

## **Ordinary General Assembly Meeting**

**By Means of Modern Technology**

**(First Meeting)**

**Wednesday 17-12-1447H Corresponding to 03-06-2026 at 07:30 PM**

## General Assembly Agenda

1. Review and discuss the Board of Directors' Annual Report for the financial year ended 31 December 2025. (Attached)
2. Review and discuss the Company's financial statements for the financial year ended 31 December 2025. (Attached)
3. Vote on the External Auditor's Report for the financial year ended 31 December 2025, after discussion. (Attached)
4. Vote on discharging the members of the Board of Directors from liability for the financial year ended 31 December 2025.
5. Vote on the payment of SAR 744,572 as remuneration to the members of the Board of Directors, Board Committees, and the Board Secretary for the financial year ended 31 December 2025.
6. Vote on the appointment of the Company's external auditor from among the nominated candidates based on the Audit Committee's recommendation, to examine, review, and audit the financial statements for the second, third, and annual quarters of the financial year 2026, and the first quarter of the financial year 2027, and to determine their fees. (Attached)
7. Vote on the amendments to the Company's Corporate Governance Regulations. (Attached)
8. Vote on the amendments to the Audit Committee Charter. (Attached)
9. Vote on the amendments to the Nomination and Remuneration Committee Regulations. (Attached)
10. Vote on the amendments to the Conflict of Interest and Competition Policy. (Attached)
11. Vote on the transactions to be conducted between Nayifat Finance Co and Yaqeen Capital, in which Board members Mr. Fahad Abdullah AlSubaie and Mr. Hossam Mohannad AlAzzawi have an indirect interest (related parties) for the year 2026. These transactions involve acting as an agent on behalf of Nayifat's clients in selling their financed commodities. It is noted that transactions executed during 2025 amounted to SAR 505 thousand for commodity agency transactions (inclusive of VAT), in addition to SAR 35.920 million as an advance payment for commodity Murabaha (Tawarruq) transactions, held on behalf of Nayifat, without any preferential terms. (Attached)
12. Vote on the transactions conducted between Nayifat Finance Co and Yaqeen Capital, in which Board members Mr. Fahad Abdullah AlSubaie and Mr. Hossam Mohannad AlAzzawi have an indirect interest (related parties) during 2025. These transactions involve managing the Company's treasury shares portfolio and executing purchase transactions on its behalf. It is noted that the transactions amounted to SAR 73 thousand as treasury shares portfolio management fees (inclusive of VAT), in addition to SAR 43.374 million paid for the purchase of treasury shares held by the Company, without any preferential terms. (Attached)

**Annual Audit Committee Report  
to the General Assembly of Shareholders  
for the financial year ending on 31/12/2025**

Dear/ Shareholders of Al-Nayifat Finance Company,

The Audit Committee at Nayifat Co. is pleased to present to the esteemed shareholders its annual report for the year ended December 31, 2025, which includes its opinion regarding the adequacy of the company's internal and financial control systems and the company's risk portfolio.

**Formation and Activities of the Audit Committee:**

**First: The third term of the committee, ending on 02-11-2025:**

The committee consisted of the following members:

Name	Position
Dr. AbdulKarim Hamad AbdulKarim AlNujaidi	Chairman
Mr. Aziz Mohammed Mubarak Algahtani	Member
Mr. Fahad Suliman AbdulRahman AlNuhait	Member

The committee held 14 meetings during the third session, which ended on 02-11-2025.

**Audit Committee Activities during the Third Session:**

During 2025, the committee sought to adhere to carrying out the tasks and responsibilities assigned to it, and the main topics discussed were:

- 1- Reviewing the quarterly and annual financial statements with the company's external auditor KPMG and recommending their approval to the Board of Directors.
- 2- Periodically discussing the presentations submitted by the Chief Financial Officer (financial analysis).
- 3- Reviewing the proposed transactions and contracts that the company intends to carry out with related parties, and providing its views and recommendations to the Board of Directors, after studying the financial and technical proposals of each service provider, ensuring that the transactions are conducted in accordance with the company's approved internal policy and in compliance with the regulations issued by the regulatory authorities governing these transactions, and that there are no preferential conditions for these transactions.
- 4- Discussing compliance reports and plans, anti-money laundering and counter-terrorism financing reports, and the annual compliance program.
- 5- Discussing the Audit Committee's annual report to the Annual General Meeting regarding the effectiveness of control systems for 2024.
- 6- Discussing the internal audit reports and results (EY) and the annual internal audit plan.
- 7- Recommendation to appoint the Director of Internal Audit Management in accordance with the instructions and regulations of the Saudi Central Bank and the issued circular.
- 8- Recommendation to the Board of Directors to appoint the external auditor of the company from among the submitted proposals to audit the financial statements for the second and third quarters and the annual statements for 2025, as well as the first quarter of 2026.
- 9- Discussion of the annual Shariah report for the year 2024.
- 10- Renewal of the internal auditor EY's contract, from 31-07-2025 to 31-07-2026.
- 11- Reviewing the risk reports issued by the company's Risk Management Department after their discussion and approval by the Risk and Credit Committee.
- 12- Reviewing the reports of the Saudi Central Bank observations, as well as the plans of the Internal Audit and Compliance departments regarding them, and providing the Board of Directors with the committee's views on those observations.

Best Regards,

**Audit Committee Chairman**  
**Dr. Abdulkarim Hamad AlNajidi**

(Approved by Email)

**Second: The fourth session of the committee, which began its session on 03-11-2025:**

The audit committee for the fourth session was formed pursuant to the Board of Directors' decision dated 03-11-2025, and no objection was obtained from the Saudi Central Bank on 20-11-2025, from the following members:

Name	Position
Mr. Eid Faleh Ibn Saif AlShammari	Chairman
Mr. Abdullah Saleh Abdullah ALLuhaidan	Member
Mr. Fahad Suliman AbdulRahman AlNuhait	Member

The committee held one meeting on 29-12-2025.

**Audit Committee Activities During the Fourth Term:**

The Audit Committee commenced its activities in its fourth term starting from 03-11-2025. Due to the short remaining period of the fiscal year, the Committee paid special attention to forming a comprehensive and integrated understanding of the internal control environment within the company during that period.

The Committee held meetings with officials of the internal control departments (compliance, risk, internal audit) to review the adopted frameworks, evaluation and follow-up methodologies, and the adequacy and effectiveness of the applied control measures. The Committee also met with the external auditor to discuss the audit plan for the fiscal year ending on December 31, 2025, and to review the scope of work and their assessment of related financial and control aspects.

The Committee emphasized the importance of full compliance with the regulations and instructions issued by the regulatory authorities, foremost among them the Saudi Central Bank instructions. It also stressed the necessity of continuing to develop the internal control environment and enhancing the use of tools and technologies that support audit and control activities to improve performance quality and efficiency.

**Results of the annual review and the committee's recommendations regarding the adequacy and effectiveness of the company's internal control, financial systems, and risk management:**

Based on the reports and discussions presented to the Committee during the period in which it carried out its duties in 2025, the Committee did not identify any material observations requiring disclosure to the shareholders.

Within the scope of the period under review, the Committee believes that the Company's internal control systems, financial controls, and risk management framework are operating with a reasonable degree of adequacy and effectiveness, supporting the achievement of the Company's objectives, safeguarding its assets, ensuring the integrity of financial reporting, and complying with the applicable laws and regulations.

In this regard, the Committee emphasizes the importance of the Executive Management continuing to periodically review and update policies and procedures, and to further strengthen the culture of compliance and risk management in line with best regulatory practices and supervisory requirements. The Committee also intends to appoint an external consulting firm to review the effectiveness and adequacy of the internal control systems. Furthermore, the Committee confirms its continued follow-up and regular coordination with the Executive Management and internal control functions to support the continuous enhancement and effectiveness of the control environment.

The Committee also confirms that no internal control system, regardless of its level of efficiency and effectiveness, can provide absolute assurance.

Best Regards,

**Audit Committee Chairman  
Eid Faleh AlShammari**



# **Board of Director's Report for fiscal year ending on 31/12/2025**

**Item (1) in Agenda**

# Board Annual Report

## 2025

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Nayifat





**Dear Shareholders,**

The Board of Directors is pleased to present to you its report on the results for the financial year ended. This year represents an important milestone in the Company's journey of more than twenty-four years, during which the Company recorded its first annual loss since its establishment.

The Board of Directors has been keen to prepare this report in accordance with the highest standards of transparency and professional discipline, based on the belief that clear communication with shareholders constitutes a fundamental pillar for strengthening confidence and maintaining credibility, particularly during periods that witness operational and credit-related challenges.



#### **First: Financial Performance Summary**

The company ended the financial year with a net loss of approximately (126) million Riyals, compared to positive results in previous years. This shift in performance is due to a combination of interrelated factors, most notably:

- Re-evaluation of a number of key assumptions used in the expected credit loss models under International Financial Reporting Standard No. (9), including updating the assumptions of Loss Given Default (LGD) and the timing of write-offs for certain delinquent portfolios, based on observed recovery patterns, updated collection strategies, and prevailing practices in the local market.
- Application of (Management Overlays) to address some technical constraints in the models and enhance the level of prudence.
- Execution of organized write-offs on some high-risk portfolios in accordance with approved policies.
- Relative slowdown in sales growth during the year compared to previous periods.
- Increase in operating expenses compared to the level of revenue growth.

The financial impact resulting from updating expected credit loss assumptions during the current year has been recognized as a change in accounting estimates according to the applicable accounting standards, reflecting a more pragmatic view of asset quality and existing credit risks.

#### **Second: Credit Portfolio Quality**

Some financing segments within both the retail and corporate sectors experienced an increase in delinquency levels, necessitating a comprehensive review of the credit asset quality, which included:

- Re-evaluation of actual delinquency and recovery patterns.
- Enhancing the level of prudence in calculating provisions.
- Aligning the timing of write-offs with observed collection and recovery behavior and regulations.

These steps aimed at enhancing asset quality and improving the accuracy of accounting risk measurement, with full compliance with accounting standards and relevant regulatory instructions.

The Board of Directors believes that recording these provisions is a professional measure that enhances the reliability of the financial statements and establishes a stronger foundation for future growth.

### **Third: Regulatory Framework and Supervisory Requirements**

During 2025, the company continued aligning its credit policies and procedures with regulatory instructions and prevailing practices in the financing sector within the Kingdom, thereby enhancing compliance levels and risk management quality. This included developing credit measurement and analysis tools, improving expected credit loss models, and strengthening monitoring and collection mechanisms, consistent with best professional practices. The Board believes that this approach, despite its financial impact during the current year, represents an important foundation for enhancing sustainability and financial resilience in the medium to long term.

### **Fourth: Expenses and Operational Efficiency**

Operating expenses increased at a rate not commensurate with revenue growth, prompting the Board to conduct a comprehensive review of the cost structure, identifying a number of improvement opportunities, most notably:

- Restructuring certain cost items.
- Increasing operational efficiency.
- Aligning expenses with growth priorities and return quality.
- Enhancing financial control and expense oversight.

The executive management has begun implementing practical measures to control costs and improve operational efficiency while maintaining business continuity and service quality. The effects of these measures are expected to gradually appear in upcoming periods.

### **Fifth: Financial Position and Going Concern**

Despite the loss recorded during the financial year, the company maintains an adequate level of liquidity and operational capacity that enables it to continue its activities normally and implement its operational plans without a material impact on business continuity.

The Board believes that the company's financial position remains capable of supporting the current phase and enhancing the company's ability to gradually return to a sustainable growth path.

### **Sixth: Corrective Actions and Roadmap**

In light of the above, the Board, in cooperation with the executive management, has taken a set of fundamental measures, most notably:

- Strengthening governance frameworks and credit risk management.
- Reviewing granting, pricing, and collection policies.
- Improving delinquency and recovery management efficiency.
- Conducting periodic reviews of the credit portfolio.

- Realigning growth strategy to achieve a balance between quality, sustainability, and profitability.

These measures aim to restore gradual growth in the financing portfolio and achieve sustainable profitability while maintaining balanced credit discipline and effective risk management.

### **Message to the Shareholders**

The Board of Directors recognizes that this year's results fell short of shareholder expectations and reaffirms its full commitment to performing its supervisory role and taking the necessary measures to enhance financial stability and improve results quality in the coming periods.

The Board believes that a realistic and disciplined approach to the current challenges represents the optimal approach to safeguarding shareholders' interests in the medium to long term.

The Board views this year as a milestone for reviewing and strengthening financial and credit discipline and is confident that the foundations laid during this period will positively reflect on the company's performance and sustainability in the future.

We thank our valued shareholders for their trust and renew our commitment to managing the company according to the best professional and regulatory practices.

**With highest respect and appreciation,**

**Saud Hawaimal AlDosari**  
**Board Chairman**

## Board of Directors



Anas Mohammed Ali AlSheikh

Board Member

Independent



Sami Abdullah Suleiman AlZukri

Board Member

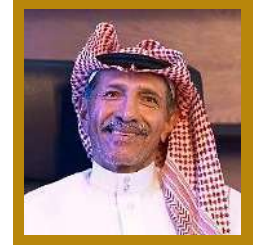
Independent



Eid Faleh bin Saif AlShammari

Vice Chairman

Independent



Saud Huwaymil Faraj AlDosari

Chairman

Non-Executive



Hussam Muhannad Qusai AlAzzawi

Board Member

Non-Executive



Fahad Abdullah Saad AlSubaie

Board Member

Non-Executive



Naif Abdulaziz Hassan AlDughither

Board Member

Independent



Naif Abduljalil Ali AlSaif

Board Member

Independent

**Dear Partners,**

I am honored to present an overview of the operational performance of Nayifat Finance Company during the fiscal year 2025, which witnessed significant achievements across various fronts.

I am pleased to provide a review of the operational performance of Nayifat Finance Company during the fiscal year 2025, which represented an important transitional phase in the company's journey, characterized by significant challenges to enhance financial position strength and asset quality.

The year saw intensive focus on addressing challenges related to credit portfolio quality, contributing to securing asset quality indicators and enhancing the reliability of financial statements, despite the temporary financial impact of these measures on the year's results.

At the same time, the executive management continued working to enhance operational efficiency, develop financing products, improve customer experience, and expand digital channels, supporting business continuity and maintaining the company's core operational strength while enhancing liquidity and operational flexibility.

The company also paid special attention to realigning lending, pricing, and collection policies, improving delinquency management, and conducting a comprehensive portfolio review, aiming to build a more sustainable growth base and achieve a better balance between expansion and return quality.

Given the steps achieved during 2025, the company enters 2026 in a stronger position, ready to restore growth and profitability by focusing on measured expansion in consumer and SME financing, accelerating digital transformation, improving operational efficiency, and investing in human capital development.

While recognizing shareholders' aspirations for better results, we reaffirm our full commitment to executing approved plans, enhancing financial and operational discipline, and continuously improving performance to achieve sustainable value in the medium and long term.

In conclusion, I extend my thanks to our esteemed shareholders for their trust and support, and to the company's employees for their dedication and commitment, and we reaffirm our commitment to leading the company toward a new phase of stability and sustainable growth.

**With highest respect and appreciation,**

**Khalid Abdulaziz AlJunaidel**  
Acting CEO



# About Nayifat

### **Overview of Nayifat Finance Company and Its Business Activities:**

Nayifat Finance Company is a Saudi public joint-stock company licensed and regulated by the Saudi Central Bank (SAMA). The Company was established in 2002 in Riyadh with an initial capital of SAR 10 million, which has since grown to SAR 1.2 billion today. Nayifat is considered the first non-bank financial institution to obtain a license from the Saudi Central Bank in 2014, and it is recognized as one of the leading companies in the consumer finance market.

The Company provides its customers with a range of products and services that are fully compliant with the principles and provisions of Islamic Shariah, including consumer finance, financial leasing, credit card financing, small and medium enterprises (SME) financing, and debt-based crowdfunding.

Nayifat Finance Company is regarded as one of the most prominent non-bank financial institutions focused on meeting the financing needs of individuals in the Kingdom of Saudi Arabia. The Company enjoys a leading position in the retail financing market and is well positioned to capitalize on growth opportunities based on its comprehensive range of products, extensive branch network, robust risk management framework, and strong brand presence. The Company has also demonstrated a high level of growth capability and flexibility in responding to market conditions, while adapting its strategies to keep pace with developments in the consumer finance and SME financing markets in Saudi Arabia.

### **Vision:**

To strive to become the leading provider of financing services in the Kingdom of Saudi Arabia, while supporting the ambitions of Vision 2030 in building a vibrant society and a thriving economy.

### **Mission:**

To continue our legacy as a leading non-bank financial institution by facilitating the financing needs of individuals across the Kingdom of Saudi Arabia, through providing an innovative range of Shariah-compliant products and services in the areas of consumer finance, SME financing, credit card financing, and debt-based crowdfunding.

## (1) Key Decisions and Major Events for 2025

(Structural changes, business expansion, suspension of operations):

### ➤ Full transfer of statutory reserve balance

On 05-01-2025, Nayifat Finance Company implemented the Board of Directors' recommendation to the General Assembly to transfer the entire statutory reserve balance to retained earnings.

### ➤ Company share buyback

On 10-03-2025, the Extraordinary General Assembly approved Nayifat's purchase of a number of its shares, up to 3,400,000 shares (2.83% of total ordinary shares), to hold as treasury shares, considering the market price below fair value. The purchase will be financed from the company's own resources and cash balances, with completion by the end of November 2025, and shares will be held for a maximum of ten years, after which applicable regulations will be followed.

### ➤ Appointment of Mr. Khalid Abdulaziz AlJunaidel as CEO

On 22-05-2025, the company implemented the Board's decision dated 19-05-2025, appointing Mr. Khalid Abdulaziz AlJunaidel as CEO for six months. On 16-12-2025, the company implemented the Board's decision dated 19-11-2025, extending his appointment until 09-05-2026.

### ➤ Cash dividend distribution to shareholders

On 29-06-2025, the Board decided to distribute cash dividends to shareholders for Q4 2024 and Q1 2025.

### ➤ Launch of Nayifat's new strategy

On 05-07-2025, the company announced its new five-year strategy (until 2030) to strengthen its leadership in the financing sector and contribute to achieving Saudi Vision 2030 objectives, enabling individuals and SMEs to access innovative financial solutions.

### ➤ Election of Board members for the new term

On 02-11-2025, the Extraordinary General Assembly approved the election of the Board for a three-year term until 02-11-2028. On 03-11-2025, the Board appointed the chairman, vice-chairman, and formed committees, implemented on 20-11-2025.

## Challenges and Future Outlook

2025 witnessed significant operational, financial, and regulatory challenges, with the current Board assuming duties at year-end amid a legacy of weak portfolio quality, high delinquency ratios, and the urgent need to develop operational and technical systems to meet current requirements and regulatory mandates.

The Board took a strategic decision to enhance governance and financial discipline. This decision had a short-term financial impact, resulting in a net loss during the year, but improved asset quality, increased coverage ratios, and established a stronger risk management foundation.

The new Board also adopted a comprehensive digital transformation project for company systems as a strategic necessity to keep pace with market developments and enhance competitiveness. Despite the high investment requirements, this represents a critical pillar for future company growth by improving operational efficiency, customer experience, and reliance on digital channels.

2025 can be summarized as a year of rebuilding, with the company bearing short-term financial impacts to establish a more resilient and stable foundation for gradual return to profitability and balanced, sustainable growth, supported by a clear roadmap and close Board oversight.

The Board affirms confidence in Nayifat Finance Company's ability to seize opportunities amid the qualitative transformation of the Saudi economy, deliver added value to shareholders, and strengthen its position in the non-banking finance sector.

The Board reaffirms its commitment to continue working according to the highest governance and transparency standards to meet stakeholders' aspirations and build a more stable and prosperous future.

### **Company Strategy and Future Expectations**

In July 2025, the company launched its five-year strategy until 2030, focusing on sustainable financing portfolio growth, enhancing market share, accelerating digital transformation, improving operational efficiency, enhancing financial performance based on risk management, and empowering human capital.

The Board collaborated with specialized consultants to develop the administrative and operational structure, adopt best institutional practices, and implement a comprehensive transformation program to address structural challenges, reposition the company for balanced and sustainable growth, including governance strengthening, delinquency management, operational efficiency, accelerating execution, and business/product restructuring.

### **Strategic Objectives**

Ongoing economic growth in Saudi Arabia, Vision 2030 initiatives, and financial sector development programs will enhance the presence of non-banking financial institutions in the Kingdom's financial services sector, increasing financing demand.

On 06-07-2025, the company launched its five-year strategy to reinforce its leadership and contribute to Saudi Vision 2030 goals, focusing on six main pillars:

1. Achieving sustainable growth of the financing portfolio.
2. Enhancing market share and competitiveness.
3. Accelerating digital transformation.
4. Improving operational efficiency.
5. Enhancing financial performance based on risk management.
6. Empowering human capital.

## (2) Main Activities:

The company conducts financing activities according to the Finance Companies Control Law, its executive regulations, related laws, and rules and instructions issued by the Saudi Central Bank. It operates under a license issued by the Saudi Central Bank (License No. 5/A Sh/201312 dated 1435/02/28H – 2013/12/31G).

Licensed activities include:

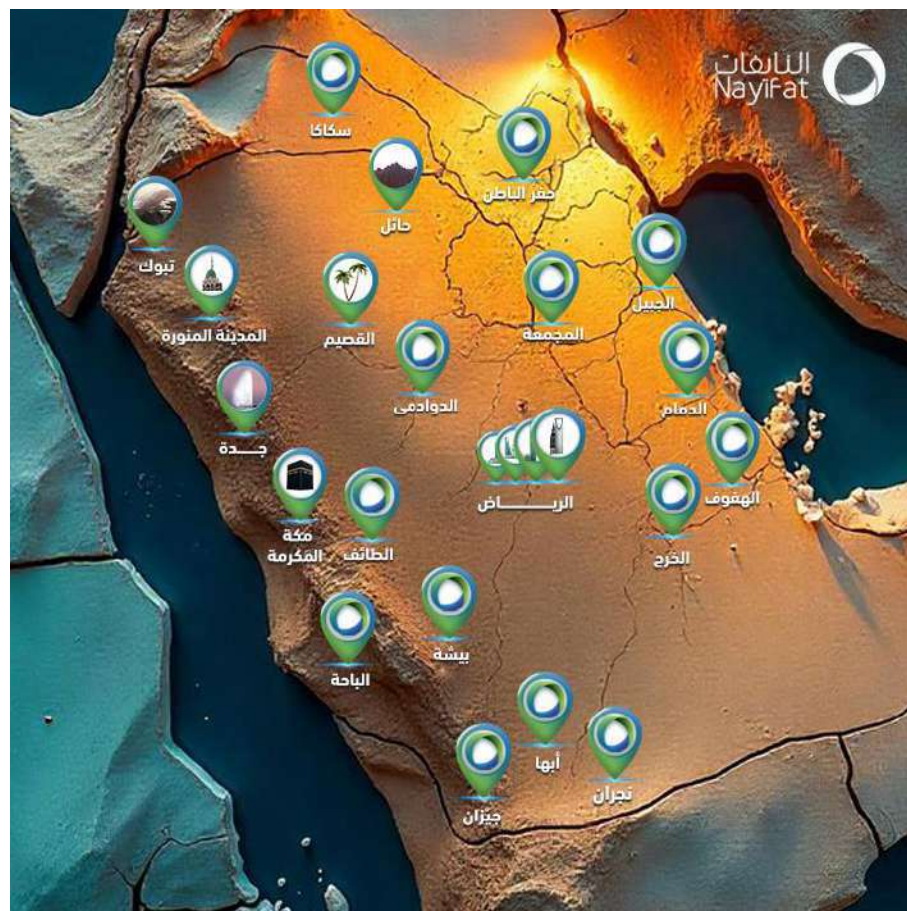
- Consumer finance
- Leasing
- SMEs
- Credit card
- Debt crowdfunding

(The company has no subsidiaries inside or outside the Kingdom)

## Company Branches:

The company operates a wide branch network of 24 branches across Saudi Arabia, aiming to provide efficient services and meet customer needs.

(No subsidiaries inside or outside the Kingdom)



## Organizational Structure and Key Functions

### (Key Functions and Departments):

Without prejudice to the authorities vested in the Board of Directors under the provisions of the Companies Law and its implementing regulations, the Executive Management is responsible for implementing the Company's plans, policies, strategies, and key objectives in a manner that fulfills its purposes. The Chief Executive Officer (CEO) bears the primary responsibility for executing the strategy approved by the Board of Directors. The CEO is responsible for overseeing and managing the Company's daily operations and ensuring that all activities are aligned with the Company's strategy, risk appetite, and the policies approved by the Board. The CEO is also accountable to the Board of Directors for achieving the Company's annual profitability, sales targets, and market share objectives. In addition, the CEO serves as the principal link between the Company's management and the Board of Directors, and is responsible for ensuring that the Board is adequately informed about the Company's performance, as well as the short-, medium-, and long-term challenges facing the Company.

The CEO leads an effective executive team composed of several key sectors, which are classified as follows:

#### 1. Oversight and Supervisory Functions:

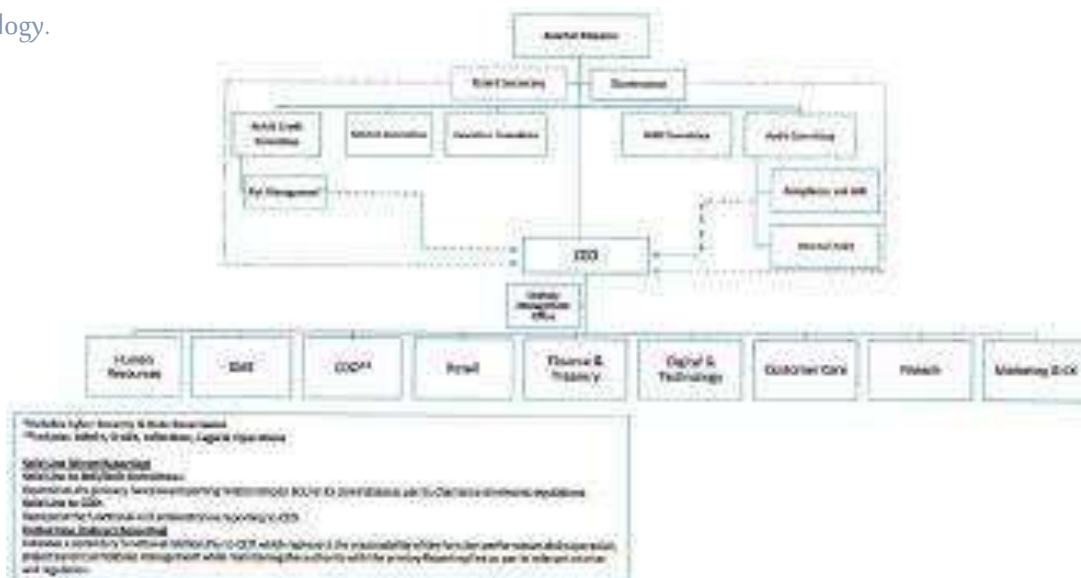
These functions ensure compliance with applicable laws and regulations, including Risk Management, Compliance and Anti-Money Laundering and Counter-Terrorism Financing, Internal Audit, and Corporate Governance.

#### 2. Business Functions:

These functions are responsible for driving growth and directing activities in support of the Company's strategic objectives, including Retail Financing, Small and Medium Enterprises (SME) Financing, the Crowdfunding Platform (Ulend), and Marketing.

#### 3. Operational and Support Functions:

These functions are responsible for executing daily operations and supporting business continuity. They include the Executive Operations Department, covering Operations, Collections, Credit, Legal Affairs, and Administrative Affairs, in addition to Customer Care, Finance and Treasury, Strategy Office, Human Resources, and Information Technology.



Each department operates under approved policies and operational procedures that define its responsibilities and ensure integration of activities in accordance with best supervisory and operational practices. A brief overview of each is provided below:

#### **1. Retail Financing Department**

This department provides innovative financial solutions compliant with the principles and provisions of Islamic Shariah for individual customers. It focuses on product development and enhancing sales performance to meet customer expectations and respond to evolving market needs.

#### **2. Small and Medium Enterprises (SME) Financing Department**

This department develops Shariah-compliant financing solutions for small and medium-sized commercial enterprises, covering a wide range of economic sectors across the Kingdom of Saudi Arabia.

#### **3. Debt Crowdfunding (Ulend)**

This function oversees the Ulend debt crowdfunding platform, ensuring compliance with regulatory requirements and supporting the creation of investment opportunities.

#### **4. Executive Operations Department**

This department oversees a group of operational and administrative divisions that support the Company, including Credit, Collections, Operations, Administrative Affairs, and Legal Affairs. It aims to ensure operational efficiency, promote coordination among departments, and implement best institutional practices to support business continuity and high-quality performance.

##### ➤ **Credit Department**

Responsible for establishing preliminary eligibility criteria for potential customers seeking financing facilities, conducting creditworthiness assessments, and verifying compliance with Saudi Central Bank requirements, thereby reducing potential credit risks faced by the Company.

##### ➤ **Collections Department**

Implements an effective collection strategy aimed at maintaining a high recovery rate of overdue accounts and ensuring timely payments to maintain a low loss ratio.

##### ➤ **Operations Department**

Oversees the execution of all activities related to contracts, business support, and internal operational monitoring, while considering cost and performance factors to ensure the quality of services provided to the Company.

##### ➤ **Administrative Affairs Department**

Provides administrative support services to all departments and divisions within the Company. Its responsibilities include supervising office services, managing assets and supplies, and ensuring a suitable work environment that enhances efficiency and productivity.

➤ **Legal Affairs**

Provides specialized legal advice and ensures full compliance with applicable laws and regulations in the Kingdom. It also manages all legal matters related to contracts and litigation and represents the Company before judicial and regulatory authorities to safeguard its interests and ensure compliance.

**5. Customer Care Department**

Provides customer support services, addresses customer expectations, and resolves complaints efficiently and without delay. The support team also delivers after-sales services and conducts customer satisfaction surveys to ensure expectations are met.

**6. Finance and Treasury Department**

Responsible for managing the Company's assets and liabilities, preparing financial reports, and ensuring compliance with applicable accounting standards to achieve financial sustainability.

**7. Information Technology Department**

Manages the Company's technological systems, supports digital transformation, and ensures operational continuity through technological solutions. It also regularly evaluates the IT environment and updates the Company's infrastructure.

**8. Human Resources Department**

Responsible for attracting qualified employees and placing significant emphasis on the training and development of existing staff to achieve high levels of performance aligned with the Company's vision. It also proposes performance-based compensation and incentive programs and supports the recruitment of young national talent in alignment with Saudi Vision 2030 and the Company's strategic directives.

**9. Marketing and Customer Experience Department**

Responsible for strengthening the Nayifat brand and enhancing customer experience through targeted campaigns, personalized engagement, and continuous improvement of services.

**10. Strategy Management Office**

Responsible for guiding the Company's strategy and overseeing its implementation while ensuring alignment between strategic objectives and departmental initiatives.

**11. Compliance & (AML/CFT) Department**

This is an independent department responsible for compliance functions. It reports directly to the Audit Committee and administratively to the Chief Executive Officer. Its responsibilities include: (Verifying the Company's compliance with applicable laws, regulations, and instructions - Identifying and addressing all compliance risks and monitoring their developments - Analyzing new policies, procedures, and processes and recommending actions to address related compliance risks - Implementing a risk-based compliance program and including its findings in periodic reports - Receiving compliance-related complaints and preparing written guidance for employees when

required - Developing internal policies and procedures to combat financial crimes such as money laundering and terrorism financing - Monitoring compliance with AML/CFT laws, regulations, and rules - Promoting awareness of compliance issues and providing periodic employee training programs - Promptly reporting any violations or irregularities to the Saudi Central Bank and the Audit Committee). The Company provides the necessary technical support to ensure the Compliance Department performs its duties effectively.

## **12. Internal Audit Department**

This is an independent department responsible for evaluating the effectiveness of the internal control system and verifying the Company's and its employees' compliance with applicable laws, regulations, and internal policies and procedures—whether operations are managed internally or through external service providers. The Internal Audit Department has unrestricted access to information, documents, and records. It reports directly to the Audit Committee and administratively to the Chief Executive Officer. The department consists of at least one internal auditor, whose appointment is recommended by the Audit Committee and who is accountable to it. The Internal Audit function must be staffed with personnel possessing appropriate competence, independence, and training.

## **13. Corporate Governance Department**

The Board of Directors seeks to apply the highest standards of governance and best practices, while ensuring compliance with all laws, regulations, executive rules, and circulars issued by regulatory authorities. The Company seeks to strengthen the pillars of effective governance through: (Activating the supervisory role of the Board of Directors - Protecting the rights of stakeholders - Promoting business ethics and transparency - Enhancing performance measurement and accountability - Strengthening internal control mechanisms). To ensure the effective implementation of governance practices, the Board of Directors has delegated the Head of Governance, who reports directly to the Board, to develop governance rules specific to the Company that do not conflict with mandatory regulatory requirements. The Head of Governance is responsible for monitoring their implementation, verifying their effectiveness, and updating them when necessary. Responsibilities include: (Ensuring the Company's compliance with governance rules - Reviewing and updating governance policies in line with regulatory requirements and best practices - Reviewing and developing the Code of Professional Conduct representing the Company's values, along with other internal policies and procedures - Keeping Board members informed of developments in corporate governance and emerging best practices).

## **14. Risk Management Department**

This is an independent department that reports directly to the Risk and Credit Committee and administratively to the Chief Executive Officer. The Risk Management Department is responsible for analyzing and monitoring various types of risks, including: (Credit risk - Market risk - Cost-of-funding risk - Asset-liability mismatch risk - Foreign exchange risk - Liquidity risk - Operational risk - Country risk - Legal risk - Reputational risk - Technology risk), In addition to any risks identified by the Saudi Central Bank. The department also develops appropriate procedures to identify, assess, manage, and monitor risks, prepares related reports, and establishes a comprehensive risk

management framework that ensures early and comprehensive risk identification, evaluation of interrelated risks, and effective coordination with the Board of Directors, the Risk and Credit Committee, senior management, responsible employees, and the Internal Audit Department when necessary.

Two specialized units operate under the Risk Management Department:

➤ **Cybersecurity**

Implements advanced cybersecurity strategies and comprehensive policies to protect Company and customer data from cyber threats. It also applies strict IT asset risk management policies, analyzes threats and vulnerabilities, and develops response and recovery plans.

➤ **Data Governance**

Responsible for ensuring the accuracy, quality, and security of data, which supports better decision-making and risk reduction. Its responsibilities include developing data governance policies, ensuring regulatory compliance, enhancing data security, and improving the use of data in financial analysis and risk management, thereby strengthening transparency, regulatory compliance, and trust among customers and regulatory authorities.

# Financial and Operational Performance

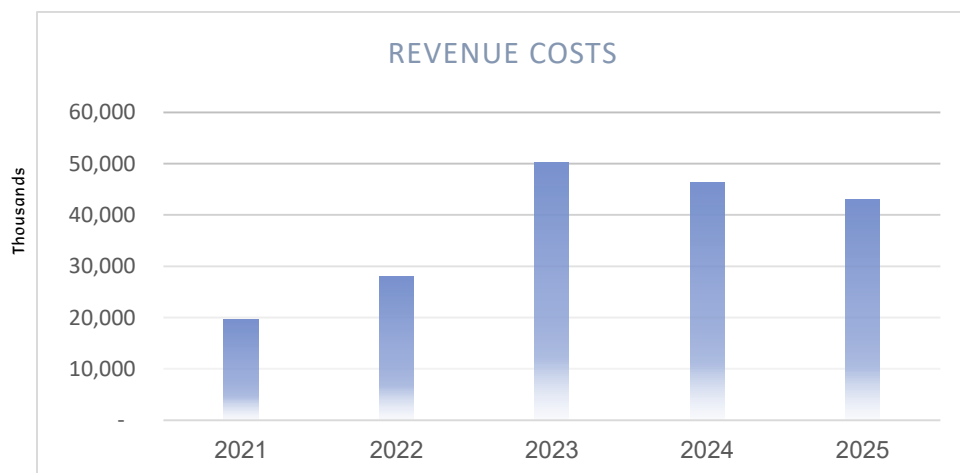
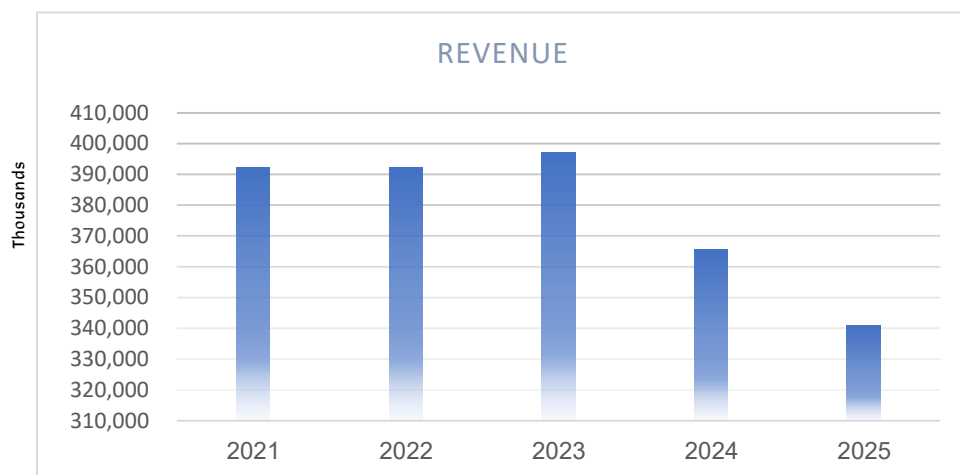
**(3) Impact of Main Activities on the Company's Business Volume and Their Contribution to the Results for the Financial Year 2025 (SAR in Thousands)**

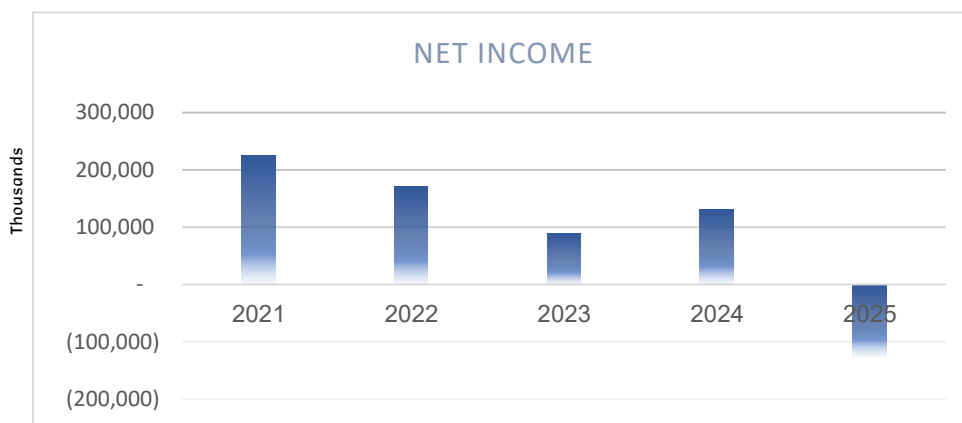
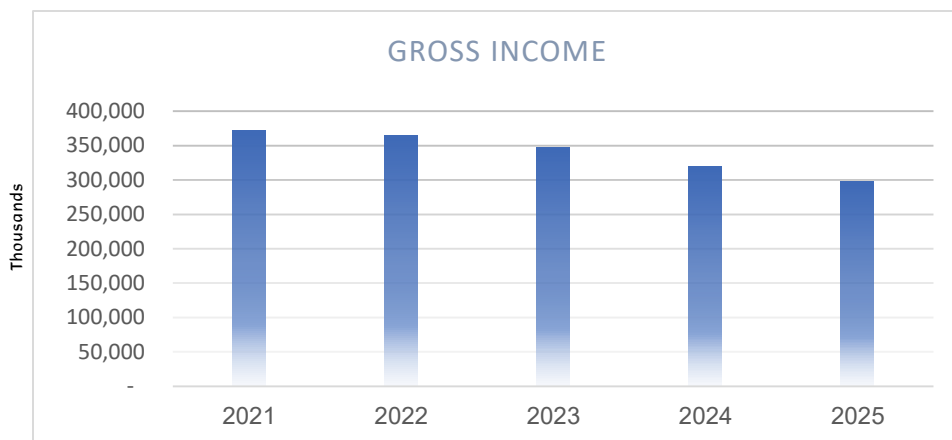
Description	Revenue	Percentage
Consumer Finance (Retail)	278,618	82%
Small and Medium Enterprises (SMEs)	59,739	17.3%
Credit Cards	1,109	0.3%
Total	339,465	100%

\* The Company does not have any subsidiaries.

**(4) Comparison of Business Results for the Last Five Years (SAR in Thousands)**

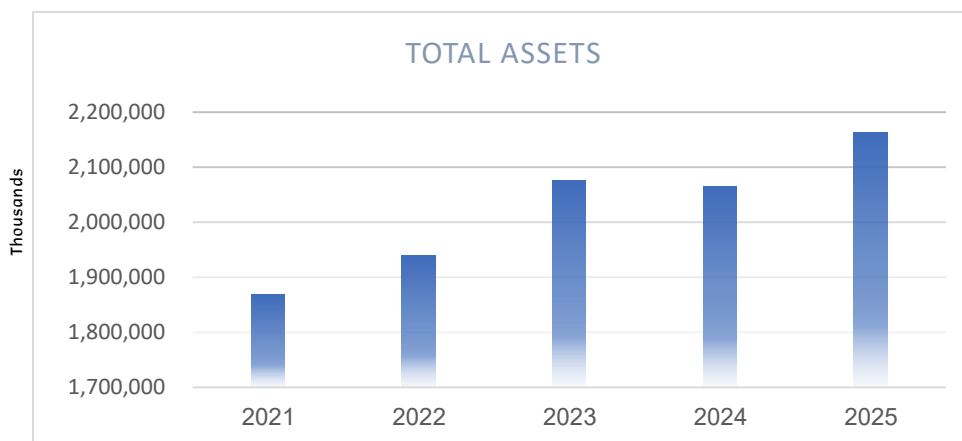
Description	2021	2022	2023	2024	2025
Revenue	390,855	392,041	395,256	362,559	339,465
Other Revenue	1,491	292	1,704	2,921	1,742
Revenue Costs	19,579	27,992	50,320	46,240	42,966
Gross Income	372,767	364,341	346,640	319,240	298,241
Net Income	225,088	171,457	88,214	131,071	(125,812)

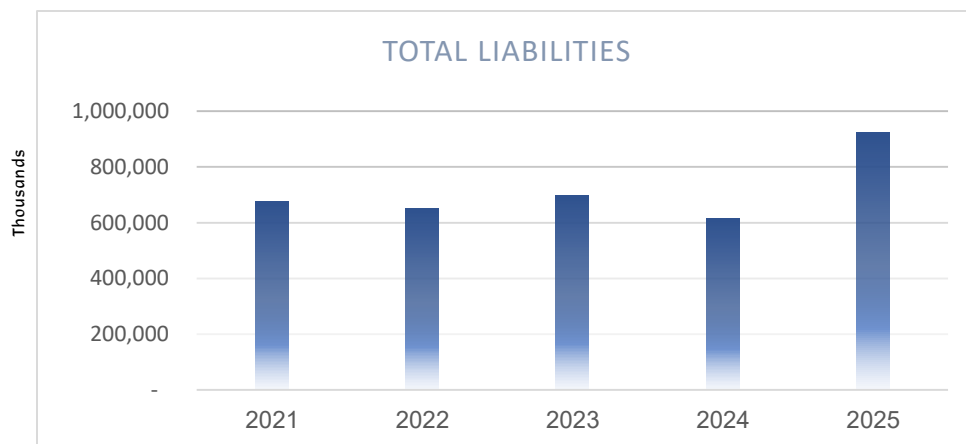




#### (5) Assets and Liabilities (SAR in Thousands)

Description	2021	2022	2023	2024	2025
<b>Current Assets</b>	711,820	734,001	784,024	822,734	913,422
<b>Non-Current Assets</b>	1,155,727	1,204,580	1,292,548	1,242,024	1,249,464
<b>Total Assets</b>	1,867,547	1,938,581	2,076,572	2,064,758	2,162,886
<b>Current Liabilities</b>	307,696	322,169	317,825	351,433	375,601
<b>Non-Current Liabilities</b>	367,608	327,712	381,833	265,340	547,768
<b>Total Liabilities</b>	675,304	649,881	699,658	616,773	923,369



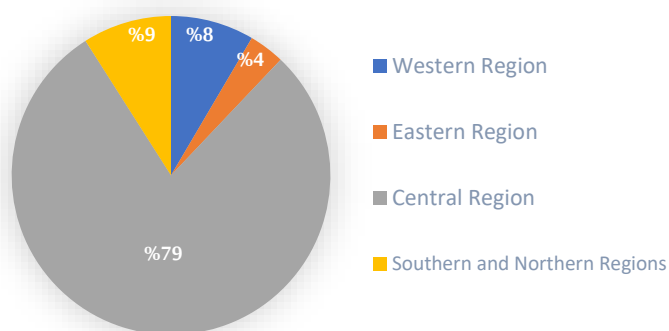


**(6) Geographical Analysis of the Company's Total Revenues for 2025 (SAR in Thousands)**

\* The Company does not have any subsidiaries.

Region	Revenue
Central Region	267,853
Southern and Northern Regions	30,604
Western Region	28,748
Eastern Region	12,260
<b>Total Revenue</b>	<b>339,465</b>

Geographical Analysis of Total Revenues



**(7) Explanation of Any Material Differences in Operating Results Compared to the Previous Year or Any Announced Company Forecasts (SAR in Thousands)**

Description	2024	2025	Change (+/-)	Change %
<b>Revenue</b>	362,559	339,465	(23,094)	-6%
<b>Other Revenue</b>	2,921	1,742	(1,179)	-40%
<b>Revenue Cost</b>	46,240	42,966	(3,275)	-7%
<b>Total Income</b>	319,240	298,241	(20,999)	-7%
<b>Other Operating Costs</b>	170,254	418,201	247,947	146%
<b>Operating Income Before Zakat</b>	148,986	(120,109)	(269,096)	-181%

## **(8) Clarification of any deviation from the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants:**

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, and there is no deviation from the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants.

## **(9) Dividend Distribution Policy**

Pursuant to Article (107) of the Companies Law, shareholders are entitled to the rights attached to their shares, including the right to receive a share of the net profits approved for distribution. In accordance with Article (26) of the Implementing Regulations of the Finance Companies Control Law, the Company must meet the following conditions before distributing dividends: (1) Ensuring that the distribution does not lead to a decline in capital adequacy or liquidity levels below the prescribed thresholds. (2) Ensuring that the total dividends distributed during the financial year do not exceed the profits realized during the previous financial year. (3) Complying with any additional conditions determined by the Saudi Central Bank (SAMA). In addition, the Company must obtain the non-objection of the Saudi Central Bank prior to approving, recommending, or announcing any dividend distribution or other distributions. Dividend distribution is also subject to several restrictions stipulated in the Company's Articles of Association (Articles 51 and 54), as follows:

- Allocating a general reserve equal to 10% of net profits, to be designated for one or more purposes as determined by the Ordinary General Assembly based on the recommendation of the Board of Directors.
- The Ordinary General Assembly may decide to create additional reserves to the extent necessary to serve the Company's interests or to ensure a stable level of dividends for shareholders as much as possible.
- Thereafter, not less than 5% of the Company's paid-up capital shall be distributed to shareholders.
- Subject to the provisions of Article (20) of the Articles of Association, a maximum of 10% of the remaining balance may be allocated as remuneration to the Board of Directors, provided that such remuneration is proportional to the number of meetings attended by each member.
- The remaining balance shall then be distributed to shareholders as dividends or transferred to retained earnings.
- The Company may also distribute interim dividends to its shareholders on a semi-annual or quarterly basis by a resolution of the Board of Directors, if the Company's financial position permits and sufficient liquidity is available, in accordance with the relevant regulations and procedures established by the competent authority.
- A shareholder shall be entitled to dividends in accordance with the resolution issued by the General Assembly or the Board resolution approving interim dividend distributions. The resolution shall specify the eligibility date and distribution date, and dividends shall be payable to shareholders registered in the Company's shareholder

records at the end of the specified eligibility date. The Board of Directors shall implement the General Assembly's resolution regarding dividend distribution within the period prescribed by law.

- Dividend distributions shall be made in Saudi Riyals. For the purpose of organizing and completing the dividend distribution process, the Company may engage a third party, such as one of the banks with which the Company deals; however, such engagement does not relieve the Company of its legal responsibility toward shareholders regarding dividend distribution.

#### (10) Dividends Distributed During the Financial Year 2025

Total Dividends Distributed During 2025	Proposed Dividend Distribution at the End of 2025*	Dividend Distribution Ratios During 2025				No.
		Q4	Q3	Q2	Q1	
SAR 19,641,186.5, representing 1.65% of the Company's dividend-entitled shares, equivalent to SAR 0.165 per share	—	—	—	—	1.65%	Percentage
	—	—	—	—	19,641,186.5	Total

On 29 June 2025, Nayifat Finance Company announced the Board of Directors' resolution dated 24 June 2025 to distribute cash dividends to shareholders for the fourth quarter of 2024 and the first quarter of 2025. The total distributed amount reached SAR 39,282,373, with 119,037,495 shares entitled to dividends, resulting in a dividend per share of SAR 0.33, representing 3.3% of the nominal share value.

#### \* Proposed Method for Dividend Distribution at the End of the Financial Year 2025:

There were no recommendations issued by the Board of Directors of Nayifat Finance Company as of 31 December 2025 regarding dividend distribution.

#### (11) Statutory Payments During 2025

Description	2025		Reason for Payment
	Paid	Payable as of the End of the Financial Period (Unpaid)	
Zakat and Income Tax	17,605,551	—	Zakat and Income Tax
VAT / WDT	3,546,302	—	Value Added Tax
GOSI	6,718,628	—	Social Insurance Contributions
Ministry of Labor	130,825	—	Ministry of Labor
Government Payments	3,743,444	—	Government Payments
Saudi Central Bank (SAMA)	690,000	—	Supervisory Fees
Saudi Exchange (TADAWUL)	234,729	—	Annual Listing Fees
Securities Depository Center (EDAA)	483,000	—	Annual Shareholder Registry Management Fees
<b>Total Payments</b>	<b>25,130,026</b>		

# Company Management

## (12) Composition of the Board of Directors and Classification of Its Members

The Board of Directors for the current term, which commenced on 03 November 2025 and will continue for a period of three years ending on 02 November 2028, consists of eight (8) members appointed by the Extraordinary General Assembly held on 02 November 2025. The Board includes two non-executive members and six independent members. The list of Board members is as follows:

Name	Position	Nationality	Membership Classification	Start of Board Term
Saud Huwaimal AlDosari	Board Chairman	Saudi	Non-Executive	03-11-2025
Eid Faleh AlShammari	Vice Chairman	Saudi	Independent	03-11-2025
Sami Abdullah Al-Zukri	Board Member	Saudi	Independent	03-11-2025
Anas Mohammed AlSheikh	Board Member	Saudi	Independent	03-11-2025
Naif Abduljalil AlSaif	Board Member	Saudi	Independent	03-11-2025
Naif Abdulaziz AlDughither	Board Member	Saudi	Independent	03-11-2025
*Fahad bin Abdullah AlSubaie	Board Member	Saudi	Non-Executive	03-11-2025
Hussam Muhannad AlAzzawi	Board Member	Saudi	Non-Executive	03-11-2025

\* The membership status of Mr. Fahad bin Abdullah Al-Subaie was changed from **Independent** to **Non-Executive**, due to the occurrence of a circumstance affecting independence (having an indirect interest in one of the contracts conducted for the benefit of the Company).

## Duties and Responsibilities of the Board of Directors

Subject to the authorities prescribed to the General Assembly under the Companies Law, its Executive Regulations, and the company's Articles of Association, the Board of Directors shall have the broadest powers in managing the company and directing its affairs to achieve its objectives. The Board's tasks and authorities include the following:

1. Developing the company's plans, policies, strategies, and main objectives, supervising their implementation, reviewing them periodically, and ensuring the availability of necessary human and financial resources to achieve them. This includes developing the company's overall strategy, main work plans, risk management policies and procedures, reviewing and directing them, and working to provide the necessary technical systems to identify and manage major risks such as market risks, counterparty risks, subscription risks, operational risks, and anti-money laundering risks; setting performance objectives and monitoring implementation and overall performance in the company; determining the optimal capital structure, strategies, and financial objectives; approving budgets of all types; supervising the company's major capital expenditures; acquiring and disposing of assets; setting performance objectives and monitoring implementation and overall performance; periodically reviewing and approving the organizational and functional structures of the company; and verifying the availability of human and financial resources needed to achieve the company's objectives and main plans.
2. Establishing systems and controls for internal oversight and supervising them, including setting a written policy to address actual and potential conflicts of interest for Board members, executive management, and shareholders. This includes misuse of company assets and facilities, misconduct arising from related-party transactions, ensuring the integrity of financial and accounting systems, including those related to financial reporting, and ensuring the application of appropriate control systems to measure and manage risks. This involves establishing a general overview of the risks the company may face, creating an environment aware of risk management culture at the company level, presenting it transparently to stakeholders and related parties, and conducting an annual review of the effectiveness of internal control procedures.

3. Developing clear and specific policies, standards, and procedures for Board membership—without conflicting with the mandatory provisions of these regulations—and implementing them after approval by the General Assembly.
4. Establishing a written policy regulating the relationship with stakeholders in accordance with these regulations.
5. Setting policies and procedures to ensure the company’s compliance with regulations and rules and its adherence to disclosure of material information to shareholders and stakeholders, and verifying that the company’s management complies with them.
6. Supervising the company’s financial management, cash flows, and financial and credit relationships with third parties.
7. Proposing to the Extraordinary General Assembly its recommendations regarding increasing or decreasing the company’s capital, dissolving the company before the term specified in the Articles of Association, or reporting on its continuation.
8. Proposing to the Ordinary General Assembly its recommendations regarding the use of the company’s statutory reserve, if established by the Extraordinary General Assembly and not allocated for a specific purpose.
9. Forming additional financial reserves or provisions for the company and determining the method of distributing the company’s net profits.
10. Preparing the company’s preliminary and interim financial statements and approving them before publication.
11. Preparing the Board of Directors’ report and approving it before publication.
12. Ensuring the accuracy and integrity of data and information required to be disclosed according to the applicable disclosure and transparency policies and procedures.
13. Establishing effective communication channels that enable shareholders to continuously and periodically review the company’s various activities and any material developments.
14. Forming specialized committees derived from the Board through resolutions specifying the committee’s duration, powers, responsibilities, and the Board’s oversight, including naming members, defining their tasks, rights, and duties, and evaluating the performance and work of these committees and their members.
15. Determining the types of rewards granted to company employees, such as fixed rewards, performance-based rewards, and stock-based rewards, provided this does not conflict with regulatory controls and procedures issued in implementation of the Companies Law for listed joint-stock companies.
16. Establishing the values and standards that govern work within the company.

## (13) Members of the Board of Directors, Committee Members, and Executive Management, Their Current and Previous Positions, Qualifications, and Experience

This section provides an overview of the members of the Board of Directors, members of the Board committees, and the executive management, including their current and previous positions, qualifications, and professional experience. It also includes the names of companies inside or outside the Kingdom in which a member of the Company's Board of Directors currently serves, or previously served, as a board member or member of senior management.



<b>Mr. Saud Huwaymil AlDosari</b> <b>Board Chairman   Non-Executive</b>	
Brief Professional Profile	A pioneer in the financing sector in the Kingdom, Mr. Saud Al-Dosari has over four decades of experience in banking and finance. He founded Nayifat Finance Company and managed it since 2002, later serving as Chairman of the Board until 2022. During his tenure, he led the Company's growth to become one of the leading financing companies in the Saudi market.
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Business Economics, Woodbury University, USA – 1979</li> <li>Master of Business Administration (MBA), University of La Verne, USA – 1983</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>Chairman of the Risk and Credit Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>From 11/2025 – Present: Chairman of the Board, Nayifat Finance Company (A public joint-stock company operating in the financing sector / Kingdom of Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2002 – 2010: Founder and General Manager, Nayifat Finance Company (Public joint-stock company operating in the financing sector / Saudi Arabia)</li> <li>1999 – 2000: Deputy General Manager, Arab National Bank (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>1991 – 1999: General Manager of the Credit Cards Division and Chairman of the Leadership Committee for Measurement in Asia and the Middle East for Cards, Samba Financial Group (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>1988 – 1991: Director of the Corporate and Retail Banking Division, Samba Financial Group (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>1986 – 1988: Director of Central Region Branches, Samba Financial Group (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>1984 – 1986: Branch Administration Manager – Al-Kharj Branch, Samba Financial Group (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>1980 – 1982: Equity Department Supervisor, Samba Financial Group (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> </ul>



<b>Mr. Eid Faleh Ibin Saif Al-Shammari</b> <b>Vice Chairman   Independent</b>	
Brief Professional Profile	A financial and investment expert with more than 30 years of experience in the fields of finance, investment, and advisory services. He served as Chief Executive Officer of Ethraa Financial Company for 12 years, in addition to holding executive positions at the National Commercial Bank (NCB), Saudi American Bank (SAMBA), and the Saudi Industrial Development Fund.
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Industrial Management (Honors), King Fahd University of Petroleum and Minerals, Saudi Arabia – 1989</li> <li>Certified Public Accountant (CPA), American Institute of Certified Public Accountants (AICPA), Membership No. 01585014 – 1995</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>2021 – Present: Board Member, Audit Committee Chairman, Taiba Investments Company (A joint-stock company operating in the hospitality and real estate sector / Saudi Arabia)</li> <li>2020 – Present: Audit Committee Member, Sports Boulevard Foundation (A government non-profit organization operating in the sports sector / Saudi Arabia)</li> <li>2020 – Present: Audit Committee Member, King Salman Park Foundation (A government non-profit organization operating in the quality of life and urban development sector / Saudi Arabia)</li> <li>2019 – Present: Audit Committee Member, Almarai Company (A joint-stock company operating in the food and beverage sector / Saudi Arabia)</li> <li>2016 – Present: Board Member and Chairman of the Audit Committee, Al-Hassan Ghazi Ibrahim Shaker Company (A joint-stock company operating in the import, manufacturing, and distribution of home appliances / Saudi Arabia)</li> <li>2006 – Present: Board Member, Audit Committee Chairman, Nomination and Remuneration Committee Member, and Governance Committee Member, Aldrees Petroleum and Transport Services Company (A joint-stock company operating in petroleum services and transportation / Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2024 – 2025: Board Member and Chairman of the Nomination Committee, Seera Holding Group (A joint-stock company operating in the travel, tourism, and investment sector / Saudi Arabia)</li> <li>2022 – 2025: Audit Committee Member, Riyadh Bank (A joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>2021 – 2022: Advisor, Ministry of Industry and Mineral Resources Sector</li> <li>2017 – 2023: Board Member and Chairman of the Audit Committee, Fawaz Abdulaziz Al-Hokair &amp; Co. (A joint-stock company operating in the luxury retail sector / Saudi Arabia)</li> <li>2013 – 2015: Board Member and Chairman of the Investment Committee, Amana Cooperative Insurance Company (A joint-stock company operating in the insurance sector / Saudi Arabia)</li> <li>2013 – 2023: Board Member, Gulf Stevedoring Contracting Company (A limited liability company operating in transportation and logistics services / Saudi Arabia)</li> <li>2011 – 2018: Audit Committee Member, Banque Saudi Fransi (A joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>2008 – 2020: Chief Executive Officer, Ethraa Financial Company (A joint-stock company operating in the financial sector / Saudi Arabia)</li> <li>2007 – 2017: Board Member and Chairman of the Audit Committee, Aliteco Company (A joint-stock company operating in industrial and commercial services / Saudi Arabia)</li> </ul>



Mr. Sami Abdullah Suleiman AlZukri	
Board Member   Independent	
Brief Professional Profile	An expert in investment and real estate development with more than 20 years of experience in the development and investment sectors. He currently serves as Chief Executive Officer of Tal Development and Development Company and Chief Executive Officer of Albilad Trading and Economy Company. He previously worked at Jadwa Investment and SABB Bank.
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Management Information Systems, King Fahd University of Petroleum and Minerals, Saudi Arabia – 1997</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>Member of the Nomination and Remuneration Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>2025 – Present: Chief Executive Officer, Albilad Trading and Economy Company (Limited Liability Company operating in the non-bank financial sector / Saudi Arabia)</li> <li>2025 – Present: Member of the Board of Managers, Albilad Catalyst Company Limited (Limited Liability Company operating in the industrial sector / Saudi Arabia)</li> <li>2025 – Present: Chairman of the Board of Managers, Jubail Tourism Company Limited (Limited Liability Company operating in the hospitality sector / Saudi Arabia)</li> <li>2023 – Present: Board Member in several funds (Grand Square Fund – Ishbilyah Fund – SEDCO Capital REIT) (Real estate investment funds / Saudi Arabia)</li> <li>2023 – Present: Board Member, Alinma Real Estate Fund for Riyadh Suburbs, Alinma Investment Company (Real estate investment fund / Saudi Arabia)</li> <li>2023 – Present: Chairman of the Board, Advanced Products Company (Limited Liability Company operating in the industrial sector / Saudi Arabia)</li> <li>2020 – Present: Board Member, Alinma Hospitality REIT, Alinma Investment Company (Real estate investment fund / Saudi Arabia)</li> <li>2019 – Present: Board Member, Alinma Makkah Development Fund I, Alinma Investment Company (Real estate investment fund / Saudi Arabia)</li> <li>2019 – Present: Board Member, Alinma Makkah Development Fund II, Alinma Investment Company (Real estate investment fund / Saudi Arabia)</li> <li>2018 – Present: Board Member, Maskan Arabia Investment and Real Estate Development Company (Closed joint-stock company operating in the real estate sector / Saudi Arabia)</li> <li>2007 – Present: Chief Executive Officer, Tal Development and Development Company (Limited Liability Company operating in the investment and real estate development sector / Saudi Arabia)</li> <li>2007 – Present: Board Member and Chief Executive Officer, Tal Development and Development Company (Limited Liability Company operating in the real estate and investment sector / Saudi Arabia)</li> <li>2007 – Present: Board Member, Modern Perspective Engineering Consultancy Company (Limited Liability Company operating in engineering and consultancy services / Saudi Arabia)</li> <li>2007 – Present: Board Member, Tal International Holding Company (Holding company operating in real estate development, industrial and engineering solutions, and financing / Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2022 – 2024: Board Member, Asyaf Investment Company</li> </ul>



Mr. Anas Mohammed Ali Al-Sheikh	
Board Member   Independent	
Brief Professional Profile	A legal and regulatory expert with more than 20 years of experience in the financial and regulatory sector in the Kingdom. He has held several leadership positions at the Capital Market Authority (CMA), Saudi Exchange (Tadawul), and the Ministry of Tourism, including Deputy Minister for Policies and Regulations at the Ministry of Tourism and General Counsel at Jadwa Investment, in addition to serving on various committees, authorities, and government institutions.
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor of Laws (LL.B), King Saud University, Riyadh, Saudi Arabia – 2000</li> <li>Master of Laws (LL.M) in Corporate Law, Nottingham Trent University, Nottingham, United Kingdom – 2004</li> <li>General Securities Qualification Certificate (CME-1) – Saudi Financial Academy</li> <li>Compliance, Anti-Money Laundering and Counter-Terrorism Financing Certificate (CME-2) – Saudi Financial Academy</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>Chairman of the Nomination and Remuneration Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>2025 – Present: Member of the Compliance Committee, Saudi Exchange (Tadawul) (Joint-stock company operating in the securities services sector / Saudi Arabia)</li> <li>2025 – Present: Member of the Compliance Committee, Muqassa (Closed joint-stock company affiliated with Saudi Tadawul Group operating in securities clearing services / Saudi Arabia)</li> <li>2025 – Present: Member of the Compliance Committee, Edaa – Securities Depository Center (Closed joint-stock company affiliated with Saudi Tadawul Group operating in securities depository services / Saudi Arabia)</li> <li>2024 – Present: Board Member, Imam Abdulaziz bin Mohammed Royal Reserve Development Authority (Government authority operating in the environmental and development sector / Saudi Arabia)</li> <li>2024 – Present: Board Member, Imam Turki bin Abdullah Royal Reserve Development Authority (Government authority operating in the environmental and development sector / Saudi Arabia)</li> <li>2024 – Present: Member of the Executive Committee, Imam Abdulaziz bin Mohammed Royal Reserve Development Authority (Government authority operating in the environmental and development sector / Saudi Arabia)</li> <li>2024 – Present: Member of the Executive Committee, Imam Turki bin Abdullah Royal Reserve Development Authority (Government authority operating in the environmental and development sector / Saudi Arabia)</li> <li>2023 – Present: Board Member, Al-Nassr Company (representing the Public Investment Fund) (Closed joint-stock company operating in the sports sector / Saudi Arabia)</li> <li>2023 – Present: Audit Committee Member, Al-Nassr Company (representing the Public Investment Fund) (Closed joint-stock company operating in the sports sector / Saudi Arabia)</li> <li>2022 – Present: Managing Partner, Anas Al-Sheikh Law Firm (Private professional firm operating in the legal and advisory services sector / Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2020 – 2022: Deputy Minister for Policies and Regulations, Ministry of Tourism (Government entity operating in the tourism sector / Saudi Arabia)</li> <li>2017 – 2020: General Counsel and Head of Compliance, Jadwa Investment (Closed joint-stock company operating in the financial services sector / Saudi Arabia)</li> <li>2016 – 2017: Head of Regulatory Policy and Supervision, Saudi Exchange (Tadawul) (Joint-stock company operating in securities services / Saudi Arabia)</li> <li>2013 – 2014: Advisor, Clifford Chance (Limited liability company operating in legal services / Saudi Arabia)</li> <li>2005 – 2013: Director of Rules, Regulations, and International Standards, Capital Market Authority (CMA) (Government authority operating in financial regulation and supervision / Saudi Arabia)</li> </ul>



Mr. Naif Abduljalil Al-Saif	
Board Member   Independent	
Brief Professional Profile	An investment and treasury management specialist with more than 20 years of financial and banking experience gained at Samba Financial Group and Saudi Hollandi Bank. He previously served as Acting Chief Executive Officer of Samba Capital and Group Treasurer, and currently holds several leadership positions including chairing a number of SNB Capital funds and serving on the boards of investment and technology companies.
Academic Qualifications	<ul style="list-style-type: none"> <li>● Master of Business Administration (MBA) – Finance, Prince Sultan University (PSU), Saudi Arabia – 2015</li> <li>● Bachelor's Degree in Finance and Economics, King Fahd University of Petroleum and Minerals (KFUPM), Saudi Arabia – 2004</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>● Member of the Risk and Credit Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>● 2024 – Present: Board Member, Budget Saudi Arabia (A listed joint-stock company operating in the transportation services sector / Saudi Arabia)</li> <li>● 2024 – Present: Board Member, Malaa Financial Technology Company (Limited liability company operating in the fintech sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Saudi Equity Trading Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB North America Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB European Equity Fund (Investment fund tracking European equities / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Asia Pacific Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Healthcare Equity Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB GCC Equity Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Emerging Markets Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Global Real Estate Income Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Saudi Small and Medium Enterprises Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB GCC Growth and Income Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Saudi Free Equity Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB REIT Funds Fund (Real estate investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2022 – Present: Chairman, SNB Nama Funds (General investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2021 – Present: Board Member, SNB Saudi Government Sukuk Fund (Investment fund operating in the financial services sector / Saudi Arabia)</li> <li>● 2021 – Present: General Manager – Head of Principal Investments and Financing, SNB Capital (Joint-stock company operating in the financial services sector / Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>● 03/2021 – 07/2021: Acting Chief Executive Officer, Samba Capital and Asset Management (Joint-stock company operating in the financial services sector / Saudi Arabia)</li> <li>● 02/2019 – 03/2021: Group Treasurer – General Manager of Treasury and Investments, Samba Financial Group (Joint-stock company operating in financial services and asset management / Saudi Arabia)</li> <li>● 2006 – 2019: Held various positions at Samba Financial Group (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>● 2004 – 2006: Trader, Money Market and Derivatives Desk, Saudi Hollandi Bank (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> <li>● 01/2003 – 01/2004: Management Training Program (MTP), Saudi Hollandi Bank (Joint-stock company operating in the banking and financial services sector / Saudi Arabia)</li> </ul>



Mr. Naif Abdulaziz Al-Dughither	
Board Member   Independent	
Brief Professional Profile	A strategic expert in the financial sector with more than 20 years of experience in strategy, institutional transformation, and governance. He has held leadership positions at the Capital Market Authority (CMA), Al Rajhi Capital, and National Industrialization Company (Tasnee), and currently serves on several boards and committees of financial and investment companies.
Academic Qualifications	<ul style="list-style-type: none"> <li>● Master of Business Administration (MBA) – Finance, Prince Sultan University, Saudi Arabia – 2009</li> <li>● Bachelor's Degree in Industrial Engineering, King Saud University, Saudi Arabia – 2001</li> <li>● General Securities Qualification Certificate (CME-1) – Saudi Financial Academy, 2018</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>● Chairman of the Executive Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>● Financial Advisor, Naif Al-Dughither Financial Advisory Office (Non-securities advisory services)</li> <li>● 2025 – Present: Board Member, Marbha Company (Closed joint-stock company operating in the energy sector / Saudi Arabia)</li> <li>● 2025 – Present: Board Member, Mishari Al-Shahri Engineering Consultants Company (Closed professional joint-stock company operating in engineering consultancy / Saudi Arabia) and Member of the Nomination and Remuneration Committee</li> <li>● 2025 – Present: Member of the Investment Committee, Qassim Medical Services Company (Closed joint-stock company operating in the healthcare sector / Saudi Arabia)</li> <li>● 2024 – Present: Board Member and Chairman of the Audit Committee, Qimat Al-Ramhiyah Company (Joint-stock company operating in the food and poultry sector / Saudi Arabia)</li> <li>● 2024 – Present: Board Member, Onelvest Financial Company (Closed joint-stock company operating in the financial services sector / Saudi Arabia)</li> <li>● 2024 – Present: Board Member of several SNB Capital investment funds (Investment funds operating in the financial services sector / Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>● 2024 – 2025: Board Member, Financial Competitiveness Company (Limited liability company operating in the fintech sector / Saudi Arabia)</li> <li>● 2020 – 2024: Director of Strategy and Transformation, Al Rajhi Capital (Closed joint-stock company operating in the financial services sector / Saudi Arabia)</li> <li>● 2015 – 2020: Deputy for Strategic Affairs and International Relations (and several other roles), Capital Market Authority (CMA) (Government authority responsible for financial regulation and supervision / Saudi Arabia)</li> <li>● 2009 – 2015: Business Affairs Manager, National Industrialization Company (Tasnee) (Joint-stock company operating in the basic materials sector / Saudi Arabia)</li> <li>● 2007 – 2009: Inspection and Compliance Specialist, Capital Market Authority (CMA) (Government authority operating in financial regulation and supervision / Saudi Arabia)</li> <li>● 2001 – 2006: Credit Analyst, Saudi Industrial Development Fund (SIDF) (Government development fund operating in industrial financing and development / Saudi Arabia)</li> </ul>



**Mr. Fahad Abdullah Al-Subaie**  
**Board Member | Non-Executive**

Brief Professional Profile	An entrepreneur in the healthcare and logistics sectors with extensive experience in business development and commercial expansion. He previously held leadership positions at Al-Dawaa Medical Services Company and founded several companies in the healthcare services sector. He currently serves as Chairman of the Boards of Proceed Healthcare Logistics Services and Premi Medical Devices Factory, and holds membership in several boards of private companies and the Eastern Chamber of Commerce.
Academic Qualifications	<ul style="list-style-type: none"> <li>Executive Master of Business Administration (Healthcare Management), Prince Mohammed bin Salman College – Saudi Arabia, 2024</li> <li>Bachelor's Degree in Financial Management and Accounting, University of Kent – United Kingdom, 2012</li> <li>Diploma in Fixed Asset Investment Management, New York Institute of Finance – 2012</li> <li>Diploma in Alternative Investment Management, London School of Economics and Political Science – 2011</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>Member of the Executive Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>2014 – Present: Executive Vice President, Al-Dawaa Medical Services Company (A joint-stock company operating in the healthcare and pharmaceutical retail sector / Saudi Arabia)</li> <li>2026 – Present: Chairman of the Board, Eastern Chamber of Commerce (Government entity)</li> <li>2025 – Present: Chairman of the Board, Saudi Leather Industries Company (Joint-stock company operating in the production of safety and military footwear / Saudi Arabia)</li> <li>2026 – Present: Board Member, Falcom Holding Company (Joint-stock company operating in the investment sector / Saudi Arabia)</li> <li>2025 – Present: Board Member, Alblad Holding Company (Limited liability company operating in the non-bank financial sector / Saudi Arabia)</li> <li>2024 – Present: Board Member, Digital Business Systems Company (Limited liability company operating in the information technology sector / Saudi Arabia)</li> <li>2024 – Present: Board Member, Advanced First Medical Devices Manufacturing Company (Limited liability company operating in the medical devices sector / Saudi Arabia)</li> <li>2021 – Present: President, Saudi Wrestling Federation (Government entity)</li> <li>2021 – Present: Board Member, Perpetual Group (Limited liability company operating in advertising and media / Saudi Arabia)</li> <li>2021 – Present: Member of the Executive Committee for Saudization in the Eastern Region (Government entity)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2015 – 2023: Co-Founder and Partner, Perpetual Group (Limited liability company operating in advertising and media / Saudi Arabia)</li> <li>2020 – 2022: Commercial Director, Al-Dawaa Medical Services Company (Joint-stock company operating in the healthcare and pharmaceutical retail sector / Saudi Arabia)</li> <li>2014 – 2020: Business Development Director, Al-Dawaa Medical Services Company (Joint-stock company operating in the healthcare and pharmaceutical retail sector / Saudi Arabia)</li> <li>2022 – 2026: Board Member, Eastern Chamber of Commerce (Government entity)</li> <li>2021 – 2022: Chairman, Eastern Province Young Businessmen Council (Government entity)</li> <li>2014 – 2017: Member, National Committee for Young Businessmen in the Kingdom (Government entity)</li> <li>2014 – 2017: Member, Eastern Province Young Businessmen Council (Government entity)</li> </ul>



**Mr. Hussam Muhannad Qusay Al-Azzawi**  
**Board Member | Non-Executive**

Brief Professional Profile	An entrepreneur and investor specializing in technology and quantitative finance, with international experience in investment and financial analysis. He previously worked as an Analyst at Merrill Lynch in New York within the consumer and retail investment banking sector. He currently serves as Chief Executive Officer and Chairman of TFB Capital, in addition to holding executive roles and board memberships in several technology and industrial companies.
Academic Qualifications	<ul style="list-style-type: none"> <li>Master's Degree in Data Science and Programming, University College London (UCL), United Kingdom – 2024</li> <li>Bachelor's Degree in Economics and Public Policy, University of Chicago, United States – 2019</li> <li>Series 63, Bank of America / FINRA, USA – 2020</li> <li>Securities Industry Essentials (SIE), Bank of America / FINRA, USA – 2019</li> <li>Series 79, Bank of America / FINRA, USA – 2019</li> </ul>
Membership at Nayifat	<ul style="list-style-type: none"> <li>Member of the Executive Committee</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>09/2024 – Present: Managing Partner and Executive Board Member, Rax Printing – 3D Printing for Aviation and Civil Engineering Industries (Limited liability company operating in the industrial sector / Saudi Arabia)</li> <li>07/2022 – Present: Managing Partner, Al-Wusata Development Company (Limited liability company operating in the investment sector / Saudi Arabia)</li> <li>11/2024 – 07/2025: Chief Executive Officer and Chairman, TFB Capital (Quantitative and high-frequency trading fund) (Limited liability company operating in the investment sector / Saudi Arabia)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2019 – 2022: Investment Banking Analyst – Consumer &amp; Retail Sector, Merrill Lynch, New York (A subsidiary of Bank of America operating in the financial services sector / Outside the Kingdom)</li> </ul>



**Mr. Hussain bin Mohammed Al-Shakra**  
**Director of Governance & Board Secretary**

Academic Qualifications	<ul style="list-style-type: none"> <li>Mini MBA (Professional) – Arab Union for Human Resources Development, Turkey – 2012</li> <li>Bachelor's Degree, College of Arts, King Saud University, Riyadh – 2002</li> <li>Certified Accountant for Non-Accountants Program, Riyadh Chamber of Commerce and Industry – 2004</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>2021 – Present: Director of Governance, Nayifat Finance Company</li> <li>2024 – Present: Board Secretary, Nayifat Finance Company</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2009 – 2022: Board Secretary, Nayifat Finance Company</li> <li>2009 – 2017: Director of SME Financing Department, Nayifat Finance Company</li> <li>2002 – 2009: Director of Credit Department and Risk Committee, Nayifat Finance Company</li> <li>2000 – 2002: Credit Card Coordinator, The Saudi British Bank (SABB)</li> <li>1996 – 2000: Credit Card Coordinator, Samba Financial Group</li> </ul>

## (14) Board of Directors Meetings Held During 2025

The Board of Directors held ten (10) meetings during 2025. The following table shows the names of the Board members and their attendance, as detailed below:

No.	Name	Membership	Board of Directors Meetings for 2025										Attendance	%
			02-25	05-07	05-13	05-28	08-12	11-03	11-19	12-10	12-25	12-31		
<b>The current (4th) Board term, which commenced on 03-11-2025 for a period of three years ending on 02-11-2028:</b>														
1	Saud Huwaymil Al-Dosari	Board Chairman   Non-Executive	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
2	Eid Faleh Al-Shammari	Vice Chairman   Independent	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
3	Sami Abdullah Al-Zakri	Board Member   Independent	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
4	Anas Mohammed Al-Sheikh	Board Member   Independent	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
5	Naif Abduljalil Al-Saif	Board Member   Independent	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
6	Naif Abdulaziz Al-Dughither	Board Member   Independent	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
7	Fahad Abdullah Al-Subaie	Board Member   Non-Executive	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
8	Hussam Muhannad Al-Azzawi	Board Member   Non-Executive	NA	NA	NA	NA	NA	√	√	√	√	√	5/5	%100
<b>The previous (3rd) Board term, which commenced on 25-09-2022 and ended on 02-11-2025:</b>														
1	Saad Abdulmohsen Al-Humaidi	Board Chairman   Independent	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100
2	Abdulmohsen Mohammed AlSaleh	Vice Chairman   Independent	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100
3	Atta Hamad Al-Bayouk	Board Member   Non-Executive	√	Apologized	√	Proxy	√	NA	NA	NA	NA	NA	5/3	%60
4	Salman Abdulaziz bin Shahyawin	Board Member   Non-Executive	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100
5	Yousif Ibrahim Al-Shaer	Board Member   Independent	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100
6	Abdulkarim Hamad Al-Nujaydi	Board Member   Independent	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100
7	Bandar Mohammed Al-Baiz	Board Member   Non-Executive	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100
8	Turki Nasser Al-Qahtani	Board Member   Non-Executive	√	√	√	√	√	NA	NA	NA	NA	NA	5/5	%100

## (15) General Assemblies of Shareholders Held During 2025

Three General Assembly meetings were held during 2025. The following table shows the names of Board members and committee chairmen who attended, as detailed below:

No.	Name	Membership	General Assembly Meetings for the Year 2025			Attendance	%
			Extraordinary 10-03	Ordinary 30-06	Extraordinary 02-11		
<b>The current (4th) Board term, which commenced on 03-11-2025 for a period of three years ending on 02-11-2028:</b>							
1	Saud Huwaymil Al-Dosari	Board Chairman   Non-Executive — Chairman of Risk & Credit Committee	NA	NA	NA	-	-
2	Eid Faleh Al-Shammari	Vice Chairman   Independent — Chairman of Audit Committee	NA	NA	NA	-	-
3	Sami Abdullah Al-Zakri	Board Member   Independent	NA	NA	NA	-	-
4	Anas Mohammed Al-Sheikh	Board Member   Independent — Chairman of Nomination & Remuneration Committee	NA	NA	NA	-	-
5	Naif Abduljalil Al-Saif	Board Member   Independent	NA	NA	NA	-	-
6	Naif Abdulaziz Al-Dughither	Board Member   Independent — Chairman of Executive Committee	NA	NA	NA	-	-
7	Fahad Abdullah Al-Subaie	Board Member   Non-Executive	NA	NA	NA	-	-
8	Hussam Muhannad Al-Azzawi	Board Member   Non-Executive	NA	NA	NA	-	-
<b>The previous (3rd) Board term, which commenced on 25-09-2022 and ended on 02-11-2025:</b>							
1	Saad Abdulmohsen Al-Humaidi	Board Chairman   Independent — Chairman of Executive Committee	√	√	√	3/3	%100
2	Abdulmohsen Mohammed AlSaleh	Vice Chairman   Independent — Chairman of Risk & Credit Committee	√	√	√	3/3	%100
3	Atta Hamad Al-Bayouk	Board Member   Non-Executive	√	√	Apologized	3/2	%67
4	Salman Abdulaziz bin Shahyawin	Board Member   Non-Executive	√	√	Apologized	3/2	%67
5	Yousif Ibrahim Al-Shaer	Board Member   Independent	√	√	√	3/3	%100
6	Abdulkarim Hamad Al-Nujaydi	Board Member   Independent — Chairman of Audit Committee — Chairman of Nomination & Remuneration Committee	√	√	√	3/3	%100
7	Bandar Mohammed Al-Baiz	Board Member   Non-Executive	√	√	√	3/3	%100
8	Turki Nasser Al-Qahtani	Board Member   Non-Executive	√	√	√	3/3	%100

## (16) Board Committees and Their Responsibilities

### Shariah Committee:

The committee was formed pursuant to a Board of Directors resolution dated 03-11-2025, and on 20-11-2025, the Saudi Central Bank (SAMA) issued its non-objection to the committee's formation. The committee is responsible for establishing Shariah governance controls and issuing resolutions and fatwas related to the Company's activities, approving products and ensuring their compliance with the principles and provisions of Islamic Shariah, and approving documents, records, contracts, and correspondence. It also reviews the contract structures, documentation, and current applications used by the Company to assess their compliance with Islamic Shariah principles. In addition, it reviews any new products introduced by the Company to ensure their compliance with Shariah provisions and establishes the fundamental principles governing the drafting of contracts and documentation. The committee informs the Board of Directors of appropriate recommendations and corrective actions if it determines that the Company has engaged in financing activities inconsistent with Islamic Shariah principles. Furthermore, the committee issues a comprehensive annual report to both the Board of Directors and the Saudi Central Bank, outlining the extent of compliance with Islamic Shariah principles based on the transactions reviewed. It also notifies the Saudi Central Bank in cases where non-Shariah-compliant activities are not addressed effectively or appropriately. The Shariah Committee confirmed in its annual report that Nayifat Finance Company complies with the provisions and principles of Islamic Shariah in all its transactions, in accordance with the fatwas and guidance issued by the committee.

### Committee Membership: *(The committee continued with the same composition)*

Name	Position
Sheikh Abdullah Sulaiman Al-Manea <i>(Independent – from outside the Board)</i>	Chairman
Dr. Mohammed Ali Al-Qari <i>(Independent – from outside the Board)</i>	Member
Dr. Abdulrahman Abdulaziz Al-Nafisa <i>(Independent – from outside the Board)</i>	Member

## Biographies of the Committee Members

Sheikh Abdullah Sulaiman Al-Manea Chairman of the Committee	
<b>Brief Professional Profile</b>	He is considered one of the most prominent scholars in the Kingdom of Saudi Arabia, with an academic and judicial career spanning more than six decades in the fields of Islamic jurisprudence, judiciary, and fatwa issuance. He held several high-level positions, including Member of the Council of Senior Scholars, President of the Court of Cassation in the Western Region, and Member of the Supreme Judicial Council. Since 2008, he has served as a Shariah Advisor at the Royal Court. He possesses deep expertise in Islamic jurisprudence and Shariah-compliant financial transactions, and participates in several Shariah boards of financial institutions both within and outside the Kingdom.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>● Bachelor's Degree in Arabic Language, Imam Muhammad bin Saud Islamic University, Saudi Arabia – 1957</li> <li>● Master's Degree in Comparative Jurisprudence, Higher Institute of Judiciary, Saudi Arabia – 1969</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>● 2008 – Present: Shariah Advisor at the Royal Court of Saudi Arabia, and Chairman of the Shariah Committee of the Arab National Bank</li> <li>● 2000 – Present: Member of the Shariah Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)</li> <li>● 1990 – Present: Member of several private and public Shariah boards, most of which are Shariah boards of financial institutions</li> <li>● 1980 – Present: Member of the Islamic Fiqh Academy and the International Islamic Fiqh Academy</li> <li>● 1971 – Present: Member of the Council of Senior Scholars in Saudi Arabia</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>● 1996 – 2000: President of the Court of Cassation in the Western Region, Makkah</li> <li>● 1976 – 1996: Cassation Judge at the Court of Cassation in the Western Region, Makkah</li> <li>● 1975 – 1976: Deputy to the Grand Mufti of the Kingdom, Sheikh Abdulaziz bin Baz (may Allah have mercy on him), in Shariah, administrative, and financial affairs</li> <li>● 1969 – 1971: Member of the Supreme Judicial Council, Saudi Arabia</li> <li>● 1957 – 1969: Fatwa member under the leadership of the Grand Mufti of the Kingdom, Sheikh Mohammed bin Ibrahim (may Allah have mercy on him)</li> </ul>

Dr. Mohammed Ali Al-Qari Committee Member	
<b>Brief Professional Profile</b>	He is regarded as one of the distinguished experts in the field of Islamic finance, with extensive academic and professional experience spanning several decades in economic affairs and Shariah-compliant finance. He contributes his expertise to the development of Shariah-compliant financial solutions and the enhancement of Shariah governance practices within the financial sector.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>● PhD in Economics, University of California, United States – 1984</li> <li>● Master's Degree in Economics, University of California, United States – 1981</li> <li>● Bachelor's Degree in Economics, King Abdulaziz University, Saudi Arabia – 1975</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>● 2022 – Present: Member of the Shariah Committee, Yanal Finance Company</li> <li>● 2014 – Present: Member of the Shariah Committee, Nayifat Finance Company</li> <li>● 2013 – Present: Member of the Shariah Committee, Saudi Finance Company</li> <li>● 2008 – Present: Member of the Shariah Committee, Sahal Finance Company</li> <li>● 2008 – Present: Member of the Shariah Committee, Dar Al-Tamleek Finance Company</li> <li>● 2000 – Present: Member of the Shariah Board of AAOIFI</li> <li>● 2005 – Present: Expert at the International Islamic Fiqh Academy – Organization of Islamic Cooperation (OIC)</li> <li>● 1998 – Present: Member of the Shariah Board of the Dow Jones Islamic Market Index (New York)</li> <li>● 1990 – Present: Editorial Board Member of the Journal of Islamic Economics, published by the International Association for Islamic Economics (United Kingdom)</li> <li>● 1990 – Present: Editorial Board Member of the Majma' Al-Fiqh Journal, issued by the Islamic Fiqh Academy affiliated with the Muslim World League</li> <li>● 1998 – Present: Member of several Shariah boards of financial institutions worldwide</li> <li>● 1985 – Present: Expert at the International Islamic Fiqh Academy, affiliated with the Organization of Islamic Cooperation</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>● 2000 – 2008: Director of the Islamic Economics Research Center, King Abdulaziz University</li> <li>● 1975 – 2008: Professor of Islamic Economics, King Abdulaziz University, Jeddah</li> </ul>

Sheikh Dr. Abdulrahman Abdulaziz Al-Nafisa Committee Member	
<b>Brief Professional Profile</b>	He possesses more than 20 years of experience in Shariah supervision and governance, during which he held leadership roles in licensed financial companies within the Kingdom. He combines academic and professional expertise in jurisprudence, economics, and Shariah financial governance.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>● PhD in Islamic Economics, Istanbul Sabahattin Zaim University – 2019</li> <li>● Bachelor's Degree in Shariah, Imam Muhammad bin Saud Islamic University, Saudi Arabia – 2015</li> <li>● Master's Degree in Sociology, King Saud University, Saudi Arabia – 2008</li> <li>● Master's Degree in Islamic Economics, American University in Washington, United States – 2007</li> <li>● Bachelor's Degree in Sociology, Imam Muhammad bin Saud Islamic University, Saudi Arabia – 1994</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>● 2025 – Present: Chairman of the Shariah Committee, Istidama Financial Business Company</li> <li>● 2024 – Present: Chairman of the Shariah Committee, Yaqeen Capital Company</li> <li>● 2023 – Present: Chairman of the Shariah Committee, Alpha Arabia Finance Company</li> <li>● 2017 – Present: Director of Shariah Supervision Department, Falcom Holding Company</li> <li>● 2014 – Present: Secretary and Member of the Shariah Committee, Nayifat Finance Company</li> <li>● 2014 – Present: Secretary and Member of the Shariah Committee, Al-Amthal Finance Company</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>● 2017 – 2026: Director of Shariah Supervision Department, Falcom Holding Company, and Secretary and Member of the Shariah Committee</li> <li>● 2015 – 2023: Secretary and Member of the Shariah Committee, Yaqeen Capital</li> <li>● 2006 – 2017: Director of Shariah Supervision Department, Yaqeen Capital (formerly Falcom Financial Services)</li> <li>● 2010 – 2019: Adjunct Lecturer, Imam Muhammad bin Saud Islamic University</li> <li>● 1994 – 2005: Student Counselor, Ministry of Education</li> <li>● 1993 – 1994: Social Specialist, Ministry of Labor and Social Development</li> </ul>

**Committee Meetings:** The committee held nine (9) meetings during 2025, as detailed below:

No.	Name	Membership	Shariah Committee Meetings for the Year 2025									Attendance	%
			01-22	02-11	03-03	03-11	05-06	06-24	08-06	09-18	12-25		
1	Sheikh Abdullah Sulaiman Al-Manea	Chairman	√	√	√	√	√	√	√	√	√	9/9	%100
2	Dr. Mohammed Ali Al-Qari	Member	√	√	√	√	√	√	√	√	√	9/9	%100
3	Dr. Abdulrahman Abdulaziz Al-Nafisa	Member	√	√	√	√	√	√	√	√	√	9/9	%100

## Audit Committee

The committee was formed pursuant to a Board of Directors resolution dated 03-11-2025, and on 20-11-2025, the Saudi Central Bank (SAMA) issued its non-objection to the formation of the committee. The committee is responsible for overseeing the Company's activities and verifying the integrity and reliability of its financial reports and statements, as well as ensuring the availability and effectiveness of internal control systems. Its responsibilities include reviewing the financial statements and expressing an opinion thereon to ensure their integrity, fairness, and transparency. The committee also reviews and evaluates the internal control systems, financial controls, and risk management framework within the Company. In addition, it reviews internal audit reports and follows up on the implementation of corrective actions related to the observations contained therein. The committee also oversees and supervises the performance and activities of the Internal Auditor and the Internal Audit Department, ensuring that the necessary resources are available and that the department effectively performs its duties and responsibilities. Furthermore, the committee recommends to the Board of Directors the appointment, dismissal, and remuneration of the external auditors, as well as evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of engagement. In addition, the committee reviews the results of reports issued by regulatory authorities, verifies that the Company has taken the necessary actions in response, and ensures the Company's compliance with applicable laws, regulations, policies, and related instructions.

## Committee Membership

The committee for the current term consists of the following members:

Name	Position
Mr. Eid Faleh bin Saif Al-Shammari	Chairman
Mr. Abdullah Saleh Abdullah Al-Luhaidan ( <i>Independent – from outside the Board</i> )	Member
Mr. Fahad Suleiman Abdulrahman Al-Nuhait ( <i>Independent – from outside the Board</i> )	Member

## Biographies of the Committee Members

Mr. Eid Faleh bin Saif Al-Shammari

(Chairman of the Committee)

(Previously mentioned in Section (13) – biographies of Board members.)

Mr. Abdullah Saleh Abdullah Al-Luhaidan Committee Member	
Brief Professional Profile	He has more than ten years of experience in internal audit and financial governance, during which he held leadership positions at the General Authority for Military Industries and major companies such as Ma'aden and Abdul Latif Jameel. He possesses deep expertise in risk management and internal control systems.
Academic Qualifications	<ul style="list-style-type: none"> <li>● Bachelor's Degree in Commerce (Accounting), Swinburne University of Technology – 2012</li> <li>● Master's Degree in Finance, RMIT University – 2014</li> <li>● Certified Internal Auditor (CIA) – The Institute of Internal Auditors</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>● 2020 – Present: General Manager of Internal Audit, General Authority for Military Industries</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>● 2019 – 2020: Internal Audit Supervisor, Abunayyan Company</li> <li>● 2018 – 2019: Internal Auditor, Saudi Arabian Mining Company (Ma'aden)</li> <li>● 2015 – 2017: Internal Auditor, Abdul Latif Jameel Company</li> </ul>

Mr. Fahad Suleiman Al-Nuhait Committee Member	
<b>Brief Professional Profile</b>	He has more than 20 years of experience in investment, finance, and portfolio management, during which he held leadership roles in major entities such as NEOM, Dussur, and the Saudi Fund for Development. He currently serves as Chief Executive Officer of HPDC, and is a board member of several local and regional companies, reflecting comprehensive expertise that combines financial depth and strategic leadership.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>● Master of Science in Finance, Newcastle University – 2009</li> <li>● Bachelor's Degree in Financial Management, King Saud University – 2003</li> <li>● Leadership Program, Harvard Business School – 2018</li> <li>● CFA Charterholder, CFA Institute – 2017</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>● 2024 – Present: Board Member, Modern Mills Company (Closed Joint-Stock Company)</li> <li>● 2023 – Present: Chief Executive Officer, Halal Products Development Company (HPDC) – wholly owned by the Public Investment Fund (PIF)</li> <li>● 2023 – Present: Board Member, BRF Arabia Investment Company (Closed Joint-Stock Company)</li> <li>● 2022 – Present: Member of the Audit Committee, Nayifat Finance Company (Independent – from outside the Board)</li> <li>● 2021 – Present: Chairman of the Board, Saudi Coffee Company (Closed Joint-Stock Company)</li> <li>● 2019 – Present: Board Member, Al Hammadi Holding (Public Joint-Stock Company)</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>● 2021 – 2023: Board Member, Saudi Jordanian Investment Fund</li> <li>● 2019 – 2023: General Manager of Industrial Investments and Financing, NEOM</li> <li>● 2013 – 2015: Board Member, MEFIC Capital</li> <li>● 2015 – 2017: Board Member, IFC/AMC MENA Fund</li> <li>● 2017 – 2019: General Manager of Investments, Dussur</li> <li>● 2010 – 2017: Head of Investment Team, The Arab Investment Company</li> <li>● 2005 – 2010: Credit Insurance Manager, Saudi Fund for Development</li> </ul>

## Audit Committee Meetings

The Committee held fifteen (15) meetings during 2025, as detailed below:

No.	Name	Membership	Audit Committee Meetings for 2025															Attendance	%		
			02-18	02-20	03-17	03-19	03-24	04-16	04-17	04-28	05-01	07-24	07-29	08-04	10-23	10-27	12-29				
<b>The current term (4) of the Audit Committee, which began on 03-11-2025 for a period of three years and ends on 02-11-2028:</b>																					
1	Mr. Eid Faleh Al-Shammari	Chairman	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	√	1/1	%100	
2	Mr. Abdullah Saleh Al-Luhaidan	Member	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	√	1/1	%100	
3	*Mr. Fahad Suleiman Al-Nuhait	Member	√	√	√	√	Apologized	Apologized	√	√	√	√	√	√	√	√	√	√	14/12	%86	
<b>The previous (3) term of the Audit Committee, which ended on 02-11-2025:</b>																					
1	Dr. Abdulkarim Hamad AlNujaydi	Chairman	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	NA	14/14	%100
2	Mr. Aziz Mohammed Al-Qahtani	Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	NA	14/14	%100

\*Mr. Fahad Suleiman AlNuhait continued his membership in the Audit Committee.

## Executive Committee

The committee was formed pursuant to a Board of Directors resolution dated 03-11-2025, and on 20-11-2025, the Saudi Central Bank (SAMA) issued its non-objection to the formation of the committee. The primary role of the Executive Committee is to provide support and assistance to the Company's management and work alongside it to achieve its objectives and implement its key plans, policies, and strategies. The committee also reviews the proposed short- and medium-term financial and operational business plans, ensuring their alignment with the Company's approved long-term strategic plans. In addition, the committee reviews the annual budgets and operational and capital expenditures, and examines management reports concerning material legal matters, recommending the necessary actions to the Board of Directors. It also monitors the Company's performance and requests explanations for any deviations or variances from the approved plans and budgets. The Chairman of the Committee submits reports to the Board regarding any significant matters and, after consultation with the Chairman of the Board, determines the items that should be included on the Board's agenda, in addition to any matters that do not fall within the scope of other Board committees.

**Committee Membership:** The committee for the current term consists of the following members:

Name	Position
Mr. Naif Abdulaziz Hassan Al-Dughither	Chairman
Mr. Fahad Abdullah Saad Al-Subaie	Member
Mr. Hussam Muhannad Qusay Al-Azzawi	Member
Mr. Saad Abdulmohsen Abdulaziz Al-Humaidi (Independent – from outside the Board)	Member

### Biographies of the Committee Members:

Mr. Naif Abdulaziz Hassan Al-Dughither (Chairman of the Committee) - (Previously mentioned in Section (13) – biographies of Board members.)

Mr. Fahad Abdullah Saad Al-Subaie (Committee Member) - (Previously mentioned in Section (13) – biographies of Board members.)

Mr. Hussam Muhannad Qusay Al-Azzawi (Committee Member) (Previously mentioned in Section (13) – biographies of Board members.)

Mr. Saad Abdulmohsen Abdulaziz Al-Humaidi Committee Member – Independent (from outside the Board)	
<b>Brief Professional Profile</b>	A financial and accounting expert with approximately 16 years of experience in compliance, auditing, and corporate management. He has served as General Manager of Advanced Time Company since 2014, and previously worked as Compliance Manager at Amana Cooperative Insurance Company. He possesses extensive experience in board and committee memberships and chairmanships, including audit and nomination committees across various organizations, in addition to his previous leadership roles at Nayifat Finance Company.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Bachelor's Degree in Accounting, University of Northern Colorado, United States – 2004</li> <li>Certified Fraud Examiner (CFE) – United States – 2020</li> <li>Board Governance Certificate, International Institute for Management Development (IMD), Switzerland – 2024</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>2025 – Present: Chairman of the Audit Committee, King Salman Center for Disability Research (Non-profit organization / Saudi Arabia)</li> <li>2024 – Present: Chairman of the Audit Committee, Believe Business Services Company (Simplified joint-stock company operating in business services / Saudi Arabia)</li> <li>2023 – Present: Board Member, Red Palm Artistic Production Company (Limited liability company / Saudi Arabia)</li> <li>2023 – Present: Board Member, Number Twenty-One Artistic Production Company (Limited liability company / Saudi Arabia)</li> <li>2019 – Present: Board Member and Chairman of the Nomination and Remuneration Committee, Al Hammadi Holding Company (Saudi Arabia)</li> <li>2014 – Present: General Manager, Advanced Time Company (Company operating in investment and development / Saudi Arabia)</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>2022 – 2025: Board Member and Member of the Nomination and Remuneration Committee, Nayifat Finance Company (Public joint-stock company operating in the finance sector / Saudi Arabia)</li> <li>2024 – 2025: Chairman of the Executive Committee, Nayifat Finance Company</li> <li>2024 – 2025: Chairman of the Board, Nayifat Finance Company</li> <li>2019 – 2025: Board Member and Chairman of the Audit Committee, Al-Baha Investment and Development Company (Public joint-stock company / Saudi Arabia)</li> <li>2022 – 2024: Chairman of the Audit Committee, Nayifat Finance Company</li> <li>2009 – 2014: Compliance Manager, Amana Cooperative Insurance Company (Public joint-stock company / Saudi Arabia)</li> <li>2007 – 2009: Assistant Business Risk Services Team Leader, Ernst &amp; Young (Chartered accountants / Saudi Arabia)</li> <li>2006 – 2007: Credit Officer, Al Rajhi Bank (Public joint-stock company operating in the banking sector / Saudi Arabia)</li> <li>2005 – 2006: External Auditor, PricewaterhouseCoopers (PwC) (Chartered accountants / Saudi Arabia)</li> </ul>

**Executive Committee Meetings:** The Committee held four (4) meetings during 2025, as detailed below:

No.	Name	Membership	Executive Committee Meetings for 2025				Attendance	%
			02-24	04-15	12-04	12-23		
<b>The current term (4) of the Executive Committee, which began on 03-11-2025 for a period of three years and ends on 02-11-2028:</b>								
1	Mr. Naif Abdulaziz Al-Dughither	Chairman	NA	NA	√	√	2/2	%100
2	Mr. Fahad Abdullah Al-Subaie	Member	NA	NA	√	√	2/2	%100
3	Mr. Hussam Muhannad Al-Azzawi	Member	NA	NA	√	√	2/2	%100
4	*Mr. Saad Abdulmohsen Al-Humaidi	Member	√	√	√	√	4/4	%100
<b>The previous (3) term of the Executive Committee, which ended on 02-11-2025:</b>								
1	Mr. Abdulmohsen Mohammed Al-Saleh	Member	√	√	NA	NA	2/2	%100
2	Mr. Salman Abdulaziz Shahyawi	Member	√	√	NA	NA	2/2	%100
3	*Mr. Fahad Ibrahim Al-Mufarrej	Member	√	√	NA	NA	2/2	%100
* Mr. Saad Abdulmohsen Al-Humaidi continued his membership in the Executive Committee.								
* Mr. Fahad Ibrahim Al-Mufarrej resigned from his position as CEO and from his membership in the Executive Committee due to personal circumstances, and his last working day was 28-05-2025.								

## Risk and Credit Committee

The Committee was formed pursuant to a Board of Directors' resolution dated 24-12-2025, and the non-objection of the Saudi Central Bank (SAMA) to its formation was obtained on 11-01-2026. The Committee is responsible for establishing a comprehensive risk management strategy and policies commensurate with the nature and scale of the Company's activities, ensuring their implementation, review, and periodic updates. It also determines and maintains the acceptable level of risk exposure that the Company may face and verifies that such levels are not exceeded. In addition, the Committee oversees the sustainability and continuity of the Company's operations, identifies risks that may threaten its ongoing operations, supervises the Company's risk management framework, and evaluates the effectiveness of risk measurement and monitoring systems to identify any deficiencies. The Committee also prepares detailed reports on risk exposures and proposed mitigation measures, which are submitted to the Board of Directors, and provides recommendations to the Board on matters related to risk management. Furthermore, the Committee supervises the Company's credit activities by reviewing credit policies, credit limits, customer classifications, and ensuring compliance and effectiveness in credit management.

## Committee Membership

The Committee for the current term consists of the following members:

Name	Position
Mr. Saud Huwaimil Al-Dosari	Chairman
Mr. Naif Abduljalil Al-Saif	Member
Mr. Abdullah Suleiman Al-Nami <i>(Independent – from outside the Board)</i>	Member
Mr. Mishari Najeeb Al-Abdulkarim <i>(Independent – from outside the Board)</i>	Member

## Biographies of the Committee Members:

Mr. Saud Huwaimil Al-Dosari (Committee Chairman) *(Previously mentioned in Section (13) – Board Members' Biographies)*

Mr. Naif Abduljalil Al-Saif (Committee Member) *(Previously mentioned in Section (13) – Board Members' Biographies)*

Mr. Abdullah Suleiman Al-Nami	
Committee Member – Independent (from outside the Board)	
Brief Professional Profile	He has more than 20 years of experience in governance, risk, and compliance. During his career, he held leadership roles in major banks and organizations such as Al Rajhi Bank, Riyad Bank, and MODON. He currently serves as General Manager of Governance, Risk, and Compliance at (MODON / Asasco) and holds memberships in several board committees and boards of directors, reflecting his deep expertise in developing governance frameworks and enterprise risk management systems.
Academic Qualifications	<ul style="list-style-type: none"> <li>● Master of Business Administration (MBA), University of Louisiana at Monroe (Delta), USA – 2009</li> <li>● Bachelor of Science in Mechanical Engineering, New Mexico State University, USA – 1994</li> <li>● Diploma in Business Administration – 1996</li> <li>● Master's Degree in Islamic Finance – Banking and Financial Institutions</li> <li>● Level 7 Diploma in Strategic Management and Leadership, England – 2020</li> <li>● Compliance and Anti-Money Laundering Workshop – PwC, Riyadh – 2019</li> <li>● Decision-Making Strategies for Leaders – London Business School, UK – 2019</li> <li>● Chief Compliance Officer (CCO) – Euromoney Financial Training, London – 2017</li> <li>● Public Speaking and Presentation Skills – 2016</li> <li>● Diploma in Strategic Tools and Techniques for Financial Risk Management, Hong Kong Management Association – 2008</li> </ul>
Current Memberships and Positions	<ul style="list-style-type: none"> <li>● 2025 – Present: General Manager of Governance, Risk and Compliance – (MODON / Asasco)</li> <li>● 10/2014 – Present: Member of the Board Risk Committee, Ajal Financial Services Company</li> <li>● 02/2022 – Present: Chairman of the Board Audit Committee, National Tri-Generation Cooling Company</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>● 2023 – 2024: Chairman of the Board Audit Committee – National Energy Supply Company</li> <li>● 2003 – 2016: Member of the Board Compliance Committee – Al Rajhi Capital</li> <li>● 2003 – 2016: Group Chief Compliance Officer – Al Rajhi Bank</li> <li>● 2011 – 2016: Senior Vice President – Operational Risk &amp; Anti-Money Laundering, Riyad Bank</li> <li>● 2011 – 2015: Board Member – Riyad Insurance Agency Company</li> <li>● 2006 – 2011: Vice President – Retail Risk Management, Riyad Bank</li> </ul>

Mr. Mishari Najeab Al-Abdulkarim Committee Member – Independent (from outside the Board)	
<b>Brief Professional Profile</b>	He has nearly 19 years of professional experience in information technology, information security, governance, and risk management. He holds academic qualifications in computer engineering and multiple professional certifications in audit, fraud investigation, IT governance, and information security. He currently holds leadership roles in IT and information security audit, with extensive experience across government, semi-government, and large corporate entities, in addition to serving on and chairing several specialized committees, supporting his role in overseeing risk and credit governance and enhancing decision-making quality.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>● Master of Science in Computer Engineering, King Abdulaziz University – 2012</li> <li>● Bachelor of Science in Computer Science and Information (Computer Engineering), King Abdulaziz University – 2007</li> <li>● Certified Internal Auditor (CIA) – Institute of Internal Auditors, USA (2020)</li> <li>● Certified Fraud Examiner (CFE) – Association of Certified Fraud Examiners, USA (2021)</li> <li>● Certified Information Systems Auditor (CISA) – ISACA, USA (2018)</li> <li>● Certified in the Governance of Enterprise IT (CGEIT) – ISACA, USA (2018)</li> <li>● Certified Information Security Manager (CISM) – ISACA, USA (2017)</li> <li>● Certified in Risk and Information Systems Control (CRISC) – ISACA, USA (2017)</li> <li>● Certified Information Systems Security Professional (CISSP) – (ISC)², USA (2017)</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>● 01/2024 – Present: Member of the Risk and Credit Committee, Saudi Real Estate Refinance Company</li> <li>● 01/2020 – Present: Chairman of the Objections Committee, Elm Company</li> <li>● 2018 – Present: General Manager of IT and Information Security Audit, Elm Company</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>● 11/2022 – 12/2023: Member of the Audit Committee, Tabadul Company</li> <li>● 05/2017 – 02/2018: Director of IT Security, National Cybersecurity Center</li> <li>● 09/2007 – 05/2017: Head of Network and Security Department, King Faisal Specialist Hospital &amp; Research Centre.</li> </ul>

## Committee Meetings

The Committee held four (4) meetings during the year 2025, as detailed in the following table:

No.	Name	Membership	Risk & Credit Committee Meeting Dates for 2025				Attendance	%
			02-24	05-06	08-27	09-10		
<b>Current Term (4) of the Risk &amp; Credit Committee – starting 24-12-2025 and ending 02-11-2028:</b>								
1	Mr. Saud Huwaimil Al-Dosari	Chairman	NA	NA	NA	NA	-	-
2	Mr. Naif Abduljalil Al-Saif	Member	NA	NA	NA	NA	-	-
3	*Mr. Abdullah Suleiman Al-Nami	Member	√	√	√	√	4/4	%100
4	Mr. Mishari Najeab Al-Abdulkarim	Member	NA	NA	NA	NA	-	-
<b>Previous Term (3) of the Risk &amp; Credit Committee – ended on 02-11-2025:</b>								
1	Mr. Abdulmohsen Mohammed Al-Saleh	Chairman	√	√	√	√	4/4	%100
2	Mr. Atta Hamad Al-Bayouk	Member	√	Apologized	√	√	4/3	%75
3	Mr. Yousif Ibrahim Al-Shaer	Member	√	√	√	√	4/4	%100
* Mr. Abdullah Suleiman Al-Nami continued his membership in the Risk & Credit Committee.								

## Nomination and Remuneration Committee

The Committee was formed pursuant to a Board of Directors' resolution dated 03-11-2025, and the non-objection of the Saudi Central Bank (SAMA) to its formation was obtained on 20-11-2025. The Committee is responsible for preparing a clear policy for the remuneration of Board members, Board committees, and executive management, reviewing it periodically, and evaluating its effectiveness in achieving the intended objectives. The policy must take into consideration performance-related standards, ensure proper disclosure, and verify its implementation. The Committee also recommends to the Board of Directors the remuneration of Board members, Board committees, and senior executives in accordance with the approved policy. In addition, the Committee proposes clear policies and criteria for membership of the Board of Directors and executive management, and recommends candidates to the Board as well as their re-nomination in accordance with the approved policies and criteria. The Committee further reviews the structure of the Board of Directors and executive management and provides recommendations regarding potential changes. It also coordinates with the Human Resources Department to develop a succession planning and replacement policy, and ensures that executive management complies with it. The Committee also recommends appointments to senior leadership positions within the Company, verifies annually the independence of independent Board members, and

ensures that no conflicts of interest exist when a member serves on the board of another company. Furthermore, the Committee prepares job descriptions for executive members, non-executive members, independent members, and senior executives, identifies strengths and weaknesses within the Board, and proposes appropriate solutions to address them.

## Committee Membership

The Committee for the current term consists of the following members:

Name	Position
Mr. Anas Mohammed Al-Sheikh	Chairman
Mr. Sami Abdullah Al-Zakri	Member
Mr. Fawzi Abdulrahman Bobshait ( <i>Independent – from outside the Board</i> )	Member

### (Biographies of the Committee Members)

Mr. Anas Mohammed Al-Sheikh (Committee Chairman) - (Previously mentioned in Section (13) – Board Members' Biographies)

Mr. Sami Abdullah Al-Zakri (Committee Member) - (Previously mentioned in Section (13) – Board Members' Biographies)

Mr. Fawzi Abdulrahman Bobshait Committee Member – Independent (from outside the Board)	
<b>Brief Professional Profile</b>	A senior leader with nearly four decades of experience in the fields of mining, education, and human capital development. Since 1985, he has held several leadership positions, most notably Vice President and Advisor at Ma'aden. He currently serves as Advisor to the CEO at Al-Othaim Company and as a faculty member at King Fahd University of Petroleum and Minerals (KFUPM). He has also played an active role in various educational and professional councils and committees, including the Technical and Vocational Training Corporation (TVTC) and the Saudi Mining Polytechnic Institute. He holds a Doctorate in Business Administration in addition to several advanced degrees in computer science, education, and human resources.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>● Bachelor's Degree in Computer Science and Engineering – 1985</li> <li>● Master's Degree in Computer Engineering – 1990</li> <li>● Higher Diploma in Human Resources, University of Minnesota – 2006</li> <li>● Master's Degree in Education, University of Minnesota – 2007</li> <li>● Master of Science – Texas A&amp;M University – 2013</li> <li>● Doctor of Business Administration (DBA) – University of Portsmouth – 2022</li> </ul>
<b>Current Memberships and Positions</b>	<ul style="list-style-type: none"> <li>● 2025 – Present: Advisor to the CEO (Part-time) – Al-Othaim Company</li> <li>● 2024 – Present: Faculty Member (Part-time) – King Fahd University of Petroleum and Minerals</li> <li>● 2024 – Present: Board Member – Loss Prevention and Risk Mitigation Association (Salamatak)</li> <li>● 2021 – Present: Board Member – Technical and Vocational Training Corporation (TVTC)</li> <li>● 2015 – Present: Member of the Nomination Committee – DUR / Taiba</li> </ul>
<b>Previous Professional Experience</b>	<ul style="list-style-type: none"> <li>● 2012 – 2024: Vice President (Advisor) – Ma'aden Company</li> <li>● 2019 – 2024: Chairman – Industrial Loss Prevention and Risk Mitigation Association (Salamatak)</li> <li>● 2016 – 2024: Chairman of the Steering Committee for Scientific Excellence Schools</li> <li>● 2016 – 2024: Chairman of the Board – Saudi Mining Polytechnic Institute.</li> </ul>

## Committee Meetings

The Nomination and Remuneration Committee held ten (10) meetings during the year 2025, as detailed in the table below:

No.	Name	Membership	Meetings of the Nominations and Remuneration Committee for 2025										Attendance	%	
			01-07	02-05	02-19	05-18	05-22	07-02	07-08	08-19	08-26	12-22			
<b>Current Term (4) of the Nomination &amp; Remuneration Committee – starting 03-11-2025 and ending 02-11-2028:</b>															
1	Mr. Anas Mohammed Al-Sheikh	Chairman	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	√	1/1	%100
2	Mr. Sami Abdullah Al-Zakri	Member	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	√	1/1	%100
3	Mr. Fawzi Abdulrahman Bobshait	Member	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	√	1/1	%100
<b>Previous Term (3) of the Nomination &amp; Remuneration Committee – ended on 02-11-2025:</b>															
1	Dr. Abdulkarim Hamad Al-Najeedi	Chairman	√	√	√	√	√	√	√	√	√	√	NA	9/9	%100
2	Mr. Atta Hamad Al-Bayouk	Member	√	√	√	Apologized	Apologized	√	√	√	√	√	NA	9/7	%78
3	Mr. Salman Abdulaziz bin Shahween	Member	√	√	√	√	√	√	√	√	√	√	NA	9/9	%100
4	Mr. Saad Abdulmohsen Al-Humaidi	Member	√	√	√	√	√	√	√	√	√	√	NA	9/9	%100

## (17) Executive Management – Experience and Qualifications of Senior Executives

Senior management consists of qualified and experienced executives who possess the knowledge and expertise required to manage the Company's operations in alignment with its strategic objectives.



### Mr. Khalid Abdulaziz Al-Junaidel

2025 – Acting Chief Executive Officer / 2024 – Chief Financial Officer

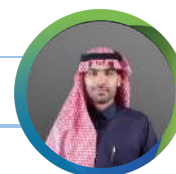
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree – International Business Administration* Executive Development Program – London Business School- Higher Diploma – Commercial Accounting</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2023 – 2024: Chief Financial Officer – Saudi Fransi Leasing Finance Company Over 23 years of experience in the banking and financial sector, holding several leadership roles in financial management, risk management, and treasury.</li> </ul>



### Talal Shamroukh Al-Omani

2022 – Head of Compliance and AML/CTF

Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Business Administration and Information Systems – Emporia State University, Kansas, USA (2014)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2020 – 2022: Head of Compliance and AML/CTF – Medgulf Insurance</li> <li>2019 – 2020: Senior Compliance &amp; AML Officer – Kingdom Insurance Brokerage</li> <li>2016 – 2019: Compliance &amp; AML Officer – SAICO Insurance</li> <li>2014 – 2016: Compliance Specialist – Medgulf Insurance</li> </ul>



### Dhari Al-Jarba

2025 – Head of Human Resources

Academic Qualifications	<ul style="list-style-type: none"> <li>Master of Business Administration – Saudi Electronic University</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2021 – 2025: HR Business Partner Lead – Arab National Bank</li> <li>2018 – 2021: Recruitment Manager – Arab National Bank</li> <li>2014 – 2018: Assistant Manager – Recruitment – Arab National Bank</li> <li>2008 – 2014: Recruitment Specialist – Banque Saudi Fransi</li> </ul>



### Salman Al-Nassyan

2025 – Head of Internal Audit

Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor of Science in Accounting – Prince Sultan University</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2024 – 2025: Head of Internal Audit – Saudi Finance Company</li> <li>2023 – 2024: Head of Internal Audit &amp; Secretary of Audit Committee – Yanal Finance</li> <li>2022 – 2023: Internal Audit Director – Yanal Finance</li> <li>2021 – 2022: Quality Department Manager – STC</li> <li>2019 – 2021: Project Portfolio Manager – STC</li> <li>2014 – 2019: Project Manager – STC</li> <li>2012 – 2014: Financial Auditor – PricewaterhouseCoopers</li> </ul>



### Khaled Salah Salem

2025 – Head of Information Technology

Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Computing Sciences – King Abdulaziz University, Jeddah (2009)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2024 – 2025: Chief Information Officer of Information Technology – GBH Company</li> <li>2021 – 2024: Chief Digital Information Officer – Alfaransi Leasing Finance Company</li> <li>2021 – 2021: Vice President of Information Technology Management – Zain Digital Payments (Tamam)</li> <li>2017 – 2024: IT Budget Manager – Bank Aljazira</li> <li>2017 – 2019: Head of IT Infrastructure Development – Bank Aljazira</li> <li>2017 – 2021: Head of Automation – Bank Aljazira</li> <li>2015 – 2016: Head of Windows Infrastructure – Samba Financial Group</li> <li>2016 – 2017: Backend Systems Specialist – Samba Financial Group</li> <li>2015 – 2015: Information Systems Analyst – Saudi Aramco</li> <li>2010 – 2015: Applications Specialist – Ma'aden Phosphate</li> </ul>



### Yazeed Al-Shuaifan

2025 – Head of Branch Network (Direct Sales)

Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Business Administration and Information Systems – Emporia State University, Kansas, USA (2014)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2022 – 2025: Acting Head of Direct Sales – Bank Albilad</li> <li>2022: Retail Sales Manager – Central Region – Alinma Bank</li> <li>2012: Manager – National Commercial Bank</li> <li>2011 – 2012: Team Supervisor – Etisal International</li> </ul>



### Sami Al-Sudais

2025 – Head of SMEs

Academic Qualifications	<ul style="list-style-type: none"> <li>Master of Business Administration – Saudi Electronic University</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2021 – 2025: HR Business Partner Lead – Arab National Bank</li> <li>2018 – 2021: Recruitment Manager – Arab National Bank</li> <li>2014 – 2018: Assistant Manager – Recruitment – Arab National Bank</li> <li>2008 – 2014: Recruitment Specialist – Banque Saudi Fransi</li> </ul>



### Nojoud Al-Amer

2025 – Head of Marketing and Customer Experience

Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Kindergarten – Princess Nourah bint Abdulrahman University</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2022 – 2025: Marketing Manager at Derayah Financial.</li> <li>2019 – 2021: Account Executive Manager at Ways Marketing Solutions Agency.</li> </ul>



### Munirah Mohammed Al-Qasim

2023 – Head of Customer Care

Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's Degree in Da'wah and Media – Imam Mohammad bin Saud Islamic University (2011)</li> </ul>
Previous Professional Experience	<ul style="list-style-type: none"> <li>2021 – 2023: Senior Supervisor – Internal Complaints &amp; SAMA Complaints – Nayifat Finance</li> <li>2018 – 2021: SAMA Complaints Supervisor – Nayifat Finance</li> <li>2016 – 2017: Customer Care Representative – Nayifat Finance</li> <li>2014 – 2016: Sales Representative – Nayifat Finance</li> </ul>

Note: Mr. Hussein Mohammed Al-Shakarrah – Governance Director and Board Secretary (biography previously disclosed in the Board of Directors section).

## Human Capital

Human capital is considered a key pillar of success for Nayifat Finance Company. The Company places significant emphasis on attracting and retaining qualified talent and creating a competitive work environment aligned with its strategic aspirations. The Human Resources Department continuously works on developing programs and initiatives aimed at fostering a competitive workplace, enhancing employee engagement, and increasing organizational stability and competitiveness. As of the end of 2025, the Company employed 302 staff members, of whom 34% are Saudi female employees, while the overall Saudization rate reached 93%. The Company was also classified within the Platinum category under the Nitaqat Program. The Company also places strong emphasis on training and development, both at the Board level and the executive management level. During 2025, members of the Board of Directors and senior executives participated in an awareness session covering Anti-Money Laundering and Counter-Terrorist Financing, Fraud Prevention, Cybersecurity, Corporate Governance, and Business Continuity, delivered by the Investment Academy for Training. In addition, employees received a number of developmental and mandatory training programs, including courses related to Anti-Money Laundering, Counter-Terrorist Financing, and Cybersecurity.

### **(18) Where Applicable, the Methods Adopted by the Board of Directors to Evaluate its Performance, the Performance of its Committees, and its Members**

The Nomination and Remuneration Committee proposed the mechanisms necessary to evaluate the performance of the Board of Directors, its members, its committees, and the executive management, using key performance indicators (KPIs) linked to the achievement of the Company's strategic objectives, the quality of risk management, the effectiveness of internal control systems, and other relevant indicators. The performance evaluation procedures were documented and clearly defined, and included an assessment of the skills and expertise possessed by the Board. The evaluation also covered the overall effectiveness of the Board's operating mechanisms. The individual evaluation of Board members considered the extent of each member's active participation and commitment to fulfilling their duties and responsibilities, including attendance at Board and committee meetings and allocating adequate time for such responsibilities.

### **(19) Remuneration Policy for the Board of Directors, Board Committees, and Executive Management**

The Board of Directors granted remuneration to members of the Board, its committees, and executive management in accordance with the Company's Remuneration Policy for the Board of Directors, Board Committees, and Executive Management, which was approved by the General Assembly on 10-03-2025, as well as the amended version approved by the General Assembly on 30-06-2025. The amended policy became effective from the beginning of the current Board term on 03-11-2025. The policy includes the following rules and standards governing remuneration:

- **General Rules and Standards**

1. Remuneration must be based on a recommendation from the Nomination and Remuneration Committee.
2. Remuneration must be fair and proportionate to the responsibilities, duties, and roles of the Board member, committee member, or executive, as well as aligned with the objectives set by the Board of Directors for the financial year, ensuring consistency with the Company's strategy and objectives.
3. Remuneration should be reasonably sufficient to attract, motivate, and retain qualified and experienced Board members, committee members, and executives, while linking the variable component of remuneration to the Company's annual performance, thereby encouraging long-term success throughout the Board's term.
4. Remuneration is determined based on the job level, responsibilities assigned to the position, academic qualifications, professional experience, skills, and performance level.
5. Remuneration must be aligned with the size and nature of the Company's risks.
6. Remuneration is determined in coordination with the Nomination and Remuneration Committee in the case of new appointments.
7. Board members may not vote on the item related to Board remuneration during the General Assembly meeting.

- **Remuneration of Board Members and Committees**

1. The remuneration of Board members may consist of a fixed amount, meeting attendance allowance, in-kind benefits, and/or a percentage of the Company's net profits, in accordance with the schedule included in the policy. Two or more of these forms of remuneration may be combined, subject to regulatory requirements.
2. A Board member may receive remuneration for membership in any Board committee, or for performing additional executive, technical, administrative, or advisory tasks (under a professional license) assigned within the Company, in addition to remuneration received as a Board member, in accordance with the Company's bylaws and regulatory requirements.
3. If remuneration is linked to a percentage of the Company's profits, such percentage must not exceed 10% of net profits, after deducting reserves determined by the General Assembly and distributing at least 5% of the Company's paid-up capital to shareholders, provided that entitlement to such remuneration is proportional to the number of meetings attended by the member.
4. The remuneration of independent Board members must not be linked directly or indirectly to the Company's profits.
5. A special remuneration may be granted to the Chairman of the Board, in addition to other remunerations received, based on a recommendation from the Nomination and Remuneration Committee, provided that it does not exceed the maximum limit set in the policy schedule, and may be approved and paid by the Board of Directors.
6. The remuneration of committee chairpersons and members may consist of a fixed amount and/or meeting attendance allowance, as specified in the policy schedule, and both may be combined subject to regulatory requirements.
7. The Board of Directors appoints a Board Secretary, from among its members or from outside the Board, and determines their responsibilities and remuneration based on the recommendation of the Nomination and Remuneration Committee.
8. Each member of the Board and its committees (whether from within or outside the Board), including the Chairman, is reimbursed for actual expenses incurred to attend Board or committee meetings, including travel, accommodation, and subsistence expenses.
9. Remuneration may be granted to Board and committee members in the form of shares, subject to all applicable regulatory requirements. In such cases, the value of the shares shall be determined based on the market value at the entitlement date.
10. The remuneration of Board and committee members may vary in amount, reflecting the member's experience, specialization, responsibilities, independence, number of meetings attended, and other relevant considerations.
11. Remuneration for Board members, committee members, and the Board Secretary is paid pursuant to a Board resolution without the need for approval by the General Assembly.

- **Executive Management Remuneration**

1. The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, determines the types of remuneration granted to executive management, such as fixed compensation or performance-based incentives (short-term and long-term).
2. The remuneration of the Chief Executive Officer (CEO) is determined by Board approval, and the Board may delegate the authority to determine such remuneration and other benefits to the Nomination and Remuneration Committee.
3. Executive management receives annual bonuses based on performance evaluation, in addition to fixed compensation, allowances, and benefits according to their employment contracts.
4. Remuneration for executive management may be granted in the form of shares, subject to applicable regulatory requirements. In such cases, the value of shares shall be determined based on the market value at the entitlement date, and such arrangements shall be governed by a separate policy if approved, in accordance with applicable regulations.
5. The performance evaluation of executive management is primarily based on their professional performance during the year and their contribution to achieving the Company's strategic objectives.

- **Cases for Suspension or Recovery of Remuneration**

1. If the General Assembly decides to terminate the membership of a Board member due to absence from three consecutive Board meetings or five separate meetings during the membership term without a valid excuse accepted by the Board, such member shall not be entitled to any remuneration for the period following the last meeting attended, and must repay all remuneration received during that period.
2. If the Audit Committee or the relevant authority determines that remuneration granted to any Board member or executive management was based on incorrect or misleading information presented to the General Assembly or included in the Board's annual report, such remuneration must be returned to the Company, and the Company shall have the right to claim its recovery.

## (20) Relationship Between the Granted Remuneration and the Remuneration Policy

The remuneration allocated to the members of the Board of Directors and its committees for the year 2025 was granted in full alignment with the approved Remuneration Policy, and no deviations from this policy were identified.

## (21) Disclosure of Details Regarding Paid Remuneration and Compensation

The Board of Directors relied on the Company's Remuneration Policy for the Board of Directors, Board Committees, and Executive Management in determining the remuneration granted to Board members, committee members, and executive management.

### A – Remuneration of the Board of Directors for the Financial Year 2025 (SAR)

	Fixed Remunerations							Other Remunerations / Variable Remunerations						End of service benefits	Grand total	Expenses allowance
	A certain amount	Allowance for attending board Meetings	Attending Total allowance for Committee Meetings	In-kind benefits	Remuneration for technical administrative and advisory	Remuneration of the /MD or the chairman secretary, if he is a member	Total	percentage of profit	Committees Membership Remunerations	short term incentive plans	long term incentive plans	Granted Shares (Value is entered)	Total			
<b>Current Board Term (4), which began on 03-11-2025 for three years and ends on 02-11-2028:</b>																
<b>First: Independent Members</b>																
1- Eid Faleh Al-Shamri	40,411	15,000	3,000	-	-	-	58,411	-	24,247	-	-	-	24,247	-	82,658	-
2- Sami Abdullah Al-Zikri	40,411	15,000	3,000	-	-	-	58,411	-	16,164	-	-	-	16,164	-	74,575	-
3- Anas Mohammed Al-Sheikh	40,411	15,000	3,000	-	-	-	58,411	-	19,397	-	-	-	19,397	-	77,808	-
4- Nayef Abduljalil Al-Saif	40,411	15,000	-	-	-	-	55,411	-	2,192	-	-	-	2,192	-	57,603	-
5- Nayef Abdulaziz Al-Dughaiter	40,411	15,000	6,000	-	-	-	61,411	-	19,397	-	-	-	19,397	-	80,808	-
<b>Second: Non-Executive Members</b>																
6- Saud Huwaimel Al-Dossari	40,411	15,000	-	-	-	-	55,411	-	2,630	-	-	-	2,630	-	58,041	-
7- Hussam Muhammad Al-Azzawi	40,411	15,000	6,000	-	-	-	61,411	-	16,164	-	-	-	16,164	-	77,575	-
8- Fahd Abdullah Al-Subaie	40,411	15,000	6,000	-	-	-	61,411	-	16,164	-	-	-	16,164	-	77,575	-
<b>Previous Board of Directors Term (3), which began on 25-09-2022 and ended on 02-11-2025:</b>																
<b>First: Independent Members</b>																
1- Saad Abdulmohsen Al-Humaidi	420,205	15,000	39,000	-	-	1,260,616	1,734,821	-	100,205	-	-	-	100,205	-	1,835,026	-
2- Yousef Ibrahim Al-Shaar	420,205	15,000	12,000	-	-	-	447,205	-	-	-	-	-	-	-	447,205	-
3- Abdulkarim Hamad Al-Nujaidi	420,205	15,000	57,000	-	-	-	492,205	-	126,062	-	-	-	126,062	-	618,267	-
4- Abdulmohsen Mohammed Al-Saleh	420,205	15,000	18,000	-	-	-	453,205	-	42,021	-	-	-	42,021	-	495,226	-
<b>Second: Non-Executive Members</b>																
5- Atta Hamad Al-Bayouk	420,205	9,000	30,000	-	-	-	459,205	-	-	-	-	-	-	-	459,205	-
6- Salman Abdulaziz Shahween	420,205	15,000	33,000	-	-	-	468,205	-	42,021	-	-	-	42,021	-	510,226	-
7- Bandar Mohammed Al-Baz	420,205	15,000	-	-	-	-	435,205	-	-	-	-	-	-	-	435,205	-
8- Turki Nasser Al-Qahtani	420,205	15,000	-	-	-	-	435,205	-	-	-	-	-	-	-	435,205	-
<b>Board Secretary:</b>																
* Hussein Mohammed Al-Shakrah	100,205	-	-	-	-	-	100,205	-	-	-	-	-	-	-	100,205	-
<b>Total</b>	<b>3,785,133</b>	<b>234,000</b>	<b>216,000</b>	<b>-</b>	<b>-</b>	<b>1,260,616</b>	<b>5,495,749</b>	<b>-</b>	<b>426,664</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,664</b>	<b>-</b>	<b>5,922,413</b>	<b>-</b>

\* Mr. Hussein bin Mohammed Al-Shakra's appointment as Secretary of the Board of Directors continues for the current term, which began on 03-11-2025, for a period of three years.

### B – Compensation and Remuneration of the Five Highest-Paid Senior Executives, Including the CEO and CFO, for the Financial Year 2025 (SAR)

Total	Total				Total						End of service benefits	Total executive remuneration for the board, if any	Grand total
	salaries	Allowances	In-kind benefits	Total	Regular Remunerations	Profits	short term plans incentive	long term plans incentive	Granted Shares (Value is entered)	Total			
	4,716,279	1,573,795	-	6,290,074	-	-	-	-	-	6,290,074			

\* The remuneration granted to senior executives has been disclosed on an aggregated basis rather than individually, in order to protect the Company's interests, as detailed disclosure may lead to potential harm, including creating a competitive environment and job instability.

C - Remuneration of Committee Members for the Fiscal Year 2025 (SAR)

Statement	Fixed Remunerations (other than attendance allowance)	Allowance for attendance	Total
<b>Audit Committee Members</b>			
Current Term (4) for the Audit Committee, which began on 03-11-2025 for three years and ends on 02-11-2028:			
Mr. Eid Faleh Al-Shamri	24,247	3,000	27,247
Mr. Abdullah Saleh Al-Luhaidan	16,164	3,000	19,164
* Mr. Fahd Sulaiman Al-Nuhait	100,205	30,000	130,205
Previous Term (3) for the Audit Committee, which ended on 02-11-2025:			
Dr. Abdulkarim Hamad Al-Nujaidi	126,062	30,000	156,062
Mr. Aziz Mohammed Al-Qahtani	84,041	30,000	114,041
* Mr. Fahd Sulaiman Al-Nuhait continued his membership in the Audit Committee.			
Total			446,719
<b>Shariah Committee Members</b> (The committee continued in the current term (4) which began on 03-11-2025 with the same previous formation)			
Sheikh / Abdullah Sulaiman Al-Manea	103,438	27,000	130,438
Dr. Mohammed Ali Al-Qari	58,185	27,000	85,185
Dr. Abdulrahman Abdulaziz Al-Nafisa	58,185	27,000	85,185
Total			300,808
<b>Executive Committee Members</b>			
Current Term (4) for the Executive Committee, which began on 03-11-2025 for three years and ends on 02-11-2028:			
* Mr. Nayef Abdulaziz Al-Dughaiter	19,397	6,000	25,397
Mr. Fahd Abdullah Al-Subaie	16,164	6,000	22,164
Mr. Hussam Muhannad Qusai Al-Azzawi	16,164	6,000	22,164
* Mr. Saad Abdulmohsen Al-Humaidi	100,205	12,000	112,205
Previous Term (3) for the Executive Committee, which ended on 02-11-2025:			
Mr. Abdulmohsen Mohammed Al-Saleh	42,021	6,000	48,021
Mr. Salman Abdulaziz bin Shahween	42,021	6,000	48,021
Mr. Fahd Ibrahim Al-Mufarrij (Former Member)	20,467	6,000	26,467
* Mr. Saad Abdulmohsen Al-Humaidi continued his membership in the Executive Committee.			
Total			304,439
<b>Risk and Credit Committee Members</b>			
Current Term (4) for the Risk and Credit Committee, which began on 03-11-2025 for three years and ends on 02-11-2028:			
Mr. Saud Huwaimel Al-Dossari	2,630	-	2,630
Mr. Nayef Abduljalil Al-Saif	2,192	-	2,192
* Mr. Abdullah Sulaiman Al-Nami	206,931	12,000	218,931
Mr. Mishari Najib Al-Abdulkarim	2,192	-	2,192
Previous Term (3) for the Risk and Credit Committee, which ended on 02-11-2025:			
Mr. Abdulmohsen Mohammed Al-Saleh	-	12,000	12,000
Mr. Atta Hamad Al-Bayouk	-	9,000	9,000
Mr. Yousef Ibrahim Al-Shaer	-	12,000	12,000
Mr. Abdulrahman Mohammed Al-Zuwaidi (Former Member)	29,044	-	29,044
* Mr. Abdullah Sulaiman Al-Nami continued his membership in the Risk and Credit Committee.			
Total			287,989
<b>Nominations and Remuneration Committee Members</b>			
Current Term (4) for the Nominations and Remuneration Committee, which began on 03-11-2025 for three years and ends on 02-11-2028:			
Mr. Anas Mohammed Al-Sheikh	19,397	3,000	22,397
Mr. Sami Abdullah Al-Zikri	16,164	3,000	19,164
Mr. Fawzi Abdulrahman Bubshait	16,164	3,000	19,164
Previous Term (3) for the Nominations and Remuneration Committee, which ended on 02-11-2025:			
Dr. Abdulkarim Hamad Al-Nujaidi	-	27,000	27,000
Mr. Atta Hamad Al-Bayouk	-	21,000	21,000
Mr. Salman Abdulaziz bin Shahween	-	27,000	27,000
Mr. Saad Abdulmohsen Al-Humaidi	-	27,000	27,000
Total			162,725
<b>Grand Total</b>			<b>1,502,680</b>

## (22) Provisions of the Corporate Governance Regulations that have been applied and those that have not been applied and the reasons for that

The company gives top priority and great attention to implementing all provisions related to governance issued by the regulatory authorities, with the Board of Directors having the primary and central role in this regard. The company has applied all the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, except for the following provisions which were not applied during the year 2024:

Article	Article text	Reasons for not applying
7	Communication with Shareholders: (d) The Company shall appoint a responsible person responsible for the Company's investor relations related tasks in order to achieve effective and fair communication between the Company and the shareholders.	Guidance paragraph
39	Evaluation	Guidance Article
82	Social work initiative: The board of directors sets the programs and determines the necessary means to present the company's initiatives in the field of social work.	Guidance Article
85	Social work initiative: The board of directors sets the programs and determines the necessary means to present the company's initiatives in the field of social work.	Guidance Article
92	Formation of a Corporate Governance Committee: If the Board of Directors forms a committee specialized in corporate governance, it must delegate to it the competencies stipulated under Article 92 of these Regulations. This committee must follow up on any issues related to governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it reaches.	Guidance Article

## (23) Description of Any Transaction Between the Company and a Related Party, or Any Business or Contracts in Which the Company is a Party and in Which Any Member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, Senior Executives, or Any Related Person Has or Had an Interest During the Financial Year 2025:

### Mechanism for Approving Related Party Transactions

Referring to Article (71) of the Companies Law, a member of the Board of Directors must, upon becoming aware of any direct or indirect interest in the business and contracts on behalf of the company, notify the Board accordingly, and this notification shall be recorded in the minutes of the Board meeting. This member shall not participate in voting on the resolution issued in this regard in the Board or the general assemblies. The Board shall inform the General Assembly at its meeting about the business and contracts in which a Board member has a direct or indirect interest, accompanied by a special report from the company's auditor prepared according to the auditing standards adopted in the Kingdom.

According to the company's policy regarding transactions with related parties, the Audit Committee and the Risk and Credit Committee review any transaction or dealings between the company and a related party, and any contracts or transactions in which the company is a party, and in which or in which there was an interest for any member of the Board of Directors, the CEO, the CFO, or senior executives, or any person related to any of them. A recommendation for approval of the transactions is then submitted to the Board of Directors, which in turn informs the General Assembly at its meeting about these business and contracts.

Company	Related Parties	Interest (Direct / Indirect)	Conditions of Transactions	Value in 2025 including VAT (Thousand SAR)
Yaqeen Capital	*Fahad Abdullah AlSubaie *Hussam Muhannad AlAzzawi (Current Board Members)	Indirect (Related Parties)	1. Acting as an agent for Nayifat's clients in selling their financing products on behalf of Nayifat, under an ongoing contract that is automatically renewed without any preferential conditions.	➤ 505 (Commodities Waqala transaction) 35,920 (Advance for commodity Tawarruq transactions – held on behalf of the Company)
	*Abdulmohsen Mohammed AlSaleh *Salman Abdulaziz bin Shahween (former Board members)	Indirect (Related Parties) The interest of Mr. Abdulmohsen AlSaleh ceased as of the date of his resignation from the Board of Directors of Yaqeen Capital on 01-06-2025. The interest of Mr. Salman bin Shahween ceased upon the expiry of the Nayifat Board of Directors' term on 02-11-2025.	2. Fees for managing the company's stock portfolio and executing the purchase of treasury shares held by the company, without any preferential conditions.	➤ 73 (Treasury shares portfolio management fees) 43,374 (Payment for purchase of Treasury shares)
	*Falcom Holding (Major shareholders in Al Nayifat with a 48% ownership) (Major shareholders in Yaqeen Capital with a 40% ownership)	Direct (Major shareholder)		
AlBayouk Office	*Mr. Ata Hamad AlBayouk (Former Board Member)	Direct (Owner) The interest of Mr. Ata AlBayouk ceased upon the expiry of the Nayifat Board of Directors' term on 02-11-2025.	3. Zakat & VAT consulting services, without any preferential conditions.	➤ 357 (Zakat / VAT consultancy fees)

\* The Ordinary General Assembly of Nayifat approved, on 30-06-2025, the related party transactions conducted during the year 2025. As the Board of Directors' term ended on 02-11-2025, and given that the former Board members (Mr. Ata Hamad AlBayouk, Mr. Abdulmohsen Mohammed AlSaleh, and Mr. Salman Abdulaziz bin Shahween) no longer serve on the Board for the current fourth term, transactions with AlBayouk Certified Public Accountants are no longer considered related party transactions effective 03-11-2025. However, transactions with Yaqeen Capital continue to be classified as related party transactions, since both Current Board members Mr. Fahad Abdullah AlSubaie and Mr. Hussam Muhannad AlAzzawi, has an Indirect interest (Related parties), Also Falcom Holding Company is a major shareholders in both Al Naifaat Company and Yaqeen Capital Company, this transaction will be handled in accordance with the approved mechanism for dealings with related parties (obtaining approval for this transaction from the Ordinary General Assembly for the year 2026), in addition to disclosing this in the annual Board of Directors report in a manner consistent with regulatory requirements.

**(24) Information related to any competing businesses with the Company or any of its lines of business carried out or previously carried out by any member of the Board of Directors, including the names of those involved, the nature of such businesses and their terms:**

None.

**(25) The Company's Requests for the Shareholders Register, the Dates of Such Requests, and the Reasons Therefor During the Year 2025:**

No.	Shareholders Register Date	Reason for Request	No.	Shareholders Register Date	Reason for Request
1	31/12/2025	Company Procedures	4	30/06/2025	General Assembly
2	02/11/2025	General Assembly	5	10/03/2025	General Assembly
3	14/07/2025	Dividends File	6	15/01/2025	Dividends File

**(26) If the External Auditor's Report Includes Reservations on the Annual Financial Statements, the Board of Directors' Report Must Clarify Such Reservations, Their Reasons, and Any Related Information:**

There are no reservations on the financial statements for the year 2025 in the external auditor's report (KPMG).

**(27) Any Penalty, Sanction, Precautionary Measure, or Restriction Imposed on the Company by the Authority or Any Supervisory, Regulatory, or Judicial Body, Including the Reasons for the Violation, the Authority Imposing It, and the Means of Remediating and Avoiding Its Recurrence in the Future:**

Executive Decisions Issued by the Saudi Central Bank Regarding the Violation	2024		2025	
	Number of Executive Decisions	Total amount of fines	Number of Executive Decisions	Total amount of fines
Violation of Saudi Central Bank's supervisory instructions	4	560,000	4	530,000
Violation of Saudi Central Bank's Customer Protection Instructions	-	-	-	-
violates the Central Bank's cybersecurity instructions	1	25,000	-	-
Violation of Saudi Central Bank's instructions to conduct due diligence in combating money laundering and terrorist financing	-	-	1	160,000

Sanction/ penalty/ precautionary measure/ precautionary restriction	Reasons for the violation	The signatory of the violation	Ways to remedy it and prevent it from recurring in the future
Violation of the Saudi Central Bank supervisory and regulatory instructions – Executive Department for Supervision of Non-Bank Financial Institutions, which resulted in: 1. Warning the Company not to repeat these two violations or violate any of its laws, executive regulations, or related regulatory instructions.	1. The Company's failure to submit the financial statements for the second quarter of 2024 within the specified timeframe. 2. The Company's failure to publish the financial statements for the second quarter of 2024 within the specified timeframe.	Saudi Central Bank	Full compliance with the regulations and instructions of the Saudi Central Bank regarding the submission and publication of financial statements in accordance with SAMA regulations and instructions.
Violation of the Saudi Central Bank supervisory and regulatory instructions – Executive Department for Supervision of Non-Bank Financial Institutions, which resulted in: 1. Warning the Company not to repeat these violations or violate any financing laws, executive regulations, or related regulatory instructions. 2. Imposing a financial penalty of SAR 25,000. 3. Requiring the Company to immediately rectify the violation in coordination with the Executive Department for Supervision of Non-Bank Financial Institutions.	The Company's failure to comply with SAMA instructions and circulars regarding the standard form of the individual consumer finance contract, by concluding financing contracts that were not compliant with the approved standard form and which prohibit entering into contracts inconsistent with it or making any amendments to it.	Saudi Central Bank	Full compliance with SAMA regulations, instructions, and directives regarding the standard form of the individual consumer finance contract.
Violation of the Saudi Central Bank instructions related to due diligence in Anti-Money Laundering and Counter-Terrorist Financing, which resulted in: 1. Warning the Company not to repeat these violations or violate any AML/CFT laws, regulations, or instructions. 2. Imposing a financial penalty of SAR 160,000. 3. Requiring the Company to rectify these violations immediately in coordination with the Financial Integrity Department at SAMA, and address them within the agreed timelines, including providing periodic reports demonstrating the progress of corrective actions.	1. The Company had not completed the full integration with Elm Company to benefit from the Digital Document service, including the lack of system linkage in branches and the absence of official availability of the service in branches. 2. Absence of documented procedures for updating customer identification or retaining copies of identification documents. 3. Deficiencies in verifying customer identity through a reliable and independent source for customers registered via digital channels.	Saudi Central Bank	Full compliance with SAMA regulations, instructions, and directives and ensuring such violations are not repeated in the future.
Violation of the Saudi Central Bank supervisory and regulatory instructions – Executive Department for Supervision of Non-Bank Financial Institutions, which resulted in: 1. Warning the Company not to repeat such violations or violate any financing laws, executive regulations, or related regulatory instructions. 2. Imposing a financial penalty of SAR 480,000. 3. Requiring the Company to rectify the violations mentioned above immediately in coordination with the Executive Department for Supervision of Non-Bank Financial Institutions.	The Company's failure to comply with several provisions of the Finance Companies Control Law, its executive regulations, and the related applicable instructions.	Saudi Central Bank	Full compliance with the Finance Companies Control Law, its executive regulations, and related instructions, and ensuring such violations are not repeated in the future.
Violation of the Saudi Central Bank supervisory and regulatory instructions – Executive Department for Supervision of Non-Bank Financial Institutions, which resulted in: 1. Warning the Company not to repeat such violations or violate any financing laws, executive regulations, or related regulatory instructions. 2. Imposing a financial penalty of SAR 25,000.	The Company's failure to submit the risk report for the first quarter of 2025 within the specified timeframe.	Saudi Central Bank	Full compliance with SAMA regulations and instructions regarding the submission of risk reports and ensuring submission within the specified timeframe.

**(28) Description of any interest, contractual securities, and subscription rights belonging to the members of the Board of Directors, Senior Executives, and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the fiscal year 2025:**

Who has the interest?	Property Type	Beginning of 2025		End of 2025		Net change	% change
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
<b>Members of the Board of Directors for the current term, which began on 03/11/2025 for a period of three years:</b>							
Mr. Saud Huwaymil AlDosari Board Chairman   Non-Executive	Direct	6,135,579	-	6,135,579	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Eid Faleh bin Saif Al-Shammari Vice Chairman   Independent	Direct	1,000	-	1,000	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Sami Abdullah Suleiman AlZukri Board Member   Independent	Direct	10	-	10	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Anas Mohammed Ali Al-Sheikh Board Member   Independent	Direct	10	-	10	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Naif Abduljalil Al-Saif Board Member   Independent	Direct	10	-	10	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Naif Abdulaziz Al-Dughither Board Member   Independent	Direct	1,000	-	1,000	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Fahad Abdullah Al-Subaie Board Member   Non-Executive	Direct	100	-	100	-	0	%0
	Indirect	-	-	-	-	-	-
Mr. Hussam Muhannad Qusay Al-Azzawi Board Member   Non-Executive	Direct	-	-	-	-	0	%0
	Indirect	-	-	-	-	-	-
<b>Members of the Board of Directors for the previous term (3), which ended on 02/11/2025:</b>							
Saad Abdulmohsen AlHumaidi Board Chairman	Direct	1,200	-	1,200	-	0	%0
	Indirect	-	-	-	-	-	-
Abdulmohsen Mohammed AlSaleh Vice Chairman	Direct	120	-	120	-	0	%0
	Indirect	-	-	-	-	-	-
Bandar Mohammed AlBaz Board Member	Direct	14,719	-	14,719	-	0	%0
	Indirect	-	-	-	-	0	%0
Turki Nasser AlQahtani Board Member	Direct	57,498	-	57,498	-	0	%0
	Indirect	-	-	-	-	-	-
<b>Senior Executives of the Company:</b>							
Hussein Mohammed AlShakarah Governance Manager and Board Secretary	Direct	139,462	-	139,462	-	0	%0
	Indirect	-	-	-	-	-	-
Dhari Hamoud Fares AlGarba HR Manager	Direct	4,469	-	5,619	-	0	%25.7
	Indirect	-	-	-	-	-	-
Ahmed Ibrahim Hamli Administrative Manager	Direct	34,782	-	34,782	-	0	%0
	Indirect	-	-	-	-	-	-

**(29) Social Contributions:**

The company recognizes the importance of fulfilling its role toward society as an integral part of it, and is aware of its social responsibility in promoting solidarity among its members, drawing its principles from the tolerant Islamic Sharia, which encourages righteousness, piety, and cooperation.

In this context, the company has contributed over past years to several initiatives, including supporting the Health Fund and contributing to patient treatment costs through donations to Prince Sultan bin Abdulaziz Humanitarian Services City. During the year 2025, as part of the company's efforts to support social responsibility initiatives and based on the principle of social solidarity, the company undertook the following initiatives:

1. Donated fifty thousand riyals to the Ihsan Endowment affiliated with the Ihsan platform.
2. Donated one hundred thousand riyals to the King Salman Humanitarian Aid and Relief Center.
3. Provided some financial assistance to humanitarian cases among its employees.
4. Initiated granting exemptions to certain clients facing humanitarian situations or financial difficulties, in consideration of their circumstances and to assist them in settling their debts.

# Risks

## (30) Risks

### Credit and Default Risks and Collection Risks

The company is exposed to the risk of its clients failing to pay the financing amounts due to the company, as well as risks arising from the practical failure to enforce the guarantees provided to secure repayment and collect receivables. The company's performance, revenues, and profits depend on the financial solvency of its clients, who mainly consist of individual clients, credit card clients, and small and medium-sized enterprise clients, and the stability of their credit positions. It should be noted that the company does not perform periodic assessments of clients' credit status after granting and disbursing financing. The company also does not monitor the actual use of disbursed financing amounts, which limits its ability to accurately classify the financing portfolio and to take necessary actions in a timely manner if clients' credit conditions deteriorate, increasing the likelihood of default.

#### Risk Management and Monitoring Policy:

The company operates according to comprehensive policies for expected credit losses and financing and risk management, ensuring strict control over all stages of the financing cycle. The company has also implemented an Early Warning System (EWS) that supports proactive collection strategies by identifying potential risks at an early stage. The risk and collection teams work closely and prepare regular management information system (MIS) reports for business sectors to enhance transparency, support decision-making, and improve the overall efficiency of collection operations.

### Financial and Liquidity Risks:

The company is exposed to liquidity risks, represented by insufficient financial resources to meet its obligations when due, or high costs of required liquidity. These risks are related to financing operations and may occur when there is a gap between cash flows provided to clients as financing and cash flows collected from clients, or when the company relies on a specific source for short- or long-term financing, or in the event of market deterioration. Such a decrease in liquidity could negatively affect the company's operations, financial position, and results.

#### Risk Management and Monitoring Policy:

The Risk Management Department prepares comprehensive liquidity reports and presents them to senior management to support discussions and strategic decision-making. These reports provide essential information on the company's liquidity position, enabling timely actions to ensure financial stability and compliance with regulatory requirements.

### Operational Risks:

Operational risks are defined as the risk of loss resulting from inadequate or failed internal processes, human errors, system failures, or external events. The company's operational risk management framework and policy provide a comprehensive definition of operational risks at the company level and specify the tools and processes for identifying, assessing, monitoring, and controlling them. Key components of this framework include Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), scenario analysis, and incident management, all of which are thoroughly documented in the company's operational risk procedures.

#### Risk Management and Monitoring Policy:

The company has an approved operational risk policy providing an organized framework to identify, assess, and address operational risks at the company level. Under this framework, the company conducts regular RCSA exercises to evaluate the effectiveness of internal controls and identify areas for improvement. Events related to operational losses are closely monitored and analyzed to ensure timely resolution, strengthen controls, and enhance operational resilience.

### Market Risks:

The growth rate of the non-banking finance sector in the Kingdom may differ from the company's expectations due to several factors, including the ability of finance companies to compete with commercial banks, product diversification, ease of procedures, and other factors

beyond the company's control, such as high unemployment rates or significant reductions in public sector salaries, including any slowdown or decline in economic growth. Any negative impact on the non-banking finance sector would adversely affect the company's business, financial position, results of operations, and future outlook.

**Risk Management and Monitoring Policy:**

Market risks are subject to the company's approved risk management policy, which defines the principles and controls for monitoring and managing market exposure. Within the stress-testing framework, the company conducts periodic assessments to measure the impact of changes in profit rates, particularly marginal changes, on the credit portfolio, enabling it to identify potential vulnerabilities, enhance preparedness, and support sound strategic decision-making under varying market conditions.

**Risks Related to High Debt Levels and Credit Ratings:**

Several factors may contribute, and if they occur, such as lower financing costs or an improved credit rating for the company, they may increase financing provided by commercial banks to the company. If the company takes excessive borrowing decisions, it may fail to meet its obligations during financial stress periods, which would negatively affect its business, financial position, operational results, and future outlook. A high level of financial leverage may also cause difficulties in meeting obligations during stress periods. Increased debt represents a risk to the company's financial position and solvency, and realized losses may increase liabilities relative to assets, potentially raising the cost of borrowing and reducing profitability.

**Risk Management and Monitoring Policy:**

These risks are managed through the company's approved credit policies, supported by comprehensive risk management procedures. The company uses an integrated risk assessment framework, including an organized credit rating model to evaluate borrowers' quality and creditworthiness. Risk teams conduct due diligence studies and detailed examinations of small and medium enterprise clients to ensure sound credit decisions, limit potential exposures, and maintain portfolio integrity.

**Risks Related to Fluctuations in Financing Costs and Profit Rates:**

The company's business relies on obtaining financing from lending commercial banks. Profit margins from financing contracts depend primarily on the availability of liquidity from funders and profit rates linked to the SAIBOR index. Current assets represented by the financing portfolio generate fixed profits, while liabilities are calculated at variable rates. Differences in profit rates between assets and liabilities, along with mismatched maturities, expose the company to pricing mismatch risks. The company cannot guarantee its ability to maintain profitability by increasing client profit rates to offset higher financing costs. Failure to pass on these increases may reduce the profitability of financing products, lower margins, and decrease product attractiveness to current and potential clients. Conversely, the company may not benefit from future decreases in profit rates due to reduced margins.

**Risk Management and Monitoring Policy:**

These risks are managed according to the liquidity risk policy and the general risk management policies. Risk teams prepare detailed liquidity reports and stress tests, including shocks to liquidity and market risk factors, to assess portfolio exposure under adverse conditions and provide management with information necessary to strengthen the company's resilience.

**Risks Related to Dependence on IT Systems and Cybersecurity Exposure:**

The company's IT systems, as well as those of key service providers or partners in credit card and electronic services, are exposed to disruption risks due to fires, floods, explosions, terrorist acts, natural disasters, or other human-related events. Any such events may negatively affect the company's operations and continuity. The company also faces cybersecurity risks from reliance on external suppliers and service providers, including those based outside the Kingdom, whose practices may not comply with local regulatory and security requirements, or may use unqualified or insufficiently assessed security solutions, exposing company systems to breaches. Reliance on unqualified penetration testers

may lead the Saudi Central Bank to identify significant findings during Red Team activities, potentially impacting operations and overall security readiness.

**Risk Management and Monitoring Policy:**

Cybersecurity teams are responsible for establishing and implementing policies and procedures to protect systems and digital infrastructure, monitoring technical threats, enhancing incident response and readiness, and strengthening disaster recovery capabilities, ensuring business continuity and data protection.

**Risks Related to Reputation and Protection of Trade Name and Brand:**

The company relies on its reputation, trade name, and brand in marketing its services and products, supporting its business and competitive position. The company's success largely depends on maintaining brand strength and value, which can be affected by factors such as corporate reputation, financing products, and brand recognition. The company has registered the brands "Nayifat" and "Ulend." Failure to protect intellectual property rights or exposure to infringement by third parties may harm brand value.

**Risk Management and Monitoring Policy:**

These risks are managed through a supplier risk assessment framework, supported by the fraud risk policy and operational risk self-assessment processes, ensuring third-party exposure is evaluated, fraud risks are mitigated, and operational controls are strengthened.

**Risks Related to Risk Management Policies and Procedures:**

The nature of the company's financing business involves many inherent risks, and incurring some losses is inevitable. The company's success depends on its ability to achieve a balance between risk and return through careful and effective management. The company has developed and updated risk management strategies and procedures covering credit risks, asset and liability management, market risks, and operational risks. These policies rely on analyzing historical market behavior and forecasting future economic variable trends. However, these policies may fail to accurately predict future risks that exceed expectations, particularly given the rapidly changing and complex nature of risks, potentially exposing the company to unknown risks that could materially affect its financial position and operating results.

**Risk Management and Monitoring Policy:**

These risks are managed through an integrated set of policies covering risk management, operational risks, fraud risks, credit risks, and liquidity risks. Risk teams conduct ongoing assessments using liquidity reports, stress tests, enterprise risk reports, key risk indicators, and detailed credit assessments to support governance and decision-making.

**Risks Related to Changes in Applied Accounting Policies:**

The International Financial Reporting Standard (IFRS) 9 was adopted by the Saudi Central Bank as of January 1, 2018, and Nayifat Finance Company applied it early starting January 1, 2017. The company is committed to applying the standard in accordance with the instructions of the Central Bank. The company applied the expected cash flow approach until December 31, 2021, then transitioned to the probability of default approach (ODR) during 2022, considering portfolio segmentation, future economic factors, and historical collection patterns to calculate expected credit losses. The company applies a write-off policy for all overdue financing portfolio in line with the applicable accounting standards and the Central Bank guidelines.

**Risk Management and Monitoring Policy:**

Provisioning and write-off methodologies are governed by the company's approved expected credit loss policy, ensuring consistency, transparency, and compliance with regulatory requirements. The company has also conducted an independent validation of the expected credit loss model through an external consultant to assess model robustness and standards, identify potential weaknesses, and enhance its accuracy and reliability.

# Declaration

**(31) Actions Taken by the Board of Directors to Inform Its Members -Especially Non-Executive Members - of Shareholders’ Proposals and Comments Regarding the Company and Its Performance:**

No comments or proposals were received from shareholders regarding the company and its performance during the year 2025. In the event that any proposals or comments are received from shareholders, the Board of Directors informs its members, especially non-executive members, by including them in the agenda of the first Board meeting for discussion and to take the necessary recommendations.

**(32) Results of the Annual Review of the Effectiveness of the Company’s Internal Control Procedures and the Audit Committee’s Opinion on the Adequacy of Internal Controls in the Company:**

Based on the reports presented to the Committee and the discussions held during the period in which it carried out its duties in 2025, the Committee did not identify any material observations that require disclosure to the shareholders. Within the scope of the period under review, the Committee believes that the Company’s internal control, financial control, and risk management systems operate with an appropriate level of adequacy and effectiveness, supporting the achievement of the Company’s objectives, safeguarding its assets, ensuring the integrity of financial reporting, and complying with the relevant laws and regulations.

In this context, the Committee emphasizes the importance of the executive management continuing to periodically review and update policies and procedures, and to further strengthen the culture of compliance and risk management in line with leading regulatory practices and the requirements of supervisory authorities. The Committee also affirms the continuation of regular follow-up and coordination with the executive management and internal control functions to ensure the continuous improvement and effectiveness of the control environment.

**(33) Audit Committee Recommendation Regarding the Need to Appoint an Internal Auditor in the Company:**

A Director of the Internal Audit Department was appointed based on the Audit Committee’s recommendation on 01-05-2025 and with the Board of Directors’ approval on 08-05-2025. The company is also currently contracting with a major firm (Ernst & Young) to assist the Internal Audit Director in performing all internal audit work to ensure operational efficiency.

**(34) Audit Committee Recommendations That Conflict with Board Decisions or Were Rejected by the Board Regarding the Appointment or Dismissal of the Company’s Auditor, Determination of Fees, Evaluation of Performance, or Appointment of the Internal Auditor, Including the Rationale and Reasons for Non-Adoption:**

None.

**(35) If the Board of Directors Recommends Changing the Auditor Before the End of the Assigned Period, the Report Must Include This Recommendation and Its Reasons:**

No recommendation was issued by the Board of Directors to replace the auditor during the year 2025.

**(36) Name of Each Subsidiary, Its Capital, the Company’s Ownership Percentage, Its Main Activity, the Country of Primary Operations, and the Country of Incorporation:**

There are no subsidiaries.

**(37) Details of Shares and Debt Instruments Issued for Each Subsidiary:**

There are no subsidiaries.

**(38) Description of Any Interest in Voting Share Classes Held by Persons (Other than Board Members, Senior Executives, and Their Relatives) Who Notified the Company of Such Rights Under Article 85 of the Rules for Offering Securities, and Any Changes to These Rights During the Last Fiscal Year:**

#	Who has the interest	Number of shares at the beginning of the year	Number of shares at the end of the year	Net change	Change %
(1)	Falcom Holding Co.	57,606,618	57,606,618	0	% 0

**(39) Description of the Classes and Numbers of Any Convertible Debt Instruments and Any Contractual Securities, Subscription Warrants, or Similar Rights Issued or Granted by the Company During the Fiscal Year 2025, Including Any Consideration Received by the Company:**

None.

**(40) Description of Any Conversion or Subscription Rights Under Convertible Debt Instruments, Contractual Securities, Subscription Warrants, or Similar Rights Issued or Granted by the Company During the Fiscal Year 2025:**

None.

**(41) Description of Any Redemption, Purchase, or Cancellation by the Company of Any Redeemable Debt Instruments, and the Value of Remaining Securities, Distinguishing Between Listed Securities Purchased by the Company and Those Purchased by Its Subsidiaries:**

None.

**(42) Statement of Any Arrangement or Agreement Under Which a Board Member or Senior Executive Waived Any Compensation:**

None.

**(43) Statement of Any Arrangement or Agreement Under Which a Shareholder Waived Any Rights to Dividends:**

None.

**(44) Statement of the Value of Any Investments or Reserves Established for the Benefit of the Company's Employees:**

None.

#### (45) Disclosure of Treasury Shares Held by the Company and Details of Their Uses:

On 11-03-2025, the company announced the results of the Extraordinary General Assembly meeting held on 10-03-2025, which included approval for Nayifat Company to purchase up to 3,400,000 shares, representing 2.83% of the company's total ordinary shares, to be held as treasury shares, as the Board of Directors considers the market price of the shares to be below their fair value.

According to the mandate granted by the Extraordinary General Assembly to the Board of Directors to complete the purchase by the end of November 2025, Nayifat Company contracted with Yaqeen Capital to manage the company's share portfolio and execute the treasury share purchases. The purchase was financed from the company's own resources using its cash balances. The purchases were completed within the prescribed period, with no objection from the Saudi Central Bank and approval from the Extraordinary General Assembly. The company will hold the purchased shares for a maximum period of ten years, after which it will follow the procedures and controls stipulated in the relevant laws and regulations.

No.	Number of Treasury Shares Held by the Company	Book Value	Date of Holding	Details of Their Use
1	(3,400,000) shares	SAR 34,000,000	Fully purchased during 2025	Held by the Company as treasury shares

#### (46) Information Regarding Any Financing Facilities Granted to the Company, Whether Payable on Demand or Otherwise, Including a Disclosure of the Total Debt of the Company and Its Subsidiaries\*, the Original Amount of the Financing Facility, the Name of the Granting Entity, Its Term, and the Remaining Balance: (SAR Million)

#	Banks	Total Limit	Total Outstanding	Limit Available	Period (months)	Loan term	Type of facility
(1)	Alinma Bank	200	143	58	48	3-Month SAIBOR +	Revolving
(2)	Bank Aljazira	300	248	52	60	1-Month SAIBOR +	Revolving
(3)	Emirates NBD Bank	200	–	200	48	1-Month SAIBOR +	Revolving
(4)	National Bank of Bahrain	130	100	30	48	3-Month SAIBOR +	Revolving
(5)	Saudi National Bank	200	200	0	36	3-Month SAIBOR +	Revolving
(6)	Riyad Bank	358	145	206	48	1-Month SAIBOR +	Revolving
(7)	Bank Albilad	200	–	200	48	6-Month SAIBOR +	Revolving
(8)	SAB / Saudi Awwal Bank	199	–	199	48	1-Month SAIBOR +	Revolving
<b>Total</b>		<b>1,787</b>	<b>836</b>	<b>945</b>			

\* The Company does not have any subsidiaries inside or outside the Kingdom.

#### (47) Other Declarations:

From the perspective of the responsibility entrusted to the Board of Directors and its keenness to ensure the continuity of the company and preserve it for the purpose for which it was established, and based on the information provided by the company's management, it hereby acknowledges the following:

1. The Account records have been set up correctly.
2. The internal control system was prepared on sound foundations and effectively implemented.
3. There is no doubt whatsoever about the Company's ability to continue its activity.
4. There are no competing works related to any of the members of the Board of Directors.

## Conclusion

The Board of Directors extends its highest appreciation and gratitude to the Custodian of the Two Holy Mosques, **King Salman bin Abdulaziz Al Saud**, and to **His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz** – May God protect them – for their unlimited support to the financial and economic sector in the Kingdom.

The Board also expresses its sincere thanks to the **Saudi Central Bank**, the **Capital Market Authority**, and the **Ministry of Commerce** for their continuous efforts in developing the legislative and regulatory environment.

The Board further extends its appreciation to the Company's valued shareholders for their trust, to our customers – our partners in success – and to all employees of Nayifat Finance Company for their dedication and commitment in achieving the Company's objectives and future aspirations.

**Board of Directors**  
**Nayifat Finance Company**

# **Financial statements and External Auditor's report for fiscal year ending on 31/12/2025**

Items (2) and (3) in Agenda

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**  
together with the  
**Independent Auditor's Report**

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
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## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Nayifat Finance Company

## Opinion

We have audited the financial statements of Nayifat Finance Company ("the Company"), which comprise the statement of financial position as at 31 December 2025, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the 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").

## 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

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

# Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

Key Audit Matter (continued)	
Key audit matter	How the matter was addressed in our audit
<p><b>Expected credit loss allowance against Islamic financing receivables</b></p> <p>As at 31 December 2025, the Company's gross Islamic financing receivables were SR 1,975 million (2024: SR 2,000 million), against which an expected credit loss ("ECL") allowance of SR 193 million (2024: SR 135 million) was maintained.</p> <p>We considered this as a key audit matter, as the determination of the ECL involves significant estimation and management judgement, and this has a material impact on the financial statements of the Company. The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorisation of Islamic financing receivables into Stages 1, 2 and 3 based on the identification of:               <ol style="list-style-type: none"> <li>a) exposures with a significant increase in credit risk ("SICR") since their origination; and</li> <li>b) impaired / default exposures.</li> </ol> </li> <li>2. Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") including, but not limited to assessment of expected future cash flows and developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.</li> <li>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.</li> </ol> <p>Application of aforementioned these judgements and estimates, including changes thereto as set out in note 4 (i) to the financial statements, have given rise to greater estimation uncertainty and the associated audit risk around the ECL calculations as at 31 December 2025.</p>	<p>In this area our audit procedures included:</p> <ul style="list-style-type: none"> <li>▪ We obtained and updated our understanding of management's assessment of the ECL allowance against Islamic financing receivables, including the relevant accounting policy and model methodology, as well as any key changes during the year.</li> <li>▪ We compared the Company's accounting policy for the ECL allowance and the ECL methodology with the requirements of IFRS 9.</li> <li>▪ We assessed the design and implementation, and, on a sample basis, tested the operating effectiveness of the key controls (including relevant Information Technology ("IT") general and application controls) over:               <ul style="list-style-type: none"> <li>• the ECL models, including governance over the models, and any model updates performed during the year, including the approval of key inputs, assumptions and post model overlays;</li> <li>• the classification of borrowers into various stages and timely identification of SICR and the determination of default / impaired exposures; and</li> <li>• the integrity of data inputs used in the ECL model.</li> </ul> </li> <li>▪ For a sample of customers, we assessed:               <ul style="list-style-type: none"> <li>• the appropriateness of staging as identified by management; and</li> <li>• management's computation of the ECL.</li> </ul> </li> <li>▪ We assessed the appropriateness of the Company's criteria for the determination of SICR, identification of "default" or "impaired" exposures and write-offs of Islamic financing receivables.</li> <li>▪ We assessed the reasonableness of underlying assumptions used by the Company in the ECL model including forward looking assumptions.</li> <li>▪ We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2025, and write-offs of Islamic financing receivables during the year, by checking reconciliations and sample testing of key data inputs.</li> <li>▪ For selected customers, we assessed management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.</li> </ul>



# Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

Key Audit Matter (continued)	
Key audit matter	How the matter was addressed in our audit
<i>Refer to the summary of material accounting policies note 3.13 (i) for impairment of financial assets; note 4 which contains the disclosure of critical accounting estimates and judgements relating to impairment losses on Islamic financing receivables and the impairment assessment methodology used by the Company; note 7 which contains the disclosure of impairment against Islamic financing receivables; and note 28 (i) which contains the credit quality analysis and key assumptions and factors considered in determination of the ECL.</i>	<ul style="list-style-type: none"><li>▪ Where required, we involved our Financial Risk Management specialists to assess the ECL model calculations, evaluating inter-related inputs (including PDs, LGDs and EADs), assessing the reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weightages, and review the results of the independent ECL model validation together with the impact analysis performed by the third-party expert consulting firm.</li><li>▪ Where required, we involved our Real Estate Valuation specialists to independently review the methodologies and assumptions used by management's specialist in determining valuation of collaterals.</li><li>▪ Where required, we involved our legal specialist to review the status of legal cases relating to real estate collaterals, management's assessment of expected enforcement timelines, enforceability and the anticipated recovery outcomes.</li><li>▪ We assessed the adequacy of disclosures in the financial statements.</li></ul>

## Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



# Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 of Nayifat Finance Company ("the Company").

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

### KPMG Professional Services Company



**Saleh Mohammed S Mostafa**  
License No: 524

Riyadh: 12 Ramadan 1447 H  
Corresponding to 1 March 2026



**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	<i>Notes</i>	As at 31 December	
		<u>2025</u>	<u>2024</u>
<b>ASSETS</b>			
Cash and cash equivalents	5	261,709	86,476
Other balances with banks	6	11,244	5,933
Islamic financing receivables – net	7	1,781,681	1,865,054
Equity investment measured at fair value through OCI		728	728
Prepayments and other assets	8	53,463	50,563
Assets held for sale	9	16,802	17,885
Intangible assets	10	8,338	8,324
Property and equipment	11	28,921	29,795
<b>Total assets</b>		<u>2,162,886</u>	<u>2,064,758</u>
<b>LIABILITIES AND EQUITY</b>			
Accruals and other payables	12	65,414	108,350
Islamic bank financing and other liabilities	13	836,563	475,899
Provision for Zakat	14	7,112	18,490
Provision for employees' end of service benefits	15	14,280	14,034
<b>Total liabilities</b>		<u>923,369</u>	<u>616,773</u>
Share capital	16	1,200,000	1,200,000
Statutory reserve	17	-	69,645
General reserve	18	21,929	21,929
Retained earnings		60,962	156,411
Treasury shares	19	(43,374)	-
<b>Total equity</b>		<u>1,239,517</u>	<u>1,447,985</u>
<b>Total liabilities and equity</b>		<u>2,162,886</u>	<u>2,064,758</u>

The accompanying notes 1 through 32 form an integral part of these financial statements.

		
_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Chairman of Board of Directors

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	<i>Notes</i>	<b>For the year ended</b>	
		<b>31 December</b>	
		<u><b>2025</b></u>	<u><b>2024</b></u>
Commission income from Islamic financing receivables		339,465	362,559
Commission expense on Islamic bank financing	21	<u>(42,966)</u>	<u>(46,240)</u>
<b>Net Commission income from Islamic financing receivables</b>		<b>296,499</b>	<b>316,319</b>
Charge of expected credit loss allowance – net	7.6	(243,919)	(15,567)
Salaries and other related expenses	22	(95,460)	(91,184)
General and administrative expenses	23	(73,280)	(53,151)
Depreciation and amortization	10 & 11	(5,691)	(10,352)
Other income – net		<u>1,742</u>	<u>2,921</u>
<b>Net (loss) / income for the year before Zakat</b>		<b>(120,109)</b>	<b>148,986</b>
Zakat charge for the year	14	<u>(6,228)</u>	<u>(17,750)</u>
<b>Net (loss) / income for the year</b>		<b>(126,337)</b>	<b>131,236</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items will not be reclassified to profit or loss in subsequent years:</i>			
Re-measurement gain on employees' end of service benefits	15	525	-
Equity investments measured at fair value through OCI		-	(165)
<b>Total comprehensive (loss) / income for the year</b>		<u><b>(125,812)</b></u>	<u><b>131,071</b></u>
<b>Basic and diluted (loss) / earnings per share</b>	24	<u><b>(1.06)</b></u>	<u><b>1.09</b></u>

The accompanying notes 1 through 32 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chairman of  
Board of Directors

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	<i>Notes</i>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>General Reserve</b>	<b>Treasury Share</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 31 December 2024</b>		<b>1,200,000</b>	<b>69,645</b>	<b>21,929</b>	-	<b>156,411</b>	<b>1,447,985</b>
Total comprehensive loss for the year		-	-	-	-	<b>(125,812)</b>	<b>(125,812)</b>
Transfer to retained earnings	<i>17</i>	-	<b>(69,645)</b>	-	-	<b>69,645</b>	-
Dividend	<i>20</i>	-	-	-	-	<b>(39,282)</b>	<b>(39,282)</b>
Treasury shares	<i>19</i>	-	-	-	<b>(43,374)</b>	-	<b>(43,374)</b>
<b>Balance as at 31 December 2025</b>		<b>1,200,000</b>	-	<b>21,929</b>	<b>(43,374)</b>	<b>60,962</b>	<b>1,239,517</b>
Balance as at 1 January 2024		1,200,000	69,645	8,822	-	98,447	1,376,914
Total comprehensive income for the year		-	-	-	-	131,071	131,071
Transfer to general reserve	<i>18</i>	-	-	13,107	-	(13,107)	-
Dividend	<i>20</i>	-	-	-	-	(60,000)	(60,000)
Balance as at 31 December 2024		1,200,000	69,645	21,929	-	156,411	1,447,985

The accompanying notes 1 through 32 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman of Board of Directors

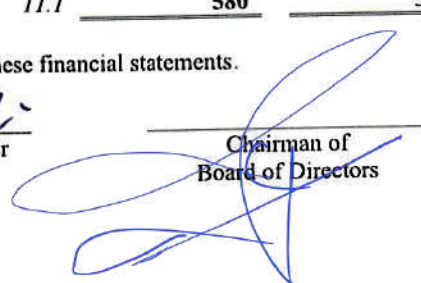
**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	<i>Notes</i>	<b>For the year ended 31 December</b>	
		<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>			
Net (loss) / income for the year before Zakat		(120,109)	148,986
<b>Adjustments for</b>			
Depreciation and amortization	10 & 11	5,691	10,352
Gain on disposal of assets held for sale		(477)	-
Gain on disposal of property and equipment			(2,072)
Provision for employees' end of service benefits	15.2	2,808	2,947
Impairment (reversal) / charge on assets held for sale	9	(890)	304
Charge of expected credit loss allowance – net	7.6	243,919	15,567
Commission income from Islamic financing receivables		(339,465)	(362,559)
Commission expense on lease liabilities	11.1	26	9
Commission expense on Islamic bank financing and bank charges	21	42,966	46,240
		<u>(165,531)</u>	<u>(140,226)</u>
<b>Changes in operating assets and liabilities</b>			
Islamic financing receivables – net		(79,655)	21,172
Prepayments and other assets		(2,900)	26,657
Accruals and other liabilities		17,064	5,173
Other balances with banks		(5,311)	(2,917)
		<u>(236,333)</u>	<u>(90,141)</u>
Commission income received		258,574	333,277
Proceeds from disposal of assets held for sale		2,450	-
Employees' end of service benefits paid	15.1	(2,037)	(2,557)
Zakat paid	14.1	(17,606)	(17,281)
Commission expense on Islamic bank financing and bank charges paid		(44,375)	(46,920)
<b>Net cash (used in) / generated from operating activities</b>		<u>(39,327)</u>	<u>176,378</u>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	10	(4,001)	(4,680)
Acquisition of property and equipment	11	(250)	(885)
Proceeds from disposal of property and equipment		-	3,000
<b>Net cash used in investing activities</b>		<u>(4,251)</u>	<u>(2,565)</u>
<b>Cash flows from financing activities</b>			
Proceeds from Islamic bank financing	13.1	723,000	170,000
Repayment of Islamic bank financing	13.1	(361,033)	(318,288)
Purchase of treasury shares	19	(43,374)	-
Dividend paid		(99,282)	-
Payment of lease liabilities	11.1	(500)	(344)
<b>Net cash generated / (used in) from financing activities</b>		<u>218,811</u>	<u>(148,632)</u>
<b>Net change in cash and cash equivalents</b>		<u>175,233</u>	<u>25,181</u>
Cash and cash equivalents at the beginning of the year	5	<u>86,476</u>	<u>61,295</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<u>261,709</u>	<u>86,476</u>
<b>Supplemental non-cash information:</b>			
Right of use asset	11.1	<u>580</u>	<u>386</u>
Lease liabilities	11.1	<u>580</u>	<u>386</u>

The accompanying notes 1 through 32 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman of  
Board of Directors

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**1. GENERAL INFORMATION**

Nayifat Finance Company (the “Company”) is a Saudi joint stock company under Commercial Registration (“CR”) number 1010176451 issued in Riyadh on 9 Jumad al-Thani 1431 H (corresponding to 23 May 2010). The Company is licensed to operate under The Saudi Central Bank (“SAMA”) having license no. 5/AS/201312 expiring on 25 Safar 1450H (corresponding to 18 July 2028). The Company is authorized to provide lease finance, consumer finance, small and medium enterprise finance, debt crowdfunding and credit cards finance in the Kingdom of Saudi Arabia.

The Company’s registered office is located in Riyadh at the following address:

Nayifat Finance Company  
7633 Al Ulaya – Al Woroud Dist.  
Unit No. 1555  
Riyadh 12253 - 2105  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (“IFRS Accounting 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”) and in compliance with the applicable requirements of the Regulations for Companies and the Company’s By-laws.

**b) Basis of measurement and presentation**

These financial statements have been prepared on a going concern basis under the historical cost convention, except as disclosed in the notes to these financial statements.

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

**c) Going concern**

In making the going concern assessment, the Company has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc.

**d) Functional and presentation currency**

These financial statements are presented in Saudi Riyals (SR), which is the Company’s functional currency. Except as otherwise indicated, financial information presented in SR has been rounded off to the nearest thousand.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**3.1 Change in accounting policies**

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024.

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**3.2 Standards, interpretations and amendments effective**

Following standards, interpretations and amendments are effective from the current year and are adopted by the Company. The Company has assessed that these amendments have no significant impact on the Company's financial statements.

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

**3.3 Standards, interpretations, and amendments not yet effective**

The International Accounting Standard Board (IASB) has issued the following accounting standards, interpretation and amendments, which become effective from periods starting on or after 1 January 2025. The Company has opted not to early adopt these pronouncements.

<b><u>Standards, interpretations &amp; amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
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
Annual improvements to IFRS Accounting – 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

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**3.3 Standards, interpretations, and amendments not yet effective (continued)**

<b><u>Standards, interpretations &amp; amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
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

The management of the Company is currently evaluating the impact of the adoption of these standards on the financial statements.

**3.4 Cash and cash equivalents**

Cash and cash equivalents comprise of unrestricted balances held with banks that are used by the Company to meet its short-term commitments. These are carried at amortized cost in the statement of financial position.

**3.5 Islamic financing receivables (IFRs)**

The Company initially recognizes IFRs when, and only when, the entity becomes party to the contractual provisions of the instrument. IFRs are measured initially at fair value including directly attributable transaction costs which is generally the transaction price and subsequently at their amortized cost. IFRs are offered under the following Shariah compliant mode:

**Tawarruq**

It is a contract whereby the Company sells a commodity (Deferred Sale of Commodity “Tawarruq”) to its customer on a deferred payment basis. The customer sells the same commodity to a third party at market price to obtain cash.

**3.6 Assets held for sale**

The Company, in the ordinary course of business, acquires certain real estate assets against settlement of SME Islamic financing receivables due from customers. Such real estate assets are considered as assets held for sale and are initially recognized at carrying amount of financing due from customers. No depreciation is charged on such assets.

Subsequent to initial recognition, these are re-measured at the lower of net realizable value of due financing and the fair value of the related properties, less any costs to sell (if material) and any subsequent write down to fair value, less costs to sell, are charged to the statement of comprehensive income. Any subsequent revaluation gains in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognised in the statement of comprehensive income. Gains or losses on disposal are recognised in the statement of comprehensive income.

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**3.7 Intangible assets**

Recognition and measurement

Intangible assets acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditures on intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the statement of comprehensive income as it is incurred.

Amortization

Intangible assets are amortized on a straight-line basis in the statement of comprehensive income over their estimated useful lives which ranges from three to seven years, from the date on which it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if considered appropriate.

**3.8 Property and equipment**

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized within other income in statement of comprehensive income.

Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits of the expenditures will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of the items of property and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognized in the statement of comprehensive income. Land is not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Leasehold land is not depreciated.

The estimated useful lives of property and equipment for the current and comparative years are as follows:

Building and freehold improvements	3 to 10 years
Leasehold improvements	5 years or period of lease whichever is lesser
Furniture and office equipment	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if considered appropriate.

**3.9 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

**3.10 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any indication exists, or when periodic impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**3.10 Impairment of non-financial assets (continued)**

asset. In determining an asset's fair value less costs to sell, an appropriate valuation model is used. These model calculations are corroborated by valuation multiples, or other available fair value indicators.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent of the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset or the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income in the statement of comprehensive income.

**3.11 End of service benefits**

Employee termination benefits are payable as a lump sum to all employees, under the terms and conditions of Saudi labor laws applicable on the Company, on termination of their employment contracts. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the Kingdom of Saudi Arabia.

The calculation of the obligation is performed using the projected unit credit method to make a reliable estimate of the ultimate cost to the Company of the benefit payable to employees.

**3.12 Revenue / expenses recognition**

Special commission income is recognized to the extent that it is probable that economic benefits will flow to the Company, and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Special commission income and commission expense are recognized in the statement of comprehensive income using the effective commission rate method. The 'effective commission rate' is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective commission rate for financial instruments other than purchase or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but excluding expected credit losses. For purchase or originated credit-impaired financial assets, a credit adjusted effective commission rate is calculated using estimated future cash flows including expected credit loss ("ECL") allowance.

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

**Measurement of amortized cost and special commission 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 commission rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any ECL allowance.

The effective commission rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating special commission income and commission expense, the effective commission 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. The effective commission rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market commission rates.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**3.12 Revenue / expenses recognition (continued)**

**Measurement of amortized cost and special commission income (continued)**

For financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the credit-adjusted effective commission rate to the amortized cost of the financial asset. The calculation of commission income does not revert to a gross basis, even if the credit risk of the asset improves.

**Fee income and expenses**

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

Other fee income / expense is generally recognized as the related services are performed / received.

**3.13 Financial assets and financial liabilities**

*a) Recognition and initial measurement*

The Company initially recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

*b) Classification of financial assets*

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

*Financial assets at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated 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 commission on the principal amount outstanding.

*Financial assets at FVOCI*

*Financing instruments*

A financing instrument is measured at FVOCI only if it meets both of the following conditions and is not designated 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 commission on the principal amount outstanding.

*Equity investments*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

*Financial assets at FVTPL*

All other financial assets are classified as measured at FVTPL.

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

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

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

**Business model assessment**

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

- 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 commission revenue, maintaining a particular commission 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 Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for 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 the 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 Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is also based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company 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 in the future.

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

The Company's IFR portfolio comprises of financing to customers that are held for collecting contractual cash flows.

**Assessments whether contractual cash flows are solely payments of principal and commission ('SPPC')**

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

In assessing whether the contractual cash flows are solely payments of principal and commission, the Company 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 Company considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company'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 commission rates.

Equity instruments have contractual cash flows that do not meet the SPPC criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

The Company's IFR portfolio comprises financing to customers under Tawarruq in compliance with Shariah rules and cash flows comprise of commission income at a fixed rate determined at disbursement and principal re-payments and accordingly the contractual cash flows meet the SPPC criteria.

Reclassification

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

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

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

*c) Classification of financial liabilities*

The Company classifies its financial liabilities at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective commission rate.

All Islamic bank financing and other financial liabilities are initially recognized at fair value less transaction costs. Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss.

*d) Derecognition of financial assets*

The Company 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 Company 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 the statement of comprehensive income.

In transactions in which the Company 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 Company 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.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated at FVOCI is not recognized in the statement of comprehensive income on derecognition of such securities. Cumulative gains and losses recognized in OCI in respect of such equity investment securities are transferred to retained earnings on disposal. Any commission in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability.

*e) Derecognition of financial liabilities*

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

*f) Modification of financial assets*

If the terms of a financial asset are modified, the Company 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 contractual 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 Company 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 the statement of comprehensive income. If such a modification is carried out because of financial difficulties of the customer, then the gain or loss is presented together with impairment losses. In other cases, it is presented as commission income.

*g) Modification of financial liabilities*

The Company 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

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

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

*g) Modification of financial liabilities (continued)*

extinguished and the new financial liability with modified terms is recognized in the statement of comprehensive income.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective commission rate and the resulting gain or loss is recognised in the statement of comprehensive income

*h) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and the Company intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

*i) Impairment*

The Company recognizes ECL allowance on IFRs. The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured equal to a 12-month ECL:

- Financing investment securities that are determined to have low credit risk at the reporting date; and
- Other financial assets on which credit risk has not increased significantly since their initial recognition.

12-month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within the 12 months after the reporting date. Financial assets, for which 12-month ECL is recognised, are referred to as 'Stage 1' financial instruments. Financial assets allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL is the ECL that results from all possible default events over the expected life of the financial asset or the maximum contractual period of exposure. Financial assets for which lifetime ECL is recognised but that are not credit-impaired are referred to as 'Stage 2' financial assets. Financial assets allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial assets for which the lifetime ECL is recognised and that are credit-impaired are referred to as 'Stage 3' financial assets.

***Measurement of ECL***

ECL is a probability-weighted estimate of credit losses. ECL is 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 Company expects to receive).
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

- Probability of Default ("PD"),
- Loss Given Default ("LGD"), and
- Exposure at Default ("EAD").

To evaluate a range of possible outcomes, the Company formulates various scenarios. For each scenario, the Company derives an ECL and applies a probability weighted approach to determine the impairment allowance in accordance with the applicable accounting standards requirements.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

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

*i) Impairment (continued)*

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information.

***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 customer, then an assessment is made of whether the financial asset should be derecognized and ECL is 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 commission rate of the existing financial asset.

***Credit-impaired Islamic financing receivables***

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired (Stage 3 financial assets). 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 customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a receivable by the Company on terms that the Company would not consider otherwise; or
- it becomes probable that the customer will enter bankruptcy or other financial reorganization.

A contract that has been renegotiated due to deterioration in the customer'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 default. In addition, a receivable that is overdue for 90 days or more is considered credit-impaired (in default).

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

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

***Write-off***

The Company writes off financing receivables (either partially or in full) when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

***Collateral valuation***

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as real estate properties, Kafalah guarantees and personal guarantees.

Collateral, unless repossessed, is not recorded on the Company's 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.

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

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**3.14 Right of use assets / Lease liabilities**

On initial recognition, at inception of the contract, the Company 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.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Right of use assets**

The Company applies a cost model, and measures right of use (RoU) asset at cost less accumulated depreciation and accumulated impairment losses, if any which is adjusted for any re-measurement of the lease liability and lease modifications.

The RoU 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 RoU assets are determined on the same basis as those of property and equipment.

**Lease liabilities**

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the commission rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental financing rate. Generally, the Company uses its incremental financing rate as the discount rate. After the commencement date, the Company measures the lease liability by:

1. Increasing the carrying amount to reflect commission 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.

The lease liability is measured at amortised cost using the effective commission rate method. It is re-measured 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the RoU asset or is recorded in statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**3.15 Zakat**

The Company is subject to Zakat in compliance with Zakat regulations and its By-laws and related rules issued by the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of comprehensive income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Company'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) ECL allowance on Islamic financing receivables (note 3.13 (i), note 7 and note 28)*

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 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 loss allowances.

The Company's ECL allowance 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 involve considerable judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PD, LGD and EAD; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The measurement of ECL under IFRS 9 requires significant management judgement, particularly in determining LGD, the application of management overlays, and the timing of write-off for defaulted exposures.

During the year ended 31 December 2025, the company reassessed the write-off point for the personal Islamic Financing Receivables (IFRs) considering the outcome of an independent ECL model validation exercise. Based on the assessment and the observed recovery patterns, collection strategies, alignment with SAMA write off regulation requirement, market practices within KSA, and benchmarking against industry peers, the write-off point of 450 days past due (DPD) more appropriately reflects the expected recovery profile of the portfolio. Furthermore, applied adjustments to model-derived ECL to address model limitations and risks not fully captured in the underlying models, including the absence of point-in-time LGD adjustments, exclusion of recovery costs, and constraints in incorporating certain forward-looking macroeconomic factors.

As a result, the Company recognized an increase in impairment charge for personal IFRs of SR 104.32 million in statement of comprehensive income for the year ended 31 December 2025. The change resulted in a corresponding increase in the loss allowance as at the reporting date. In accordance with IAS 8, the change has been accounted for prospectively. The effect on future periods will be recognized in the period in which it arises.

For the SME IFRs, management differentiates exposures based on collateral type, including guarantees and real estate or other tangible collateral, and applies risk-based LGD and PD assumptions across defined delinquency buckets. For highly delinquent exposures, enhanced LGD assumptions and discounted cash flow techniques incorporating expected collateral recoveries are applied. These judgments formed the basis for estimating expected recoveries and determining the corresponding LGD assumptions.

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

(i) ECL allowance on Islamic financing receivables (note 3.13 (i), note 7 and note 28) (continued)

Management believes these estimates and judgements are reasonable, supportable, and consistent with IFRS 9 requirements. Actual outcomes may differ due to changes in economic conditions, borrower behavior, or collection effectiveness.

(ii) Present value of employees' end of service benefits (note 3.11 and note 15)

(iii) Classification and fair value of assets held for sale (note 3.6 and note 9)

**5. CASH AND CASH EQUIVALENTS**

	<i>Note</i>	As at 31 December	
		2025	2024
Cash at bank	5.1	161,709	86,476
Short-term placement	5.2	100,000	-
		261,709	86,476

5.1 This represents current accounts maintained with local banks.

5.2 This represents short-term placement with a local bank having original maturity of one month. This placement carries profit rate of 4.7% per annum with maturity up till 25 January 2026.

**6. OHER BALANCES WITH BANKS**

	As at 31 December	
	2025	2024
Margin deposits (restricted) - note (6.1)	11,244	5,933

6.1 This represents non-profit bearing margin deposits held with local banks against financing facilities obtained and the tenor of these deposits is in line with the maturity of the underlying financing facilities.

**7. ISLAMIC FINANCING RECEIVABLES – NET**

The business activities of the Company are in the Kingdom of Saudi Arabia and primarily represent Tawarruq financing and Islamic credit cards.

7.1 **The breakup of Islamic financing receivables is as follows:**

**31 December 2025**

	Personal	SME	Islamic credit cards	Total
Performing	1,393,687	293,018	29,051	1,715,756
Non-performing	141,248	114,874	2,677	258,799
<b>Gross receivables</b>	1,534,935	407,892	31,728	1,974,555
ECL allowance	(140,205)	(49,008)	(3,661)	(192,874)
<b>Net receivables</b>	1,394,730	358,884	28,067	1,781,681

**31 December 2024**

	Personal	SME	Islamic credit cards	Total
Performing	1,252,450	305,710	24,408	1,582,568
Non-performing	288,763	125,957	2,818	417,538
<b>Gross receivables</b>	1,541,213	431,667	27,226	2,000,106
ECL allowance	(116,637)	(15,823)	(2,592)	(135,052)
<b>Net receivables</b>	1,424,576	415,844	24,634	1,865,054

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**7 ISLAMIC FINANCING RECEIVABLES – NET (continued)**

**7.2 Reconciliation of gross to net Islamic financing receivables**

**31 December 2025**

	Personal	SME	Islamic credit cards	Total
Gross receivables	2,151,149	510,571	31,728	2,693,448
Unearned commission income	(616,214)	(102,679)	-	(718,893)
	<b>1,534,935</b>	<b>407,892</b>	<b>31,728</b>	<b>1,974,555</b>
ECL allowance	(140,205)	(49,008)	(3,661)	(192,874)
<b>Net receivables</b>	<b>1,394,730</b>	<b>358,884</b>	<b>28,067</b>	<b>1,781,681</b>

**31 December 2024**

	Personal	SME	Islamic credit cards	Total
Gross receivables	2,202,927	541,065	27,226	2,771,218
Unearned commission income	(661,714)	(109,398)	-	(771,112)
	1,541,213	431,667	27,226	2,000,106
ECL allowance	(116,637)	(15,823)	(2,592)	(135,052)
<b>Net receivables</b>	<b>1,424,576</b>	<b>415,844</b>	<b>24,634</b>	<b>1,865,054</b>

**7.3 Stage-wise analysis of Islamic financing receivables**

**31 December 2025**

	Personal	SME	Islamic credit cards	Total
Stage 1	1,242,361	237,472	27,571	1,507,404
Stage 2	151,326	55,546	1,480	208,352
Stage 3	141,248	114,874	2,677	258,799
	<b>1,534,935</b>	<b>407,892</b>	<b>31,728</b>	<b>1,974,555</b>
ECL allowance	(140,205)	(49,008)	(3,661)	(192,874)
<b>Net receivables</b>	<b>1,394,730</b>	<b>358,884</b>	<b>28,067</b>	<b>1,781,681</b>

**31 December 2024**

	Personal	SME	Islamic credit cards	Total
Stage 1	1,015,710	146,302	22,030	1,184,042
Stage 2	236,740	159,408	2,378	398,526
Stage 3	288,763	125,957	2,818	417,538
	1,541,213	431,667	27,226	2,000,106
ECL allowance	(116,637)	(15,823)	(2,592)	(135,052)
<b>Net receivables</b>	<b>1,424,576</b>	<b>415,844</b>	<b>24,634</b>	<b>1,865,054</b>

As at 31 December 2025, stage 3 exposures include certain contracts amounting to SR 29.68 million (31 December 2024: SR 63.92 million) which are currently undergoing a curing period.

Although these contracts remain classified as stage 3, they are currently within the curing period as per the Company's internal credit risk management policies and regulatory guidelines. During this period, the contracts are monitored to ensure sustained performance before they can be reclassified to a lower-risk stage. This classification does not necessarily indicate a permanent credit impairment but reflects the structured curing process required before transitioning to a lower-risk category.

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**7 ISLAMIC FINANCING RECEIVABLES – NET (continued)**

**7.4 Reconciliation of gross Islamic financing receivables**

Movement in gross Islamic financing receivables is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balances as at 1 January 2025	1,184,042	398,526	417,538	2,000,106
Transfer from stage 1	(118,835)	74,482	44,353	-
Transfer from stage 2	136,459	(241,220)	104,761	-
Transfer from stage 3	21,544	10,902	(32,446)	-
Net other movements*	284,194	(34,338)	(42,431)	207,425
	323,362	(190,174)	74,237	207,425
Written off during the year	-	-	(232,976)	(232,976)
<b>Balances as at 31 December 2025</b>	<b>1,507,404</b>	<b>208,352</b>	<b>258,799</b>	<b>1,974,555</b>

	Stage 1	Stage 2	Stage 3	Total
Balances as at 1 January 2024	1,342,362	290,230	362,201	1,994,793
Transfer from stage 1	(374,389)	257,340	117,049	-
Transfer from stage 2	57,370	(137,565)	80,195	-
Transfer from stage 3	3,347	1,690	(5,037)	-
Net other movements*	155,352	(13,169)	(83,943)	58,240
	(158,320)	108,296	108,264	58,240
Written off during the year	-	-	(52,927)	(52,927)
<b>Balances as at 31 December 2024</b>	<b>1,184,042</b>	<b>398,526</b>	<b>417,538</b>	<b>2,000,106</b>

\*net other movements include financing originated, financing repaid and other measurements.

**7.5 Movement in ECL allowance of Islamic financing receivables**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	9,411	15,031	110,610	135,052
Transfer from stage 1	(1,613)	929	684	-
Transfer from stage 2	2,638	(7,798)	5,160	-
Transfer from stage 3	4,385	3,648	(8,033)	-
Financial assets settled	(2,074)	(3,091)	(19,485)	(24,650)
New financial assets originated	3,543	-	-	3,543
Net re-measurement of loss allowance	5,103	15,650	291,152	311,905
	11,982	9,338	269,478	290,798
Written off during the year	-	-	(232,976)	(232,976)
<b>ECL allowance as at 31 December 2025</b>	<b>21,393</b>	<b>24,369</b>	<b>147,112</b>	<b>192,874</b>

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	12,141	24,674	85,467	122,282
Transfer from stage 1	(12,802)	5,811	6,991	-
Transfer from stage 2	4,294	(12,892)	8,598	-
Transfer from stage 3	716	544	(1,260)	-
Financial assets settled	(2,860)	(5,662)	(17,375)	(25,897)
New financial assets originated	25,141	-	-	25,141
Net re-measurement of loss allowance	(17,219)	2,556	81,116	66,453
	(2,730)	(9,643)	78,070	65,697
Written off during the year	-	-	(52,927)	(52,927)
<b>ECL allowance as at 31 December 2024</b>	<b>9,411</b>	<b>15,031</b>	<b>110,610</b>	<b>135,052</b>

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**7 ISLAMIC FINANCING RECEIVABLES – NET (continued)**

**7.6 Charge of ECL allowance – net**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
Provision for ECL allowance – net of reversal	<b>(290,798)</b>	(65,697)
Recoveries against receivables previously written off	<b>46,879</b>	50,130
Charge of ECL allowance – net	<b><u>(243,919)</u></b>	<b><u>(15,567)</u></b>

**7.7 Collaterals**

The Company in the ordinary course of financing activities holds collateral as security to mitigate credit risk in the Islamic finance financing receivables. This collateral mostly includes real estate properties, Kafalah guarantees and personal guarantees. The real estate properties and Kafalah guarantees are held against SME Islamic financing receivables and are managed against relevant exposures subject to annual revaluation as per the Company's policy. The collateral held as security is needed to the extent that such collateral mitigates credit risk. As of 31 December 2025, the fair value of collateral held against those Islamic financing receivables amount to SR 1,131 million (2024: SR 1,065 million).

The carrying amount of credit-impaired personal Islamic financing receivables is fully covered through individual guarantee undertakings. The amounts of collateral held as security for credit-impaired SME Islamic financing receivables, categorized by the collateral value-to-receivables ratio, are as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
51-70%	<b>13,547</b>	12,635
More than 70%	<b>101,327</b>	113,322
<b>Total</b>	<b><u>114,874</u></b>	<b><u>125,957</u></b>

**7.8 Assignment of Islamic financing receivables**

The Company assigned Islamic financing receivables amounting to SR 1.03 billion (31 December 2024: SR 0.60 billion) to local commercial banks for obtaining Islamic bank financing. The carrying amount of associated Islamic bank financing amounts to SR 0.84 billion (31 December 2024: SR 0.48 billion).

These Islamic financing receivables have not been derecognized from the statement of financial position as the Company retains substantially all the related risks and rewards, primarily credit risk. The Company is liable for the repayments of their assigned receivables to local commercial banks in case of customer default. The amount received on assignment of Islamic financing receivables has been recognized as Islamic bank financing in the statement of financial position.

Pursuant to the terms of the transfer agreement, the Company is not allowed to re-pledge those receivables and the financial institution lenders have recourse only to the receivables in the event the Company defaults its obligation.

**7.9 Amounts written off still subject to legal enforcement activity**

As at 31 December 2025, Islamic financing receivables written off still subject to legal enforcement activity is SR 370 million (31 December 2024: SR 190 million).

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**8. PREPAYMENTS AND OTHER ASSETS**

	<i>Notes</i>	<b>As at 31 December</b>	
		<b>2025</b>	<b>2024</b>
Advance for commodity Tawarruq transactions	25.2	35,920	36,425
Advances and prepayments		7,360	9,668
Other receivables	8.1	10,183	4,470
		<b>53,463</b>	<b>50,563</b>

- 8.1** As at 31 December 2025, other receivables include USD 1 million cash collateral (equivalent to SR 3.77 million) placed during the year and is maintained with Visa International Service Association as security for the Company's credit card facility.

**9 ASSETS HELD FOR SALE**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
Repossessed assets – real estate properties	<b>16,802</b>	<b>17,885</b>

These represent 5 properties (31 December 2024: 7 properties) in the Kingdom of Saudi Arabia which were repossessed by the Company against settlement of SME Islamic finance receivables.

The fair value of these properties was determined by independent valuer which is accredited by the Saudi Authority for Accredited Valuers (TAQEEM). The valuer has assumed that the surrounding sales and offers prices to rely upon to determine the market value. The valuation of these properties is assessed on market value using the comparable approach. The cumulative fair value (level 3 hierarchy) of these properties on 31 December 2025 is SR 28.8 million (31 December 2024: SR 39.6 million). Management is continuously monitoring the progress of the sale of properties at best price.

The carrying amount of assets held for sale is analyzed as follows:

	<b>2025</b>	<b>2024</b>
Carrying value as at 1 January	17,885	18,189
Impairment reversal / (charge) for the year	890	(304)
Carrying value of properties sold during the year	(1,973)	-
Carrying value as at 31 December	<b>16,802</b>	<b>17,885</b>

**10 INTANGIBLE ASSETS**

Intangible assets include the Company's core and other office related software's.

	<b>2025</b>	<b>2024</b>
<b>Cost:</b>		
As at 1 January	47,431	42,751
Additions during the year	4,001	4,680
As at 31 December	<b>51,432</b>	<b>47,431</b>
<b>Accumulated amortization:</b>		
As at 1 January	39,107	31,051
Charge for the year	3,987	8,056
As at 31 December	<b>43,094</b>	<b>39,107</b>
Net book value as at 31 December	<b>8,338</b>	<b>8,324</b>

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**11 PROPERTY AND EQUIPMENT**

	<b>Freehold land</b>	<b>Building and freehold improvements (* Note 11.1)</b>	<b>Leasehold improvements</b>	<b>Furniture and office equipment</b>	<b>Total</b>
<b>2025</b>					
<b>Cost</b>					
As at 1 January	27,035	7,526	10,881	21,563	67,005
Additions during the year	-	580	-	250	830
As at 31 December	<u>27,035</u>	<u>8,106</u>	<u>10,881</u>	<u>21,813</u>	<u>67,835</u>
<b>Accumulated depreciation</b>					
As at 1 January	-	7,108	10,131	19,971	37,210
Charge for the year	-	515	383	806	1,704
As at 31 December	-	<u>7,623</u>	<u>10,514</u>	<u>20,777</u>	<u>38,914</u>
Net book value as at 31 December	<u>27,035</u>	<u>483</u>	<u>367</u>	<u>1,036</u>	<u>28,921</u>
<b>2024</b>					
<b>Cost</b>					
As at 1 January	27,963	7,140	10,881	20,678	66,662
Additions during the year	-	386	-	885	1,271
Disposal during the year	(928)	-	-	-	(928)
As at 31 December	<u>27,035</u>	<u>7,526</u>	<u>10,881</u>	<u>21,563</u>	<u>67,005</u>
<b>Accumulated depreciation</b>					
As at 1 January	-	6,594	9,580	18,740	34,914
Charge for the year	-	514	551	1,231	2,296
As at 31 December	-	<u>7,108</u>	<u>10,131</u>	<u>19,971</u>	<u>37,210</u>
Net book value as at 31 December	<u>27,035</u>	<u>418</u>	<u>750</u>	<u>1,592</u>	<u>29,795</u>

**11.1** This includes the carrying amount of right-of-use assets i.e., certain branch premises on lease. The movement in right-of-use assets and corresponding lease liabilities for the years ended 31 December is as follows:

	<i>Notes</i>	<b>2025</b>	<b>2024</b>
<b>Right of use assets</b>			
As at 1 January		306	313
Additions		580	386
Depreciation charge for the year		<u>(506)</u>	<u>(393)</u>
As at 31 December		<u>380</u>	<u>306</u>
<b>Lease liabilities</b>			
As at 1 January		195	144
Additions		580	386
Commission expense		26	9
Payments made during the year		<u>(500)</u>	<u>(344)</u>
As at 31 December	13	<u>301</u>	<u>195</u>

**11.2** The statement of comprehensive income includes the following amounts related to leases:

	<i>Notes</i>	<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
Depreciation charge on right of use assets	11.1	506	393
Rent expense on short-term leases	23	6,893	6,910
Commission expense for leases	11.1	26	9

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**12 ACCRUALS AND OTHER PAYABLES**

	<i>Note</i>	<b>As at 31 December</b>	
		<b><u>2025</u></b>	<b><u>2024</u></b>
Accrued expenses		<b>23,262</b>	19,302
Accrued employees' costs		<b>14,219</b>	10,898
Board remuneration payable		<b>1,317</b>	2,057
Payable to suppliers		<b>5,481</b>	3,843
Others	<i>12.1</i>	<b><u>21,135</u></b>	<u>72,250</u>
		<b><u>65,414</u></b>	<u>108,350</u>

- 12.1** As at 31 December 2025, others includes SR 5.1 million (31 December 2024: SR Nil) provision recorded in respect of legal claims currently under consideration. The amount reflects management's assessment of the expected obligation arising from these proceedings. Further, dividend payable as of 31 December 2025 is SR Nil (31 December 2024: SR 60 million).

**13 ISLAMIC BANK FINANCING AND OTHER LIABILITIES**

	<i>Notes</i>	<b>As at 31 December</b>	
		<b><u>2025</u></b>	<b><u>2024</u></b>
Islamic bank financing	<i>13.1</i>	<b>836,208</b>	475,359
Lease liabilities	<i>11.1</i>	<b>301</b>	195
Accrued bank charges		<b>54</b>	345
		<b><u>836,563</u></b>	<u>475,899</u>

- 13.1** The break-up of Islamic bank financing is as follows:

	<b>As at 31 December</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Due within 12 months	<b>288,440</b>	203,821
Due after 12 months	<b>547,768</b>	271,538
	<b><u>836,208</u></b>	<u>475,359</u>

The Company has long-term Islamic financing limits amounting to SR 1.79 billion (31 December 2024: SR 1.86 billion) with local banks to finance current and long-term funding needs of which SR 0.84 billion was utilized as of 31 December 2025 (31 December 2024: SR 0.48 billion). These financing facilities are repayable in three to five years in monthly, quarterly or bi-annual instalments. The commission rates on the financing availed range from 1 month / 3 months / 6 months SAIBOR along with margin of 1.15% to 1.75%.

As at 31 December 2025, the balance of Islamic bank financing includes accrued commission expense of SR 2.79 million (31 December 2024: SR 2.71 million).

Under the terms of the financing arrangement, the Company adhered to covenants. The covenants are monitored by management at regular intervals and actions are taken by management to ensure compliance for any potential deviations.

The Company is required to maintain margin deposits (as disclosed in note 6). These deposits cannot be withdrawn or used by the Company for liquidity purposes whilst the financing amount is outstanding, the same amount can be offset against the financing in the event of default, though there is no intention of net settlement on part of the Company.

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**13 ISLAMIC BANK FINANCING AND OTHER LIABILITIES (continued)**

The movement in Islamic bank financing for the years ended 31 December is as follows:

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	475,359	624,317
Commission expense	38,534	41,002
Repayments:		
- Principal	(361,033)	(318,288)
- Commission	(39,652)	(41,672)
	(400,685)	(359,960)
Proceeds from further financing during the year	723,000	170,000
Balance as at 31 December	<u>836,208</u>	<u>475,359</u>

**14 PROVISION FOR ZAKAT**

**14.1 Movement in provision for Zakat for the years ended 31 December is as follows:**

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	18,490	18,021
Charge for the year	6,228	17,750
Payments made during the year	(17,606)	(17,281)
Balance as at 31 December	<u>7,112</u>	<u>18,490</u>

**14.2 Status of Zakat assessments**

- a) All due Zakat returns up till year-end 2024 have been duly filed. There have been no assessment orders received for years from 2020 and the assessment for 2021 and 2022 was finalized with no further Zakat liability.
- b) The Zakat return for the year 2025 will be filed in due course.

**15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS**

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

**15.1 The amounts recognized in the statement of financial position and movement in the provision for employees' end of service benefits during the years ended 31 December based on present value are as follows:**

	<u>2025</u>	<u>2024</u>
Provision for employees' end of service benefits as at 1 January	14,034	13,644
Current service costs	2,181	2,346
Commission expense	627	601
Actuarial gain	(525)	-
Benefits paid	(2,037)	(2,557)
Provision for employees' end of service benefits as at 31 December	<u>14,280</u>	<u>14,034</u>

**15.2 Charge for the year recognized in the statement of comprehensive income is as follows:**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<u>2025</u>	<u>2024</u>
Current service costs	2,181	2,346
Commission expense	627	601
	<u>2,808</u>	<u>2,947</u>

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**15. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)**

**15.3 Principal actuarial assumptions in respect of the provision for employees' end of service benefits:**

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
Discount rate (per annum)	<b>5.40%</b>	5.15%
Salary escalation rate (per annum)	<b>4.00%</b>	4.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region. The normal retirement age ranges between 58 and 65 years.

**15.4 Sensitivity of actuarial assumptions:**

The table below illustrates the sensitivity of the provision for employees' end of service benefits valuation as at 31 December 2025 and 2024 to the discount rate, salary escalation rate, mortality rate and withdrawal rate:

<b><u>2025</u></b>	<b>Impact on provision for employees' end of service benefits – increase / (decrease)</b>		
<u>Base scenario</u>	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	1%	<b>(13,145)</b>	<b>14,772</b>
Salary escalation rate	1%	<b>14,776</b>	<b>(13,128)</b>
Mortality rate	20%	<b>(13,911)</b>	<b>13,911</b>
Withdrawal rate	20%	<b>(13,654)</b>	<b>14,158</b>
<b><u>2024</u></b>	<b>Impact on provision for employees' end of service benefits – increase / (decrease)</b>		
<u>Base scenario</u>	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	1%	<b>(12,746)</b>	<b>14,391</b>
Salary escalation rate	1%	<b>14,392</b>	<b>(12,731)</b>
Mortality rate	20%	<b>(13,522)</b>	<b>13,523</b>
Withdrawal rate	20%	<b>(13,183)</b>	<b>13,877</b>

The above sensitivity analysis is based on a change in one assumption while keeping all other remaining assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the provision for employees' end of service benefits as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated. There is no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

**16. SHARE CAPITAL**

As at 31 December 2025 and 2024, the authorized, issued and fully paid-up share capital of the Company was SR 1,200 million divided into 120 million shares with a nominal value of SR 10 each.

**17. STATUTORY RESERVE**

In accordance with the Regulations for Companies in Saudi Arabia, the Company was required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of at least 10% of the annual net income until such reserve equals 30% of the Company's share capital. This reserve was not available for distribution. The revised regulation of Company law has removed Statutory Reserve requirement, however, it is at the discretion (as an option) of the Company through its By-laws to set aside reserve for specific purpose. Accordingly, the Company has updated its By-laws in prior year. The shareholders, at the Extra Ordinary General meeting held on 11 March 2025, approved the transfer of entire balance of the statutory reserve amounting to SAR 69.645 million to retained earnings.

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**18. GENERAL RESERVE**

In compliance with the By-laws of the Company, a general reserve of 10% of the net income shall be set aside, while the use and allocation of that reserve shall be determined by the Ordinary General Assembly upon the proposal of the Board of Directors. During the year, the Company has transferred SR Nil (2024: SR 13.11 million) to the General reserve.

**19. TREASURY SHARES**

During the year ended 31 December 2025, based on the approval from the Extraordinary General Assembly, the Company initiated a share buyback program to repurchase up to a maximum of 3.4 million shares, representing 2.83% of its total issued ordinary shares. As of 31 December 2025, the Company has repurchased 3.4 million shares with a value of SR 43.37 million.

**20. DIVIDEND**

The Board of Directors in their meeting held on 24 June 2025, declared dividend of SR 0.33 per share amounting to SR 39.28 million (2024: SR 0.50 per share amounting to SR 60 million).

**21. COMMISSION EXPENSE**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Commission expense on Islamic bank financing	<b>38,534</b>	41,002
Bank charges	<b>4,432</b>	5,238
	<b>42,966</b>	46,240

**22. SALARIES AND EMPLOYEES RELATED EXPENSES**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Salaries and related costs	<b>52,034</b>	49,363
Other employee related costs	<b>36,226</b>	34,610
Directors and Board Committees' attendance fees	<b>7,200</b>	7,211
	<b>95,460</b>	91,184

**23. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Legal and professional charges	<b>14,534</b>	7,846
Insurance	<b>5,982</b>	6,593
IT support charges	<b>14,611</b>	10,886
Marketing and advertisements	<b>3,848</b>	1,441
Utilities, telephone and communication	<b>5,938</b>	6,318
Repairs, maintenance and office supplies	<b>3,768</b>	5,130
Rentals relating to short-term leases	<b>6,893</b>	6,910
Auditors' remuneration – (note 23.1)	<b>1,140</b>	1,075
Impairment charge on assets held for sale	-	304
Others	<b>16,566</b>	6,648
	<b>73,280</b>	53,151

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**23 GENERAL AND ADMINISTRATIVE EXPENSES (continued)**

**23.1 Auditor's remuneration**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Fee for:		
Statutory audit	810	705
Interim reviews	225	195
Other services	105	175
	<b>1,140</b>	<b>1,075</b>

**24 EARNINGS PER SHARE**

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

	<b>As at 31 December</b>	
	<b>2025</b>	<b>2024</b>
Net (loss) / income for the year	(125,812)	131,071
Weighted average number of shares for basic and diluted EPS (in thousands)	118,815	120,000
Basic and diluted (loss) / earnings per share (in SR)	<b>(1.06)</b>	<b>1.09</b>

**25 RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company include its shareholders, the Board of Directors and key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms.

**25.1 Related party transactions during the year were as follows:**

<b>Related party</b>	<b>Nature of transactions</b>	<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
Key management personnel (KMPs) – (note 25.1.1)	Compensation for the year (short-term)	9,005	10,965
Directors and Board committees' members	Remuneration of directors and Board committee's members	7,200	7,211
AlBayouk Chartered Accountant Office – (note 25.1.2)	Zakat / VAT consultancy fees	357	300
Yaqeen Capital Company – (note 25.1.3)	Commodities Waqala transaction	505	810
	Treasury shares portfolio management fees	73	-
	Payment for purchase of Treasury shares	43,374	-
(Number of KMPs: 15 (2024: 15))	Employees' end of service benefits entitlement (post-employment benefit)	549	577
Falcom Holding Company	Dividend paid	47,813	-
Board of Directors	Dividend paid	98	-
Key management personnel	Dividend paid	139	-

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**25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**25.1.1** Key management personnel of the Company include Chief Executive Officer and his direct reports.

**25.1.2** AlBayouk Chartered Accountant Office was under the ownership of a member of the Board of Directors till 3 November 2025.

**25.1.3** Yaqeen Capital Company is an associate of the major shareholder, Falcom Holding Company, which is the ultimate controlling party. Yaqeen Capital Company acts as the agent of the Company for facilitating Tawarruq financing in relation to buying and selling of commodities. The Company has paid an advance to Yaqeen Capital for these transactions and the balance is receivable on demand. In addition, Yaqeen Capital Company is managing the treasury shares portfolio of the Company.

**25.2** Balances of related parties as at statement of financial position date were as follows:

<u>Related party</u>	<u>Nature of outstanding balance</u>	<u>As at 31 December</u>	
		<u>2025</u>	<u>2024</u>
		<u>Amount receivable / (payable)</u>	
Yaqeen Capital – (note 25.1.3)	Advance for commodity Tawarruq transactions – held on behalf of the Company	<b>35,920</b>	36,425
Directors and Board Committees members	Board remuneration payable	<b>(1,317)</b>	(2,057)
Key management personnel – (note 25.1.1)	EOSB payable	<b>(2,940)</b>	(3,036)
	Dividend payable	-	(84)
Falcom Holding Company	Dividend payable	-	(28,803)
Board of Directors	Dividend payable	-	(37)

**26 CONTINGENCIES AND COMMITMENTS**

***Contingencies***

The Company has certain legal cases pending in courts against it. However, based on management's best estimate no significant contingencies exist as at 31 December 2025 (31 December 2024: Nil).

***Capital commitments***

There are no significant capital commitments as at 31 December 2025 (31 December 2024: Nil).

***Short-term lease commitments***

Commitments for short-term leases as at 31 December 2025 amounted to SR 6.37 million (31 December 2024: SR 5.73 million). The Company's short-term leases commitments relate to branches and head office.

***Islamic Credit cards and SME related commitments***

Credit related commitments comprise irrevocable commitments to extend credit. Undrawn Islamic credit cards limit as at 31 December 2025 amounted to SR 30.42 million (31 December 2024: SR 9.78 million). SME related commitments as at 31 December 2025 amounted to SR 3.25 million (31 December 2024: SR 0.60 million). ECL allowance held against undrawn commitment is approximately SR 0.12 million (31 December 2024: SR 0.40 million).

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**27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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, the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. 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 fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**Valuation models**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

**Level 1:** inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

**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; and

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

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

**Fair value hierarchy of financial assets and liabilities**

All financial assets and liabilities which are carried at fair value are of an insignificant amount.

The fair value of Islamic financing receivables is classified as level 3 as per fair value hierarchy and has been determined using expected cash flows discounted at relevant current effective profit rate for respective segment. The fair value of Islamic financing receivables as at 31 December 2025 amounts to SR 1,963 million (31 December 2024: SR 1,929 million).

For all other financial assets and liabilities which are not measured at fair value, the Company has assessed that the carrying amount approximates their fair value due to their short-term nature and frequent re-pricing. Cash at banks and margin deposits have been classified as level 1 while all remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy and have been determined by using expected cash flows discounted at relevant current effective profit rate.

There were no transfers between fair value hierarchy levels during the current and prior year.

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**28. FINANCIAL RISK MANAGEMENT**

The Company's Board of Directors has overall responsibility for the establishment and supervision of the Company's risk management framework. The Board of Directors has established a Risk Management Committee to oversee the development and maintenance of risk management processes, policies, strategies, risk methodologies and reporting them to the Board of Directors. The Risk Management Committee oversees the Company's risks and reports to the Board.

In addition, the Audit Committee of the Company also reviews the internal audit risk assessment, discusses the Company's policy with respect to risk assessment and risk management. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

*i) Credit risk*

Credit risk is the risk that one of the parties to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk arises principally from Islamic financing receivables.

**Islamic financing receivables ("IFRs") – also see note 3.13 (i) and note 7**

IFRs are exposed to significant credit risk. The Company has established procedures to manage credit exposure including robust process regarding evaluation of credit worthiness which includes obtaining formal credit approvals, assigning risk-based credit limits, and obtaining collateral such as personal guarantees from consumer segment and real estate collateral and Kafalah guarantees from most SME & HNWI customers of at least 150% of the financing amount.

The assessment of credit worthiness includes the following key parameters:

- Credit scoring assessment as per the Company policy.
- Repayment capacity by analysing cash flows, bank statements, financial statement, income level and maximum financing burden of the customer.
- Repayment history with other financial institutions sourced from SIMAH.
- Collateral evaluation for secured financing.

Majority of the Company's customers are Government sector employees. To manage this concentration risk, customers are requested to provide standing instructions to credit Nayifat account by monthly installments due. In addition, customers also provide direct debit mandate as a stand-by repayment mode. The Company generally receives repayments through SADAD and bank transfers. The Company has an approved collection policy and procedure manual establishing a collection strategy to follow up with delinquent customers. In order to monitor exposure to credit risk, on a monthly basis, reports are produced by the Management Information System (MIS) department and are reviewed by the Risk and Credit Committee ("RCC") on a quarterly basis. These reports show the collection and delinquency status of the customers.

The Company has strengthened its legal department to be actively involved in the collection process of delinquent customers. The Company regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

The assessment of credit risk of IFRs also requires further estimations of credit risk using ECL which is derived by PD, LGD and EAD.

*Generating the term structure of PD*

PD for personal financing is calculated using an 'observed default rate' method which is based on the actual default history of the portfolio. To generate the term structure, obligors are classified into performing and non-performing categories over a time period which is based on days past due. An obligor is considered as non-performing (Stage 3) whose last instalment is past due by more than 90 days. The average ratio of the non-performing customers to performing customers for each segment based on income of the obligor provide the observed default rate for that segment. This is then converted to a forward-looking estimate by incorporating probability-weighted current forecasts of selected macroeconomic variables.

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**28 FINANCIAL RISK MANAGEMENT (continued)**

*i) Credit risk (continued)*

For credit cards, due to unavailability of extensive historical data, personal financing loss rates have been used as a proxy value. Similarly, due to unavailability of extensive historical data for SMEs and HNWIs, a proxy PD using industry classification of the customer is derived from latest Moody's publication.

Significant increase in credit risk (SICR)

In determining whether credit risk has increased significantly since initial recognition, the Company assesses past-due information.

Accordingly, based on instalment collection history, the management believes that a significant increase in credit risk arises only when the instalment is past due by more than 30 days. The management engages the recovery team for the purposes of collection of outstanding balance as the receivable is delinquent.

The Company groups its IFRs into stage 1, stage 2 and stage 3 as described below:

Stage 1: When IFRs are first recognized, the Company recognizes an allowance based on 12-month ECLs. Stage 1 IFRs also include facilities where the credit risk has improved, and the IFR has been reclassified from stage 2.

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

Stage 3: IFRs considered credit-impaired. The Company records an allowance for the lifetime ECL.

**Incorporation of forward-looking information**

The Company 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 allowance. The Company considers a variety of external actual and forecast information and 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. The base case represents the most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has used GDP growth rate and inflation rate as their key macroeconomic factors giving equal weightages to each. These macro-economic factors have been updated based on the latest available information from the IMF.

The Company has identified and documented aforementioned key drivers of credit risk and credit losses for the consumer portfolio and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Company has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

<u>Economic indicators</u>	<u>Weightage</u>	<u>Forecast calendar years used in 2024 ECL model (in percentage)</u>		
		<u>2026</u>	<u>2027</u>	<u>2028</u>
GDP growth rate	50%	3.98	3.25	3.33
Inflation rate	50%	2	2	2

The table below shows the change in economic indicators to the ECL computed under three different scenarios used by the Company.

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**28 FINANCIAL RISK MANAGEMENT (continued)**

*i) Credit risk (continued)*

<u>Scenarios</u>	<u>Weightage</u>	<u>2025</u>	<u>2024</u>
Base case	40%	84,859	134,203
Upside	30%	72,146	127,891
Downside	30%	104,960	143,345

The average credit losses of IFRs with more than 50,000 customers with shared risk characteristics is a reasonable estimate of the probability weighted amount. Further, the Company has also considered different scenarios with the different weightage and concluded that the current level of provision is sufficient to cover the related credit risk in accordance with the requirements of IFRS 9.

Measurement of ECL

The Company measures an ECL at an account level taking into account the PD, LGD, EAD and discount rate. PD estimates are estimated at a certain date, based on the term structures as stated above. LGD estimates for personal financing portfolio are derived from historical data of subsequent recoveries from defaulted facilities for each segment based on income of the obligors.

Due to lack of data for defaulted accounts and their subsequent recoveries for credit cards and unsecured portion of SME receivables, a proxy LGD rate for unsecured exposures is used. For SME customers, the portion of the IFRs secured against eligible collateral, a floor LG is considered after applying a haircut.

EAD represents the expected exposure in the event of a default. The Company derives EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD for personal financing and SME financing is its gross carrying amount while for credit cards, in addition to its gross carrying amount, a proxy rate for credit conversion factor is used. For discounting the Company has used each contract's effective commission rate.

Sensitivity of ECL allowance:

Changes in macro-economic factors, such that there is 10% increase in GDP with corresponding 10% decrease in inflation rates will result in SR 0.771 million decrease in ECL provision as at 31 December 2025. Likewise, changes in macro-economic factors, such that there is 10% decrease in GDP with corresponding 10% increase in inflation rates will result in SR 0.796 million increase in ECL provision as at 31 December 2025.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macro-economic factor remains the same will result SR 19 million increase or SR 19 million decrease in the ECL provision.

The Company's management believes that adequate provision has been made, where required to address the credit risk. Moreover, the Company in the ordinary course of providing finance receivables obtain additional personal guarantees for security to mitigate credit risk associated with IFR. For additional credit quality disclosure relating to IFR, please refer note 7 to these financial statements. The credit quality, based on curing adjusted days past due, of IFRs is further detailed below:

**Tawarruq –Personal financing**

<u>31 December 2025</u>	<u>Gross exposure</u>	<u>ECL allowance</u>	<u>Net exposure</u>
0 to 30 days	1,242,361	(17,557)	1,224,804
30 to 90 days	151,326	(22,031)	129,295
90 to 180 days	45,433	(23,867)	21,566
180 to 270 days	27,359	(20,017)	7,342
270 to 360 days	30,416	(24,332)	6,084
360 to 450 days	38,040	(32,401)	5,639
Total	<u>1,534,935</u>	<u>(140,205)</u>	<u>1,394,730</u>

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**28 FINANCIAL RISK MANAGEMENT (continued)**

*i) Credit risk (continued)*

<u>31 December 2024</u>	<u>Gross exposure</u>	<u>ECL allowance</u>	<u>Net exposure</u>
0 to 30 days	1,015,710	(8,441)	1,007,269
30 to 90 days	236,740	(14,353)	222,387
90 to 180 days	69,152	(23,137)	46,015
180 to 270 days	33,361	(11,162)	22,199
270 to 360 days	30,130	(10,081)	20,049
360 to 450 days	31,748	(10,622)	21,126
450 to 540 days	30,417	(10,177)	20,240
540 to 630 days	35,559	(11,898)	23,661
630 days & above	58,396	(16,766)	41,630
Total	<u>1,541,213</u>	<u>(116,637)</u>	<u>1,424,576</u>

**Tawarruq –SME**

<u>31 December 2025</u>	<u>Gross exposure</u>	<u>ECL allowance</u>	<u>Net exposure</u>
0 to 30 days	237,472	(1,918)	235,554
30 to 90 days	55,546	(1,298)	54,248
90 to 180 days	10,891	(1,743)	9,148
180 to 270 days	18,812	(1,820)	16,992
270 to 360 days	36,956	(14,728)	22,228
360 to 450 days	9,457	(4,746)	4,711
450 to 540 days	7,497	(3,659)	3,838
540 to 630 days	-	-	-
630 days & above	31,261	(19,096)	12,165
Total	<u>407,892</u>	<u>(49,008)</u>	<u>358,884</u>

**Tawarruq –SME**

<u>31 December 2024</u>	<u>Gross exposure</u>	<u>ECL allowance</u>	<u>Net exposure</u>
0 to 30 days	146,302	(689)	145,613
30 to 90 days	159,408	(447)	158,961
90 to 180 days	26,691	(588)	26,103
180 to 270 days	4,957	(441)	4,516
270 to 360 days	880	(59)	821
360 to 450 days	20,205	(1,052)	19,153
450 to 540 days	-	-	-
540 to 630 days	554	(28)	526
630 days & above	72,670	(12,519)	60,151
Total	<u>431,667</u>	<u>(15,823)</u>	<u>415,844</u>

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**28 FINANCIAL RISK MANAGEMENT (continued)**

*i) Credit risk (continued)*

**Islamic credit cards**

	<b>Gross exposure</b>	<b>ECL allowance</b>	<b>Net exposure</b>
<b><u>31 December 2025</u></b>			
0 to 30 days	27,571	(1,155)	26,416
30 to 90 days	1,480	(406)	1,074
90 to 180 days	964	(424)	540
180 to 270 days	933	(912)	21
270 to 360 days	587	(574)	13
360 to 450 days	193	(190)	3
<b>Total</b>	<b>31,728</b>	<b>(3,661)</b>	<b>28,067</b>
	<b>Gross exposure</b>	<b>ECL allowance</b>	<b>Net exposure</b>
<b><u>31 December 2024</u></b>			
0 to 30 days	22,030	(282)	21,748
30 to 90 days	2,378	(231)	2,147
90 to 180 days	1,095	(803)	292
180 to 270 days	616	(451)	165
270 to 360 days	1,107	(825)	282
<b>Total</b>	<b>27,226</b>	<b>(2,592)</b>	<b>24,634</b>

**Other financial assets subject to ECL allowance**

The Company believes that it has a low credit risk on other financial assets and the loss allowance is not assessed as material for the Company. A significant portion of cash at banks and other balances with banks are held with banks which have been assigned globally understood investment grade rating. Hence, currently the Company is not exposed to any significant credit risk. Other receivables are not significant and not exposed to significant credit risk.

The balances below with banks are neither past due nor impaired and are classified in stage 1. There were no movements in staging during year. The following table sets out information about the credit quality of balances with banks as of 31 December:

<b><u>Credit quality</u></b>	<b>Carrying amount as at 31 December</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Investment grade (A+)	178	4,512
Investment grade (A-)	272,775	87,756
Non-investment grade (B+)	-	141
<b>Total</b>	<b>272,953</b>	<b>92,409</b>

*ii) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining healthy balance of cash and cash equivalents and monitors future cash flows and liquidity on a daily basis. The Company also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the RCC. A summary report, including any exceptions and remedial action taken, is submitted regularly to RCC.

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**28 FINANCIAL RISK MANAGEMENT (continued)**

*ii) Liquidity risk (continued)*

**a) Analysis of discounted financial assets and financial liabilities by expected maturity**

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

<b>2025</b>	<b>Within 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>No fixed maturity</b>	<b>Total</b>
<b><u>Assets</u></b>						
Cash and cash equivalents	100,000	-	-	-	161,709	261,709
Other balances with banks	611	1,879	7,179	-	1,575	11,244
<i>Islamic financing receivables – net</i>						-
- Personal	119,470	262,749	1,006,194	6,317	-	1,394,730
- SME	93,350	72,025	193,509	-	-	358,884
- Islamic credit cards	28,067	-	-	-	-	28,067
Other assets, net	3,297	-	-	-	3,767	7,064
<b>Total assets</b>	<b>344,795</b>	<b>336,653</b>	<b>1,206,882</b>	<b>6,317</b>	<b>167,051</b>	<b>2,061,698</b>
<b><u>Liabilities</u></b>						
Islamic bank financing	73,083	215,357	547,768	-	-	836,208
Lease liabilities	301	-	-	-	-	301
Accrued bank charges	54	-	-	-	-	54
Provision for Zakat	-	7,112	-	-	-	7,112
Other liabilities, net	57,264	8,150	-	-	-	65,414
<b>Total liabilities</b>	<b>130,702</b>	<b>230,619</b>	<b>547,768</b>	<b>-</b>	<b>-</b>	<b>909,089</b>
<b>Liquidity surplus arising from financial instruments</b>	<b>214,093</b>	<b>106,034</b>	<b>659,114</b>	<b>6,317</b>	<b>167,051</b>	<b>1,152,609</b>
<b>2024</b>						
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
<b><u>Assets</u></b>						
Cash and cash equivalents	-	-	-	-	86,476	86,476
Other balances with banks	397	1,113	3,672	-	751	5,933
<i>Islamic financing receivables – net</i>						
- Personal	193,840	259,573	966,584	4,579	-	1,424,576
- SME	96,977	92,786	226,081	-	-	415,844
- Islamic credit cards	24,634	-	-	-	-	24,634
Other assets, net	4,635	-	-	-	-	4,635
<b>Total assets</b>	<b>320,483</b>	<b>353,472</b>	<b>1,196,337</b>	<b>4,579</b>	<b>87,227</b>	<b>1,962,098</b>
<b><u>Liabilities</u></b>						
Islamic bank financing	52,854	151,312	271,538	-	-	475,704
Lease liabilities	-	195	-	-	-	195
Provision for Zakat	-	18,490	-	-	-	18,490
Other liabilities, net	100,061	8,289	-	-	-	108,350
<b>Total liabilities</b>	<b>152,915</b>	<b>178,286</b>	<b>271,538</b>	<b>-</b>	<b>-</b>	<b>602,739</b>
<b>Liquidity surplus arising from financial instruments</b>	<b>167,568</b>	<b>175,186</b>	<b>924,799</b>	<b>4,579</b>	<b>87,227</b>	<b>1,359,359</b>

Assets available to meet all of the liabilities include cash, items in the course of collection; and IFRs to customers. In addition, the Company has un-utilized limits from various banks amounting to SR 0.95 billion as at 31 December 2025 (31 December 2024: SR 1.38 billion).

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

*ii) Liquidity risk (continued)*

**b) Analysis of financial liabilities by remaining undiscounted contractual maturities**

The amounts disclosed in the table are the contractual undiscounted cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring financial position liquidity ratios against internal and external regulatory requirements and maintaining financing plans.

<b>31 December 2025</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Total</b>
<b><u>Financial liabilities - commission bearing</u></b>				
Islamic bank financing	85,608	246,506	591,816	923,930
Commitments ( <i>refer to note 26</i> )	40,160	-	-	40,160
	<b>125,768</b>	<b>246,506</b>	<b>591,816</b>	<b>964,090</b>

<b><u>Financial liabilities – non-commission bearing</u></b>				
Accruals and other liabilities	57,264	15,262	-	72,526

<b>31 December 2024</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Total</b>
<b><u>Financial liabilities - commission bearing</u></b>				
Islamic bank financing	61,302	166,976	288,059	516,337
Commitments ( <i>refer to note 25</i> )	13,641	-	-	13,641
	<b>74,943</b>	<b>166,976</b>	<b>288,059</b>	<b>529,978</b>
<b><u>Financial liabilities – non-commission bearing</u></b>				
Accruals and other liabilities	100,061	26,779	-	126,840

**c) Reconciliation of movement of liabilities to cash flows arising from financing activities**

	<b>Islamic bank financing</b>	<b>Lease liabilities</b>	<b>Total</b>
<b><u>Changes from financing cash flows</u></b>			
Balance as at 1 January 2024	624,317	144	624,461
Proceeds from Islamic bank financing	170,000	-	170,000
Repayment of Islamic bank financing	(318,288)	-	(318,288)
<b><u>Others</u></b>			
Commission expense accrual	41,002	-	41,002
Commission expense paid	(41,672)	-	(41,672)
Net change in lease liabilities	-	51	51
Balance as at 31 December 2024	<b>475,359</b>	<b>195</b>	<b>475,554</b>
<b><u>Changes from financing cash flows</u></b>			
Proceeds from Islamic bank financing	<b>723,000</b>	-	<b>723,000</b>
Repayment of Islamic bank financing	<b>(361,033)</b>	-	<b>(361,033)</b>
<b><u>Others</u></b>			
Commission expense accrual	<b>38,534</b>	-	<b>38,534</b>
Commission expense paid	<b>(39,652)</b>	-	<b>(39,652)</b>
Net change in lease liabilities	-	<b>106</b>	<b>106</b>
<b>Balance as at 31 December 2025</b>	<b>836,208</b>	<b>301</b>	<b>836,509</b>

**NAYIFAT FINANCE COMPANY**  
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**28. FINANCIAL RISK MANAGEMENT (continued)**

*iii. Market risk*

*a) Commission rate risk*

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of the financial instruments. The risk arises when there is a mismatch in the assets and liabilities, which are subject to commission rate adjustment within a specified year. The Company's exposure to such risk arises mainly from Islamic bank financing as a significant portion of commission earning financial assets are at fixed rates and are carried in the financial statements at amortized cost.

Islamic bank financing of SR 836.21 million as at 31 December 2025 (2024: SR 475.36 million) is based on floating rates and not subject to commission rate swap and thus, a 100 basis points change in commission rates could have approximately a SR 8.36 million (2024: SR 4.75 million) annual effect on the Company's profitability.

The Company's Risk Management Committee monitors the fluctuations in commission rates on regular basis and take appropriate measures to minimize the commission rate risk by adjusting lending rate for future contracts.

<b><u>2025</u></b>	<b>Within 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non-profit bearing</b>	<b>Total</b>
<b><u>Assets</u></b>						
Cash and cash equivalents	100,000	-	-	-	161,709	261,709
Other balances with banks	-	-	-	-	11,244	11,244
Islamic financing receivables – net	240,887	334,774	1,199,703	6,317	-	1,781,681
<b>Total assets</b>	<b>340,887</b>	<b>334,774</b>	<b>1,199,703</b>	<b>6,317</b>	<b>172,953</b>	<b>2,054,634</b>
<b><u>Liabilities</u></b>						
Islamic bank financing	836,208	-	-	-	-	836,208
Lease liabilities	-	-	-	-	301	301
Accrued bank charges	54	-	-	-	-	54
<b>Total liabilities</b>	<b>836,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301</b>	<b>836,563</b>
<b>Total commission rate sensitivity gap</b>	<b>(495,375)</b>	<b>334,774</b>	<b>1,199,703</b>	<b>6,317</b>	<b>172,652</b>	<b>1,218,071</b>
<b>Cumulative commission rate sensitivity gap</b>	<b>(495,375)</b>	<b>(160,601)</b>	<b>1,039,102</b>	<b>1,045,419</b>	<b>1,218,071</b>	
<b><u>2024</u></b>						
	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-profit bearing	Total
<b><u>Assets</u></b>						
Cash and cash equivalents	-	-	-	-	86,476	86,476
Other balances with banks	-	-	-	-	5,933	5,933
Islamic financing receivables- net	315,451	352,359	1,192,665	4,579	-	1,865,054
<b>Total assets</b>	<b>315,451</b>	<b>352,359</b>	<b>1,192,665</b>	<b>4,579</b>	<b>92,409</b>	<b>1,957,463</b>
<b><u>Liabilities</u></b>						
Islamic bank financing	475,359	-	-	-	-	475,359
Lease liabilities	-	-	-	-	195	195
Accrued bank charges	345	-	-	-	-	345
<b>Total liabilities</b>	<b>475,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>475,899</b>
<b>Total commission rate sensitivity gap</b>	<b>(160,253)</b>	<b>352,359</b>	<b>1,192,665</b>	<b>4,579</b>	<b>92,214</b>	<b>1,481,564</b>
<b>Cumulative commission rate sensitivity gap</b>	<b>(160,253)</b>	<b>192,106</b>	<b>1,384,771</b>	<b>1,389,350</b>	<b>1,481,564</b>	

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**28 FINANCIAL RISK MANAGEMENT (continued)**

*b) Currency risk*

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Company has no exposure to foreign currency risk as it mainly deals in Saudi Riyals which is also the functional currency of the Company.

*c) Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to significant price risk as it does not have any material financial instruments whose prices are fluctuated based on internal or external factors as mentioned above.

**29 OPERATING SEGMENTS**

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. Performance of each segment is measured based on the related activities of each segment where the return from respective portfolio is the basis for performance measurement as management believes that this indicator is the most relevant in evaluating the results of segments.

The Company's reportable segments are as follows:

- 1) **Personal financing:** These relate to personal financing provided to retail segment.
- 2) **SME financing:** These relate to financing provided to SMEs and High Net Worth Individuals.
- 3) **Islamic credit cards:** These relate to Islamic credit cards provided to retail customers.

The segment wise breakup of assets and liabilities is as follows:

**As at 31 December 2025**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Total assets	1,394,730	358,884	28,067	1,781,681
Total liabilities	697,650	171,678	20,999	890,327

**As at 31 December 2024**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Total assets	1,424,576	415,844	24,634	1,865,054
Total liabilities	396,623	114,768	14,423	525,814

**29.1 Reconciliation of reportable segments' assets and liabilities to statement of financial position as at 31 December:**

	<u>2025</u>	<u>2024</u>
Total assets for reportable segments	1,781,681	1,865,054
Unallocated other assets	381,205	199,704
<b>Total assets as per statement of financial position</b>	<u>2,162,886</u>	<u>2,064,758</u>
	<u>2025</u>	<u>2024</u>
Total liabilities for reportable segment	890,327	525,814
Unallocated other liabilities	33,042	90,959
<b>Total liabilities as per statement of financial position</b>	<u>923,369</u>	<u>616,773</u>

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**29 OPERATING SEGMENT (continued)**

The segment wise breakup of income and expenses is as follows:

**For the year ended 31 December 2025**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Commission income	278,617	59,739	1,109	339,465
Commission expense	(33,876)	(8,408)	(682)	(42,966)
Direct operating expense	(28,455)	(7,016)	(3,517)	(38,988)
Charge of expected credit loss allowance – net	(154,388)	(88,462)	(1,069)	(243,919)
Unallocated income	-	-	-	1,742
Unallocated expenses	-	-	-	(135,443)
Net income / (loss) before Zakat	<u>61,898</u>	<u>(44,147)</u>	<u>(4,159)</u>	<u>(120,109)</u>

For the year ended 31 December 2024

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Commission income	303,676	57,341	1,542	362,559
Commission expense	(35,319)	(10,310)	(611)	(46,240)
Direct operating expense	(31,474)	(5,155)	(2,893)	(39,522)
Charge of expected credit loss allowance – net	(4,463)	(9,915)	(1,189)	(15,567)
Unallocated income	-	-	-	2,921
Unallocated expenses	-	-	-	(115,165)
Net income / (loss) before Zakat	<u>232,420</u>	<u>31,961</u>	<u>(3,151)</u>	<u>148,986</u>

**29.2 Reconciliation of reportable segments' income and expenses to statement of comprehensive income for the year ended 31 December:**

	<u>2025</u>	<u>2024</u>
Total income for reportable segments	339,465	362,559
Unallocated income	1,742	2,921
<b>Total income as per statement of comprehensive income</b>	<u><b>341,207</b></u>	<u><b>365,480</b></u>
	<u>2025</u>	<u>2024</u>
Total expenses for reportable segments	325,873	101,329
Unallocated expenses	135,443	115,165
<b>Total expense as per statement of comprehensive income</b>	<u><b>461,316</b></u>	<u><b>216,494</b></u>

**30 CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, maintain healthy capital ratios in order to support its business and to provide an optimal return to its shareholders.

The Board of Directors seek to maintain a balance between the higher returns that might be possible with higher levels of Islamic bank financing and the advantages and security afforded by a sound capital position. The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements which requires to maintain aggregate financing to capital ratio up to three times.

	<u>As at 31 December</u>	
	<u>2025</u>	<u>2024</u>
Aggregate financing to equity ratio (Islamic financing receivables divided by total equity)	1.44 times	1.29 times

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**31 SUBSEQUENT EVENTS**

There were no events subsequent to the statement of financial position date which required adjustments to or disclosure in these financial statements.

**32 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved and authorised for issue by the Board of Directors of the Company on 7 Ramadan 1447H (Corresponding to 24 February 2026).

# Audit Committee's recommendation for appointing the External Auditor

## Item (6) in Agenda

The Audit Committee has studied several offers submitted by independent auditors to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2026 and the first quarter of 2027, as follows:

- 1- Ernst & Young Professional Services
- 2- KPMG professional services
- 3- PricewaterhouseCoopers Public Accountants
- 4- PKF Al Bassam Chartered Accountants.

After reviewing the above presentations, the Committee recommends the nomination of:

- 1. Ernst & Young Professional Services**
- 2. KPMG professional services.**

To examine, review and audit the financial statements for the above period, for the following reasons:

- Preference for contracting with one of the Big Four companies.
- The experience of the work team of the two companies.

# **Related-Party transactions**

## **(External Audit Report – Declaration letter from Board to shareholders)**

Items (11) and (12) in Agenda



## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Limited Assurance Report to Nayifat Finance Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

## To the Shareholders of Nayifat Finance Company

We were engaged by the management of Nayifat Finance Company (the "Company") to report on the Board of Directors' declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, which comprises the transactions carried out by the Company during the year ended 31 December 2025 in which any of the members of Board of Directors of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

## Subject Matter

The Subject Matter for our limited assurance engagement is related to the Board of Directors' declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, presented by the Board of Directors of Nayifat Finance Company (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2025 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

## Applicable Criteria

We have used the following as the Applicable Criteria:

1. Article 71 of the Companies Law issued by Ministry of Commerce ("MOC").



# Independent Limited Assurance Report to Nayifat Finance Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Nayifat Finance Company (continued)

## Management responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management of the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

## Our responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.



# Independent Limited Assurance Report to Nayifat Finance Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Nayifat Finance Company (continued)

## Our responsibility (continued)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

## Procedures Performed

Our procedures performed are as follows:

- Obtained the Declaration that includes the transactions and / or contracts performed in which any of the Board of Directors members of the Company has either direct or indirect interest during the year ended 31 December 2025;
- Reviewed the minutes of meetings of the Board of Directors that indicate notifications to the Board of Directors by a director of actual or potential conflicts of direct or indirect interest in relation to transactions and / or contracts involving the Board of Directors member;
- Checked that the minutes of meetings of the Board of Directors that the relevant director who notified the Board of Directors of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transactions and / or contracts;
- On a sample basis, obtained the required approvals along with supporting documents in respect of the transactions and / or contracts performed during the year ended 31 December 2025 included in the Declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 25 to the audited financial statements of the Company for the year ended 31 December 2025.

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.



# Independent Limited Assurance Report to Nayifat Finance Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Nayifat Finance Company (continued)

## Other Matter

This report is limited to the transactions and/or contracts performed during the year ended 31 December 2025 that are included in the Declaration. Accordingly, our procedures and conclusion do not extend to transactions and/or contracts outside of this period.

## Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company and MoC for any purpose or in any context. Any party other than the Company and MoC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company and MoC for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company and MoC on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

## KPMG Professional Services Company

**Saleh Mohammed S. Mostafa**  
License No: 524

Riyadh: 13 Dhul Qidah 1447 H  
Corresponding to: 30 April 2026



Date: 26-03-2026

## Declaration letter

Dear Shareholders of Nayifat Finance Company,

Greetings,

Subject to the provision of Article 71- (Disclosure of Interest in Transactions and Contracts), paragraph (1): "Subject to the provision of Article 27 of this Law, a board member shall immediately disclose to the board of directors any direct or indirect interest he may have in company transactions or contracts. Such disclosure shall be recorded in the minutes of the board meeting. Said member may not vote on a decision by the board of directors and the General Assemblies relating to such transactions and contracts. The board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest; the notice shall be accompanied with a special report prepared by the company auditor in accordance with auditing standards approved in the Kingdom". Accordingly, we would like to inform you of the work carried out with Related parties for the year 2025/2026, in order to obtain the authorization from the Association, as follows:

1. Voting on the transactions to be conducted between Nayifat Finance Company and Yaqeen Capital, in which Board members Mr. Fahad Abdullah AlSubaie and Mr. Hussam Muhannad AlAzzawi have an indirect interest (Related Parties) for the year 2026. These transactions involved acting as an agent for Nayifat's customers in selling their financed goods. It is noted that the transactions conducted during the year 2025 amounted to 505 Thousand Riyals for goods agency transactions, including VAT, in addition to 35.920 Million Riyals as an advance payment for commodity Murabaha (Tawarruq) transactions, retained on behalf of Nayifat, without any preferential conditions.
2. Voting on the transactions carried out between Nayifat Finance Company and Yaqeen Capital, in which board members Mr. Fahad Abdullah AlSubaie and Mr. Hussam Muhannad AlAzzawi have an indirect interest (Related Parties) during the year 2025, which involves managing the treasury stock portfolio held by the company and executing purchase transactions on its behalf, noting that the transactions carried out amounted to 73 Thousand Riyals in treasury stock portfolio management fees, including VAT, in addition to 43.374 Million Riyals in payments for purchasing the treasury stocks held by the company, without any preferential conditions.

We also attach to you the report of the company's auditor (KPMG Professional Services Company) on these transactions.

### Approved by Board of Directors:

Anas Mohammed AlSheikh	Member	
Hussam Muhannad AlAzzawi	Member	Abstained from voting
Sami Abdullah AlZakri	Member	
Saud Huwaymil AlDossary	Chairman	
Eid Faleh AlShammari	Vice Chairman	
Fahad Abdullah AlSubaie	Member	Abstained from voting
Naif Abduljalil AlSaif	Member	
Naif Abdulaziz AlDughither	Member	

**Appendix to the declaration letter dated 26-03-2026**

Below are the details of transactions / contracts included in declaration.

**For the year ending 31 December 2026**

Serial No.	Details of transactions	Amounts in SAR 000
1	Waqala transactions to be carried out with Yaqeen Capital as per Service Provision Agreement between Yaqeen Capital and Nayifat Finance Company	Not Applicable

**For the year ended 31 December 2025**

Serial No.	Details of transactions	Amounts in SAR 000
1	Agency fees for goods agency transactions	505
2	Advance payment for commodity Murabaha (Tawarruq) transactions	35,920
3	Treasury shares portfolio management fees	73
4	Payments for purchasing the treasury shares	43,374