31 December 2025	31 December 2024
Charity payable	19,599	12,574
Accrued expenses	15,509	17,079
Lease liabilities	15,184	16,371
Advance from customers	11,978	9,749
Salaries and employee related expenses	11,653	12,533
Servicing contract payables	2,472	2,113
Others	11,442	6,370
	87,837	76,789

12 DERIVATIVES

As at 31 December 2025, the Group held profit rate swaps (PRS) with a notional value of SR 850 million (2024: SR 1,250 million) to hedge its exposure to commission rate risk arising from its borrowings. The tables below summarize the fair values of the derivative financial instruments, together with their notional amounts, analyzed by term to maturity.

SR in 000'	Positive fair value of PRSs	Negative fair value of PRSs	Notional amount			
			Within 3 months	3-12 months	1-5 years	Over 5 years
2025	369	(3,720)	300,000	150,000	400,000	-
2024	6,855	(3,723)	300,000	100,000	850,000	-

13 ZAKAT PAYABLE

a) The movement in zakat is as follow:

	31 December 2025	31 December 2024
Balance at the beginning of the year	12,096	7,809
Charge for the year	16,924	12,096
Prior year charge	29	223
	16,953	12,319
Payments made during the year	(12,125)	(8,032)
Balance as at end of the year	16,924	12,096

b) Zakat status

Zakat declaration for all the years up till 2024 have been filed with the ZATCA and acknowledgement certificates have been obtained. During the year, the Group has received final zakat assessment for the year 2024 from ZATCA and no additional demand has been raised for the assessed year.

14 BORROWINGS

These represent amounts borrowed from local commercial banks under Islamic borrowings approved by Sharia Committee. These facilities carry borrowing costs at profit rates ranging from 1 month to 1 year Saudi Inter Bank Offer rates ("SIBOR") plus spread with maturity ranging from 1 month to 5 years and are secured by the assignment of proceeds from the Group's receivables. The agreements contain certain covenants, which among other things, requires certain financial ratios to be maintained. The Group was in compliance with all loan covenants as at 31 December 2025 and 2024. A breakdown of borrowings by maturity is as follows:

<i>Borrowings:</i>	2025	2024
Current portion	1,364,911	1,052,328
Non-current portion	1,684,431	2,123,078
	3,049,342	3,175,406

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

14 BORROWINGS (continued)

14.1 The movement in borrowings for the years ended 31 December was as follows:

	2025	2024
Balance at beginning of the year	3,175,406	2,600,070
Borrowings obtained during the year	1,336,000	1,695,000
Principal repayments during the year	(1,468,089)	(1,120,444)
Profit accrued during the year	205,245	197,496
Profit repayments during the year	(199,220)	(196,716)
Balance at end of the year	3,049,342	3,175,406

15 EMPLOYEES' END OF SERVICE BENEFITS

The following tables summarise the components of employees' end of service benefits recognised in the consolidated statements of financial position, profit or loss and other comprehensive income.

a) Amount recognised in the consolidated statement of financial position as at 31 December:

	2025	2024
Present value of defined benefit obligation	23,750	19,478

b) Benefit expense (recognised in the consolidated statement of profit or loss):

	For the year ended 31 December	
	2025	2024
Current service cost	836	885
Interest cost	3,143	2,959
Past service cost	-	13
	3,979	3,857

c) Movement in the present value of defined benefit obligation:

	For the year ended 31 December	
	2025	2024
Present value of defined benefit obligation at beginning of the year	19,478	17,874
Charge recognised in the consolidated statement of profit or loss:		
- Current service cost	836	885
- Finance cost	3,143	2,959
- Past service cost	-	13
	3,979	3,857
Actuarial loss on defined benefit plan recognized in the consolidated statement of other comprehensive income	2,263	515
Benefits paid during the year	(1,970)	(2,768)
Present value of defined benefit obligation at end of the year	23,750	19,478

d) Principal actuarial assumptions:

	2025	2024
Discount rate	4.15%	5.10%
Salary increase rate	3.50%	3.50%

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

15 EMPLOYEES' END OF SERVICE BENEFITS (continued)

e) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(628)	668	(497)	527
Future salary growth (1% movement)	663	(635)	527	(509)

16 SHARE CAPITAL

As at 31 December 2025, the Group's authorised, issued and paid-up share capital was SR 1,019.25 million (31 December 2024: SR 1,019.25 million) divided into 101.925 million shares (31 December 2024: 101.925 million shares) with a nominal value of SR 10 each.

17 INCREASE IN SHARE CAPITAL

During 2024, the share capital of the Company has increased by way of issuance of bonus shares. The increase in share capital was funded by the statutory reserve and a portion of retained earnings by granting 1 bonus share for every 8 shares. The authorized, issued and paid up share capital of the Company has increased from SR 906 million to SR 1,019.25 million. The number of issued shares has increased from 90.6 million shares to 101.925 million shares.

18 STATUTORY RESERVE

In accordance with the previous Regulations for Companies in Kingdom of Saudi Arabia and Company's Article of Association, the Group was required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve was not available for distribution to shareholder.

As per Article 177 of the new Companies Law, the Group removed the minimum statutory reserve requirement of 30%, therefore, previously recorded statutory reserve is transferred to retained earnings and it is then in 2024 distributed to shareholders. Moreover, the Group has utilised previous statutory reserve to increase the share capital through bonus shares as explained in note 17.

19 DIVIDENDS

During the year ended 31 December 2025, the shareholders approved and declared dividends SR nil million for the year 2024 (31 December 2024: by way of issuance of bonus shares (note 17) of SR 113.25 million for the year 2023).

20 EARNINGS PER SHARE

The basic and diluted earnings per share have been computed by dividing net income for the year by the weighted average number of shares outstanding during the year.

	31 December 2025	31 December 2024
Net income for the year (SR '000)	65,226	46,314
Weighted average number of ordinary shares (in thousands)	101,925	101,925
Basic and diluted earnings per share (SR)	0.64	0.45

There are no potential dilutive instruments as at 31 December 2025 (31 December 2024: nil).

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

21 SERVICING RIGHTS UNDER AGENCY ARRANGEMENTS

The Group enters into arrangements for servicing Ijara receivables and Ijara mowsofa fi athemmah receivables on behalf of third parties. Such receivables represent instruments initially originated by the Group and subsequently sold to third party. The Group acts in the sole capacity of servicing agent represented by activities such as collection of Ijara receivables rentals on behalf of the principals. No credit risk is assumed by the Group throughout the period of servicing. As at 31 December 2025, the net present value of future cashflows under the servicing agreements amount to SR 12.72 million (2024: SR 12.06 million).

The agency arrangement to service these receivables had an outstanding portfolio balance of SR 548.94 million (2024: SR 611.40 million).

Assumptions involved in the calculation of servicing rights under agency arrangements are as follows:

Discount rates:

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the Group's incremental borrowing rate.

Servicing costs:

The Group assesses the cost of servicing including staff and other costs, to arrive at a base rate per contract.

Early settlement rate:

The Group calculates early settlement rate as a percentage of total portfolio sold to a third party with the portfolio which has early settled till the end of the year.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	For the year ended	
		31 December	
		2025	2024
Salaries and employee related cost		92,391	87,209
Information technology expenses		11,071	8,719
VAT expenses		9,768	5,880
Board fees		6,080	5,933
Professional fee	22.1	5,048	5,115
Communication		1,788	1,428
Bank charges		1,499	1,244
Maintenance expenses		1,049	965
Travelling expenses		139	269
Others		8,613	5,031
		137,446	121,793

22.1 Auditor's remuneration:

	For the year ended	
	31 December	
	2025	2024
Fee for statutory audit and interim reviews	705	660
Fee for other statutory and related certifications	65	65
	770	725

23 SELLING AND MARKETING EXPENSES

	For the year ended	
	31 December	
	2025	2024
Marketing expenses	14,237	6,589
Salaries and outsourcing cost	11,633	12,865
Insurance	1,899	3,187
	27,769	22,641

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

24 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group include its shareholders and their affiliated entities, the subsidiary, members of the Board and its committees and key management personnel. Affiliate represents entities under common control and entities controlled by key management personnel of the Company. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms. Key management personnel represent Managing Director, Chief Executive Officer and his direct reportees.

Significant transactions and balances arising from transactions with related parties are as follows:

Nature of transactions	Name of related party	Relationship	Amounts of transactions for the year ended 31 December	
			2025	2024
Finance cost	The Saudi Investment Bank	Significant shareholder	(51,933)	(54,437)
Salaries and benefits	Key management personnel	Key management	(25,279)	(23,588)
Financing income	Key management personnel	Key management	9	18
Board fees	Board members	Board members	(6,080)	(5,933)
Nature of balances and names of related parties		Relationship	Balances	
			2025	2024
Bank balances:				
The Saudi Investment Bank		Shareholder	8,613	9,125
Borrowings:				
The Saudi Investment Bank		Shareholder	893,133	805,314
(Negative) / positive fair value of derivatives:				
The Saudi Investment Bank		Shareholder	(1,339)	808
Financing and advances:				
Key management personnel		Key management	347	748
Board of Directors' fees				
Board members		Board members	487	556

25 FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Board Risk Management Committee, which has the responsibility to monitor the overall risk process within the Group.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring on risk levels and reports on a quarterly basis to the Board Risk Management Committee.

1) Credit risk

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 Murabaha, Ijara and Ijara mawsofa fi athemmah receivables.

The Group assesses the probability of default of counterparties using internal rating mechanism. This is done for corporate and high net worth individuals only.

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, to set appropriate risk limits, and to monitor the risks and adherence to limits. Actual exposures against limits are monitored on regularly basis.

Concentrations of credit risk arise when number of counterparties are engaged in similar business activities, 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. The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific business.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

Management monitors the market value of collateral obtained during its review of the adequacy of the impairment allowance for credit losses. The Group regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

Below are the Group's internal credit rating for corporate and high net worth individuals portfolio:

Internal rating grades	Internal rating description	PD range
<i>Performing:</i>		
1	Investment grade	0.05%
2+ to 2-	Investment grade	0.05%
3+ to 3-	Investment grade	0.05%-0.06%
4+ to 4-	Investment grade	0.11%-0.90%
5+ to 5-	Non-investment grade	5.76%-7.24%
6+ to 6-	Non-investment grade	7.99%-9.27%
7+ to 7-	Non-investment grade	24.54%
<i>Non-performing:</i>		
8	Sub-standard	100%
9	Doubtful	100%
10	Loss	100%

The retail portfolio is categorized as unrated. The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

	31 December 2025	31 December 2024
Cash and cash equivalents	46,038	32,319
Positive fair value of derivatives	369	6,855
Murabaha receivables, net	3,316,171	2,982,731
Ijara receivables, net	859,875	1,249,034
Ijara mawsofa fi athemmah receivables, net	88,050	90,435
Other receivables	1,693	8,668
	4,312,196	4,370,042

a) Credit quality analysis

The following table sets out information about the credit quality of financing and leasing financial assets as at 31 December. The amounts in the table represent gross carrying amounts.

2025:	Stage 1 - 12 months ECL		
	Gross exposure	Impairment allowance for credit losses	Net exposure
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables			
Grades 1 to 4-	1,067,049	2,877	1,064,172
Grades 5+ to 7-	2,627,786	11,522	2,616,264
Unrated	3,624	2	3,622
Total	3,698,459	14,401	3,684,058
	Stage 2 - Lifetime ECL (not credit impaired)		
	Gross Exposure	Impairment allowance for credit losses	Net exposure
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables			
Grades 1 to 4-	89,732	670	89,062
Grades 5+ to 7-	237,291	2,327	234,964
Grades 8 to 10	25,009	237	24,772
Unrated	511	2	509
Total	352,543	3,236	349,307

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

a) Credit quality analysis (continued)

The following table sets out information about the credit quality of financing and leasing financial assets as at 31 December. The amounts in the table represent gross carrying amounts. (continued)

Murabaha, Ijara, Ijara mawsofa fi athemmah receivables	Stage 3 - Lifetime ECL (credit impaired)		
	Gross Exposure	Impairment allowance for credit losses	Net exposure
Grades 1 to 4-	28,087	9,746	18,341
Grades 5+ to 7-	102,356	32,651	69,705
Grades 8 to 10	163,844	21,159	142,685
Total	294,287	63,556	230,731
2024:			
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables	Stage 1 - 12 months ECL		
	Gross exposure	Impairment allowance for credit losses	Net exposure
Grades 1 to 4-	1,184,900	2,740	1,182,160
Grades 5+ to 7-	2,584,767	11,167	2,573,600
Unrated	8,136	2	8,134
Total	3,777,803	13,909	3,763,894
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables	Stage 2 - Lifetime ECL (not credit impaired)		
	Gross exposure	Impairment allowance for credit losses	Net exposure
Grades 1 to 4-	62,925	381	62,544
Grades 5+ to 7-	321,490	2,786	318,704
Unrated	-	-	-
Total	384,415	3,167	381,248
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables	Stage 3 - Lifetime ECL (credit impaired)		
	Gross exposure	Impairment allowance for credit losses	Net exposure
Grades 1 to 4-	13,471	3,895	9,576
Grades 5+ to 7-	65,999	15,833	50,166
Grades 8 to 10	139,866	22,550	117,316
Unrated	-	-	-
Total	219,336	42,278	177,058

b) Amounts arising from ECL – Significant increase in credit risk

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.

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

- the 12 months probability of default (PD) as at the reporting date; with
- the 12 months probability of default (PD) at the time of initial recognition of the exposure

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

b) Amounts arising from ECL – Significant increase in credit risk (continued)

Stage 1: When receivables are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 receivables also include facilities where the credit risk has improved and the receivables has been reclassified from Stage 2.

Stage 2: When a receivable has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. Stage 2 receivables also include facilities, where the credit risk has improved and the receivables has been reclassified from Stage 3.

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

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

i) 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 typically involves use of the following data:

Corporate exposures	All exposures
<ul style="list-style-type: none"> • Information obtained during annual review of customer files – e.g. audited consolidated 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. • Actual and expected significant changes in business activities of the borrower. 	<ul style="list-style-type: none"> • Payment record – this includes overdue status. • Requests for and granting of forbearance. • Existing and forecast changes in business, financial and economic conditions.

ii) 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 separately for the corporate and retail portfolios.

The Group analyses the relationships between its historical default rates and macro-economic factors. For both the corporate and retail portfolios, the key macro-economic indicator is oil price and GDP. The Group has formulated a view of the future direction of relevant economic variables for three different scenarios.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

b) Amounts arising from ECL – Significant increase in credit risk (continued)

iii) 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 significantly.

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.

For the corporate and high net worth individual portfolio, apart from the increase in PD (2 rating downgrade or 6 sub-notch down) criteria and customers whose receivables are restructured due to deterioration in credit worthiness, 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.

For retail loans, apart from the customers whose receivables are restructured due to deterioration in credit worthiness, 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.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- the criteria do not align with the point in time when an asset becomes 30 days past due.

iv) Modified financial assets

The contractual terms of a debt instrument 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 debt instrument whose terms have been modified may be derecognized and the renegotiated debt instrument recognized as a new debt instrument at fair value in accordance with the accounting policy.

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:

- the risk of default at the reporting date (based on modified contractual terms); and
- the risk of default occurring at initial recognition (based on original, unmodified contractual terms)

The Group renegotiates receivables from customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, receivable 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 interest payments and amending the terms of receivable covenants. Both retail and corporate receivables are subject to the forbearance policy. The Group Risk Management Committee regularly reviews reports on forbearance activities. 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 Group'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 significant increase in credit risk 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 loss allowance reverts to being measured at an amount equal to 12-month ECL.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

b) Amounts arising from ECL – Significant increase in credit risk (continued)

v) 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 economic experts and consideration of a variety of 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 additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by International Monetary Fund. 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.

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 the year-end included the following ranges of key indicator:

Economic Indicators	31 December 2025	31 December 2024
Consumer price index (%age of GDP)	Best case: +1 Standard Deviation Worse case: -1 Standard Deviation	-
Government Net Debt (%age of GDP)	Best case: +1 Standard Deviation Worse case: -1 Standard Deviation	-
Brent Oil Prices	Best case: +1 Standard Deviation Worse case: -1 Standard Deviation	Best case: +1 Standard Deviation Worse case: -1 Standard Deviation
Government net lending/borrowing (%age of GDP)	Indicator no longer used for ECL assessment	Best case: +1 Standard Deviation Worse case: -1 Standard Deviation
Inflation (%age change)	Indicator no longer used for ECL assessment	Best case: +1 Standard Deviation Worse case: -1 Standard Deviation

Scenario Weightage

The scenario weightage used as at the year-end are as follows:

	31 December 2025	31 December 2024
<i>Base Case</i>	68.44%	60.72%
<i>Beset Case</i>	18.56%	18.29%
<i>Worst Case</i>	13.00%	20.99%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 7 years.

Economic indicators	Forecast calendar years used in 2025 ECL model			Forecast calendar years used in 2024 ECL model		
	2025	2026	2027	2024	2025	2026
Consumer price index (%age of GDP)	2.10%	2.00%	2.00%	-	-	-
Government Net Debt (%age of GDP)	20.11%	23.04%	25.82%	-	-	-
Brent Oil Prices	\$80.84	\$74.21	\$69.08	\$81.13	\$75.60	\$72.93
Inflation (%age change)	-	-	-	1.74%	1.89%	2.03%
Government net lending / borrowing (%age of GDP)	-	-	-	-3.03%	-3.44%	-3.23%

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

b) Amounts arising from ECL – Significant increase in credit risk (continued)

vi) 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;
- the borrower is classified in default category as per internal credit grade (applicable for corporate and high net worth individuals); or
- the borrower is past due more than 90 days on any material credit obligation to the Group.

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 a Group.

vii) Measurement of ECL

The key inputs into the measurement of ECL are the following risk estimates:

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

PD estimates are estimates at a certain date, which are calculated, based on statistical rating mechanism, and assessed using rating grades tailored for the corporate and high net worth individuals portfolios. These rating mechanisms are based on both quantitative and qualitative factors. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. Further the PD term structure is estimated considering the contractual maturities of exposures.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD based on the history of recovery rates of claims against defaulted counterparties. LGD estimation considers the structure, any sale of collateral, and recovery costs of any collateral that is integral to the financial asset. Due to sparse historical defaults, the quantitative LGD estimates has been adjusted for qualitative overlays based on the Group's empirical loss experience and is subject to back testing.

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.

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 over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Group has a right to require repayment.

For portfolios in respect of which the Group has limited historical data or depending on the materiality of portfolio, qualitative adjustment is used to supplement any internally available data.

Sensitivity of ECL allowance:

The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year end, noting that the macroeconomic factors present dynamic relationships between them.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

b) Amounts arising from ECL – Significant increase in credit risk (continued)

vii) Measurement of ECL (continued)

Sensitivity of ECL allowance: (continued)

<u>Assumptions sensitized</u>	Impact on ECL (2025)	Impact on ECL (2024)
<i>Macro-economic factors:</i>		
Increase in Consumer price index by 5%	304.6	-
Decrease in Consumer price index by 5%	(300.8)	-
Increase in Government Net Debt (%age of GDP) by 5%	(85.0)	-
Decrease in Government Net Debt (%age of GDP) by 5%	90.4	-
Increase in Brent Oil Price by 5%	(642.8)	(678.82)
Decrease in Brent Oil Price by 5%	663.2	702.42
Increase in Inflation by 5%	-	213.13
Decrease in inflation by 5%	-	(210.92)
Increase in Government net lending/borrowing by 5%	-	44.86
Decrease in Government net lending/borrowing by 5%	-	(44.62)
<i>Scenario weightages:</i>		
Base scenario increase by 5% with corresponding change in downside	(687)	(667)
Base scenario decrease by 5% with corresponding change in downside	687	667
Base scenario increase by 5% with corresponding change in upside	410	383

c) Gross receivables and loss allowance

Below tables provide the details of gross exposures and loss allowance for corporate, High Net Worth individuals (HNWI) and retail segments.

Gross exposure - 2025	Corporate	HNWI	Retail	Total
Net investment in Murabaha receivables	2,127,168	34,832	1,214,593	3,376,593
Net investment in Ijara receivables	192,624	91,720	596,192	880,536
Net investment in Ijara mawsofa fi Athemmah receivables	-	-	88,160	88,160
	2,319,792	126,552	1,898,945	4,345,289

Gross exposure - 2024	Corporate	HNWI	Retail	Total
Net investment in Murabaha receivables	2,015,783	162,734	839,254	3,017,771
Net investment in Ijara receivables	359,659	208,124	705,477	1,273,260
Net investment in Ijara mawsofa fi Athemmah receivables	-	-	90,523	90,523
	2,375,442	370,858	1,635,254	4,381,554

Loss allowance – 2025	Corporate	HNWI	Retail	Total
Net investment in Murabaha receivables	(6,263)	(39)	(54,120)	(60,422)
Net investment in Ijara receivables	(13,528)	(5,430)	(1,703)	(20,661)
Net investment in Ijara mawsofa fi athemmah receivables	-	-	(110)	(110)
	(19,791)	(5,469)	(55,933)	(81,193)

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

<u>Loss allowance – 2024</u>	<u>Corporate</u>	<u>HNWI</u>	<u>Retail</u>	<u>Total</u>
Net investment in Murabaha receivables	(8,474)	(217)	(26,349)	(35,040)
Net investment in Ijara receivables	(15,055)	(6,014)	(3,157)	(24,226)
Net investment in Ijara mawsofa fi athemmah receivables	-	-	(88)	(88)
	<u>(23,529)</u>	<u>(6,231)</u>	<u>(29,594)</u>	<u>(59,354)</u>

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

The following table shows reconciliations from the opening to the closing balance of the gross receivables and loss allowance based on customer categories for the year ended 31 December 2025.

<u>GROSS EXPOSURE - CORPORATE</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2025	2,068,165	209,551	97,726	2,375,442
Transfer from 12 Month ECL	(66,959)	61,568	5,391	-
Transfer from Lifetime ECL (not credit impaired)	24,490	(37,832)	13,342	-
Transfer from Lifetime ECL (credit impaired)	-	-	-	-
Net repayments and other movements during the year	(951,656)	(86,265)	5,541	(1,032,380)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	976,730	-	-	976,730
Write-offs	-	-	-	-
Balance at 31 December, 2025	2,050,770	147,022	122,000	2,319,792
<u>LOSS ALLOWANCE - CORPORATE</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2025	4,882	1,444	17,203	23,529
Transfer from 12 Month ECL	(205)	170	35	-
Transfer from Lifetime ECL (not credit impaired)	435	(551)	116	-
Transfer from Lifetime ECL (credit impaired)	-	-	-	-
Net re-measurement of loss allowance	(2,135)	228	(1,457)	(3,364)
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables that have been derecognized during the year	(1,269)	(600)	-	(1,869)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	1,495	-	-	1,495
Write-offs	-	-	-	-
Balance at 31 December, 2025	3,203	691	15,897	19,791

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

<u>GROSS EXPOSURE - HIGH NET WORTH INDIVIDUALS</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2025	251,899	70,581	48,378	370,858
Transfer from 12 Month ECL	(62,654)	62,654	-	-
Transfer from Lifetime ECL (not credit impaired)	9,675	(9,675)	-	-
Transfer from Lifetime ECL (credit impaired)	-	-	-	-
Net repayments and other movements during the year	(153,923)	(86,219)	(4,164)	(244,306)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	-	-	-	-
Write-offs	-	-	-	-
Balance at 31 December, 2025	44,997	37,341	44,214	126,552
<u>LOSS ALLOWANCE - HIGH NET WORTH INDIVIDUALS</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2025	370	205	5,656	6,231
Transfer from 12 Month ECL	(14)	14	-	-
Transfer from Lifetime ECL (not credit impaired)	33	(33)	-	-
Transfer from Lifetime ECL (credit impaired)	-	-	-	-
Net re-measurement of loss allowance	(88)	(34)	34	(88)
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables that have been derecognized during the year	(257)	(108)	(309)	(674)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	-	-	-	-
Write-offs	-	-	-	-
Balance at 31 December, 2025	44	44	5,381	5,469

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

GROSS EXPOSURE – RETAIL	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2025	1,457,736	104,283	73,235	1,635,254
Transfer from 12 Month ECL	(152,450)	98,723	53,727	-
Transfer from Lifetime ECL (not credit impaired)	15,472	(53,152)	37,680	-
Transfer from Lifetime ECL (credit impaired)	448	3,178	(3,626)	-
Net repayments and other movements during the year	(615,528)	15,148	20,295	(580,085)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	897,014	-	-	897,014
Write-offs	-	-	(53,238)	(53,238)
Balance at 31 December, 2025	1,602,692	168,180	128,073	1,898,945
	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
LOSS ALLOWANCE - RETAIL				
Balance at 1 January, 2025	8,655	1,519	19,420	29,594
Transfer from 12 Month ECL	(1,329)	785	544	-
Transfer from Lifetime ECL (not credit impaired)	212	(951)	739	-
Transfer from Lifetime ECL (credit impaired)	154	664	(818)	-
Net re-measurement of loss allowance	(8,973)	730	37,259	29,016
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables that have been derecognized during the year	(2,453)	(246)	(1,024)	(3,723)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	14,888	-	-	14,888
Write-offs	-	-	(13,842)	(13,842)
Balance at 31 December, 2025	11,154	2,501	42,278	55,933

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

The following table shows reconciliations from the opening to the closing balance of the gross receivables and loss allowance based on customer categories for the year ended 31 December 2024.

<u>GROSS EXPOSURE - CORPORATE</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2024	1,581,507	304,801	91,008	1,977,316
Transfer from 12 Month ECL	(92,024)	87,285	4,739	-
Transfer from Lifetime ECL (not credit impaired)	33,231	(33,231)	-	-
Transfer from Lifetime ECL (credit impaired)	-	2,710	(2,710)	-
Net repayments and other movements during the year	(531,341)	(152,014)	6,330	(677,025)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	1,076,792	-	-	1,076,792
Write-offs	-	-	(1,641)	(1,641)
Balance at 31 December, 2024	<u>2,068,165</u>	<u>209,551</u>	<u>97,726</u>	<u>2,375,442</u>
	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<u>LOSS ALLOWANCE - CORPORATE</u>				
Balance at 1 January, 2024	6,275	1,665	11,744	19,684
Transfer from 12 Month ECL	(706)	586	120	-
Transfer from Lifetime ECL (not credit impaired)	123	(123)	-	-
Transfer from Lifetime ECL (credit impaired)	-	209	(209)	-
Net re-measurement of loss allowance	(3,866)	(336)	6,742	2,540
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables that have been derecognized during the year	(849)	(557)	(1,002)	(2,408)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	3,905	-	-	3,905
Write-offs	-	-	(192)	(192)
Balance at 31 December, 2024	<u>4,882</u>	<u>1,444</u>	<u>17,203</u>	<u>23,529</u>

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

<u>GROSS EXPOSURE - HIGH NET WORTH INDIVIDUALS</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2024	466,703	151,929	62,185	680,817
Transfer from 12 Month ECL	(1,097)	1,097	-	-
Transfer from Lifetime ECL (not credit impaired)	6,710	(17,964)	11,254	-
Transfer from Lifetime ECL (credit impaired)	3,635	1,320	(4,955)	-
Net repayments and other movements during the year	(224,052)	(65,801)	(19,208)	(309,061)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	-	-	-	-
Write-offs	-	-	(898)	(898)
Balance at 31 December, 2024	<u>251,899</u>	<u>70,581</u>	<u>48,378</u>	<u>370,858</u>
	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<u>LOSS ALLOWANCE - HIGH NET WORTH INDIVIDUALS</u>				
Balance at 1 January, 2024	1,226	1,772	7,852	10,850
Transfer from 12 Month ECL	(2)	2	-	-
Transfer from Lifetime ECL (not credit impaired)	35	(178)	143	-
Transfer from Lifetime ECL (credit impaired)	398	145	(543)	-
Net re-measurement of loss allowance	(1,044)	(184)	(175)	(1,403)
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables that have been derecognized during the year	(243)	(1,352)	(1,568)	(3,163)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	-	-	-	-
Write-offs	-	-	(53)	(53)
Balance at 31 December, 2024	<u>370</u>	<u>205</u>	<u>5,656</u>	<u>6,231</u>

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

c) Gross receivables and loss allowance (continued)

<u>GROSS EXPOSURE – RETAIL</u>	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Balance at 1 January, 2024	1,037,306	42,120	35,859	1,115,285
Transfer from 12 Month ECL	(59,410)	42,368	17,042	-
Transfer from Lifetime ECL (not credit impaired)	7,331	(18,423)	11,092	-
Transfer from Lifetime ECL (credit impaired)	2,986	-	(2,986)	-
Net repayments and other movements during the year	(328,557)	38,218	18,557	(271,782)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	798,080	-	-	798,080
Write-offs	-	-	(6,329)	(6,329)
Balance at 31 December, 2024	<u>1,457,736</u>	<u>104,283</u>	<u>73,235</u>	<u>1,635,254</u>
	12 Month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<u>LOSS ALLOWANCE - RETAIL</u>				
Balance at 1 January, 2024	3,417	355	5,431	9,203
Transfer from 12 Month ECL	(592)	362	230	-
Transfer from Lifetime ECL (not credit impaired)	9	(257)	248	-
Transfer from Lifetime ECL (credit impaired)	197	-	(197)	-
Net re-measurement of loss allowance	(8,796)	1,079	14,894	7,177
Murabaha, Ijara, Ijara mawsofa fi athemmah receivables that have been derecognized during the year	(389)	(20)	(40)	(449)
New Murabaha, Ijara, Ijara mawsofa fi athemmah receivables originated during the year	14,809	-	-	14,809
Write-offs	-	-	(1,146)	(1,146)
Balance at 31 December, 2024	<u>8,655</u>	<u>1,519</u>	<u>19,420</u>	<u>29,594</u>

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

1) Credit risk (continued)

d) Collateral

The Group in the ordinary course of lending activities hold collaterals as security to mitigate credit risk in the Murabaha, Ijara, Ijara mawsofa fi athemmah receivables. These collaterals mostly include real estate property. Collaterals 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.

2) Market rate risk

a) Profit rate risk

Profit rate risk is the uncertainty of future earnings resulting from fluctuations in profit rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to profit rate adjustment within a specified period. The most important source of such rate risk is the Group's borrowings and financing activities, where fluctuations in profit rates, if any, are reflected in the results of operations.

The following table depicts the sensitivity to a reasonable possible change in profit rates, with other variables held constant, on the Group's consolidated statement of profit or loss. The sensitivity of the income is the effect of the assumed changes in profit rates on the net commission income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at year-end. All the exposures are monitored and analysed in major currency concentrations and relevant sensitivities are disclosed in SR thousands.

	2025		2024
Change in basis points	Impact on net income	Change in basis points	Impact on net income
Sensitivity – Financing			
+100	2,266	+100	2,732
-100	(2,266)	-100	(2,732)
Sensitivity – Borrowings			
+100	(23,589)	+100	(17,758)
-100	23,589	-100	17,758

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. The table below summarises the Group's exposure to profit rate risks. Included are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Group is exposed to special profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Group manages this risk through diversification of funding resources and use of derivative financial instruments.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

2) Market rate risk (continued)

a) Profit rate risk (continued)

The table below summarizes the Group's exposure to profit rate risks:

	Profit bearing				Non-profit bearing	Total
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years		
31 December 2025						
Assets						
Cash and cash equivalents	-	-	-	-	46,038	46,038
Investments	-	-	-	-	893	893
Positive fair value of derivatives	-	-	-	-	369	369
Murabaha receivables, net	349,468	548,148	2,275,294	143,261	-	3,316,171
Ijara receivables, net	119,323	89,213	272,034	379,305	-	859,875
Ijara mawsofa fi athemmah receivables, net	1,667	3,920	22,596	59,867	-	88,050
Other receivables	-	-	-	-	1,693	1,693
Total assets	470,458	641,281	2,569,924	582,433	48,993	4,313,089
Liabilities						
Other liabilities	-	-	-	-	113,327	113,327
Negative fair value of derivatives	-	-	-	-	3,720	3,720
Borrowings	372,693	992,219	1,684,430	-	-	3,049,342
Lease liability	-	-	-	-	15,184	15,184
Total liabilities	372,693	992,219	1,684,430	-	132,231	3,181,573
Gap	97,765	(350,938)	885,494	582,433	(83,238)	1,131,516
Cumulative Gap	97,765	(253,173)	632,321	1,214,754	1,131,516	-

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

2) Market rate risk (continued)

a) Profit rate risk (continued)

The table below summarizes the Group's exposure to profit rate risks:

	Profit bearing				Non-profit bearing	Total
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years		
<u>31 December 2024</u>						
Assets						
Cash and cash equivalents	-	-	-	-	32,360	32,360
Investments	-	-	-	-	893	893
Positive fair value of derivatives	-	-	-	-	6,855	6,855
Murabaha receivables, net	217,119	517,601	2,068,099	179,912	-	2,982,731
Ijara receivables, net	155,566	184,101	446,113	463,254	-	1,249,034
Ijara mawsofa fi athemmah receivables, net	1,702	3,396	20,755	64,582	-	90,435
Other receivables	-	-	-	-	8,668	8,668
Total assets	374,387	705,098	2,534,967	707,748	48,776	4,370,976
Liabilities						
Other liabilities	-	-	-	-	90,616	90,616
Negative fair value of derivatives	-	-	-	-	3,723	3,723
Borrowings	244,048	808,280	2,123,078	-	-	3,175,406
Lease liability	-	-	-	-	16,371	16,371
Total liabilities	244,048	808,280	2,123,078	-	110,710	3,286,116
Gap	130,339	(103,182)	411,889	707,748	(61,934)	1,084,860
Cumulative Gap	130,339	27,157	439,046	1,146,794	1,084,860	-

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

2) Market rate risk (continued)

b) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. US Dollars is pegged with Saudi Riyals; therefore, Group does not have any currency risk in these transactions.

3) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

i. Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at year ends based on contractual undiscounted repayment obligations. The contractual maturities of financial liabilities have been determined based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

	On demand	Fixed maturity				Total
		Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	
2025						
Other liabilities	-	22,086	43,597	8,500	-	74,183
Employee benefits	-	1,188	3,563	18,999	-	23,750
Lease liabilities	-	3,440	1,336	11,175	-	15,951
Borrowings	-	408,126	1,131,827	1,996,594	-	3,536,547
Total	-	434,840	1,180,323	2,035,268	-	3,650,431
	On demand	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
2024						
Other liabilities	-	17,903	30,120	7,713	-	55,736
Employee benefits	-	974	2,922	15,582	-	19,478
Lease liabilities	-	3,388	1,236	12,718	-	17,342
Borrowings	-	279,597	880,811	2,650,736	-	3,811,144
Total	-	301,862	915,089	2,686,749	-	3,903,700

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

3) Liquidity risk (continued)

ii. The table below shows an analysis of all assets and liabilities, analysed according to when they are expected to be recovered or settled.

	Fixed maturity				No fixed maturity	Total
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years		
2025						
Assets						
Cash and cash equivalents	-	-	-	-	46,038	46,038
Investments	-	-	-	-	893	893
Positive fair value of derivatives	302	35	32	-	-	369
Murabaha receivables, net	349,468	548,148	2,275,294	143,261	-	3,316,171
Ijara receivables, net	119,323	89,213	272,034	379,305	-	859,875
Ijara mawsofa fi athemmah receivables, net	1,667	3,920	22,596	59,867	-	88,050
Prepayments and other assets	13,921	35,815	25,160	916	-	75,812
Property and equipment	5,249	15,748	54,567	-	-	75,564
Total assets	489,930	692,879	2,649,683	583,349	46,931	4,462,772
Liabilities						
Account payables and other liabilities	28,610	38,580	20,647	-	-	87,837
Negative fair value of derivatives	902	2,092	726	-	-	3,720
Zakat payable	-	16,924	-	-	-	16,924
Borrowings	372,693	992,219	1,684,430	-	-	3,049,342
Employees benefits	1,188	3,563	18,999	-	-	23,750
Total liabilities	403,393	1,053,378	1,724,802	-	-	3,181,573

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

25 FINANCIAL RISK MANAGEMENT (continued)

3) Liquidity risk (continued)

ii. **The table below shows an analysis of all assets and liabilities, analysed according to when they are expected to be recovered or settled.** (continued)

	Fixed maturity				No fixed maturity	Total
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years		
2024						
Assets						
Cash and cash equivalents	-	-	-	-	32,360	32,360
Investments	-	-	-	-	893	893
Positive fair value of derivatives	3,458	2,667	730	-	-	6,855
Murabaha receivables, net	217,119	517,601	2,068,099	179,912	-	2,982,731
Ijara receivables, net	155,566	184,101	446,113	463,254	-	1,249,034
Ijara mawsofa fi athemmah receivables, net	1,702	3,396	20,755	64,582	-	90,435
Prepayments and other assets	18,306	43,182	21,229	(344)	-	82,373
Property and equipment	4,436	13,307	49,787	-	-	67,530
Total assets	400,587	764,254	2,606,713	707,404	33,253	4,512,211
Liabilities						
Account payables and other liabilities	27,039	30,638	19,112	-	-	76,789
Negative fair value of derivatives	257	770	2,696	-	-	3,723
Zakat payable	-	12,096	-	-	-	12,096
Borrowings	244,048	808,280	2,123,078	-	-	3,175,406
Employees benefits	974	2,922	15,582	-	-	19,478
Total liabilities	272,318	854,706	2,160,468	-	-	3,287,492

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, investments, derivatives, Murabaha, Ijara and Ijara mawsofa fi athemmah receivables and other receivables. Financial liabilities consist of borrowings, payables and derivatives.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

26 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The following table shows the carrying amount and fair values of financial assets and financial liabilities where fair value is different from carrying value or where the financial assets and liabilities are recorded at fair value, including their levels in the fair value hierarchy.

2025	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at amortised cost:</u>					
Murabaha receivables, net	3,316,171	-	-	3,418,466	3,418,466
Ijara receivables, net	859,875	-	-	693,052	693,052
Ijara mawsofa fi athemmah receivables, net	88,050	-	-	73,349	73,349
Cash and cash equivalents	46,038	-	-	46,038	46,038
Other receivables	1,693	-	-	1,693	1,693
<u>Financial assets at fair value:</u>					
Investments	893	-	893	-	893
Positive fair value of derivatives	369	-	369	-	369
<u>Financial liabilities at fair value</u>					
Negative fair value of derivatives	3,720	-	3,720	-	3,720
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
2024					
<u>Financial assets at amortised cost:</u>					
Murabaha receivables, net	2,982,731	-	-	3,056,261	3,056,261
Ijara receivables, net	1,249,034	-	-	1,048,588	1,048,588
Ijara mawsofa fi athemmah receivables, net	90,435	-	-	74,725	74,725
Cash and cash equivalents	32,360	-	-	32,360	32,360
Other receivables	8,668	-	-	8,668	8,668
<u>Financial assets at fair value:</u>					
Investments	893	-	893	-	893
Positive fair value of derivatives	6,855	-	6,855	-	6,855
<u>Financial liabilities at fair value</u>					
Negative fair value of derivatives	3,723	-	3,723	-	3,723

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

26 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The valuation of fixed rate Murabaha receivables, Ijara receivables and Ijara Mowsofa Fi Athemmah receivables are estimated using contractual cash flows discounted at latest yield, which is the contracted profit rate for recent transactions. Input into the discounted cash flow technique includes recent yields and contractual cash flows. Management assessed that the carrying amount of other financial instruments largely approximate fair value due to either short-term maturities or re-pricing of the special commission on those instruments and these financial instruments are classified as level 3. There have been no transfers to and from any levels during the year.

27 COMMITMENTS AND CONTINGENCIES

Financing facilities approved but not utilised:

The Group has facilities approved but not utilised, indicative offers issued which are under consideration of the customers as of the reporting date which have the potential to convert into financing amounting to SR 86 million (31 December 2024: SR 90 million).

28 SEGMENT INFORMATION

The Group objective is to provide real estate financing, SMEs financing and personal financing in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income belongs to the real estate financing segment.

For management purposes, the Group is organised into the following primary business segments:

Retail

These represent finance products granted to small and medium sized businesses under self- employed category and individuals.

Corporate

These represent financing products granted to corporate, SMEs, high net worth individuals and institutional customers.

Head office

Head office is responsible for managing the surplus liquidity of the Group through short term market placements. It also provides support services to the business functions.

The total assets and liabilities as at 31 December 2025 and 31 December 2024 and its total operating income, expenses and net profit for period ended 31 December 2025 and 31 December 2024 are as follows:

	Retail	Corporate	Head office	Total
<u>2025</u>				
Income	296,076	272,978	-	569,054
Expenses	(277,145)	(209,730)	-	(486,875)
Segment profit	18,931	63,248	-	82,179
Total assets	1,875,779	2,465,022	121,971	4,462,772
Total liabilities	1,356,458	1,781,939	43,176	3,181,573
<u>2024</u>				
Income	193,925	259,454	-	453,379
Expenses	(179,506)	(215,240)	-	(394,746)
Segment profit	14,419	44,214	-	58,633
Total assets	1,636,262	2,769,204	106,745	4,512,211
Total liabilities	1,208,833	2,045,180	33,479	3,287,492

AMLAK INTERNATIONAL FINANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(SR '000)

28 SEGMENT INFORMATION (continued)

Below is the reconciliation of revenue and expenses from the consolidated financial statements to operating segment note:

	For the year ended	
	31 December	
	2025	2024
<u>Income</u>		
Total income from Murabaha, Ijara and Ijara mawsofa fi athemmah	567,987	452,266
Other income	1,067	1,113
Total income – as per operating segment note	569,054	453,379
<u>Expenses</u>		
Fee expenses	(19,710)	(10,690)
Finance cost	(205,781)	(198,227)
Depreciation and amortization	(20,562)	(12,910)
General and administrative expenses	(137,446)	(121,793)
Selling and marketing expenses	(27,769)	(22,641)
Impairment charge for credit losses, net	(75,607)	(28,485)
Total expense – as per operating segment note	(486,875)	(394,746)

29 SUBSEQUENT EVENTS

There were no subsequent events after the consolidated statement of financial position date which require adjustments to / or disclosure in the consolidated financial statements.

30 APPROVALS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 2 Ramadan 1447H (corresponding to 19 February 2026).