

sahb FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**INDEX OF THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -
MONTH PERIOD ENDED JUNE 30, 2026**

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
sahb Finance Company
(A Saudi Closed Joint Stock Company)
Riyadh – KSA

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **sahb Finance Company** (A Saudi Closed Joint Stock Company) (the "Company") as of June 30, 2026 and the related interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements 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", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 International Standards on Auditing that are 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 financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License Number 362



Riyadh on: 14 Safar 1448 (H)
Corresponding to: 28 July 2026 (G)

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

		June 30, 2026	December 31, 2025
	Notes	Unaudited	Audited
Assets			
Cash and cash equivalent	5	25,829,759	14,227,552
Murabaha receivables	6	75,898,874	111,882,475
Ijara receivables	7	12,401,636	12,410,303
Prepayments and other receivables	8	1,625,691	761,009
Other assets	9	182,970,139	162,654,928
Investment properties	11	104,893,461	100,504,978
Property and equipment		3,844,872	3,857,237
Intangible assets		584,432	587,866
Equity investment at FVTOCI	10	892,850	892,850
Total assets		408,941,714	407,779,198
Liabilities and shareholders' equity			
Liabilities			
Accounts payable, accruals and others		6,599,919	9,748,876
Provision for employees' end of service benefits		1,825,254	1,677,411
Provision for Zakat	12	1,353,645	2,400,622
Total liabilities		9,778,818	13,826,909
Shareholders' Equity			
Share capital	13	311,392,870	311,392,870
Statutory reserve		33,579,552	33,579,552
Consensual reserve		3,000,000	3,000,000
Actuarial gain on employees' defined benefit obligations		624,877	624,877
Retained earnings		50,565,597	45,354,990
Total shareholders' equity		399,162,896	393,952,289
Total liabilities and shareholders' equity		408,941,714	407,779,198

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	For the three-month period ended		For the six-month period ended	
		June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
		Unaudited	Unaudited	Unaudited	Unaudited
Income					
Income from Murabaha contracts	15	2,974,056	2,471,936	6,198,697	5,088,076
Finance income		169,368	388,331	298,789	676,810
Recovery from debts previously written off		4,373,545	3,588,029	6,673,545	13,653,915
TOTAL INCOME		7,516,969	6,448,296	13,171,031	19,418,801
Operating expenses					
General and administration expenses (Charge) / reversal of expected credit losses	17	(6,546,564)	(6,484,084)	(12,820,439)	(13,257,309)
Fair value amortization	16	(152,400)	671,022	(200,324)	2,643,673
Reversal of expected credit loss on other receivables	14	695,659	772,824	1,417,246	1,563,346
Reversal of impairment loss on investment property	8.1	-	-	78,887	-
	11.1	-	-	4,917,851	-
		(6,003,305)	(5,040,238)	(6,606,779)	(9,050,290)
Net profit before zakat for the period		1,513,664	1,408,058	6,564,252	10,368,511
Zakat charge	12	(312,140)	(290,361)	(1,353,645)	(2,138,138)
Net profit for the period		1,201,524	1,117,697	5,210,607	8,230,373
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Re-measurement gain on employees' defined benefit liabilities		-	-	-	-
Total comprehensive income for the period		1,201,524	1,117,697	5,210,607	8,230,373

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Share capital	Statutory reserve	Consensual reserve	Retained earnings	Actuarial gain on employees' defined benefit obligations	Total
Balance as at January 1, 2026 (Audited)	311,392,870	33,579,552	3,000,000	45,354,990	624,877	393,952,289
Net profit for the period	-	-	-	5,210,607	-	5,210,607
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,210,607	-	5,210,607
Balance as at June 30, 2026 (Unaudited)	311,392,870	33,579,552	3,000,000	50,565,597	624,877	399,162,896
Balance as at January 1, 2025 (Audited)	311,392,870	32,655,477	3,000,000	37,038,313	554,398	384,641,058
Net profit for the period	-	-	-	8,230,373	-	8,230,373
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,230,373	-	8,230,373
Balance as at June 30, 2025 (Unaudited)	311,392,870	32,655,477	3,000,000	45,268,686	554,398	392,871,431

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	June 30, 2026 Unaudited	June 30, 2025 Unaudited
Cash flows from operating activities		
Profit before zakat	6,564,252	10,368,511
<i>Adjustments for non-cash items</i>		
Depreciation	628,524	615,644
Amortization	3,434	-
Provision for employees' end of service benefits	189,346	187,320
Charge/ (reversal) of provision for credit losses	200,324	(2,643,673)
Reversal of expected credit loss on other receivables	(78,887)	-
Reversal of impairment loss on investment property	(4,917,851)	-
Fair value amortization	(1,417,246)	(1,563,346)
	1,171,896	6,964,456
<i>Changes in operating assets and liabilities</i>		
Murabaha receivables	16,845,593	19,772,442
Ijara receivables	9,630	2,731
Prepayments and other receivables	(785,795)	(260,664)
Other assets	38,756	-
Accounts payable, accruals and others	(3,148,957)	(1,609,097)
Zakat paid	(2,400,622)	(3,617,322)
Employees' end of service benefits paid	(41,503)	(41,510)
Net cash generated from operating activities	11,688,998	21,211,036
Cash flows from investing activities		
Additions to property and equipment	(86,791)	(92,938)
Intangible assets	-	(140,625)
Net cash used in investing activities	(86,791)	(233,563)
Net increase in Cash and cash equivalent	11,602,207	20,977,473
Cash and cash equivalent at beginning of the period	14,227,552	27,779,787
Cash and cash equivalent at end of the period	25,829,759	48,757,260

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

1 ORGANIZATION AND ACTIVITIES

sahb Finance Company (the “Company”) is a Saudi closed joint stock company, registered in Riyadh, Kingdom of Saudi Arabia. The Company obtained a license number 201411/S A/23 dated 9 Muharram 1436H (corresponding to November 2, 2014) from the Saudi Central Bank (SAMA). The Company is registered under commercial registration number 1010265551 dated 9 Rabie Al Thani 1430H (corresponding to April 5, 2009). The unified number of the Company as per commercial registration certificate is 7001586903.

The objectives of the Company are to provide financing to small and medium companies, financing production assets and providing finance leases.

The Company renewed its Saudi Central Bank (SAMA) license in September 3, 2023 for a period of five years, to perform financing activities in the Kingdom of Saudi Arabia.

The Company’s Head Office is located at the following address:

sahb Finance Company
Abi Tahir Al Dhahabi street
Al Mutamarat, P.O. Box 64124, Riyadh 11536
Kingdom of Saudi Arabia

The results for the six-month period ended June 30, 2026, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2026.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company as at and for the period ended June 30, 2026, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IAS-34 as endorsed in KSA”).

These interim condensed financial statements do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2025.

The assets and liabilities are presented in the interim condensed statement of financial position in order of liquidity.

The interim condensed financial statements are shown in Saudi Riyals (ﷲ), which represents the company's functional currency.

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

3 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Due to the significant impact of uncertainties associated with key estimates, results that differ from current assumptions during the next financial year may require a material adjustment to the carrying amount of the affected asset or liability.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, as well as the key sources of estimates and uncertainties, are the same as those applied in the Company's annual financial statements for the year ended 31 December 2025.

3.1 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

3.2 New standards, interpretations, and amendments effective in the current period

The following are the new standards, interpretations and amendments to standards that are effective in the current period but they have no impact on these interim condensed financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026

4 MATERIAL ACCOUNTING POLICIES

The accounting policies, used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2025.

5 CASH AND BANK BALANCES

	June 30, 2026	December 31, 2025
	Unaudited	Audited
Cash in hand	30,000	12,353
Cash at banks	2,799,759	4,215,199
Term deposits	23,000,000	10,000,000
	25,829,759	14,227,552

Term deposits are placed with local commercial bank with original maturity of less than three month and carrying a profit rate of 3.1%.

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

6 MURABAHA RECEIVABLES**6.1 Reconciliation between gross to net receivables:**

	June 30, 2026 Unaudited	December 31, 2025 Audited
Gross Murabaha receivables	115,023,877	223,512,725
Transfer to other assets (note 9.2.1)	(19,931,258)	(87,895,508)
Gross Murabaha receivables after transfer	95,092,619	135,617,217
Unearned finance income	(11,667,842)	(15,415,496)
	83,424,777	120,201,721
Provision for expected credit losses	(7,525,903)	(8,319,246)
Murabaha receivables, net	75,898,874	111,882,475

During the period, the Company obtained three final court orders authorizing the auction of the underlying collateral properties. Accordingly, the related Murabaha receivables were transferred to other assets (Note 9.2.1).

6.2 The contractual maturity of the Murabaha receivables are as follows:

As at 30 June 2026 (Unaudited)	Years	Gross Investment	Unearned finance Income	Net investment before ECL
Total current portion	1	65,652,400	(9,285,474)	56,366,926
	2	24,329,289	(2,174,032)	22,155,257
	3	5,110,930	(208,336)	4,902,594
Total non-current portion		29,440,219	(2,382,368)	27,057,851
Total Murabaha receivables		95,092,619	(11,667,842)	83,424,777

As at 31 December 2025 (Audited)	Years	Gross Investment	Unearned finance Income	Net investment before ECL
Total current portion	1	86,379,693	(11,108,666)	75,271,027
	2	39,449,190	(3,700,411)	35,748,779
	3	9,418,751	(606,419)	8,812,332
	4	369,583	-	369,583
Total non-current portion		49,237,524	(4,306,830)	44,930,694
Total Murabaha receivables		135,617,217	(15,415,496)	120,201,721

6.3 The aging of Murabaha receivables are as follows:

	June 30, 2026 Unaudited	December 31, 2025 Audited
Not yet due	76,972,158	96,725,563
Overdue balances		
1 – 3 months	3,148,968	1,496,099
4 – 6 months	1,471,775	-
7 – 12 months	-	3,887,216
More than 12 months	1,831,876	18,092,843
	6,452,619	23,476,158
Net Murabaha receivables before ECL provision	83,424,777	120,201,721

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

6 MURABAHA RECEIVABLES (CONTINUED)**6.4 Stage-wise analysis of Murabaha receivables are as follows:**

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2026 (Audited)	98,222,479	4,743,613	32,651,125	135,617,217
Transfer from stage 1	(10,121,683)	4,571,679	5,550,004	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Financial Assets - settled	(27,853,095)	(1,756,545)	(2,417,618)	(32,027,258)
Financial Assets - originated	11,433,918	-	-	11,433,918
Transferred to other assets	-	-	(19,931,258)	(19,931,258)
As at 30 June 2026 (Unaudited)	71,681,619	7,558,747	15,852,253	95,092,619

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025 (Audited)	76,892,279	-	128,249,932	205,142,211
Transfer from stage 1	(11,355,552)	-	11,355,552	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Financial Assets - settled	(49,372,117)	(1,507,079)	(22,233,835)	(73,113,031)
Financial Assets - originated	82,057,869	6,250,692	3,174,984	91,483,545
Transferred to other assets	-	-	(87,895,508)	(87,895,508)
As at 31 December 2025 (Audited)	98,222,479	4,743,613	32,651,125	135,617,217

6.5 The analysis of changes in provision for ECL are as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2026 (Audited)	548,204	35,018	7,736,024	8,319,246
Charge / (reversal) for the period	(45,922)	9,993	1,237,404	1,201,475
Transfer from stage 1	(70,007)	32,019	37,988	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Transferred to other assets	-	-	(1,994,818)	(1,994,818)
As at 30 June 2026 (Unaudited)	432,275	77,030	7,016,598	7,525,903

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025 (Audited)	422,110	-	15,730,494	16,152,604
Charge / (reversal) for the year	3,159,344	-	(2,185,908)	973,436
Transfer from stage 1	(3,033,250)	35,018	2,998,232	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Transferred to other assets	-	-	(8,806,794)	(8,806,794)
As at 31 December 2025 (Audited)	548,204	35,018	7,736,024	8,319,246

6.6 The ECL provision movement in Murabaha receivables are given below:

	June 30, 2026 Unaudited	December 31, 2025 Audited
Opening balance	8,319,246	16,152,604
Charge for the period / year	1,201,475	973,436
Transferred to other assets	(1,994,818)	(8,806,794)
Closing balance	7,525,903	8,319,246

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

6 MURABAHA RECEIVABLES (CONTINUED)**6.7 Stage wise analysis of gross exposure of Murabaha receivables and ECL provision are as follows:**

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2026 (Unaudited)				
Gross Murabaha receivables	71,681,619	7,558,747	15,852,253	95,092,619
Provision for expected credit losses	(432,275)	(77,030)	(7,016,598)	(7,525,903)
	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2025 (Audited)				
Gross Murabaha receivables	98,222,479	4,743,613	32,651,125	135,617,217
Provision for expected credit losses	(548,204)	(35,018)	(7,736,024)	(8,319,246)

7 IJARA RECEIVABLES**7.1 Reconciliation between gross to net Ijara receivables:**

	June 30, 2026 Unaudited	December 31, 2025 Audited
Gross Ijara receivables	13,779,595	50,356,219
Transfer to other assets (note 9.2.2)	-	(36,566,994)
Gross Ijara receivables after transfer	13,779,595	13,789,225
Unearned finance income	-	-
	13,779,595	13,789,225
Provision for expected credit losses	(1,377,959)	(1,378,922)
Ijara receivables, net	12,401,636	12,410,303

7.2 The contractual maturity of the Ijara receivables are as follows:

As at 30 June 2026 (Unaudited)	Year	Gross Investment	Unearned finance Income	Net investment before ECL
Total current portion	1	13,779,595	-	13,779,595
Total Ijara receivables		13,779,595	-	13,779,595
As at 31 December 2025 (Audited)	Year	Gross Investment	Unearned finance Income	Net investment before ECL
Total current portion	1	13,789,225	-	13,789,225
Total Ijara receivables		13,789,225	-	13,789,225

7.3 The aging of Ijara receivables are as follows:

	June 30, 2026 Unaudited	December 31, 2025 Audited
Not yet due	-	-
Overdue balances		
More than 12 months	13,779,595	13,789,225
Net Ijara receivables before ECL provision	13,779,595	13,789,225

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7 IJARA RECEIVABLES (CONTINUED)**7.4 Stage-wise analysis of Ijara receivables are as follows:**

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2026 (Audited)	-	-	13,789,225	13,789,225
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Financial Assets - settled	-	-	(9,630)	(9,630)
Transferred to other assets	-	-	-	-
As at 30 June 2026 (Unaudited)	-	-	13,779,595	13,779,595
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025 (Audited)	-	-	50,358,944	50,358,944
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Financial Assets - settled	-	-	(2,725)	(2,725)
Transferred to other assets	-	-	(36,566,994)	(36,566,994)
As at 31 December 2025 (Audited)	-	-	13,789,225	13,789,225

7.5 The analysis of changes in provision for ECL are as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2026 (Audited)	-	-	1,378,922	1,378,922
Charge / (reversal) for the period	-	-	(963)	(963)
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Transferred to other assets	-	-	-	-
As at 30 June 2026 (Unaudited)	-	-	1,377,959	1,377,959
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025 (Audited)	-	-	5,035,895	5,035,895
Charge / (reversal) for the year	-	-	(273)	(273)
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Transferred to other assets	-	-	(3,656,700)	(3,656,700)
As at 31 December 2025 (Audited)	-	-	1,378,922	1,378,922

7.6 The ECL provision movement in Ijara receivables are given below:

	June 30, 2026 Unaudited	December 31,2025 Audited
Opening balance	1,378,922	5,035,895
Charge/ (reversal) for the period / year	(963)	(273)
Transferred to other assets	-	(3,656,700)
Closing balance	1,377,959	1,378,922

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7 IJARA RECEIVABLES (CONTINUED)**7.7 Stage wise analysis of gross exposure of Ijara receivables and ECL provision are as follows:**

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2026 (Unaudited)				
Gross Ijara receivables	-	-	13,779,595	13,779,595
Provision for expected credit losses	-	-	(1,377,959)	(1,377,959)
	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2025 (Audited)				
Gross Ijara receivables	-	-	13,789,225	13,789,225
Provision for expected credit losses	-	-	(1,378,922)	(1,378,922)

8 PREPAYMENTS AND OTHER RECEIVABLES

	Notes	June 30, 2026 Unaudited	December 31, 2025 Audited
Receivable from sale of investment property		38,385,684	38,385,684
Settlement from investment property	8.1	(78,887)	-
Receivable from sale of investment property		38,306,797	38,385,684
Provision for expected credit losses		(38,385,684)	(38,385,684)
Reversal of Provision	8.1	78,887	-
Provision for expected credit losses		(38,306,797)	(38,385,684)
Net receivable from sale of investment property		-	-
Receivable from former employee for transfer of title deeds	8.2	51,500,012	51,500,012
Provision for expected credit losses		(51,500,012)	(51,500,012)
Net receivable from former employee		-	-
Prepaid expenses (non-financial asset)		1,624,453	754,935
Other receivables		1,018,962	1,023,798
Provision for expected credit losses		(1,017,724)	(1,017,724)
Net other receivables		1,238	6,074
		1,625,691	761,009

8.1 The receivable from sale of investment property was fully provided in prior years based on management assessment of its recoverability. During the current period, an amount of ﷲ 78,887 was collected through court, and the Company reversed the same collected amount from the provision.

8.2 This represents the amount transferred to the former employee to comply with the requirements in relation to transfer of properties in the name of the Company which were previously registered in his name. The amount is still outstanding till the approval of these interim condensed financial statements; therefore, a full provision was recognised for this non-performing receivable. (Refer to note 20.4).

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

9 OTHER ASSETS**9.1 Other assets comprised the following:**

	June 30, 2026 Unaudited	December 31, 2025 Audited
Net Murabaha and Ijara receivables - real estate collaterals under final enforceable court orders (9.1.1)	137,169,855	116,854,621
Net Murabaha and Ijara receivables - secured by real estate registered under Company's name (9.1.2)	45,800,284	45,800,307
	182,970,139	162,654,928

9.1.1 Net Murabaha and Ijara receivable - real estate collaterals under final enforceable court orders

	June 30, 2026 Unaudited	December 31, 2025 Audited
Gross receivables	151,064,659	131,172,042
Expected credit losses provision	(7,553,232)	(6,558,603)
Fair value losses	(6,341,572)	(7,758,818)
	137,169,855	116,854,621

The Company has obtained final court judgments permitting the enforcement and sale of certain real estate collateral securing outstanding Murabaha and Ijara receivables. Execution proceedings are currently in progress before the competent courts, and the collateral is being disposed of under judicial supervision in order to recover the related outstanding balances.

9.1.2 Net Murabaha and Ijara receivables - secured by real estate registered under sahib name

	June 30, 2026 Unaudited	December 31, 2025 Audited
Gross receivables	48,210,827	48,210,849
Expected credit losses provision	(2,410,543)	(2,410,542)
	45,800,284	45,800,307

The Company holds legal title to certain collateral real estates related to defaulted financing receivables. The Company has not taken physical possession of the allotted real estate as of the reporting date.

9.2 Murabaha and Ijara receivables transferred to other assets:

During the period ended 30 June 2026 and FY 2025 and 2024, certain Murabaha and Ijara receivables subject to court judgments and execution procedures were transferred to other assets in the statement of financial position.

The transfer reflects the change in status of these exposures from normal financing activities to legal recovery processes. The underlying contractual rights to cash flows have not expired, and no settlement has occurred as at the reporting date. Accordingly, the balances continue to be recognized as financial assets and are measured in accordance with IFRS 9.

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

9 OTHER ASSETS (CONTINUED)**9.2 Murabaha and Ijara receivables transferred to other assets: (continued)**

These receivables are classified as credit-impaired (Stage 3) in accordance with IFRS 9, and the related expected credit loss allowance reflects management's estimate of irrecoverable amounts, including anticipated proceeds from collateral under judicial execution. Management believes that the recognized impairment allowance appropriately reflects the credit risk associated with these exposures as at the reporting date.

The balances transferred consist of the following:

	June 30, 2026 Unaudited	December 31,2025 Audited
Murabaha receivables (note 9.2.1)	130,641,163	111,740,799
Ijara receivables (note 9.2.2)	58,670,548	58,672,947
Less: fair value losses (note 9.3)	(6,341,572)	(7,758,818)
	182,970,139	162,654,928

9.2.1 Murabaha receivables

	June 30, 2026 Unaudited	December 31,2025 Audited
Gross receivables	137,517,014	117,621,895
Expected credit losses provision	(6,875,851)	(5,881,096)
	130,641,163	111,740,799

The movement during the period/year:

	June 30, 2026 Unaudited	December 31,2025 Audited
Opening balance of gross Murabaha receivables	117,621,895	29,732,439
Gross receivables transferred during the period / year (note 6.1)	19,931,258	87,895,508
Settlements	(36,140)	(6,052)
	137,517,014	117,621,895

Murabaha expected credit losses provision movement:

	June 30, 2026 Unaudited	December 31,2025 Audited
Opening balance	5,881,096	2,973,244
Transferred from Murabaha receivables (note 6.6)	1,994,818	8,806,794
Reversal during the period / year	(1,000,063)	(5,898,942)
Closing balance	6,875,851	5,881,096

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

9 OTHER ASSETS (CONTINUED)**9.2 Murabaha and Ijara receivables transferred to other assets: (continued)****9.2.2 Ijara receivables**

	June 30, 2026 Unaudited	December 31,2025 Audited
Gross Ijara receivables	61,758,472	61,760,996
Ijara expected credit losses provision	(3,087,924)	(3,088,049)
	58,670,548	58,672,947

The movement during the period / year:

	June 30, 2026 Unaudited	December 31,2025 Audited
Opening balance of gross Ijara receivables	61,760,996	25,194,002
Gross receivables transferred during the period/year (note 7.1)	-	36,566,994
Settlement during the period	(2,524)	-
	61,758,472	61,760,996

Ijara expected credit losses provision movement:

	June 30, 2026 Unaudited	December 31,2025 Audited
Opening balance	3,088,049	2,519,400
Transferred from Ijara receivables (note 7.6)	-	3,656,700
Reversal during the period/year	(125)	(3,088,051)
Closing balance	3,087,924	3,088,049

9.3 Movement of fair value losses

	June 30, 2026 Unaudited	December 31,2025 Audited
Opening balance	7,758,818	10,815,965
Amortization before transfer to other assets	-	(1,563,346)
Amortization after transfer to other assets	(1,417,246)	(1,493,801)
Closing balance	6,341,572	7,758,818

10 EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 14 December 2017, the Company made an investment amounting to Saudi Riyals 892,850 for 89,285 shares at Saudi Riyals 10 each which represents 2.33% (It was 2.38% at the time of investment) shareholding in Saudi Company for Registration of Financial Leasing Contracts ("Registration Company"), registered in the Kingdom of Saudi Arabia. The Registration Company has been formed for registration of contracts relating to financial leases, amendments, registration and transfer of title deeds of the assets under the finance leases. The investment is not held for trading and the Company has decided to irrevocably classify it as equity investment at FVOCI. Moreover, as at June 30, 2026 and December 31, 2025, the investment was classified under level 3 of the fair value hierarchy.

sahb FINANCE COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

11 INVESTMENT PROPERTIES

11.1 Cost and accumulated depreciation movement during the period are as follows:

<u>2026</u>	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
As at January 1, 2026 (Audited)	140,034,226	26,687,756	166,721,982
At June 30, 2026 (Unaudited)	140,034,226	26,687,756	166,721,982
Accumulated Depreciation / impairment:			
As at January 1, 2026 (Audited)	59,545,077	6,671,927	66,217,004
Depreciation charge for the period	-	529,368	529,368
Reversal of impairment loss (11.4)	(4,917,851)	-	(4,917,851)
At June 30, 2026 (Unaudited)	54,627,226	7,201,295	61,828,521
Net book value:			
At June 30, 2026 (Unaudited)	85,407,000	19,486,461	104,893,461
<u>2025</u>	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
As at 1 January (Audited)	140,034,226	26,687,756	166,721,982
At 31 December (Audited)	140,034,226	26,687,756	166,721,982
Accumulated depreciation / impairment:			
As at 1 January	59,545,077	5,604,415	65,149,492
Depreciation charge for the year	-	1,067,512	1,067,512
At 31 December, 2025 (Audited)	59,545,077	6,671,927	66,217,004
Net book value:			
At 31 December, 2025 (Audited)	80,489,149	20,015,829	100,504,978

11.2 Reconciliation between gross to net investment property:

	June 30, 2026 Unaudited	December 31,2025 Audited
Cost of investment properties	166,721,982	166,721,982
Less: accumulated depreciation	(7,201,295)	(6,671,927)
Less: provision	(54,627,226)	(59,545,077)
Investment properties, net value	104,893,461	100,504,978

Investment properties consist of freehold lands and buildings located in Saudi Arabia. Below are the details of the cost of investment properties and fair values as at the reporting date:

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

11 INVESTMENT PROPERTIES (CONTINUED)**11.2 Reconciliation between gross to net investment property: (continued)**

June 30, 2026 Unaudited		Type of property			
Location	Land (Unaudited)	Building (Unaudited)	Accumulated depreciation/ impairment (Unaudited)	Net book value (Unaudited)	Fair value (Unaudited)
Riyadh (note 11.4)	57,410,668	-	(52,492,817)	4,917,851	765,304,199
Al Khobar (note 11.3)	7,707,600	-	-	7,707,600	15,078,400
Yanbu (note 11.3)	36,039,413	-	-	36,039,413	65,297,023
Al Khobar	4,362,240	22,367,940	(6,633,700)	20,096,480	22,252,800
Al Khobar (note 11.3)	2,370,548	4,319,816	(1,217,956)	5,472,408	8,397,340
Al Khobar	6,356,658	-	-	6,356,658	8,668,170
Jizan	10,589,048	-	(1,484,048)	9,105,000	25,926,506
Makkah	15,198,051	-	-	15,198,051	15,658,598
	140,034,226	26,687,756	(61,828,521)	104,893,461	926,583,036

December 31, 2025 Audited		Type of property			
Location	Land (Audited)	Building (Audited)	Accumulated depreciation/ impairment (Audited)	Net book value (Audited)	Fair value (Audited)
Riyadh (note 11.4)	57,410,668	-	(57,410,668)	-	765,304,199
Al Khobar (note 11.3)	7,707,600	-	-	7,707,600	15,078,400
Yanbu (note 11.3)	36,039,413	-	-	36,039,413	65,297,023
Al Khobar	4,362,240	22,367,940	(6,190,019)	20,540,161	22,252,800
Al Khobar (note 11.3)	2,370,548	4,319,816	(1,132,269)	5,558,095	8,397,340
Al Khobar	6,356,658	-	-	6,356,658	8,668,170
Jizan	10,589,048	-	(1,484,048)	9,105,000	25,926,506
Makkah	15,198,051	-	-	15,198,051	15,658,598
	140,034,226	26,687,756	(66,217,004)	100,504,978	926,583,036

11.3 The three investment properties, located Al Khobar and Yanbu were registered under the name of the former employee acting as a custodian on behalf of the Company. The company has received final judgements from court, instructing the former employee to transfer back the properties to the Company. The legal formalities to complete title transfer have been completed for all, and the titles have been successfully transferred to the Company's name.

11.4 This investment property was registered in the name of a former employee, and a full impairment loss had been recognized against it. During the period, out of the eight title deeds related to the Al-Qairwan land in Riyadh, the company obtained a favorable court ruling for one title deed (No. 410113067523), which has since been successfully transferred to the company's name. Accordingly, the related provision amounting to ﷲ 4,917,851 was reversed.

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

11 INVESTMENT PROPERTIES (CONTINUED)

11.5 The Company engaged an external, independent and qualified evaluator to determine the fair value of its investment properties at the end of the financial year ended at 31 December, 2025. The evaluator engaged by the Company specializes in the valuation of transferable and non-transferable assets, including commercial valuation, industrial, real estate, intellectual property, trade names, and equipment. The evaluator used the 'market approach' for the valuation of properties as at 31 December, 2025. The valuations have been performed by Maayear Valuation Company (license number 1210000154).

12 PROVISION FOR ZAKAT

Movement in zakat provision during the period/year was as follows:

	June 30, 2026 Unaudited	December 31, 2025 Audited
As at January 1	2,400,622	3,617,322
Charge for the period / year	1,353,645	2,400,622
Zakat payments during the period/ year	(2,400,622)	(3,617,322)
Net zakat payable	1,353,645	2,400,622

12.1 Status of assessment

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") for all years up to and including the year ended December 31, 2025.

Zakat and tax assessments have been finalized up to the year ended December 31, 2021.

The Company received the final zakat certificates for the years up to December 31, 2025, valid till April 30, 2027.

13 SHARE CAPITAL

The shareholding position as at June 30, 2026 and December 31, 2025 is as follows:

30 June 2026	Percentage of shares	Number of shares	Share Capital
Al Rayan Bank– Qatar	48.76%	15,182,133	151,821,330
Saudi Higher Education Fund	20.22%	6,297,055	62,970,550
Mohammed Al Rumaizan & Sons Investment	10%	3,113,929	31,139,290
Ahmed Bin Rashid Abdullah Al-Ameer	4.5%	1,401,268	14,012,680
Hassan Bin Musa Yousef	4.5%	1,401,268	14,012,680
Mohammed Bin Hamad Bin Abdullah Al Hammad	2.02%	629,705	6,297,050
Rumaizan Saleh Abdulaziz Al-Rumaizan	1.46%	454,104	4,541,040
Abdulrahman Saleh Abdulaziz Al-Rumaizan	1.46%	454,104	4,541,040
Abdulaziz Saleh Abdulaziz Al-Rumaizan	1.46%	454,104	4,541,040
Walid Saleh Abdulaziz Al-Rumaizan	1.46%	454,104	4,541,040
Siham Ridwan Mohammed bin Ibrahim	1.25%	389,241	3,892,410
Jawaher Saleh Abdulaziz Al-Rumaizan	0.73%	227,068	2,270,680
Fawzia Saleh Abdulaziz Al-Rumaizan	0.73%	227,068	2,270,680
Madhawi Saleh Abdulaziz Al-Rumaizan	0.73%	227,068	2,270,680
Huda Saleh Abdulaziz Al-Rumaizan	0.73%	227,068	2,270,680
	100%	31,139,287	311,392,870

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13 SHARE CAPITAL (CONTINUED)

<u>31 December 2025</u>	Percentage of shares	Number of shares	Share Capital
Al Rayan Bank– Qatar	48.76%	15,182,133	151,821,330
Saudi Higher Education Fund	20.22%	6,297,055	62,970,550
Mohammed Al Rumaizan & Sons Investment	10.00%	3,113,929	31,139,290
Saleh Bin Abdul Aziz Bin Rashed Al Rumaizan	10.00%	3,113,929	31,139,290
Ahmed Bin Rashid Abdullah Al-Ameer	4.50%	1,401,268	14,012,680
Hassan Bin Musa Yousef	4.50%	1,401,268	14,012,680
Mohammed Bin Hamad Bin Abdullah Al Hammad	2.02%	629,705	6,297,050
	100%	31,139,287	311,392,870

On 22 September 2024, Mr. Saleh Bin AbdulAziz Bin Rashed Al Rumaizan, holder of 3,113,929 shares in the Company, passed away. In accordance with his duly executed Last Will and Testament, his entire shareholding was bequeathed to his legal heirs in accordance with the terms and conditions set forth therein.

The formal process for transmission and transfer commenced on 19th March 2025 and was duly completed on 19 January 2026.

Upon completion of the transfer process, the Company duly updated its Register of Shareholders and all relevant statutory records to reflect the change in ownership as on 30 June 2026.

14 FAIR VALUE AMORTIZATION

This represents amortization of fair value losses arising from rescheduling of loans as the following:

	Murabaha	Ijara	Total
As at 1 January, 2026 (Audited)	4,846,100	2,912,718	7,758,818
Amortization during the period (note 9.3)	(885,201)	(532,045)	(1,417,246)
As at 30 June, 2026 (Unaudited)	3,960,899	2,380,673	6,341,572

15 INCOMES FROM MURABAHA CONTRACTS

	June 30, 2026 Unaudited	June 30, 2025 Unaudited
Income from Murabaha contracts	6,081,572	4,874,564
Non-refundable credit processing fee	117,125	213,512
	6,198,697	5,088,076

16 PROVISION FOR CREDIT LOSSES

	June 30, 2026 Unaudited	June 30, 2025 Unaudited
Provision / (reversal) for credit losses of:		
Murabaha receivables (note 6.6)	1,201,475	(2,643,399)
Ijara receivables (note 7.6)	(963)	(274)
Other assets (note 9.2.1 & 9.2.2)	(1,000,188)	-
	200,324	(2,643,673)

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(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

17 GENERAL AND ADMINISTRATION EXPENSES

	For the three-month period ended		For the six-month period ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	Unaudited	Unaudited	Unaudited	Unaudited
Salaries and other employees benefits	3,297,100	3,540,422	6,806,366	6,874,589
Board and committee's remuneration	743,250	743,250	1,486,500	1,486,500
Premises related expense	276,178	313,918	587,117	581,706
Consultancy and professional fees	469,215	167,177	565,272	734,951
Legal fee	325,246	406,939	700,218	855,224
Depreciation	316,849	310,748	628,524	615,644
Amortization	1,726	-	3,434	-
Insurance expense	124,995	183,505	263,426	314,265
Cyber Security and related charges	356,583	222,280	620,861	484,589
Unclaimable value added tax	276,159	148,354	580,933	551,975
Other expenses	359,263	447,491	577,788	1,107,866
Reversal of contingent legal expense*	-	-	-	(350,000)
	6,546,564	6,484,084	12,820,439	13,257,309

* The reversal of contingent legal expenses represents the reversal of previously recorded contingent legal expense provision during the year ended December 31, 2023, as a result of the ruling to dismiss the related legal case.

18 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include the shareholders, their affiliated entities and certain key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

In the ordinary course of its activities, the Company transacts business with related parties on mutually agreed terms. The following are the details of major related party transactions/balances during the period:

The related parties' balances accrued were as follows:

	June 30, 2026	December 31, 2025
Related Party	Unaudited	Audited
Board of directors' remuneration	922,500	1,780,000
Audit committee remuneration	146,000	168,000
Risk committee Remuneration	146,000	126,000
Shariah committee remuneration	126,000	154,000
Nomination and Remuneration committee remuneration	73,000	91,000
Executive Committee remuneration	73,000	28,000
	1,486,500	2,347,000

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

18 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The remuneration for board and committees represents the accrued expense.

Transactions recorded during the period:

Name of related party	Nature of relationship	Nature of transaction	June 30, 2026	June 30, 2025
			Unaudited	Unaudited
Key management personnel	Executive management	Salaries and other short-term employee benefits	3,311,357	3,241,474
Board of directors	Board of directors	Remuneration	922,500	922,500
Audit Committee	Audit committee	Remuneration	146,000	146,000
Risk Committee	Risk Committee	Remuneration	146,000	146,000
Sharia Committee	Sharia Committee	Remuneration	126,000	126,000
Nomination and Remuneration committee	Nomination and Remuneration committee	Remuneration	73,000	73,000
Executive Committee	Executive committee	Remuneration	73,000	73,000

All transactions with related parties are on normal commercial terms. None of the balances is secured.

The Company has fully provided for the amount receivable from former employee in respect of transfer of properties amounting to ﷲ 51.5 million (refer note 8.2).

There are certain properties in the name of the former employee. For details, please refer to note 20.4.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The principal or the most advantageous market must be accessible to by the Company.

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, Murabaha and Ijara receivables, margin deposits and accounts and other receivables. Financial liabilities consist of accrued expenses and accounts and other payables. All financial liabilities are carried at amortised cost.

Fair value hierarchy

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

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

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

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

Management has classified all the financial assets and financial liabilities within level 2 of fair value hierarchy other than Murabaha and Ijara receivables, Equity investment at fair value through other comprehensive income which is classified within level 3. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair values of the financial assets and liabilities of the Company at the reporting date are not materially different from their carrying values.

20 RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including special commission rate risks, interest rate risk, price risk and currency risk), legal risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's interim condensed financial statements. Risk management is carried out by senior management. The most important risks and their management are summarized below:

20 RISK MANAGEMENT (CONTINUED)

20.1 Risk management structure

Board of Directors

The Board of Directors are responsible for establishing the Company's policies, including risk management framework, and to review the performance of the Company to ensure compliance with these policies.

Credit and risk management committee

The credit and risk management committee are appointed by the Board of Directors. The credit and risk management committee assists the Board in reviewing overall risks which the Company might face, evaluate and review operational and non-operational risks and decide on mitigating factors related therewith.

Audit committee

The audit committee is appointed by the Board of Directors. The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof and the soundness of the internal controls of the Company.

20.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk on cash and bank balances, Ijara receivables, Murabaha receivables, employees' receivables and other receivables. The Company has established procedures to manage credit exposure including, credit approvals, credit limits, collateral and guarantee requirements. These procedures are based on the Company's internal guidelines.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of activities and sale of future net investment in finance lease receivables to different banks through purchase and agency agreements. However, the Company mitigates its credit risk through evaluation of credit worthiness internally and by obtaining promissory notes and by retaining the title of the asset leased out. An allowance for doubtful finance lease and Murabaha receivable is maintained at a level which, in the judgement of management, is adequate to provide for impairment losses on delinquent receivables.

All Ijara and Murabaha receivables are secured mainly through promissory notes and by retaining the title of the assets leased out and generate a fixed rate of commission for each contract. The title of the assets under Ijara agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer.

The carrying amount of financial assets recorded in the interim condensed financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

20 RISK MANAGEMENT (CONTINUED)

20.3 Market Risk

20.3.1 Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Company is not subject to any special commission rate risk on its Murabaha and Ijara receivables and term loans as the receivables are priced by the Company at fixed rates and the term loans obtained by the Company also carry special commission at fixed rates. All other assets and liabilities of the Company are non-special commission bearing.

The Company manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of special market commission rates on its interim condensed financial position and interim condensed cash flows. The Company is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature in a given period. The Company manages this risk through diversification of funding resources.

20.3.2 Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The Company's management has analysed that as at statement of financial position date, the Company's activities are not subject to interest rate risk as the interest rates are fixed at the inception of the financing facilities. Further, the Company's borrowings are at fixed rates of interest.

20.3.3 Price risk

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

20.3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business as all contracts are denominated in Saudi Riyals. There are some expenses incurred in foreign currencies while staff are on training programs, but these expenses are settled when incurred. Since the Company does not have any significant foreign currency denominated monetary assets and liabilities, management believes that the Company is not exposed to any significant foreign currency risk.

20.4 Legal risk

The title deeds of certain investment properties and collateralized real estate properties against Ijara and Murabaha contracts were registered in the name of the former employee, holding senior management position, ("former employee") in his capacity as a nominee to the Company.

sahb FINANCE COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)**20.4 Legal risk (continued)**

The Company filed legal cases against the former employee to transfer the ownership of the properties (i.e., investment properties and other collateralized properties) to the Company's name and to collect the outstanding receivable amounts from former employee. (Refer note 8.2 and 11.3). As of June 30, 2026, the latest fair value of the collateralized properties associated with Ijara and Murabaha contracts, which are held in the name of the former employee, amounts to Saudi Riyals 8.94 million.

In addition, the Company is involved in routine legal actions, primarily to recover outstanding receivables and other matters, which are conducted in the ordinary course of business. Based on management's assessment, these cases do not have a material impact on the Company's financial position or performance.

20.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company monitors and manages the liquidity structure of its assets and liabilities to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

21 CONTINGENCIES AND COMMITMENTS**Contingencies**

The Company has no contingent assets or liabilities as at June 30, 2026 and December 31, 2025.

Commitments

The Company has no outstanding commitments as at June 30, 2026 and December 31, 2025.

22 CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period/year ended June 30, 2026 and December 31, 2025.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Company's law and SAMA. SAMA requires Finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times.

	June 30, 2026 Unaudited	December 31, 2025 Audited
Aggregate financing to capital ratio (Net Ijara plus Murabaha receivables before provision divided by total equity)	0.27 times	0.38 times

sahb FINANCE COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

23 SUBSEQUENT EVENTS

As of the date of approval of the financial statements, the geopolitical situation in the Gulf region remains evolving and unstable, and these developments may have a potential impact on the Company's operations, supply chains, or operating costs in future periods. Management continues to monitor these developments on an ongoing basis and take appropriate action when necessary, however, the financial impact of these developments cannot currently be reliably estimated.

Management has assessed these developments and considered them to be non-adjusting subsequent events to the financial statements, as these circumstances arose after the financial reporting date.

No other matters have occurred up to and including the date of the approval of the financial statements by the Shareholders of the Company which could materially affect the financial statements and the related disclosures for the period ended 30 June 2026.

24 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 11 Safar 1448 (H) (corresponding to 25 July 2026).
