The Audit Committee's Report

Audit Committee Report to the General Assembly
For the Fiscal Year ending December 31, 2025

The Audit Committee assumes the responsibility of reviewing the financial statements and accounting policies as well as supervising the work of the internal audit and external auditors. During the fiscal year 2025, the Committee held nine (9) meetings to accomplish the tasks falling within its jurisdiction, including:

- Establish an Internal Audit strategy aligned with the bank's approved strategy.
- Reviewing and approving the Internal Audit plan for the fiscal year 2025.
- Reviewing and approving the Sharia'h Audit plan for the fiscal year 2025.
- Supervising the Internal Audit Division and monitoring the implementation of the audit plan during the fiscal year 2025.
- Reviewing the Internal Audit reports during 2025.
- Reviewing the Sharia'h Internal Audit reports during 2025.
- Monitoring the implementation and closure of the observations identified across various departments.
- Reviewing the annual financial statements as of 31 December 2025 as well as quarterly statements and recommend their approval by the Board of Directors.
- Reviewing the Management Letter issued by the External Auditors and the closure of the observations therein.
- Reviewing External Auditors proposals and recommend the appointment of External Auditors for the year ending 31 December 2025.
- Reviewing the quarterly compliance reports on the Bank's adherence to regulatory requirements and internal policies and procedures.

Results of the Annual Internal Audit on the Effectiveness of the Bank's Internal Control Procedures:

The Bank adopts an internal control framework based on three lines of defense model. Business departments and divisions of the bank function as the first line of defense, ensuring that their activities comply regulations and directives issued by the regulatory authorities. The second line of defense comprises of the Compliance, Risk and Finance divisions which assess, monitor and oversee risk management activities across daily operations, credit operations and Information Security. Both the first and second lines submit periodic reports to the internal management committees and Board committees to ensure regulatory compliance requirements and alignment with the Bank's strategic objectives.

the Internal Audit division represents the third line of defense, conducting assessments and reviews covering all Bank divisions based approved risk-based plan. The Internal Audit Division affirms its organizational and functional independence within the Bank, allowing it to carry out its responsibilities effectively without undue influence.

Adequacy of the Internal Control System:

Based on the responsibility of the Bank's management in terms of preparing a comprehensive and effective system for internal control to achieve the approved objectives of the Bank, an internal control system has been developed that suits the Bank's activities and takes into account the relative importance of financial and other risks inherent in these activities. An internal control system has been designed to manage and control risks in a timely manner. This provides a reasonable amount of continuous control and early detection and handling of potential risks.

The internal control system is based on the vision and assessment of the Bank's management to implement a control system commensurate with the relative importance of financial and other risks inherent in the Bank's activities with a reasonable cost and benefit in order to achieve specific controls. The internal control system has been designed to mitigate risks in order to achieve specific objectives. It is therefore designed to give reasonable assurances to avoid material errors and relevant losses.

The Audit Committee periodically reviews the reports prepared by Internal and External Auditors as well as the Compliance Division. These reports include an assessment of the adequacy and effectiveness of the internal control currently in place.

Based on the aforementioned, we believe that the Bank has a reasonable adequate and effective internal control system in terms of design and implementation. During 2025, there were no material observations relating to the effectiveness of the internal control system and procedures in YHR Bank.

Haitham Bin Rashid Al Mobarak	**Abdullah Bin Abdul Aziz Al Rumaizan**
Chairman	**Member**

Maher Bin Saad Al Ayadi	**Fahad Bin Hussain Al Sudiary**	**Majed Bin Mohammed Al Dikhayyil**
Member	**Member**	**Member**