
BANK ALJAZIRA

(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**



PricewaterhouseCoopers
Professional Limited Liability Company
Share Capital SR 500,000
CR No. 1010371622
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P.O. Box 16415
Jeddah 21464
Kingdom of Saudi Arabia



KPMG Professional Services Company
Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

Independent Auditors' Review Report on the Interim Condensed Consolidated Financial Information

**To the Shareholders of Bank AlJazira
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bank AlJazira (the "Bank") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2025, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes (collectively referred to as the "interim condensed consolidated financial information"). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ('IAS 34'), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

for PricewaterhouseCoopers

Waleed A. Alhidiri
Certified Public Accountant
License Number 559

for KPMG Professional Services Company

Ebrahim Oboud Baeshen
Certified Public Accountant
License Number 382

6 Safar 1447H
(31 July 2025G)



Bank AlJazira

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2025 (Unaudited) SAR'000	31 December 2024 (Audited) SAR'000	30 June 2024 (Unaudited) SAR'000
	Notes			
ASSETS				
Cash and balances with Saudi Central Bank (SAMA)	15	6,184,073	6,118,369	6,089,651
Due from banks and other financial institutions, net		6,944,536	6,697,117	6,965,794
Investments, net	5	37,381,323	36,193,723	34,619,498
Positive fair value of Shari'ah compliant derivatives	9	90,385	151,737	176,979
Financing, net	6	103,701,612	96,912,496	87,207,667
Other assets		1,465,676	1,111,117	891,623
Investment in an associate	7	337,068	323,716	324,292
Other real estate, net		118,543	139,717	531,077
Property, equipment, intangibles and right of use assets, net		1,349,430	1,258,076	1,194,794
Total assets		157,572,646	148,906,068	138,001,375
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks, Saudi Central Bank and other financial institutions		19,898,623	19,309,333	18,817,587
Customers' deposits	8	114,154,873	108,186,514	98,553,170
Negative fair value of Shari'ah compliant derivatives	9	159,606	164,999	150,386
Subordinated Sukuk	10	2,006,413	2,005,918	2,005,233
Other liabilities		2,261,986	2,037,607	1,800,562
Total liabilities		138,481,501	131,704,371	121,326,938
EQUITY				
Share capital	11(a)	12,812,500	10,250,000	10,250,000
Treasury shares	11(c)	(83,190)	-	-
Statutory reserve		426,026	1,707,276	1,399,537
Other reserves	12	(761,385)	(1,093,466)	(1,104,707)
Retained earnings		1,822,194	2,462,887	2,254,607
Equity attributable to shareholders of the Bank		14,216,145	13,326,697	12,799,437
Tier 1 Sukuk	13	4,875,000	3,875,000	3,875,000
Total equity		19,091,145	17,201,697	16,674,437
Total liabilities and equity		157,572,646	148,906,068	138,001,375



Engr. Abdulmajeed Al-Sultan
Chairman



Sami Al Menaïd
Group Head
Corporate & Institutional Banking Group

Naif Al Abdulkareem
CEO and Managing Director



Hani Noori
Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

Bank AlJazira

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED) FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

	Notes	For the three-month period ended		For the six-month period ended	
		30 June 2025	30 June 2024	30 June 2025	30 June 2024
		SAR'000	SAR'000	SAR'000	SAR'000
Income from investments and financing		2,070,227	1,924,675	4,152,009	3,765,613
Return on deposits and financial liabilities		(1,308,598)	(1,295,270)	(2,636,436)	(2,516,129)
Net financing and investment income		761,629	629,405	1,515,573	1,249,484
Fees from banking services - income		306,109	270,082	617,680	550,875
Fees from banking services - expense		(102,977)	(117,598)	(219,959)	(242,133)
Fees from banking services, net		203,132	152,484	397,721	308,742
Exchange income, net		75,090	47,439	143,546	96,335
Net gain / (loss) on fair value through statement of income (FVIS) financial instrument		957	22,153	(8,259)	36,018
Dividend income		64,164	47,829	133,764	93,062
Net loss on de-recognition of financial assets at fair value through other comprehensive income (FVOCI) – debt		(3,720)	(294)	(3,735)	(727)
Net loss on de-recognition of financial assets at amortised cost		(10,301)	(6,464)	(10,301)	(6,464)
Other operating income		10,890	10,508	12,750	14,907
Total operating income		1,101,841	903,060	2,181,059	1,791,357
Salaries and employee-related expenses		302,447	272,742	605,797	537,387
Rent and premises-related expenses		13,485	13,543	26,204	27,424
Depreciation and amortisation		42,783	50,415	84,616	97,073
Other general and administrative expenses		205,124	166,959	406,884	330,875
Other operating expenses		10,254	4,501	16,267	7,243
Total operating expenses before impairment charge		574,093	508,160	1,139,768	1,000,002
Impairment charge for financing and other financial assets, net	6 (b)	96,965	82,778	199,918	138,156
Impairment reversal for other real estate		-	(42,571)	-	(42,571)
Total operating expenses		671,058	548,367	1,339,686	1,095,587
Net operating income		430,783	354,693	841,373	695,770
Share in net income of an associate		5,330	3,588	6,677	9,774
Net income for the period before zakat and income tax		436,113	358,281	848,050	705,544
Zakat and income tax					
Zakat		(50,661)	(39,223)	(98,614)	(83,594)
Income tax		(3,325)	(1,508)	(6,314)	(3,959)
Net income for the period		382,127	317,550	743,122	617,991
Basic and diluted earnings per share for the period (expressed in SAR per share) – (re-stated)	11	0.22	0.17	0.50	0.41

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Sami Al Menai
Group H
Nail Al Abdulkareem
CEO and Managing Director

Hani Noori
Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

Bank AlJazira

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

	Notes	For the three-month period ended		For the six-month period ended	
		30 June 2025	30 June 2024	30 June 2025	30 June 2024
		SAR'000	SAR'000	SAR'000	SAR'000
Net income for the period		382,127	317,550	743,122	617,991
Other comprehensive (loss) / income:					
<i>Items that will be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>					
Cash flow hedges:					
- Effective portion of change in the fair value	12	(3,467)	27,899	(28,960)	75,777
- Net amount transferred to interim condensed consolidated statement of income	12	(10,219)	(2,586)	(17,098)	(144)
Net changes in fair value of investments classified as at FVOCI- debt	12	(44,781)	(8,516)	342,880	(326,267)
<i>Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods</i>					
Net changes in fair value of investments classified as at FVOCI- equity	12	(2,347)	1,490	25,524	(10,515)
Share in other comprehensive income of an associate	12	830	-	6,675	984
Total other comprehensive (loss) / income for the period		(59,984)	18,287	329,021	(260,165)
Total comprehensive income for the period		322,143	335,837	1,072,143	357,826



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Bank AlJazira

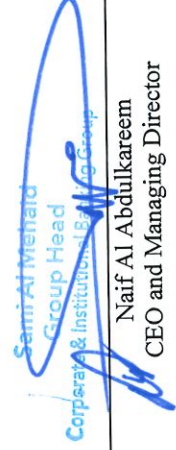
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

Notes	Share capital SAR'000	Treasury shares SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Total shareholders' equity SAR'000	Tier 1 Sukuk SAR'000	Total equity SAR'000
Balance at 1 January 2025 (audited)	10,250,000	-	1,707,276	(1,093,466)	2,462,887	13,326,697	3,875,000	17,201,697
Net income for the period	-	-	-	-	743,122	743,122	-	743,122
Other comprehensive income	-	-	-	329,021	-	329,021	-	329,021
Total comprehensive income for the period	-	-	-	329,021	743,122	1,072,143	-	1,072,143
Issue of bonus shares	2,562,500	-	(1,281,250)	-	(1,281,250)	-	-	-
Purchase of treasury shares for employees share plan	-	(83,190)	-	-	-	(83,190)	-	(83,190)
Tier 1 sukuk issued	-	-	-	-	-	-	1,000,000	1,000,000
Tier 1 Sukuk issuance cost	-	-	-	-	(3,682)	(3,682)	-	(3,682)
Tier 1 Sukuk related costs	-	-	-	-	(98,883)	(98,883)	-	(98,883)
Employee share-based plan reserve	-	-	-	3,060	-	3,060	-	3,060
Balance at 30 June 2025 (unaudited)	12,812,500	(83,190)	426,026	(761,385)	1,822,194	14,216,145	4,875,000	19,091,145
Balance at 1 January 2024 (audited)	8,200,000	-	3,449,537	(844,399)	1,735,356	12,540,494	3,875,000	16,415,494
Net income for the period	-	-	-	-	617,991	617,991	-	617,991
Other comprehensive loss	-	-	-	(260,165)	-	(260,165)	-	(260,165)
Transfers to retained earnings on disposal of FVOCI equity investments	-	-	-	(143)	143	-	-	-
Total comprehensive income for the period	-	-	-	(260,308)	618,134	357,826	-	357,826
Issue of bonus shares	2,050,000	-	(2,050,000)	-	-	-	-	-
Tier 1 Sukuk related costs	-	-	-	-	(98,883)	(98,883)	-	(98,883)
Balance at 30 June 2024 (unaudited)	10,250,000	-	1,399,537	(1,104,707)	2,254,607	12,799,437	3,875,000	16,674,437



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The accompanying notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

Bank AlJazira

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

	<u>Notes</u>	For the six month period ended	
		30 June 2025 <u>SAR'000</u>	30 June 2024 <u>SAR'000</u>
Net income for the period before zakat and income tax		848,050	705,544
OPERATING ACTIVITIES			
Adjustments to reconcile net income to net cash generated from / (used in) operating activities:			
Net gain on FVIS financial instruments		(3,430)	(36,817)
Loss on investments held at amortised cost and FVOCI, net		14,036	7,191
Dividend income		(79,628)	(68,109)
Return on subordinated sukuk		70,683	78,856
Depreciation and amortization		84,616	97,073
Impairment charge for financing and other financial assets, net	6 (b)	199,918	138,156
Provision for end of service benefit obligations		23,053	25,493
Share in net income of an associate		(6,677)	(9,774)
(Gain)/ loss on disposal of property and equipment		(324)	25
Reversal of impairment charge for other real estate		-	(42,571)
		<u>1,150,297</u>	<u>895,067</u>
Net changes in operating assets:			
Statutory deposit with SAMA		42,277	(281,320)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		(452,434)	(2,485,645)
Investments held at FVIS		(39,523)	(262,703)
Positive fair value of Shari'ah compliant derivatives		61,352	45,529
Financing		(6,986,316)	(6,548,290)
Other real estate		21,174	10,480
Other assets		(354,559)	(172,174)
Net changes in operating liabilities:			
Due to banks, SAMA and other financial institutions		589,290	3,831,854
Customers' deposits		5,968,359	4,498,769
Negative fair value of Shari'ah compliant derivatives		(5,393)	3,325
Other liabilities		<u>223,551</u>	<u>31,990</u>
		<u>218,075</u>	<u>(433,118)</u>
End of service benefits paid		(10,605)	(13,678)
Zakat and income tax paid		(165,040)	(184,729)
Net cash generated from / (used in) operating activities		<u>42,430</u>	<u>(631,525)</u>
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments held at amortised cost and FVOCI		3,009,468	4,162,302
Purchase of investments held at amortised cost and FVOCI		(3,799,566)	(4,383,955)
Dividend received		79,628	68,109
Additional investment in an associate		-	(76,218)
Acquisition of property and equipment		(129,034)	(140,032)
Proceed from disposal of property and equipment		421	12
Net cash used in investing activities		<u>(839,083)</u>	<u>(369,782)</u>

(CONTINUED)

The accompanying notes 1 to 21 form integral part of this interim condensed consolidated financial information.

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Bank AlJazira

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025 (continued)

		For the six month period ended	
	Notes	30 June 2025 <u>SAR'000</u>	30 June 2024 <u>SAR'000</u>
FINANCING ACTIVITIES			
Proceeds from issue of Tier 1 Sukuk		1,000,000	-
Purchase of treasury shares		(83,190)	-
Payment of sukuk related transaction costs		(3,682)	-
Payment of return on Tier 1 and Tier 2 sukuku		(167,220)	(176,670)
Dividends paid		(145)	(3,425)
Payment for principal portion of lease liabilities		(44,940)	(63,209)
Net cash generated from / (used in) financing activities		700,823	(243,304)
Net change in cash and cash equivalents held		(95,830)	(1,244,611)
Cash and cash equivalents at the beginning of the period		2,324,385	2,722,860
Cash and cash equivalents at the end of the period	15	2,228,555	1,478,249
Income from investments and financing received during the period		4,028,770	3,538,418
Return on deposits and financial liabilities paid during the period		2,585,599	2,415,953
<u>Supplemental non-cash information</u>			
Right of use assets and Lease liabilities		47,034	40,706
Net changes in fair value of cash flow hedges and transfers to the interim condensed consolidated statement of income		(46,058)	75,633



Engr. Abdulmajeed Al-Sultan
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Bank AlJazira

(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

1. GENERAL

This interim condensed consolidated financial information includes the financial information of Bank AlJazira (the “Bank”) and its subsidiaries (collectively referred to as the “Group”). Bank AlJazira is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia and formed pursuant to Royal Decree number 46/M dated 12 Jumad Al-Thani 1395H (21 June 1975). The Bank commenced its business on 16 Shawwal 1396H (9 October 1976) with the takeover of The National Bank of Pakistan’s branches in the Kingdom of Saudi Arabia under commercial registration number 4030010523 dated 29 Rajab 1396H (27 July 1976) issued in Jeddah. The Bank is regulated by the Saudi Central Bank (SAMA). The Bank operates through its 73 branches (31 December 2024: 73 branches and 30 June 2024: 74 branches) and 27 Fawri Remittance Centers (31 December 2024: 38 and 30 June 2024: 46 Fawri Remittance Centers) in the Kingdom of Saudi Arabia. The Bank’s Head Office is located at the following address:

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

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

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

	Country of incorporation	Nature of business	Ownership (direct and indirect) 30 June 2025	Ownership (direct and indirect) 31 December 2024	Ownership (direct and indirect) 30 June 2024
Subsidiaries					
AlJazira Capital Company	Kingdom of Saudi Arabia	Brokerage, margin financing and asset management	100%	100%	100%
Aman Development and Real Estate Investment Company	Kingdom of Saudi Arabia	Holding and managing real estate collaterals on behalf of the Bank	100%	100%	100%
Aman Insurance Agency Company (under liquidation – note (a) below)	Kingdom of Saudi Arabia	Acting as an agent for bancassurance activities on behalf of the Bank	100%	100%	100%
AlJazira Securities Limited	Cayman Islands	Carryout Shari’ah compliant derivative and capital market transactions	100%	100%	100%
BAJ Sukuk Tier 1 Limited	Cayman Islands	Trustee for issuance of Tier 1 capital certificates	100%	100%	100%

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

1. GENERAL (continued)

- a) During financial year 2021, Aman Insurance Agency Company (the Company) applied for its license renewal from Saudi Central Bank (“SAMA”), however, it was not renewed, as SAMA had issued rules governing bancassurance activities during May 2020 which require the banks to carry out Bancassurance business directly. This, as a result, restricted the ability of the Company to carry out business activities and therefore, management of the Company has initiated the winding up procedures which are in process as at 30 June 2025.

The detail of the Bank’s associate is as follows:

Associate	Country of incorporation	Nature of business	Ownership (direct and indirect) 30 June 2025	Ownership (direct and indirect) 31 December 2024	Ownership (direct and indirect) 30 June 2024
AlJazira Takaful Ta’awuni Company	Kingdom of Saudi Arabia	Fully Shari’ah compliant protection and saving products	33.08%	33.08%	33.08%

This includes the Bank’s standalone shareholding of 29.36% (30 June 2024: 29.36%) and AJC’s shareholding of 3.72% (30 June 2024: 3.72%)

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group as at and for the period ended 30 June 2025, has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and professional Accountants (“SOCPA”).

This interim condensed consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024. The consolidated financial statements of the Group as at and for the year ended 31 December 2024, were prepared in accordance with the IFRS Accounting Standards (“IFRS”) as issued by International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia and in compliance with other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation were consistent with those that were applied to the consolidated financial statements as at and for the year ended 31 December 2024, except for new policies adopted as disclosed in note 4(a) and amendments that are applicable from the period beginning 1 January 2025 as disclosed in note 4(b).

Bank AlJazira

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

2. BASIS OF PREPARATION (continued)

This interim condensed consolidated financial information is expressed in Saudi Arabian Riyals (SAR) and is rounded off to the nearest thousands except where otherwise stated and the functional currency of the Bank is Saudi Riyal.

3. BASIS OF CONSOLIDATION

This interim condensed consolidated financial information comprises the interim condensed financial information of Bank AlJazira and its subsidiaries as set out in Note 1. The financial information of the subsidiaries is prepared for the same reporting period as that of the Bank.

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

a) Subsidiaries

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

- i. the Group has power over an entity;
- ii. the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- iii. the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

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

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

b) Non-controlling interests

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

3. BASIS OF CONSOLIDATION (continued)

c) Transactions eliminated on consolidation

Balances between the Group entities, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial information. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

d) Investment in an associate

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new policies and new standards effective as of 1 January 2025. Several amendments apply for the first time in 2025 but do not have impact on this interim condensed consolidated financial information of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a) New accounting policies adopted by the Group:

Treasury shares

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

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

4. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS (continued)

a) New accounting policies adopted by the Group (continued)

Share based payments

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

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

b) New standards, interpretations and amendments adopted by the Group

Following standards, interpretation or amendment are effective from the current year and are adopted by the Group, however, these does not have any significant impact on the interim condensed consolidated financial information of the Group, unless otherwise stated below:

Standard, interpretation, amendments	Description	Effective date
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Accounting & Financial reporting standards

Amendment to IFRS 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
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c) Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments and revisions which are not effective. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

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4. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS (continued)

c) Accounting standards issued but not yet effective (continued)

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG (Environmental, Social, and Governance)-linked features could now meet the SPPI (Solely Payments of Principal and Profit) 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.
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
Other Standards		
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Not yet endorsed by SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Not yet endorsed by SOCPA

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

5. INVESTMENTS, NET

5.1 Investments are classified as follows:

	30 June 2025 (Unaudited) SAR'000	31 December 2024 (Audited) SAR'000	30 June 2024 (Unaudited) SAR'000
Held at FVIS	1,837,571	1,794,618	1,783,648
Held at FVOCI	14,112,440	13,317,085	12,499,719
Allowance for impairment	(2,300)	(1,847)	(1,721)
Held at FVOCI, net	14,110,140	13,315,238	12,497,998
Held at Amortised Cost	21,443,083	21,093,972	20,347,815
Allowance for impairment	(9,471)	(10,105)	(9,963)
Held at Amortized Cost, net	21,433,612	21,083,867	20,337,852
Total	37,381,323	36,193,723	34,619,498

5.2 The details of the Group's investments by type are summarized as follows:

	30 June 2025 (Unaudited) SAR'000		
	Domestic	International	Total
i) FVIS			
Mutual funds	231,701	1,543,464	1,775,165
Equities – quoted	27,199	-	27,199
Equities – unquoted	-	22,589	22,589
Convertible debt instrument	-	12,618	12,618
	258,900	1,578,671	1,837,571
ii) FVOCI			
Equities – unquoted	529,845	1,875	531,720
Fixed rate Sukuk – equities	2,267,532	209,268	2,476,800
Floating rate Sukuk - equities	700,000	-	700,000
Fixed rate Sukuks	9,839,850	-	9,839,850
Floating rate Sukuks	564,070	-	564,070
	13,901,297	211,143	14,112,440
Allowance for impairment	(2,300)	-	(2,300)
	13,898,997	211,143	14,110,140
iii) Amortised cost			
Fixed rate Sukuks	17,639,676	382,707	18,022,383
Floating rate Sukuks	3,420,700	-	3,420,700
	21,060,376	382,707	21,443,083
Allowance for impairment	(9,099)	(372)	(9,471)
	21,051,277	382,335	21,433,612
Total	35,209,174	2,172,149	37,381,323

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

5. INVESTMENTS, NET (continued)

31 December 2024 (Audited)			
SAR'000			
	Domestic	International	Total
i) FVIS			
Mutual funds	166,845	1,581,302	1,748,147
Equities – quoted	17,264	-	17,264
Equities – unquoted	-	22,589	22,589
Convertible debt instrument	-	6,618	6,618
	184,109	1,610,509	1,794,618
ii) FVOCI			
Equities – unquoted	529,845	1,429	531,274
Fixed rate Sukuk – equities	2,093,206	206,172	2,299,378
Floating rate Sukuk - equities	700,000	-	700,000
Fixed rate Sukuks	9,496,067	-	9,496,067
Floating rate Sukuks	290,366	-	290,366
	13,109,484	207,601	13,317,085
Allowance for impairment	(1,847)	-	(1,847)
	13,107,637	207,601	13,315,238
iii) Amortised cost			
Fixed rate Sukuks	16,187,728	382,707	16,570,435
Floating rate Sukuks	3,412,116	-	3,412,116
Wakala floating rate notes	1,111,421	-	1,111,421
	20,711,265	382,707	21,093,972
Allowance for impairment	(9,733)	(372)	(10,105)
	20,701,532	382,335	21,083,867
Total	33,993,278	2,200,445	36,193,723
30 June 2024 (Unaudited)			
SAR'000			
	Domestic	International	Total
i) FVIS			
Mutual funds	406,103	1,329,100	1,735,203
Equities – quoted	24,208	-	24,208
Equities – unquoted	-	20,487	20,487
Convertible debt instrument	-	3,750	3,750
	430,311	1,353,337	1,783,648
ii) FVOCI			
Equities – unquoted	4,143	888	5,031
Fixed rate Sukuk – equities	2,002,126	203,227	2,205,353
Floating rate Sukuk - equities	500,000	-	500,000
Fixed rate Sukuks	9,499,066	-	9,499,066
Floating rate Sukuks	290,269	-	290,269
	12,295,604	204,115	12,499,719
Allowance for impairment	(1,721)	-	(1,721)
	12,293,883	204,115	12,497,998
iii) Amortised cost			
Fixed rate Sukuks	15,441,957	382,707	15,824,664
Floating rate Sukuks	3,411,103	-	3,411,103
Wakala floating rate notes	1,112,048	-	1,112,048
	19,965,108	382,707	20,347,815
Allowance for impairment	(9,614)	(349)	(9,963)
	19,955,494	382,358	20,337,852
Total	32,679,688	1,939,810	34,619,498

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6. FINANCING, NET

The financing is classified as at amortized cost as follows:

	SAR'000				
	<u>Credit cards</u>	<u>Consumer</u>	<u>Commercial</u>	<u>Others</u>	<u>Total</u>
30 June 2025 (Unaudited)					
Performing financing	766,768	35,743,376	67,856,883	306,614	104,673,641
Non-performing financing	41,913	229,180	1,276,250	10,381	1,557,724
Gross financing	808,681	35,972,556	69,133,133	316,995	106,231,365
Allowance for impairment	(63,644)	(237,966)	(2,222,956)	(5,187)	(2,529,753)
Financing, net	745,037	35,734,590	66,910,177	311,808	103,701,612

	SAR'000				
	<u>Credit cards</u>	<u>Consumer</u>	<u>Commercial</u>	<u>Others</u>	<u>Total</u>
31 December 2024 (Audited)					
Performing financing	787,212	34,211,203	62,952,157	288,854	98,239,426
Non-performing financing	50,724	231,581	910,885	8,887	1,202,077
Gross financing	837,936	34,442,784	63,863,042	297,741	99,441,503
Allowance for impairment	(71,896)	(239,431)	(2,213,105)	(4,575)	(2,529,007)
Financing, net	766,040	34,203,353	61,649,937	293,166	96,912,496

	SAR'000				
	<u>Credit cards</u>	<u>Consumer</u>	<u>Commercial</u>	<u>Others</u>	<u>Total</u>
30 June 2024 (Unaudited)					
Performing financing	780,607	30,933,754	56,194,240	289,582	88,198,183
Non-performing financing	50,432	280,750	1,018,702	15,058	1,364,942
Gross financing	831,039	31,214,504	57,212,942	304,640	89,563,125
Allowance for impairment	(70,607)	(226,295)	(2,051,557)	(6,999)	(2,355,458)
Financing, net	760,432	30,988,209	55,161,385	297,641	87,207,667

Financing, net represents Shari'ah compliant products in respect of Murabaha agreements, Ijarah, Istisnaat, Musharaka and Tawarruq.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

6. FINANCING, NET (continued)

a) Movement in allowance for impairment is as follows:

	30 June 2025 (Unaudited) SAR'000	31 December 2024 (Audited) SAR'000	30 June 2024 (Unaudited) SAR'000
Balance at the beginning of the period / year	2,529,007	2,792,532	2,792,532
Impairment charge for financing	288,258	526,381	219,376
Bad debts written off	(216,391)	(585,505)	(574,476)
(Reversal) / (recoveries) of amounts previously provided	(71,121)	(204,401)	(81,974)
Balance at the end of the period / year	<u>2,529,753</u>	<u>2,529,007</u>	<u>2,355,458</u>

b) Net impairment charge for financing and other financial assets for the period in the interim condensed consolidated statement of income comprised of:

	30 June 2025 (Unaudited) SAR'000	30 June 2024 (Unaudited) SAR'000
Impairment charge for financing	288,258	219,376
(Reversal) / (recoveries) of amounts previously provided	(71,121)	(81,974)
(Recoveries) from debts previously written off	(19,936)	(15,877)
Net impairment charge / (reversal) for ECL in respect of due from banks and other financial institutions	1,205	(624)
Net impairment reversal for ECL in respect of investments	(181)	(10)
Net impairment charge for ECL in respect of non-funded financing and credit related commitments	1,693	17,265
Impairment charge for financing and other financial assets, net	<u>199,918</u>	<u>138,156</u>

c) The following table explains changes in gross carrying amount of the financing to help explain their significance to the changes in the loss allowance.

	30 June 2025 (Unaudited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
Gross carrying amount as at 1 January 2025	93,437,785	2,571,824	3,431,894	99,441,503
Transfer to 12-month ECL	119,884	(114,130)	(5,754)	-
Transfer to lifetime ECL not credit – Impaired	(228,625)	235,361	(6,736)	-
Transfer to lifetime ECL credit impaired	(218,199)	(248,425)	466,624	-
New financial assets originated	13,864,737	82,847	591	13,948,175
Financial assets that have been derecognized	(5,873,305)	(124,929)	(131,850)	(6,130,084)
Changes in financing income accrual	89,053	-	-	89,053
Other movements	(383,299)	(338,706)	(178,886)	(900,891)
Write-offs	-	-	(216,391)	(216,391)
Gross carrying amount as at 30 June 2025	<u>100,808,031</u>	<u>2,063,842</u>	<u>3,359,492</u>	<u>106,231,365</u>

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

6. FINANCING, NET (continued)

c) The following table explains changes in gross carrying amount of the financing to help explain their significance to the changes in the loss allowance.(continued)

	31 December 2024 (Audited)			Total
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	(SAR'000)			
Gross carrying amount as at 1 January 2024	76,337,327	3,332,655	3,903,451	83,573,433
Transfer to 12-month ECL	889,925	(796,507)	(93,418)	-
Transfer to lifetime ECL not credit – Impaired	(779,324)	834,861	(55,537)	-
Transfer to lifetime ECL credit impaired	(46,661)	(673,580)	720,241	-
New financial assets originated	22,900,247	187,320	16,506	23,104,073
Financial assets that have been derecognized	(8,412,339)	(167,211)	(388,475)	(8,968,025)
Changes in financing income accrual	234,669	-	-	234,669
Other movements	2,313,941	(145,714)	(85,369)	2,082,858
Write-offs	-	-	(585,505)	(585,505)
Gross carrying amount as at 31 December 2024	<u>93,437,785</u>	<u>2,571,824</u>	<u>3,431,894</u>	<u>99,441,503</u>
	30 June 2024 (Unaudited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
Gross carrying amount as at 1 January 2024	76,337,327	3,332,655	3,903,451	83,573,433
Transfer to 12-month ECL	924,765	(784,777)	(139,988)	-
Transfer to lifetime ECL not credit – Impaired	(375,911)	386,100	(10,189)	-
Transfer to lifetime ECL credit impaired	(45,611)	(665,109)	710,720	-
New financial assets originated	8,885,729	84,910	3,571	8,974,210
Financial assets that have been derecognized	(4,100,866)	(57,979)	(62,021)	(4,220,866)
Changes in financing income accrual	115,860	-	-	115,860
Other movements	1,794,343	9,949	(109,328)	1,694,964
Write-offs	-	-	(574,476)	(574,476)
Gross carrying amount as at 30 June 2024	<u>83,535,636</u>	<u>2,305,749</u>	<u>3,721,740</u>	<u>89,563,125</u>

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

6. FINANCING, NET (continued)

d) An analysis of changes in ECL for financing is, as follows:

	30 June 2025 (Unaudited)			Total
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	(SAR'000)			
ECL as at 1 January 2025	317,382	282,012	1,929,613	2,529,007
Transfer to 12-month ECL	3,848	(1,257)	(2,591)	-
Transfer to lifetime ECL not credit – impaired	(979)	3,420	(2,441)	-
Transfer to lifetime ECL credit impaired	(955)	(45,460)	46,415	-
Net re-measurement of loss allowance	(28,785)	(2,931)	230,874	199,158
New financial assets originated	57,783	1,019	320	59,122
Financial assets that have been derecognized	(16,916)	(1,079)	(23,148)	(41,143)
Write-offs	-	-	(216,391)	(216,391)
ECL as at 30 June 2025	<u>331,378</u>	<u>235,724</u>	<u>1,962,651</u>	<u>2,529,753</u>

	31 December 2024 (Audited)			Total
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	(SAR'000)			
ECL as at 1 January 2024	256,078	250,907	2,285,547	2,792,532
Transfer to 12-month ECL	56,291	(41,764)	(14,527)	-
Transfer to lifetime ECL not credit – impaired	(2,119)	8,446	(6,327)	-
Transfer to lifetime ECL credit impaired	(372)	(33,317)	33,689	-
Net re-measurement of loss allowance	(57,563)	99,797	283,921	326,155
New financial assets originated	93,837	2,012	7,982	103,831
Financial assets that have been derecognized	(28,770)	(4,069)	(75,167)	(108,006)
Write-offs	-	-	(585,505)	(585,505)
ECL as at 31 December 2024	<u>317,382</u>	<u>282,012</u>	<u>1,929,613</u>	<u>2,529,007</u>

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

6. FINANCING, NET (continued)

d) An analysis of changes in ECL for financing is, as follows: (continued)

	30 June 2024 (Unaudited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
ECL as at 1 January 2024	256,078	250,907	2,285,547	2,792,532
Transfer to 12-month ECL	57,106	(39,961)	(17,145)	-
Transfer to lifetime ECL not credit – impaired	(1,723)	6,085	(4,362)	-
Transfer to lifetime ECL credit impaired	(282)	(33,097)	33,379	-
Net re-measurement of loss allowance	(55,647)	40,956	138,132	123,441
New financial assets originated	42,160	884	1,612	44,656
Financial assets that have been derecognized	(12,835)	(453)	(17,407)	(30,695)
Write-offs	-	-	(574,476)	(574,476)
ECL as at 30 June 2024	<u>284,857</u>	<u>225,321</u>	<u>1,845,280</u>	<u>2,355,458</u>

7. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents the investment made by the Group in AlJazira Takaful Ta'awuni Company ("ATT"). The Group effectively holds 33.08% (31 December 2024: 33.08% and 30 June 2024: 33.08%) shareholding in ATT.

The share of total comprehensive income in an associate represents the Group's share in the total comprehensive income of ATT and was based on the latest available financial information of ATT for the period ended 31 March 2025. ATT is listed with Saudi Stock Exchange (Tadawul) and the market value of the investment in ATT as of 30 June 2025 was SAR 299.96 million (31 December 2024: SAR 359.34 million and 30 June 2024: SAR 396.89 million) based on Saudi Stock Exchange (Tadawul) market price.

8. CUSTOMERS' DEPOSITS

	30 June 2025 (Unaudited) <u>SAR'000</u>	31 December 2024 (Audited) <u>SAR'000</u>	30 June 2024 (Unaudited) <u>SAR'000</u>
Demand	33,110,032	34,564,643	32,970,791
Saving and call deposits	12,337,148	11,114,104	5,255,091
Customers' time investments	66,687,202	60,193,863	57,896,790
Other	<u>2,020,491</u>	<u>2,313,904</u>	<u>2,430,498</u>
Total	<u>114,154,873</u>	<u>108,186,514</u>	<u>98,553,170</u>

Customers' time investments comprise deposits received on Shari'ah Compliant (non-commission based) Murabaha and Wakala products.

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9. SHARIAH COMPLIANT DERIVATIVES

9.1 Nature/type of derivatives held

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

a) Swaps

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

b) Options (Wa'ad Fx)

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

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

9.2 Purpose of derivatives

a) Held for trading purposes

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

b) Held for hedging purposes

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

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

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

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9. SHARIAH COMPLIANT DERIVATIVES (continued)

9.2 Purpose of derivatives (continued)

b) Held for hedging purposes (continued)

Cash flow hedges

The Group is exposed to variability in future cash flows on non-trading assets and liabilities which bear profit at a variable rate. The Group uses profit rate swaps as cash flow hedges of these profit rate risks.

The gains on cash flow hedges reclassified to the interim condensed consolidated statement of income during the period are as follows:

	30 June 2025 (Unaudited) SAR'000	30 June 2024 (Unaudited) SAR'000
Income from investments and financing	31,814	14,328
Return on deposits and financial liabilities	(14,716)	(14,184)
Net gains on cash flow hedges reclassified to the interim condensed consolidated statement of income	17,098	144

The cash flow hedges of profit rate swap were highly effective in offsetting the variability of return on investments and deposits.

Fair value loss on cash flow hedges amounting to SAR 28.96 million (30 June 2024: SAR 75.78 million) included in the interim condensed consolidated statement of comprehensive income comprised of net unrealized loss of SAR 62.99 million (30 June 2024: net unrealized loss of SAR 45.64 million) and net realized gain of SAR 34.03 million (30 June 2024: net realized gain of SAR 121.42 million) on terminated hedge relationships.

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

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9. SHARIAH COMPLIANT DERIVATIVES (continued)

9.3 Details of shar'iah compliant derivatives

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

30 June 2025 (Unaudited) SAR'000			
	Positive fair value	Negative fair value	Notional amount
Held for trading:			
Options	10,565	10,565	1,188,833
Profit rate swaps	55,715	50,597	6,448,837
Cross currency profit rate swaps	1,335	459	1,875,000
Currency swaps	2,698	562	4,000,240
Currency forwards (Wa'ad)	2	62	45,429
Total	70,315	62,245	13,558,339
Held as cash flow hedge:			
Profit rate swaps	20,070	97,361	4,281,250
Total	90,385	159,606	17,839,589

31 December 2024 (Audited) SAR'000			
	Positive fair value	Negative fair value	Notional amount
Held for trading:			
Options	19,636	19,636	1,188,832
Profit rate swaps	73,630	65,104	5,650,087
Cross currency profit rate swaps	411	2,020	1,875,000
Currency swaps	1,175	3,516	3,168,750
Currency forwards (Wa'ad)	199	149	82,529
Total	95,051	90,425	11,965,198
Held as cash flow hedge:			
Profit rate swaps	56,686	74,574	5,137,500
Total	151,737	164,999	17,102,698

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9. SHARIAH COMPLIANT DERIVATIVES (continued)

9.3 Details of shar'iah compliant derivatives (continued)

	30 June 2024 (Unaudited) SAR'000		
	Positive fair value	Negative fair value	Notional amount
Held for trading:			
Options	31,578	31,578	1,191,405
Profit rate swaps	77,810	74,575	5,235,343
Cross currency profit rate swaps	411	7,087	1,875,000
Currency swaps	3,066	3,381	3,900,000
Currency forwards (Wa'ad)	20	94	55,689
Total	112,885	116,715	12,257,437
Held as cash flow hedge:			
Profit rate swaps	64,094	33,671	3,850,000
Total	176,979	150,386	16,107,437

Held for trading profit rate swaps (positive fair value / negative fair value) include accrued receivable amounting to SAR 10.83 million (31 December 2024: SAR 8.40 million and 30 June 2024: SAR 12.27 million) and accrued payable amounting to SAR 11.74 million (31 December 2024: SAR 8.40 million and 30 June 2024: SAR 11.50 million). Held as cash flow hedge profit rate swaps (positive fair value / negative fair value) include accrued receivable amounting to SAR 20.07 million (31 December 2024: SAR 35.26 million and 30 June 2024: SAR 37 million) and accrued payable amounting to SAR 17.82 million (31 December 2024: SAR 36.59 million and 30 June 2024: SAR 33.60 million).

10. SUBORDINATED SUKUK

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

11. SHARE CAPITAL AND EARNINGS PER SHARE

a) Share Capital:

The shareholders of the Bank in their Extra Ordinary General Assembly Meeting held on April 28, 2025 approved the increase in the Bank's share capital from SAR 10.25 billion to SAR 12.8 billion (increase of SAR 2.56 billion) through the issuance of bonus shares to shareholders of the Bank in the ratio of one share for every four shares held. The legal formalities relating to the increase in share capital completed during second quarter of the year. Accordingly, the authorized, issued and fully paid share capital of the Bank consists of 1,281.25 million shares of SAR 10 each (31 December 2024: 1,025 million shares of SAR 10 each and 30 June 2024: 1,025 million shares of SAR 10 each).

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11. SHARE CAPITAL AND EARNINGS PER SHARE

b) Earnings per share

Basic earnings per share for the current and prior periods is calculated by dividing the net income for the period attributable to common equity holders of the Bank (adjusted for Tier 1 sukuk related costs) by the weighted average number of ordinary shares outstanding.

The weighted average number of shares have been retrospectively adjusted for prior periods to reflect the effect of the changes in number of shares due to issue of bonus shares.

	For the three month period ended		For the six month period ended	
	30 June 2025 (Unaudited) <u>SAR'000</u>	30 June 2024 (Unaudited) <u>SAR'000</u>	30 June 2025 (Unaudited) <u>SAR'000</u>	30 June 2024 (Unaudited) <u>SAR'000</u>
Net income for the period attributable to ordinary shareholders (adjusted for Tier 1 sukuk related costs) For basic and diluted earnings per share	<u>283,244</u>	<u>218,667</u>	<u>644,239</u>	<u>519,108</u>
Weighted-average number of ordinary shares after the adjustment of treasury shares		Restated		Restated
For basic and diluted earnings per share	<u>1,275,625,000</u>	<u>1,281,250,000</u>	<u>1,276,783,702</u>	<u>1,281,250,000</u>
For basic and diluted earnings per share	<u>0.22</u>	<u>0.17</u>	<u>0.50</u>	<u>0.41</u>

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

c) Treasury Shares

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

12. OTHER RESERVES

<u>30 June 2025</u> <u>(Unaudited)</u>	<u>Cash flow</u> <u>hedges</u> <u>SAR' 000</u>	<u>Fair value</u> <u>reserve –</u> <u>FVOCI</u> <u>debt</u> <u>SAR' 000</u>	<u>Fair value</u> <u>reserve –</u> <u>FVOCI</u> <u>equity</u> <u>SAR' 000</u>	<u>Actuarial</u> <u>Gains</u> <u>SAR' 000</u>	<u>Employees</u> <u>share-</u> <u>based plan</u> <u>reserve</u> <u>SAR' 000</u>	<u>Share in</u> <u>OCI of</u> <u>associate</u> <u>SAR' 000</u>	<u>Total</u> <u>SAR' 000</u>
Balance at beginning of the period	38,319	(1,187,941)	13,648	31,691	-	10,817	(1,093,466)
Net change in fair value	(28,960)	342,880	25,524	-	-	6,675	346,119
Transfer to interim condensed consolidated statement of income (note 9.2(b))	(17,098)	-	-	-	-	-	(17,098)
Employee share based plan reserve	-	-	-	-	3,060	-	3,060
Net movement during the period	(46,058)	342,880	25,524	-	3,060	6,675	332,081
Balance at end of the period	<u>(7,739)</u>	<u>(845,061)</u>	<u>39,172</u>	<u>31,691</u>	<u>3,060</u>	<u>17,492</u>	<u>(761,385)</u>

<u>31 December 2024</u> <u>(Audited)</u>	<u>Cash flow</u> <u>hedges</u> <u>SAR' 000</u>	<u>Fair value</u> <u>reserve –</u> <u>FVOCI</u> <u>debt</u> <u>SAR' 000</u>	<u>Fair value</u> <u>reserve –</u> <u>FVOCI</u> <u>equity</u> <u>SAR' 000</u>	<u>Actuarial</u> <u>gains</u> <u>SAR' 000</u>	<u>Share in</u> <u>OCI of</u> <u>associate</u> <u>SAR' 000</u>	<u>Total</u> <u>SAR' 000</u>
Balance at beginning of the year	31,290	(859,574)	(75,324)	49,376	9,833	(844,399)
Net change in fair value	17,178	(328,367)	89,115	-	984	(221,090)
Transfers to retained earnings on disposal	-	-	(143)	-	-	(143)
Transfer to consolidated statement of income	(10,149)	-	-	-	-	(10,149)
Actuarial gains on employee benefit obligation	-	-	-	(17,685)	-	(17,685)
Net movement during the year	<u>7,029</u>	<u>(328,367)</u>	<u>88,972</u>	<u>(17,685)</u>	<u>984</u>	<u>(249,067)</u>
Balance at end of the year	<u>38,319</u>	<u>(1,187,941)</u>	<u>13,648</u>	<u>31,691</u>	<u>10,817</u>	<u>(1,093,466)</u>

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

12. OTHER RESERVES (continued)

30 June 2024 (Unaudited)	Cash flow hedges SAR' 000	Fair value reserve – FVOCI debt SAR' 000	Fair value reserve – FVOCI equity SAR' 000	Actuarial Gains SAR' 000	Share in OCI of associate SAR' 000	Total SAR' 000
Balance at beginning of the period	31,290	(859,574)	(75,324)	49,376	9,833	(844,399)
Net change in fair value	75,777	(326,267)	(10,515)	-	984	(260,021)
Transfers to retained earnings on disposal	-	-	(143)	-	-	(143)
Transfer to interim condensed consolidated statement of income (note 9.2(b))	(144)	-	-	-	-	(144)
Net movement during the period	75,633	(326,267)	(10,658)	-	984	(260,308)
Balance at end of the period	106,923	(1,185,841)	(85,982)	49,376	10,817	(1,104,707)

13. TIER 1 SUKUK

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

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

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

13. TIER 1 SUKUK (continued)

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

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

14. COMMITMENTS AND CONTINGENCIES

- a) The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as disclosed at 31 December 2024.
- b) The Bank's credit related commitments and contingencies are as follows:

	30 June 2025 (Unaudited) SAR'000	31 December 2024 (Audited) SAR'000	30 June 2024 (Unaudited) SAR'000
Letters of credit	4,137,682	2,880,118	2,911,245
Letters of guarantee	15,646,319	12,223,553	11,785,545
Acceptances	1,579,260	1,108,259	1,070,024
Irrevocable commitments to extend credit	1,540,156	2,092,329	902,077
Total	22,903,417	18,304,259	16,668,891
Allowance for impairment [b(ii)]	(352,945)	(351,252)	(347,076)
Net exposure	22,550,472	17,953,007	16,321,815

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

	30 June 2025 (Unaudited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
Gross exposure as at 1 January 2025	17,283,933	486,381	533,945	18,304,259
Transfer to 12-month ECL	17,773	(16,497)	(1,276)	-
Transfer to lifetime ECL not credit impaired	(403,192)	403,192	-	-
Transfer to lifetime ECL credit impaired	(50,075)	-	50,075	-
New financial assets originated	2,873,971	187,005	-	3,060,976
Financial assets derecognised during the period	(616,276)	(7,398)	(21,324)	(644,998)
Other movements	1,395,220	810,044	(22,084)	2,183,180
Gross exposure as at 30 June 2025	20,501,354	1,862,727	539,336	22,903,417

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14. COMMITMENTS AND CONTINGENCIES (continued)

	31 December 2024 (Audited)			Total
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	(SAR'000)			
Gross exposure as at 1 January 2024	13,187,483	48,116	519,682	13,755,281
Transfer to 12-month ECL	46,078	(44,772)	(1,306)	-
Transfer to lifetime ECL not credit – impaired	(127,236)	127,236	-	-
Transfer to lifetime ECL credit – impaired	(28,475)	(1,178)	29,653	-
New financial assets originated	5,148,474	5,000	-	5,153,474
Financial assets derecognised during the year	(1,008,259)	(685)	(14,078)	(1,023,022)
Other movements	65,868	352,664	(6)	418,526
Gross exposure as at 31 December 2024	<u>17,283,933</u>	<u>486,381</u>	<u>533,945</u>	<u>18,304,259</u>
	30 June 2024 (Unaudited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
Gross exposure as at 1 January 2024	13,187,483	48,116	519,682	13,755,281
Transfer to 12-month ECL	38,930	(37,623)	(1,307)	-
Transfer to lifetime ECL not credit impaired	(25,063)	25,063	-	-
Transfer to lifetime ECL credit impaired	(26,991)	-	26,991	-
New financial assets originated	1,575,226	3,090	-	1,578,316
Financial assets derecognised during the period	(732,312)	(670)	(12,383)	(745,365)
Other movements	2,084,149	(1,920)	(1,570)	2,080,659
Gross exposure as at 30 June 2024	<u>16,101,422</u>	<u>36,056</u>	<u>531,413</u>	<u>16,668,891</u>

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

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14. COMMITMENTS AND CONTINGENCIES (continued)

- b)(ii) An analysis of changes in allowance for ECL for credit related commitments and contingencies is as follows:

	30 June 2025 (Unaudited)			Total
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	
	(SAR'000)			
ECL as at 1 January 2025	52,487	2,059	296,706	351,252
Transfer to 12-month ECL	711	(74)	(637)	-
Transfer to lifetime ECL not credit impaired	(1,004)	1,004	-	-
Transfer to lifetime ECL credit impaired	(268)	-	268	-
Net re-measurement of loss allowance	(1,974)	8,341	7,511	13,878
New financial assets originated	6,362	3,608	-	9,970
Financial assets that have been derecognized	(819)	(12)	(21,324)	(22,155)
ECL as at 30 June 2025	55,495	14,926	282,524	352,945
	31 December 2024 (Audited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
ECL as at 1 January 2024	44,753	301	284,757	329,811
Transfer to 12-month ECL	270	(232)	(38)	-
Transfer to lifetime ECL not credit – impaired	(344)	344	-	-
Transfer to lifetime ECL credit – impaired	(196)	(6)	202	-
Net re-measurement of loss allowance	(5,102)	1,640	19,889	16,427
New financial assets originated	15,270	38	-	15,308
Financial assets that have been derecognized	(2,164)	(26)	(8,104)	(10,294)
ECL as at 31 December 2024	52,487	2,059	296,706	351,252
	30 June 2024 (Unaudited)			
	12 month ECL (Stage 1)	Life time ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	(SAR'000)			
ECL as at 1 January 2024	44,753	301	284,757	329,811
Transfer to 12-month ECL	195	(157)	(38)	-
Transfer to lifetime ECL not credit impaired	(156)	156	-	-
Transfer to lifetime ECL credit impaired	(188)	-	188	-
Net re-measurement of loss allowance	8,151	1,154	11,166	20,471
New financial assets originated	6,074	5	-	6,079
Financial assets that have been derecognized	(1,155)	(26)	(8,104)	(9,285)
ECL as at 30 June 2024	57,674	1,433	287,969	347,076

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14. COMMITMENTS AND CONTINGENCIES (continued)

- c) During the current period, the Bank received a zakat assessment for the year 2021 amounting to SAR 65.5 million. The Bank is currently in the process of submitting an objection.

Furthermore, during year 2024, the Bank received a zakat assessment for the year 2019 with an additional zakat amount of SAR 77.57 million. The Bank has already submitted its objection to the imposition of the additional zakat to the General Secretariat of Tax Committees (GSTC) and is confident that the outcome will be in the Bank's favor.

As of 30 June 2025, the Bank has filed its Zakat and Income Tax returns with the Zakat, Tax, and Customs Authority (ZATCA) and has paid zakat and income tax for the years up to and including 2024. Zakat and income tax assessments have been finalized till FY 2018.

15. CASH AND CASH EQUIVALENTS

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

	30 June 2025 (Unaudited) SAR'000	31 December 2024 (Audited) SAR'000	30 June 2024 (Unaudited) SAR'000
Cash and balances with SAMA, excluding statutory deposit	796,895	688,914	1,135,197
Due from banks and other financial institutions with an original maturity of 90 days or less from the date of acquisition	1,431,660	1,635,471	343,052
Total	2,228,555	2,324,385	1,478,249

The reconciliation of cash and cash equivalents to cash and balances with Saudi Central Bank is as follows:

	30 June 2025 (Unaudited) SAR'000	31 December 2024 (Audited) SAR'000	30 June 2024 (Unaudited) SAR'000
Cash and cash equivalents as per statement of cash flows	2,228,555	2,324,385	1,478,249
Statutory deposit	5,387,178	5,429,455	4,954,454
Due from banks and other financial institutions with original maturity of 90 days or less from the date of acquisition	(1,431,660)	(1,635,471)	(343,052)
Cash and balances with SAMA	6,184,073	6,118,369	6,089,651

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15. CASH AND CASH EQUIVALENTS (continued)

15.1 Below is a reconciliation of liabilities arising from financing activities:

30 June 2025 (Unaudited)	Subordinated Sukuk	Dividend Payable	lease liabilities against right of use assets
		(SAR' 000)	
Balances as at 1 January 2025	2,005,918	62,934	177,821
Changes from financing cash flows			
Payment of return on Subordinate Sukuk	(70,189)	-	-
Payment of leased liability - principal	-	-	(44,940)
Dividend paid	-	(145)	-
Other changes			
Increase due to additions	-	-	47,034
Payment of leased liability - profit	-	-	(10,615)
Financing cost	69,813	-	10,615
Amortisation of transaction cost	871	-	-
Other adjustments	-	-	-
Balances as at 30 June 2025	2,006,413	62,789	179,915
30 June 2024 (Unaudited)	Subordinated Sukuk	Dividend Payable	lease liabilities against right of use assets
		(SAR' 000)	
Balances as at 1 January 2024	2,004,346	66,610	197,373
Changes from financing cash flows			
Payment of return on Subordinate Sukuk	(77,970)	-	-
Payment of leased liability - principal	-	-	(63,209)
Dividend paid	-	(3,425)	-
Other changes			
Increase due to additions	-	-	40,706
Payment of leased liability - profit	-	-	(6,466)
Financing cost	77,986	-	6,466
Amortisation of transaction cost	870	-	-
Other adjustments	1	-	-
Balances as at 30 June 2024	2,005,233	63,185	174,870

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

16. OPERATING SEGMENTS

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

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2024.

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

Personal banking

Deposit, credit and investment products for individuals.

Corporate banking

Financing, deposits and other credit products for corporate, small to medium sized businesses and institutional customers.

Treasury

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

Brokerage and asset management

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

Others

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

The Group's total assets and liabilities at 30 June 2025 and 30 June 2024, its total operating income and expenses, and its net income for the six month period then ended, by operating segment, are as follows:

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

16. OPERATING SEGMENTS (continued)

(SAR'000)	<u>Personal banking</u>	<u>Corporate banking</u>	<u>Treasury</u>	<u>Brokerage and asset management</u>	<u>Others</u>	<u>Total</u>
30 June 2025						
(Unaudited)						
Total assets	47,381,235	54,559,686	50,650,324	4,644,414	336,987	157,572,646
Total liabilities	48,906,123	53,721,240	33,193,195	2,661,024	(81)	138,481,501
Inter - segment income / (loss)	158,529	(93,599)	(64,930)	-	-	-
Total operating income	1,151,930	689,926	212,728	301,075	(174,600)	2,181,059
Of which:						
- Net financing and investment income	912,066	528,870	5,668	68,969	-	1,515,573
- Fees from banking services, net	136,593	115,164	(187)	177,940	(31,789)	397,721
- Net loss on FVIS financial instruments	-	-	(4,001)	(4,258)	-	(8,259)
Total operating expenses	(794,455)	(328,883)	(84,938)	(131,930)	520	(1,339,686)
Of which:						
- Impairment charge for financing and other financial assets, net	(22,429)	(177,399)	(90)	-	-	(199,918)
- Depreciation and amortization	(64,443)	(7,650)	(5,507)	(7,016)	-	(84,616)
Share in net income of an associate	-	-	-	954	5,723	6,677
Net income / (loss) before zakat and income tax	357,475	361,043	127,790	170,099	(168,357)	848,050
31 December 2024						
(Audited)						
Total assets	44,685,961	50,552,799	49,404,697	3,938,976	323,635	148,906,068
Total liabilities	43,727,176	52,491,559	33,279,798	2,205,919	(81)	131,704,371

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16. OPERATING SEGMENTS (continued)

(SAR'000)	<u>Personal banking</u>	<u>Corporate banking</u>	<u>Treasury</u>	<u>Brokerage and asset management</u>	<u>Others</u>	<u>Total</u>
30 June 2024 (Unaudited)						
Total assets	40,088,114	46,064,346	47,463,810	4,060,894	324,211	138,001,375
Total liabilities	46,158,331	50,629,226	22,490,753	2,048,708	(80)	121,326,938
Inter - segment income / (loss)	309,832	25,654	(321,165)	-	(14,321)	-
Total operating income	1,011,540	506,323	191,870	230,078	(148,454)	1,791,357
Of which:						
- Net financing and investment income	817,229	385,757	27,290	33,529	(14,321)	1,249,484
- Fees from banking services, net	106,677	91,106	25	138,251	(27,317)	308,742
- Net gain/ (loss) on FVIS financial instruments	-	-	3,490	35,157	(2,629)	36,018
Total operating expenses	(733,007)	(178,915)	(71,786)	(112,438)	559	(1,095,587)
Of which:						
- Impairment charge for financing and other financial assets, net	(45,339)	(93,450)	633	-	-	(138,156)
- Impairment reversal for other real estate	-	42,571	-	-	-	42,571
- Depreciation and amortization	(76,492)	(8,807)	(7,463)	(4,310)	(1)	(97,073)
Share in net income of an associate	-	-	-	1,396	8,378	9,774
Net income / (loss) before zakat and income tax	278,533	327,408	120,084	119,036	(139,517)	705,544

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

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

Determination of fair value and fair value hierarchy

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

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

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

There were no changes in the Group's valuation processes, valuation techniques, and types of input used in the fair value measurements during the period.

a) The following table presents the Group's financial assets and liabilities that are measured at fair values:

		30 June 2025 (Unaudited)			
		Fair Value (SAR'000)			
	Carrying Value	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value:</u>					
FVIS - Mutual funds	1,775,164	-	1,775,165	-	1,775,165
FVIS – Equities	49,788	27,199	-	22,589	49,788
FVIS – Convertible debt instrument	12,618	-	-	12,618	12,618
FVOCI – Equities	531,720	-	-	531,720	531,720
FVOCI – Sukuk – equity	3,176,800	-	3,176,800	-	3,176,800
FVOCI – Sukuk – debt	10,401,620	-	10,401,620	-	10,401,620
Shari'ah compliant derivatives	90,385	-	90,385	-	90,385
Total	16,038,095	27,199	15,443,970	566,927	16,038,096
<u>Financial liabilities measured at fair value:</u>					
Shari'ah compliant derivatives	159,606	-	159,606	-	159,606
		31 December 2024 (Audited)			
		Fair value (SAR'000)			
	Carrying Value	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value:</u>					
FVIS - Mutual funds	1,748,147	-	1,748,147	-	1,748,147
FVIS – Equities	39,853	17,264	-	22,589	39,853
FVIS–Convertible debt instrument	6,618	-	-	6,618	6,618
FVOCI – Equities	531,274	-	-	531,274	531,274
FVOCI – Sukuk – equity	2,999,378	-	2,999,378	-	2,999,378
FVOCI – Sukuk – debt	9,784,586	-	9,784,586	-	9,784,586
Shari'ah compliant derivatives	151,737	-	151,737	-	151,737
Total	15,261,593	17,264	14,683,848	560,481	15,261,593
<u>Financial liabilities measured at fair value:</u>					
Shari'ah compliant derivatives	164,999	-	164,999	-	164,999

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17. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

		30 June 2024 (Unaudited) Fair Value (SAR'000)			
	Carrying Value	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value:</u>					
FVIS - Mutual funds	1,735,203	-	1,735,203	-	1,735,203
FVIS – Equities	44,695	24,208	-	20,487	44,695
FVIS – Convertible debt instrument	3,750	-	-	3,750	3,750
FVOCI – Sukuk – equity	2,705,353	-	2,705,353	-	2,705,353
FVOCI – Sukuk – debt	9,787,614	-	9,787,614	-	9,787,614
Shari'ah compliant derivatives	176,979	-	176,979	-	176,979
Total	14,453,594	24,208	14,405,149	24,237	14,453,594
<u>Financial liabilities measured at fair value:</u>					
Shari'ah compliant derivatives	150,386	-	150,386	-	150,386

Fair value of quoted investments is based on price quoted on the reporting date. Level 2 trading and hedging derivatives comprise foreign exchange, options and profit rate swaps. These foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Profit rate swaps and options are fair valued using forward profit rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

There were no changes in valuation techniques during the period.

There were no transfers between levels 1 and 2 during the year. New investments acquired during the year are classified under the relevant levels. Level 3 includes investment in unquoted equities which have been valued using a valuation model.

- b) Following table represent fair values of financial assets and liabilities which are carried at amortised cost. There are no financial assets and liabilities where fair value is measurable as level 1 and level 3 fair value.

	30 June 2025 (Unaudited) (SAR'000)	
	Amortised cost	Fair value Level 2
<u>Financial assets:</u>		
Due from banks and other financial institutions, net	6,944,536	6,954,299
Investment held at amortised cost, net	21,433,612	20,858,359
Financing, net	103,701,612	104,521,367
Total	132,079,760	132,334,025
<u>Financial liabilities:</u>		
Due to banks, SAMA and other financial institutions	19,898,623	20,443,413
Customers' deposits	114,154,873	114,825,674
Subordinated Sukuk	2,006,413	2,006,413
Total	136,059,909	137,275,500

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	31 December 2024 (Audited) (SAR'000)	
	Amortised cost	Fair value Level 2
<u>Financial assets:</u>		
Due from banks and other financial institutions, net	6,697,117	6,706,393
Investment held at amortised cost, net	21,083,867	20,131,588
Financing, net	96,912,496	97,309,690
Total	124,693,480	124,147,671
<u>Financial liabilities:</u>		
Due to banks, SAMA and other financial institutions	19,309,333	20,816,924
Customers' deposits	108,186,514	108,874,632
Subordinated Sukuk	2,005,918	2,005,918
Total	129,501,765	131,697,474
	30 June 2024 (Unaudited) (SAR'000)	
	Amortised cost	Fair value Level 2
<u>Financial assets:</u>		
Due from banks and other financial institutions, net	6,965,794	6,959,377
Investment held at amortised cost, net	20,337,852	19,365,322
Financing, net	87,207,667	87,400,687
Total	114,511,313	113,725,386
<u>Financial liabilities:</u>		
Due to banks, SAMA and other financial institutions	18,817,587	19,300,450
Customers' deposits	98,553,170	99,184,930
Subordinated Sukuk	2,005,233	2,005,233
Total	119,375,990	120,490,613

The fair value of the cash and balances with Saudi Central Bank, other assets and other liabilities approximate to their carrying amount. The fair values of level 2 financial instruments are estimated as at 30 June 2025 at the current applicable yield curve taking into account the counterparty risks and applicable market rate.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 2 and Level 3 fair values at 30 June 2025, 31 December 2024 and 30 June 2024, as well as the significant unobservable inputs used.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Type	Accounting Classification	Valuation Technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mutual Fund units	FVIS	Fair valued using the net asset value determined by the fund manager. The fund manager deploys various techniques for the valuation of underlying assets classified under level 2 of the respective fund's fair value hierarchy	Not applicable	Not applicable
Equities	FVIS	Includes investment in unquoted equities which have been valued using a valuation model.	Risk Free Rate, Asset Volatility	Valuation is highly sensitive to changes in the asset volatility
Equities	FVOCI	Includes investment in unquoted equities which have been valued using a valuation model.	Not applicable	Not applicable
Investment held at FVOCI – Sukuks (debt & equity)	FVOCI	Fair valued using the broker quoted prices or estimating present value by discounting cash flows using adjusted discount rate.	Not applicable	Not applicable
Forward exchange contracts (Wa'ad) and Profit rate swaps	FVIS	Forward exchange contracts (Wa'ad): Fair valued using discounted Notional techniques that use observable market data inputs for Foreign Exchange (FX) and yield curves Profit rate swaps: The fair value is determined by discounting the future cash flows using observable market data inputs for yield curves.	Not applicable	Not applicable
Due from banks and other financial institutions, Financing, Due to banks and other financial institutions, Customer Deposits	Amortised Cost	Market Data: Used observable market data inputs for yield curves. Fair value technique: The fair value is determined by discounting the future cash flows. A discounted cash flow is the product of: <ul style="list-style-type: none"> The anticipated nominal magnitude and sign of a cash flow. The accumulated discount over the amount of time remaining until the anticipated time of the cash flow, at a rate of discount. The fair value is determined only for the Customers' time investments.	Not applicable	Not applicable
Investment held at amortised cost - net	Amortised Cost	Fair valued using the quoted prices, where available or estimating present value by discounting cash flows using adjusted discount rate.	Not applicable	Not applicable

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

18. CAPITAL ADEQUACY

The Group's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

Capital adequacy and the use of regulatory capital are monitored on a periodic basis by the Bank's management. SAMA requires holding the minimum level of the regulatory capital and maintaining a ratio of total eligible capital to the risk-weighted assets at or above the agreed minimum percentage.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its interim condensed consolidated statement of financial position assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk.

The following table summarizes the Group's Pillar-I Risk Weighted Assets (RWA), Regulatory Capital and Capital Adequacy Ratios as per as per Basel III final reform issued by SAMA (circular number 44047144) effective from January 01, 2023

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Credit Risk	114,628,074	103,418,920	97,513,325
Market Risk	1,633,651	1,468,837	2,646,504
Operational Risk	5,228,814	4,860,836	4,860,836
Total Pillar-I RWA	<u>121,490,539</u>	<u>109,748,593</u>	<u>105,020,665</u>
Common Equity Tier 1 (CET 1) Capital	14,223,885	13,288,378	12,692,513
Additional Tier 1 (AT1) Capital	4,875,000	3,875,000	3,875,000
Tier I Capital	19,098,885	17,163,378	16,567,513
Tier II Capital	2,656,270	2,616,245	2,505,970
Total Tier I and II Capital	<u>21,755,155</u>	<u>19,779,623</u>	<u>19,073,483</u>
Capital Adequacy Ratio (%)			
Common Equity Tier I Ratio	11.71%	12.11%	12.09%
Tier I ratio	15.72%	15.64%	15.78%
Total Tier I and II Capital	17.91%	18.02%	18.16%

19. RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. The related party transactions are governed by the limits set by the Banking Control Law and regulations issued by Saudi Central Bank (SAMA).

The balances as at June 30 resulting from such transactions are as follows:

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19. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	30 June 2025	31 December 2024	30 June 2024
	<u>SAR' 000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Subsidiary companies			
Investments	500,980	500,980	501,480
Customer deposits	2,259,088	2,389,506	2,472,008
Due from banks and other financial institutions	2,385,640	2,023,568	1,896,751
Due to banks and other financial institutions	1,288,671	291,019	290,913
Receivables and other assets	236,995	161,081	267,507
Payables and liabilities	17,676	30,623	41,481
Commitments and contingencies	126	98	30,195
Notional values of outstanding shari'ah compliant contracts	3,175,436	3,675,436	3,409,582
Outstanding Sukuk liability	1,875,000	1,875,000	1,875,000
Associate and affiliate entities with significant influence			
Investments	337,068	323,716	324,292
Customer deposits	301,817	305,417	180,298
Contingencies and commitments	7,280	7,280	7,280
Sukuk liability	160,000	150,000	150,000
Directors, key management personnel, other major shareholders and their affiliates			
Financing	2,413,748	327,474	308,841
Customers' deposits	138,934	119,835	125,771
Contingencies and commitments	129	35,835	39,645
Other major shareholders represent shareholdings of more than 5% of the Bank's issued share capital.			
Mutual Funds under subsidiary's management			
Investments	730,011	579,306	1,691,193
Customers' deposits	19,365	111,785	340,512

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

19. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Material income, expenses and other transactions with related parties included in the interim condensed consolidated financial statements information are as follows:

	Period ended 30 June 2025	Period ended 30 June 2025
	<u>SAR' 000</u>	<u>SAR'000</u>
Income from investments and financing	171,275	137,804
Return on deposits and financial liabilities	182,367	122,112
Fees income	367	243
Fee expense	4,608	9,242
Insurance premium	7,498	57,973
Claims received	13,075	13,898
Directors' remuneration	9,605	5,700
Income under shared service agreements	575	575
Operating expenses	2,450	-
Reimbursement of building related expense	1,024	1,571
Rent expense for branches	748	768
Investment in the sukuks issued by BAJ	10,000	-
Profit on the sukuks issued by BAJ	4,500	4,500
Purchase of shares of associate (ATT)	-	76,218

The total amount of compensation paid to directors and key management personnel during the period is as follows:

	Period ended 30 June 2025	Period ended 30 June 2024
	<u>SAR' 000</u>	<u>SAR'000</u>
Short-term employee benefits	45,333	41,868
Termination benefits	1,227	1,056

Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

20. COMPARATIVE FIGURES

Certain prior period amounts have been rearranged or reclassified, wherever necessary, so as to align with the current period's presentation. However, there was no impact of such reclassifications on the interim condensed consolidated statement of income and interim condensed consolidated statement of changes in equity.

21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was authorized for issue by the Board of Directors of the Bank on 24 July 2025 (corresponding to 29th Muharram 1447H).