

Albilad Saudi Sovereign Sukuk ETF

A) Investment Fund Information

1) Name of investment fund:

ALBILAD Saudi Sovereign Sukuk ETF.

2) Investment objectives, policies and polices:

Albilad Saudi Sovereign Sukuk ETF seeks to track the performance of the Al-Bilad Ideal Ratings Saudi Domestic Sukuk Index, which consists of Saudi sovereign sukuk denominated in the Saudi riyal and listed on the main Saudi Stock Exchange (Tadawul) and linked to a market maker, with the remaining maturity of 3 months or more.

3) Distribution of income and gain policy:

The fund shall distribute the cash surplus represented by the returns received from the sukuk in the form of monthly distributions to the unit holders registered in the register of unit holders on the last working day of the month (maturity date). Profits will be distributed within ten working days after the end of the last working day of the month (the date of distribution). The fund manager has the right not to distribute cash if no dividends are received from the sukuk

4) the fund's Reports are available upon request free of charge.

5) Description of the fund's benchmark and the service provider's website (if any):

A component of the Saudi sovereign sukuk denominated in the Saudi riyal and listed on the main Saudi stock exchange (Tadawul) and linked to a market maker, with a remaining maturity of 3 months or more.

The index provider: Ideal Ratings, a company that provides services to support investment decision-making.

B) Fund Performance

1) Comparative table covering the last 3 financial years (or since inception):

	2023	2024	2025
The fund net assets value at the end of each financial year (In Thousands)	92,248	76,340	65,846
The fund net assets value per unit at the end of each financial year	8.46	8.29	8.55
Highest net asset value per unit for each financial year.	9.13	8.59	8.61
Lowest net asset value per unit for each financial year.	8.32	7.98	8.19
The number of units in issue at the end of each financial year (In Thousands)	10,900	9,200	7,700
Income distribution per unit	0.29	0.29	0.30
Expense ratio.	0.35%	0.38%	0.34%
Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)	-	-	-
Results of comparing the performance of the benchmark with the performance of the fund	-1.26%	-1.55%	0.83%

For more information contact us at:

Asset Management
Telephone: +966 11 2039888
Fax: +966 11 2039899
Website: <http://www.albilad-capital.com/En/AssetManagement>

Albilad Capital Headquarters:

Telephone: +966 920003636
Fax: +966 11 2906299
PO Box: Riyadh 12313 - 3701, Saudi Arabia



Disclaimer: Past performance of the fund is no guide to future performance and the value of investments and income from them can fall as well as rise. Where included, benchmark and index data included in this document are provided for illustrative purposes only To ensure proper understanding of the product and its suitability to the investor's risk profile, it is strongly recommend that the investor read the agreement and the terms and conditions of the fund. All rights reserved to Albilad Investment Company 2025 ©. (Commercial Registration No. 1010240489) dated 10/07/2017 G, 10/16/1438 H, and is regulated by Saudi Arabia's Capital Market Authority (license No. 08100-37) dated 01/08/1428H 14/08/2007

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2. Performance Record:

A) The total return for one year, three years and five years and since inception (where applicable):

	1Year	3 Years	5 Years	Since Inception
Total return	3.05%	-1.11%	-14.85%	-14.49%

B) The Annual total return for each of the last 10 financial years or since inception:

	2020	2021	2022	2023	2024	2025	Since Inception
Annual total return	0.43%	-5.10%	-9.29%	-2.13%	-1.95%	3.05%	-14.49%

C) A Table showing actual fees and fund expenses paid by the investment fund during the year. The Total Expense Ratio should also be clearly disclosed. If there are any circumstances in which a fund manager may elect to waive or rebate any fees, this must also be disclosed*

	Net Value	Expenses Ratio to Average NAV
Subscription Fees	-	0.00%
Management Fees	62,651	0.09%
Purification Fees	-	0.00%
Audit Fees	25,500	0.04%
Custody Fees	33,758	0.05%
Board Member Remuneration	4,000	0.01%
Publishing Fees	-	0.01%
Regulatory Fees	-	0.00%
Benchmark Fees	30,000	0.04%
VAT	-	0.00%
Dealing Expenses	-	0.04%
Fund Administration Fees	-	0.00%
Other Expenses	12,500	0.02%
Edaa Expenses	46,987	0.07%
Listing Fees	-	0.00%
Total Expenses	231,508	0.34%

*Fund Manager did not waive any fees during 2025.

3. If there were material changes that occurred during the period and that affected the performance of the fund, these changes must be clearly disclosed:

Not applicable.

4. Disclosure of the exercise of annual voting rights and it must include the issuer's name and the date of the General Assembly and the subject of the vote and the decision to vote (agree / disagree / abstain from voting):

No general assembly has been attended.

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5) The fund's board annual report including but not limited to:

A) Names of the fund board members, and indicating membership type:

1- Zaid bin Muhammad Saad Al-Mufraih	non-independent Chairman of the Board of Directors
2- Haytham bin Sulaiman Al-Suhaimi	non-independent member of the Board of Directors
3- Waleed Bin Ateeq	independent member of the Board of Directors
4- Omar Ali Bassal	independent member of the Board of Directors

B) A brief about the fund board member's qualifications:

1. Mr. Zaid bin Muhammad Saad Al-Mufraih (Chairman of the Board of Directors)

Country Chief Financial Officer, more than 15 years of experience in the financial markets. He previously held several leadership positions in the banking and financial services sector in the Kingdom, through which he gained experience to lead investment organizations through the tasks and responsibilities assigned to him professionally and professionally.

2. Mr. Haytham bin Sulaiman Al-Suhaimi (non-independent member of the Board of Directors)

He holds a master's degree in investment science and financing risks from the University of Westminster in London, United Kingdom, held several positions in management work at SAPIN UAE, and subsequent experiences since 2015 in Jadwa Investment and then Albilad Capital as a financial analyst in investment banking, private equity and business development. (Member of the Board of Directors and Vice President of Business Development at Albilad Capital).

3. Waleed Bin Ateeq (independent member of the Board of Directors)

Masters in finance from Saint Mary's University in Canada, and Bachelors in Economics with a Minor in Business Administration from The Ohio State University in the United States of Albilad MSCI US Tech ETF 46 America. More than 16 years of experience in finance, investment, insurance and risk management. He held several positions as Insurance Supervisor at the Saudi Central Bank (SAMA), Senior Investment Performance Analyst at the Saudi Central Bank (SAMA), Chief Financial Officer at Allianz Saudi Fransi Cooperative Insurance Company, and currently serves as Deputy Chief Financial Officer at Saudi Re Cooperative Reinsurance Company.

4. Mr. Omar Ali Bassal (independent member of the Board of Directors)

Master of Business Administration, Financial Management and Statistics, with honours, Mr. Omar has more than ten years of experience in the financial field and is currently the Director of Asset Management at the Mohammed Ibrahim Al-Subaie & Sons Company.

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C) Description of the roles and responsibilities:

The responsibilities of the fund's board members include, but are not limited to the following:

- Approval of all substantial contracts, decisions and reports to which the fund is a party, including, but not limited to, approval of contracts for the provision of management services to the fund and custody services contracts. This does not include contracts concluded in accordance with investment decisions regarding any investments made or to be made by the fund. In the future.
- Adopting a written policy regarding voting rights related to the fund's assets.
- Approval of the appointment of the fund's external auditor to be nominated by the fund manager.
- Supervising and, when appropriate, approving and approving any conflicts of interest disclosed by the fund manager.
- Meeting at least twice annually with the Fund Manager's Compliance and Compliance Committee or its Compliance Officer to review the fund's compliance with all relevant laws, regulations and regulations.
- Ensuring the probability and accuracy of the terms and conditions of the fund, the information memorandum, and any other document (whether it is a contract or otherwise) that includes disclosures related to the fund, the fund manager and its management of the fund, in addition to ensuring that the foregoing is consistent with the provisions of the investment funds regulations.
- Ensure that the fund manager carries out his responsibilities in the interest of unit holders in accordance with the provisions of the investment funds regulations, the fund's terms and conditions and the information memorandum.
- Ensure that the fund manager is committed to disclosing material information for unit holders and other stakeholders.
- Acting with honesty, good faith, concern, skill, diligence and diligence for the benefit of the fund and the unit holders. The duties of fund include the duty of sincerity, attention and reasonable diligence.
- Record meeting minutes showing the proceedings of the meetings and the decisions taken by the council.

D) Details on the remuneration of the fund board members:

All independent board members of the fund board shall be granted a remuneration of SAR 40,000 annually maximum . (SAR 20,000 per independent member) for all meetings attended during the year for funds' managed by Albilad Capital, distributed equally on all mutual funds except Real estate funds. Remuneration shall be calculated on every valuation date cumulatively and will be deducted and paid once a year.

E) A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund:

There are no practical activities or interests of the fund manager or members of its board of directors that are likely to conflict with their responsibilities or performance towards the fund, and if any, they will be disclosed.

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F) A statement showing all the funds boards that the relevant board member is participating in:

Fund Name	Zaid Al-mufarih	Haytham Al-Suhaimi	Waleed Bin Ateeq	Omar Bassal
Albilad Pure Saudi Equity Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad SAR Murabaha Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Saudi Income Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad GCC Income Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Fund of REIT Funds	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Nusaned Fund	-	Non-independent member	-	-
Albilad Saudi Sovereign Sukuk ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Gold ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Diversified SAR Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI US Equity ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI US TEC ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Multi Assets Balanced Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Freestyle Saudi Equity Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI Saudi Growth ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Sukuk Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad CSOP MSCI Hong Kong China Equity ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI Saudi Equity ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Ensan Endowment Investment Fund	Chairman of Board of Directors	-	Independent member	-
Dahia Investment Fund	-	Chairman of Board of Directors	-	-
The Second Commercial Complex Fund	-	Chairman of Board of Directors	-	-
Safa Najd Fund	-	Chairman of Board of Directors	-	-

G) The topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objective

The Fund Board Meetings for 2025 were duly held, the first meeting took place on 17 July 2025, followed by the second meeting on 17 December 2025. The key matter discussed during these meeting included:

- The latest developments in the local and the global markets.
- Fund performance.
- Fund board evaluation.

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C) Fund Manager

1) Name and address of the fund manager:

Al-Bilad Investment Company "Al-Bilad Capital".

8162 King Fahad Branch Road - Olaya, Riyadh 12313-3701

Saudi Arabia.

Phone: 8001160002 Fax: (966+) 112906299

Website: www.albilad-capital.com

2) Names and addresses of sub-manager and/or investment advisor (if any):

Not applicable.

3) Review of the investment activities during the period:

During the year the fund mainly invested in Saudi sovereign sukuk denominated in Saudi riyals and listed on the Saudi market (Tadawul), and approved by the Shariah Board of the fund manager.

4) A report of investment fund performance during the period:

The fund's performance during the period was better than the benchmark's performance by 0.83% Where the fund achieved 3.05% in comparison with the benchmark's performance which achieved 2.23%

5) Details of any material changes to the Fund's Terms and Conditions:

Not applicable.

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6) Any other information that would enable unitholders to make an informed judgement about the fund's activities during the period:

Not applicable.

7) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period:

Not applicable.

8) A statement on any special commission received by the fund manager during the period, clearly identifying what they are and the manner in which they were utilized:

Not applicable.

9) Any other data and other information required by these Regulations to be included in this report:

Not applicable.

10) Period for the management of the person registered as fund manager:

Since August 2019.

11) A disclosure of the expense ratio of each underlying fund at the end of year and the weighted average ratio of all underlying funds that invested in:

Not applicable.

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Albilad Saudi Sovereign Sukuk ETF

D) Custodian

1) Name and address of custodian

Riyad Capital company

3128 Financial Boulevard, 6671 Al Aqeeq Dist

Saudi Arabia

Phone: +4865898/ 966114865866

Email: rcss@riyadcapital.com

2) Brief description of its duties and responsibilities

- The custodian is responsible for his obligations in accordance with the provisions of the Investment Funds Regulations, whether he performs his responsibilities directly or entrusts them to a third party under the provisions of the Investment Funds Regulations and the Saudi Stock Exchange Institutions Regulations. The custodian is responsible towards the fund manager and unit holders for the losses of the fund resulting from its fraud, negligence, misconduct or intentional default.
- The custodian is responsible for preserving and protecting the fund's assets for the benefit of the unit holders, and he is also responsible for taking all necessary administrative procedures in relation to preserving the fund's assets.
- The custodian is responsible for preserving and protecting the fund's assets for the benefit of the unit holders, and he is also responsible for taking all necessary administrative procedures in relation to preserving the fund's assets. The fund's assets are owned by the fund's unit holders collectively, and it is not permissible for the fund manager, sub-fund manager, custodian, sub custodian, counselor or distributor to have any interest in the fund's assets or any claim therein, unless the fund manager or manager is The sub-fund, the custodian, the sub-custodian, the advising provider, or the distributor is the owner of the fund's units, within the limits of its ownership, or these claims were permitted under the provisions of the investment funds regulations and to be disclosed in the terms and conditions and the information memorandum. With the exception of the fund units owned by the fund manager, sub-fund manager, custodian, sub-custodian, counselor or distributor, and within the limits of what the debtor owns, the creditors of the fund manager, sub-fund manager, custodian or custodian may not have any Subcontractor, counselor or distributor has no right to any claim or dues in the fund's money or assets.

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Albilad Saudi Sovereign Sukuk ETF

E) Fund Operator

1) Name and address of Fund Operator:

Al-Bilad Investment Company "Al-Bilad Capital".

8162 King Fahad Branch Road - Olaya, Riyadh 12313-3701

Saudi Arabia.

Phone: 8001160002 Fax: (966+) 112906299

Website: www.albilad-capital.com

2) Brief description of its duties and responsibilities:

- Ensure that the Unit issuance and Redemption are completed.
- Offer and publish the constituents of the Stock Basket and the Cash Items, if any.
- Ensure that the Index-related information is published.
- Operate the Fund's operations, including the administrative services provided to the Fund.
- Notify the Fund's Board of Directors of any violations stipulated in the Investment Funds Regulations.

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E) Auditor

1) Name and address of auditor:

PricewaterhouseCoopers.

Kingdom of Saudi Arabia P.O. B. 8282 Riyadh 11482

Phone: +966112110400

Website: www.pwc.com

F) Financial Statements

Financial statements for the annual accounting period of the investment fund has been prepared in accordance with SOCPA standards. (Financial Statements attached).

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**ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND
MANAGED BY ALBILAD INVESTMENT COMPANY)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS AND THE FUND MANAGER**

**ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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Independent auditor's report to the Unitholders and the Fund Manager of Albilad Saudi Sovereign Sukuk ETF

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Albilad Saudi Sovereign Sukuk ETF (the "Fund") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of income and other comprehensive income for the year then ended;
- the statement of changes in net assets attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

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

Our audit approach

Overview

Key Audit Matters	Valuation of investments at fair value through statement of income ("FVSI")
-------------------	---

PricewaterhouseCoopers Public Accountants
(Professional Limited Liability Company)
Laysen Valley Tower 12 & 13, King Khaled Road
T: +966 (11) 211 0400, F: +966 (11) 211 0401



Independent auditor's report to the Unitholders and the Fund Manager of Albilad Saudi Sovereign Sukuk ETF (continued)

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

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

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<p><i>Valuation of investments at FVSI</i></p> <p>As at 31 December 2025, the Fund held investments in listed sukuk amounting to Saudi Riyals 65.7 million which have been classified as FVSI. These investments are carried at fair value with the corresponding fair value change recognised in the statement of income. The fair value of these investments is determined through obtaining market observable prices, as these are actively traded.</p> <p>The valuation of the Fund's investments is considered a key audit matter due to the significance of such investments to the Fund's financial statements.</p> <p>Refer to Note 2.6 to the accompanying financial statements for the accounting policy of investments and Note 5 for related disclosure of investments held at FVSI.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none">• Compared the carrying value of investments to the underlying list of investments;• Obtained the market price of investments held as at 31 December 2025 from external sources, recalculated the fair value of investments as at 31 December 2025 and compared these to the values included in the list of investments; and• Assessed the adequacy of the disclosures in the financial statements.



Independent auditor's report to the Unitholders and the Fund Manager of Albilad Saudi Sovereign Sukuk ETF (continued)

Other information

The Fund Manager is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund Manager and the Fund Board for the financial statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Investment Funds Regulations issued by the Capital Market Authority and the Fund's Terms and Conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. the Fund Board, are responsible for overseeing the Fund's financial reporting process.



Independent auditor's report to the Unitholders and the Fund Manager of Albilad Saudi Sovereign Sukuk ETF (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



Independent auditor's report to the Unitholders and the Fund Manager of Albilad Saudi Sovereign Sukuk ETF (continued)

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

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

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

PricewaterhouseCoopers

Mufaddal A. Ali
License No. 447



31 March 2026

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT
COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2025	As at 31 December 2024
Assets			
Cash and cash equivalents	4	400,750	862,457
Investments held at fair value through statement of income (FVSI)	5	65,734,427	75,722,563
Prepayments		7,562	29
Total assets		66,142,739	76,585,049
Liabilities			
Accrued management fee	6	159,770	97,119
Accruals and other liabilities		137,030	147,248
Total liabilities excluding net assets attributable to the unitholders		296,800	244,367
Net assets attributable to the Unitholders		65,845,939	76,340,682
Units in issue		7,700,000	9,200,000
Net assets per unit in Saudi Riyals		8.5514	8.2979

The accompanying notes from 1 to 17 form an integral part of these financial statements.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Income			
Special commission income on investments held at FVSI	5	2,448,821	3,144,657
Net gain / loss from investments held at fair value through statement of income ("FVSI")	5.1	2,254,025	(1,702,809)
Total income		4,702,846	1,441,848
Expenses			
Management fee	6	(62,651)	(99,314)
Custody fee		(33,758)	(42,268)
Other expenses	7	(135,099)	(150,193)
Total expenses		(231,508)	(291,775)
Change in net assets attributable to the Unitholders		4,471,338	1,150,073
Other comprehensive income for the year		-	-
Total change in net assets attributable to the Unitholders		4,471,338	1,150,073
Earnings Per Unit			
Weighted average number of units in issue		7,984,110	10,189,891
Earnings per unit (basic and diluted)		0.5600	0.1129

The accompanying notes from 1 to 17 form an integral part of these financial statements.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31	
		December	
		2025	2024
Cash flows from operating activities			
Change in net assets attributable to Unitholders		4,471,338	1,150,073
Adjustments for:			
- Unrealised gain on investments held at FVSI, net	5.1	(4,499,066)	(1,579,532)
- Special commission income on investments held at FVSI	5	(2,448,821)	(3,144,657)
		(2,476,549)	(3,574,116)
Net changes in operating assets and liabilities			
Investments held at FVSI		14,399,580	17,593,481
Prepayments		(7,533)	1,173
Accrued management fee		63,438	72,954
Accruals and other liabilities		(11,005)	(49,703)
Cash generated from operating activities		14,444,480	17,617,905
Special commission income received on investment in sukuk	5	2,536,443	3,260,377
Net cash generated from operating activities		14,504,374	17,304,166
Cash flows from financing activities			
Proceeds from issuance of units		-	-
Payment against redemption of units		(12,524,700)	(14,015,931)
Dividend paid	8	(2,441,381)	(3,041,963)
Net cash used in financing activities		(14,966,081)	(17,057,894)
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		862,457	616,185
Cash and cash equivalents at the end of the year		400,750	862,457

The accompanying notes from 1 to 17 form an integral part of these financial statements.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Albilad Saudi Sovereign Sukuk ETF (the “Fund”) is an open-ended exchange traded fund, managed by Albilad Investment Company (the “Fund Manager”), a subsidiary of Bank Albilad (the “Bank”) for the benefit of the Fund’s Unitholders (the “Unitholders”). The objective of the Fund is to seek to simulate the performance of Albilad Ideal Ratings sovereign Sukuk index, which includes Saudi Riyals denominated Sukuk, listed in the Saudi Stock Exchange (Tadawul), with a maturity of 3 months or more.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

Riyad Capital is the “Custodian” of the Fund.

In August 2019, the Capital Market Authority (“CMA”) approved Albilad Investment Company’s request to offer and register “Albilad Saudi Sovereign Sukuk ETF” units on Tadawul as Exchange Traded Fund (ETF). The Fund started trading on Tadawul as an ETF on 22 Jumada Al-Thani 1441H (corresponding to 17 February 2020, with the symbol 9403).

The Fund is governed by the Investment Fund Regulations (“the Regulations”) published by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) as amended by the resolution of the CMA Board on 12 Rajab 1442H (corresponding to 24 February 2021) and complies with regulations and directives applicable to public funds, issued by CMA.

The registered office of the Fund is Albilad Investment Company, P.O. Box 8162, Riyadh 12313 – 3701, Kingdom of Saudi Arabia.

1.1 Primary market operation (issuance and redemption of units)

The primary market operations are only carried out by the Fund Manager who is the authorised Market Maker. The Issuance and Redemption activities are done on the basis of blocks of exchange traded fund (ETF) units (for the Fund, one block equals 100,000 ETF Units), referred to Issuance and Redemption of Units respectively. The process of issuance and redemption of ETF units is on an in-kind basis whereby the Market Maker interexchange ETF Units of the Fund and the basket of assets (sukuk), through the Custodian, for the purpose of issuance and redemption of ETF units. The issued units are then freely floated on Tadawul for public trading.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements of the Fund have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with the applicable requirements of the Investment Funds Regulations issued by the Capital Market Authority and the Fund’s Terms and Conditions.

The financial statements have been prepared on the historical cost convention, except for the investments which are held at fair value through statement of income (FVSI).

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

2.2 Significant accounting estimates and judgments

The preparation of these 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. There are no areas of significant judgment or significant assumption used in the preparation of these financial statements.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025
 (All amounts in Saudi Riyals unless otherwise stated)

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures

Based on the adoption of new standards, the following accounting policies are applicable effective 1 January 2025 replacing, amending, or adding to the corresponding accounting policies set out in 2024 financial statements.

(i) New standards effective in current period

The International Accounting Standard Board (IASB) has issued the following new accounting standards and amendments, which were effective for periods on or after 1 January 2025. The Fund Manager has assessed that the new standards and amendments have no material impact on the Fund's financial statements.

Standard/ Interpretation	Description	Effective from periods beginning on or after
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

(ii) Standards issued but not yet effective and not early adopted

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. The Fund Manager is in the process of assessing the impact of these new and amended standards and interpretations on the Fund's financial statements.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: <ul style="list-style-type: none"> • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows. 	1 January 2026
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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 (All amounts in Saudi Riyals unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (continued)

(ii) Standards issued but not yet effective and not early adopted (continued)

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.	Effective date deferred indefinitely
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in the 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 - Reducing subsidiaries' 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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Riyals (“SR”) which is the Fund’s functional and presentation currency. All financial information presented in SR has been rounded to the nearest Saudi Riyal.

Transactions and balances

Foreign currency transactions are translated into SR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SR using the exchange rates prevailing at the reporting date. Foreign exchange gains and losses, if any, arising from translation are included in the statement of income.

2.5 Cash and cash equivalents

Cash and cash equivalents of the Fund comprise balance held in a custodian account with Riyadh Capital, and have original maturity date of no more than three months and are available for use by the Fund unless otherwise stated. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.6 Financial instruments

Financial instruments are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

2.6.1 Measurement methods

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument i.e. Trade date.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through statement of income (FVSI), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVSI are expensed in the statement of income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which may result in an impairment loss being recognised in the statement of income / (loss) when an asset is newly originated.

2.6.2 Classification and measurement of financial instruments

The Fund classifies its investments in sukuk at FVSI and other financial assets at amortised cost. The classification requirements for equity and debt instruments are described below:

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s equity.

The Fund classifies its investments as held at FVSI. The Fund subsequently measures all equity investments at FVSI, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income (FVOCI). The Fund’s policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of income when the Fund’s right to receive dividend is established.

The subsequent unrealised revaluation gains / loss on investment held at FVSI is recognised in the statement of income and other comprehensive income.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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(All amounts in Saudi Riyals unless otherwise stated)

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.2 Classification and measurement of financial instruments (continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- The Fund's business model for managing the asset; and
- The cash flow characteristics of the asset.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVSI.

Factors considered by the Fund in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Debt securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVSI.

SPPP: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

Based on the business model and cash flow characteristics, the debt financial assets can be classified as held at amortised cost, FVSI and FVOCI:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPP), and that are not designated at FVSI, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 2.6.3. Profit earned if any from these financial assets is recognised in the statement of income using the effective commission rate method.

Fair value through statement of income (FVSI): If the debt instrument's cash flows do not represent solely SPPP or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI is recognised in the statement of income, within "Net gain / (loss) in investments mandatorily measured at FVSI", in the year in which it arises. A gain or loss from debt instruments that were designated at fair value or which are not held for trading are presented separately from debt investments that are mandatorily measured at fair value through profit or loss, within "Net gain / (loss) in investments at FVSI".

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.2 Classification and measurement of financial instruments (continued)

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVSI, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from net assets attributable to the Unitholders to the statement of income.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting year following the change. Such changes are expected to be very infrequent and none occurred during the year.

Based on the above evaluation, Fund has classified its investment in Saudi sovereign sukuk as at fair value through statement of income (FVSI).

2.6.3 Impairment of financial assets measured at amortised cost

The Fund assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its debt financial assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under IFRS 9, loss allowances is measured on either of the following bases:

- (a) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- (b) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

2.6.4 De-recognition of financial instruments

A financial asset is derecognised, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for de-recognition. In instances where the Fund is assessed to have transferred a financial asset, the asset is derecognised if the Fund has transferred substantially all the risks and rewards of ownership. Where the Fund has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognised only if the Fund has not retained control of the financial asset. The Fund recognises separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognised only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

2.6.5 Financial liabilities

All financial liabilities are initially recognised at fair value less transaction cost except for financial liabilities measured at FVSI where transaction cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income. The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVSI.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Trade date accounting

Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace. Regular way purchases and sales of financial assets are recognised / derecognised on the trade date (i.e., the date that the Fund commits to purchase or sell the assets).

2.8 Offsetting of financial instruments

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

2.9 Accruals and other liabilities

Liabilities are recognised for amounts to be paid for goods or serviced received whether or not billed to the Fund. Accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

2.10 Net assets attributable to the Unitholders

Net assets attributable to the Unitholders is made up of units in issue and retained earnings.

(a) Redeemable Units

The Fund issues one class of Units which are redeemable at the holder's option. The Units are classified as financial liabilities. The Units can be put back to the Fund for cash equal to a proportionate share of the Fund's net asset value attributable to the unitholder. The units are carried at amortised cost which corresponds to the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back to the Fund.

The Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

The dividend paid to the unitholders is recognised in the statement of changes in Net assets attributable to the unit holders.

(b) Trading in the units

Units of the Fund are available for purchasing only in the Kingdom of Saudi Arabia at Tadawul by natural and corporate persons. The net asset value of the Fund is determined on every day from Sunday to Thursday ("Valuation Days") by dividing the net value of assets (fair value of total assets minus liabilities) by the total number of outstanding units on the relevant Valuation Day.

2.11 Taxation

Taxation is the obligation of the Unitholders and therefore, no provision for such liability is made in these financial statements.

2.12 Zakat

Zakat is the obligation of the Unitholders and therefore, no provision for such liability is made in these financial statements.

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2. MATERIAL ACCOUNTING POLICIES (continued)

2.13 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured, regardless of when payment is being made. Income is measured at the fair value of the consideration received, excluding discounts, taxes and rebates.

Sukuk income is recognised on an accrual basis using the contractual coupon rate applicable to each sukuk. Income is recognised from the date on which the Fund becomes entitled to receive such amounts under the terms of the instrument. Sukuk income is presented in the statement of income and other comprehensive income under "Special commission income on investments held at FVSI".

Net gains/(losses) on investments are presented on a net basis in the statement of income and comprise both realised and unrealised components.

Realised gains and losses are recognised on derecognition of an investment and are determined as the difference between the disposal proceeds and the weighted average (actual) cost of the investment, in accordance with the Fund's cost determination methodology, as at the date of disposal.

Unrealised gains and losses represent changes in the fair value of investments measured at fair value through statement of income ("FVSI") and are calculated as the difference between the fair value of the investments at the reporting date and their carrying amount at the beginning of the period or at initial recognition, as applicable.

Dividend income is recognised in the statement of income when the Fund's right to receive payment is established (generally on the ex-dividend date). Dividend income is recorded on a gross basis, with any withholding tax deducted at source recognised as an expense in the period in which the related dividend income is recognised.

In accordance with the Shariah Board's resolutions, income prohibited by Shariah received by the Fund is excluded from the determination of income and is recorded as other liabilities in the statement of financial position. Such amount is determined based on the information available to the Fund Manager on the nature of earnings of investees upon the preparation of these financial statements. Income prohibited by Shariah is paid to charities on a quarterly basis.

2.14 Dividend distribution

The Fund shall distribute the cash surplus represented by the returns received from the sukuk in the form of monthly distributions to the unit holders registered in the register of unit holders on the last working day of the month (maturity date). Profits will be distributed within ten working days after the end of the last working day of the month (the date of distribution). The Fund manager has the right not to distribute cash if no profits are received from the sukuk.

2.15 Management fee

Management fee is calculated at rate mentioned in Terms and Conditions of the Fund and is payable quarterly in arrears.

2.16 Other expenses

Other expenses are charged at rates / amounts within limits mentioned in Terms and Conditions of the Fund.

2.17 Net asset value per unit

The net asset value per unit as disclosed in the statement of financial position is calculated by dividing the net asset of the Fund by the number of units outstanding at period end.

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2. MATERIAL ACCOUNTING POLICIES (continued)

2.18 Related Party transactions

Related parties are defined as persons or entities that are related to the Fund in accordance with IAS 24 Related Party Disclosures. A related party is a person or entity that has control, joint control or significant influence over the Fund, or is a member of its key management personnel, or an entity that is controlled, jointly controlled or significantly influenced by such a person or entity.

For the purposes of these financial statements, related parties of the Fund include: the Fund Manager, Albilad Investment Company, in its capacity as provider of key management and administrative services to the Fund members of the Fund Board, as key management personnel of the Fund; Bank Albilad, being the parent company of the Fund Manager and the Fund's banker; and other entities within the Bank Albilad group to the extent that the Fund enters into transactions with them (for example, bank balances or investments in sukuk issued by Bank Albilad or its subsidiaries).

Other investment funds managed by the Fund Manager are regarded as related parties only where:

- the Fund holds an interest in such fund that gives it control or significant influence (typically where the Fund's holding represents 20% or more of the units or otherwise confers significant influence); or
- the Fund and such other fund are controlled, jointly controlled or significantly influenced by the same investor(s).

Service providers are not related parties under IAS 24 solely by virtue of providing services to the Fund. However, transactions and balances with such parties are disclosed as related party transactions if they meet the definition of a related party under IAS 24 (for example, where they are controlled by, or under common control with, a party that controls, jointly controls or has significant influence over the Fund).

3 MANAGEMENT FEE AND OTHER EXPENSES

The Fund pays the Fund Manager a management fee calculated at an annual rate of 0.30% (2024: 0.30%) of the Fund's net assets attributable to unitholders', determined on each valuation day. The fee is accrued daily and paid quarterly in accordance with the Fund's terms and conditions.

In addition, the Fund incurs other service fees of up to 0.5% (2024: 0.5%) per annum of net assets. These fees cover the ongoing operational and administrative activities of the Fund. Service fee is calculated each valuation day and paid quarterly in accordance with the Fund's terms and conditions.

The Fund Manager is entitled to recover certain expenses incurred on behalf of the Fund, subject to the limits and conditions set out in the Fund's terms and conditions.

4. CASH AND CASH EQUIVALENTS

	As at 31 December 2025	As at 31 December 2024
Balance with the custodian	400,750	862,457

5. INVESTMENT HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVSI)

The following table represents the movement of investments in sukuk held at FVSI:

	As at 31 December 2025	As at 31 December 2024
Balance as at the beginning of the year	75,722,563	91,852,232
Purchase of investments	6,558,985	12,126,594
Sale of investments	(20,958,565)	(29,720,075)
Special commission income from sukuk:		
- recognised in the statement of income and other comprehensive income	2,448,821	3,144,657
- received during the year	(2,536,443)	(3,260,377)
Unrealised gain on re-measurement of investments held at FVSI, net	4,499,066	1,579,532
Balance at the end of the year	65,734,427	75,722,563

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5. INVESTMENT HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVSI)
(continued)

5.1 The following table presents the breakdown of net gains / losses from investments held at fair value through the statement of income (“FVSI”) for the year:

	2025	2024
Realised losses on sale of investments held at FVSI, net	(2,245,041)	(3,282,341)
Unrealised gains on re-measurement of investments held at FVSI, net	4,499,066	1,579,532
	2,254,025	(1,702,809)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All the related party transactions are approved by the Fund Board.

Following table summarises the details of transactions with related parties:

Nature of transaction	Related party	Nature of relationship	For the year ended 31 December	
			2025	2024
Management fee (as per note 3)	Albilad Investment Company	The Fund Manager	62,651	99,314
Fund Board fee	Fund Board	Members of the Fund Board	4,000	4,000

Balances with related parties

Following table summarises the details of balances with related parties:

Nature of balance	Related Party	As at 31 December 2025	As at 31 December 2024
		Fund Board fee payable	Members of the Fund Board
Accrued management fee	Albilad Investment Company – The Fund Manager	159,770	97,119

7. OTHER EXPENSES

	Note	For the year ended 31	
		2025	2024
Edaa fees		46,987	58,821
Benchmarking expense		30,000	30,082
Audit fee		25,000	25,000
Value added tax expense		16,612	19,676
Fund Board fee	6	4,000	4,000
Other		12,500	12,614
		135,099	150,193

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8. DIVIDEND DISTRIBUTION

During the year, the Fund has distributed the following dividends to the Unitholders:

Date of dividend announcement	Outstanding units	Dividend per unit	Dividend amount
01 January 2025	9,200,000	0.0079	72,956
04 February 2025	8,700,000	0.0540	469,803
02 March 2025	8,700,000	0.0266	231,163
03 April 2025	8,100,000	0.0255	206,607
04 May 2025	7,700,000	0.0384	295,514
01 July 2025	7,700,000	0.0080	61,061
03 August 2025	7,700,000	0.0560	430,642
01 September 2025	7,700,000	0.0266	204,593
01 October 2025	7,700,000	0.0240	185,139
02 November 2025	7,700,000	0.0369	283,903
			2,441,381

Date of dividend announcement	Outstanding units	Dividend per unit	Dividend amount
01 January 2024	10,900,000	0.0083	90,470
01 February 2024	10,900,000	0.0466	507,983
03 March 2024	10,700,000	0.0242	258,940
31 March 2024	10,300,000	0.0284	292,520
01 May 2024	10,300,000	0.0391	402,730
01 July 2024	10,300,000	0.0079	81,370
01 August 2024	10,300,000	0.0451	464,530
01 September 2024	10,100,000	0.0293	295,930
01 October 2024	10,100,000	0.0255	257,550
03 November 2024	9,700,000	0.0402	389,940
			3,041,963

9. FINANCIAL RISK MANAGEMENT

9.1 Financial risk factors

The objective of the Funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unitholders and to ensure reasonable safety to the unitholders. The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, commission rate risk and other price risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

All the Fund's transactions and balances are in Saudi Riyals and therefore the Fund is not exposed to foreign exchange risk.

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9. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
As at 31 December 2025					
Financial assets					
Cash and cash equivalents	400,750	-	-	-	400,750
Investments held at FVSI	65,734,427	-	-	-	65,734,427
	7	-	-	-	65,734,427
	66,135,177	-	-	-	66,135,177
Financial liabilities					
Accrued management fee	159,770	-	-	-	159,770
Accruals and other liabilities	137,030	-	-	-	137,030
	296,800	-	-	-	296,800
Liquidity gap	65,838,377	-	-	-	65,838,377
	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
As at 31 December 2024					
Financial assets					
Cash and cash equivalents	862,457	-	-	-	862,457
Investments held at FVSI	75,722,563	-	-	-	75,722,563
	76,585,020	-	-	-	76,585,020
Financial liabilities					
Accrued management fee	97,119	-	-	-	97,119
Accruals and other liabilities	147,248	-	-	-	147,248
	244,367	-	-	-	244,367
Liquidity gap	76,340,653	-	-	-	76,340,653

The table above presents the contractual maturities of recognised financial liabilities (primarily accrued fees and other payables). However, the principal liquidity risk faced by the Fund arises from its obligation to redeem units at the unitholders' option and to pay distributions to unitholders, as the net assets attributable to unitholders are classified as a financial liability that is on demand. Units are redeemable at each Valuation Date and redemptions and distributions are funded primarily by cash and highly liquid investments. Accordingly, while the contractual maturity profile of accruals is short term and not significant in amount, the Fund's liquidity risk management focuses on maintaining adequate levels of cash and near-cash assets to meet potential redemption and distribution obligations to unitholders.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders.

9.2 Capital risk management

The capital of the Fund is represented by the net assets attributable to the holders of redeemable units. The amount of net assets attributable to the holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of Unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for Unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain the capital structure, the Fund's policy is to monitor the level of subscriptions and redemptions relative to the assets it expects to be able to liquidate and adjust the amount of dividend distributions the Fund pays to redeemable Unitholders.

The Fund Board and the Fund Manager monitor capital on the basis of the value of net assets attributable to the redeemable Unitholders.

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10. FAIR VALUE ESTIMATION

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimated fair value of the Fund's financial assets and liabilities is not carried at fair value, is not considered to be significantly different from their carrying values. The fair value of investments held at FVSI are based on quoted prices in active markets and are therefore classified within Level 1.

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (by class) at 31 December 2025 and 31 December 2024:

As at 31 December 2025	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial asset measured at fair value					
Investments held at FVSI	65,734,427	65,734,427	-	-	65,734,427
	65,734,427	65,734,427	-	-	65,734,427
Financial asset not measured at fair value					
Cash and cash equivalents	400,750	-	-	400,750	400,750
	400,750	-	-	400,750	400,750
Financial liabilities not measured at fair value					
Accrued management fee	159,770	-	-	159,770	159,770
Accrual and other liabilities	137,030	-	-	137,030	137,030
	296,800	-	-	296,800	296,800

As at 31 December 2024	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial asset measured at fair value					
Investments held at FVSI	75,722,563	75,722,563	-	-	75,722,563
	75,722,563	75,722,563	-	-	75,722,563
Financial asset not measured at fair value					
Cash and cash equivalents	862,457	-	-	862,457	862,457
	862,457	-	-	862,457	862,457
Financial liabilities not measured at fair value					
Accrued management fee	97,119	-	-	97,119	97,119
Accrual and other liabilities	147,248	-	-	147,248	147,248
	244,367	-	-	244,367	244,367

Level 1 financial instruments comprise of investments in Saudi Government Treasury Bill Sukuks which are fair valued using quoted rate on Tadawul.

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11. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities for the years ended 31 December 2025 and 31 December 2024 are classified under amortised cost category except for investments held at FVSI, which are classified and measured at fair value.

12. SEGMENT REPORTING

The Fund carries a portfolio of debt instruments of entities listed on Saudi Stock of Exchange. The Fund Manager periodically assesses the performance and allocates resources to the business as one unit and, as such, no separate operating segments were identified for financial reporting purposes. Consequently, segment reporting as required by IFRS 8 'Operating Segments' has not been disclosed.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2025 (2024: Nil).

14. SUBSEQUENT EVENTS

The Fund Manager has considered events occurring after the reporting date, including the ongoing geopolitical developments in the Middle East and any other relevant market or economic developments. Based on the information available to date, these events have not had a material impact on the Fund or on the fair value of its investments, nor has the Fund Manager identified any other subsequent events or transactions that would require adjustment to, or disclosure in, these financial statements. The Fund Manager continues to monitor the situation and its potential implications for the Fund as it evolves.

15. LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day for the purpose of the preparation of these financial statements for the year was 31 December 2025 (2024: 31 December 2024).

16. INFORMATIVE ZAKAT RETURN SUBMISSION

Article 3 of Zakat Collection Rules for Investing in Investment Funds, stipulates that all investment funds approved to be established by the CMA after the effective date of the resolution (1 January 2023), must register with Zakat and Income Tax Authority (ZATCA) for Zakat purposes before the end of the first fiscal year from the date of the approval on their establishment and submit an informative zakat return within 120 days of fiscal year end. The Fund received its registration certificate no. 102230005252258 from ZATCA on 12 December 2023.

The responsibility of paying zakat on investment in the Fund's units remains with the Unitholders and the Fund does not have the zakat obligation.

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Fund Board on 26th of March 2026.