

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT**

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2025**

<u>INDEX</u>	<u>PAGES</u>
Independent auditor's report	1-3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in net assets (equity) attributable to the Unitholders	6
Statement of cash flow	7
Notes to the financial statements	8 – 27

INDEPENDENT AUDITORS' REPORT

To the Unitholders
Al Rajhi Sukuk Fund
(An Open-Ended Mutual Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Rajhi Sukuk Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in (net assets) equity attributable to the Unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 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 ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Fund for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified audit opinion on those statements on 26 Ramadan 1446H (corresponding to 26 March 2025).

Other Information

The Management is responsible for the other information. The other information consists of the information included in the Fund's 2025 Annual Report, other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

**Independent Auditor's Report
To the Unitholders
Al Rajhi Sukuk Fund (continued)**

Other Information (continued)

In connection with our audit of the financial statement, 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.

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

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

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's Terms and Conditions, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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 the internal controls 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's internal controls.

**Independent Auditor's Report
To the Unitholders
Al Rajhi Sukuk Fund (continued)**

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' 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.

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.

Deloitte and Touche & Co.
Chartered Accountants



Mazen A. Al-Omari
Certified Public Accountant
License number 480



(12 Shawwal 1447H)
(31 March 2026)

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(AMOUNTS IN ₪)**

	<i>Notes</i>	31 December 2025	31 December 2024
<u>ASSETS</u>			
Cash and cash equivalents	5	85,962	3,930,781
Investment measured at fair value through profit or loss (“FVTPL”)	6	163,273,866	116,087,512
Accrued special commission income		1,364,999	789,421
Total Assets		164,724,827	120,807,714
<u>LIABILITIES</u>			
Management fee payable	8, 10	217,930	57,842
Accrued expenses	7	96,600	89,755
Total Liabilities		314,530	147,597
Net assets (equity) attributable to the Unitholders		164,410,297	120,660,117
Units in issue (numbers)		1,204,769	932,145
Net asset value attributable to each unit (₪) – IFRS	16	136.47	129.44
Net asset value attributable to each unit (₪) – Dealing	16	136.47	129.44

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

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

	<i>Notes</i>	31 December 2025	31 December 2024
<u>INCOME</u>			
Special commission income		5,362,564	4,412,405
Net unrealized gain on investments measured at FVTPL	6.1	1,953,862	1,192,333
Net realized gain on investments at FVTPL		661,896	513,110
Other income		28,839	-
		8,007,161	6,117,848
<u>EXPENSES</u>			
Management fee	8, 10	(768,889)	(594,729)
Other expenses	9	(134,207)	(117,492)
		(903,096)	(712,221)
Net income for the year		7,104,065	5,405,627
Other comprehensive income for the year		-	-
Total comprehensive income for the year		7,104,065	5,405,627

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

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL COMPANY
STATEMENT OF NET OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

	31 December 2025	31 December 2024
Net assets (equity) attributable to the Unitholders at beginning of the year	120,660,117	70,469,388
Net income for the year	7,104,065	5,405,627
Other comprehensive income for the year	-	-
Total comprehensive income for the year	7,104,065	5,405,627
Proceeds from issuance of units during the year	51,993,847	60,540,369
Payments on redemption of units during the year	(15,347,732)	(15,755,267)
Net contribution by the Unitholders	36,646,115	44,785,102
Net assets (equity) attributable to the Unitholders at end of the year	164,410,297	120,660,117
Unit transactions (numbers)		
Transactions in units for the year are summarised as follows:		
	31 December 2025 (In units)	31 December 2024 (In units)
Units in issuance at beginning of the year	932,145	573,501
Issuance of units during the year	387,365	483,940
Redemption of units during the year	(114,741)	(125,296)
Net increase in units	272,624	358,644
Units in issuance at end of the year	1,204,769	932,145

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

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL COMPANY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

	<i>Notes</i>	31 December 2025	31 December 2024
Cash flows from operating activities			
Net income for the year		7,104,065	5,405,627
Adjustments for:			
Net unrealised gain on financial assets at FVTPL	6.1	(1,953,862)	(1,192,333)
Net realised gain on financial assets at FVTPL		(661,896)	(513,110)
Special commission income		(5,362,564)	(4,412,405)
Net changes in operating assets and liabilities			
Purchase of investments measured at FVTPL		(96,408,596)	(72,537,884)
Proceeds from sale of investments - FVTPL		51,838,000	22,969,460
Purchase of investments amortized cost		-	(6,090,000)
Proceeds from sale of investments amortized cost		-	11,090,000
Increase/ (decrease) in management fee payable		160,088	(9,963)
Increase in accrued expenses		6,845	47,380
Cash used in from operations		(45,277,920)	(45,243,228)
Special commission received		4,786,986	4,387,275
Net cash used in from operating activities		(40,490,934)	(40,855,953)
Cash flows from financing activities			
Proceeds from issuance of units		51,993,847	60,540,369
Payments on redemption of units		(15,347,732)	(15,755,267)
Net cash generated from financing activities		36,646,115	44,785,102
Net (decrease)/ increase in cash and cash equivalents		(3,844,819)	3,929,149
Cash and cash equivalents at beginning of the year		3,930,781	1,632
Cash and cash equivalents at end of the year	5	85,962	3,930,781

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

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Rajhi Sukuk Fund (the “Fund”) is an open-ended investment fund created by an agreement between Al Rajhi Capital (the “Fund Manager”), a wholly owned subsidiary of the Al Rajhi Banking and Investment Corporation (the “Bank”), and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

Al Rajhi Capital, Head Office
8467 King Fahad Road, Al Muruj District
P.O. Box 2743
Riyadh 11263
Kingdom of Saudi Arabia

The Fund is designed to achieve income and capital growth over the medium to long term by investing in Shariah compliant investment instruments consisting of Sukuk, Murabaha placements, Islamic placements, structured Islamic products and commodity Mudaraba funds.

The Fund was established on 25 Sha’ban 1435H (corresponding to 23 June 2014) as per notification to the Capital Market Authority (CMA) and commenced its operations on 14 Dulal Qadah 1435 (corresponding to 14 September 2014).

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, registrar or other administrative services on behalf of the Fund.

The Fund has appointed Al Bilad Investment Company (the “Custodian”) to act as its custodian.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “Amended Regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Regulation was further amended through Resolution of the Board of the Capital Market Authority Number 1-54-2025 Dated 23/11/1446H (Corresponding to 21 May 2025). These amended regulations were effective from 09 July 2025.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority (“CMA”) and the Fund's Terms and Conditions.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

3. BASIS OF PREPARATION (CONTINUED)

3.2 Basis of measurement

The financial statements have been prepared on a historical cost basis (except for investments measured at FVTPL which are stated at their fair value) using the accrual basis of accounting.

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Fund Manager is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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 their liquidity.

3.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal ("ﷲ"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest ﷲ.

3.4 Use of estimates and judgments

The preparation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

3.5 New standards and regulations

Amendments to existing standards

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2025 and accordingly adopted by the Fund, as applicable:

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

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ￼)**

3. BASIS OF PREPARATION (CONTINUED)

3.5 New standards and regulations (continued)

The adoption of the new and amended standards and interpretations applicable to the Fund did not have any significant impact on these financial statements.

New standards not yet effective

Standard, interpretation, amendments	Description	Effective Date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Contracts referencing Nature dependent Electricity Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	1 January 2026
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: 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

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ٠)**

3. BASIS OF PREPARATION (CONTINUED)

3.5 New standards and regulations (continued)

New standards not yet effective (continued)

IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

The Fund Manager anticipates that the application of these new standards and amendments in the future will not have any significant impact on the amounts reported.

4. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Fund in preparing its financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Cash and cash equivalents

Cash and cash equivalents comprise current and deposits with banks, cash held with broker in trading account and with custodian in investment account.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities

Recognition and initial measurement

Financial assets and liabilities at Fair value through Profit and loss (“FVTPL”) are initially recognised at trade date, which is the date on which the Fund becomes party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

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

As at 31 December 2025, the Fund’s financial assets are cash and cash equivalent, investments measured at FVTPL, and accrued special commission income.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and the information is provided to the Fund Manager.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Assessment whether contractual cash flows are solely payments of principal and profit

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

In assessing whether the contractual cash flows are solely payments of principal and profit, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassification

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

Classification of financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Transactions in which the Fund transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them, the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all of the risk and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Fund derecognises a financial liability when its contractual obligations are either discharged or cancelled or expired.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Offsetting

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 set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Fund 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. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 12.

C. Subscription and redemption on units

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

Redeemable units

Redeemable units are as equity instruments as they meet certain criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ₭)**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

D. Net assets value per unit

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

E. Revenue recognition

Net gain or loss on financial assets and liabilities at FVTPL

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude profit and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's opening carrying amount and disposal amount.

Special commission income

Special commission income including special commission income from non-derivative financial assets measured at amortised cost, are recognized in the statement of comprehensive income, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

F. Fee and other expenses

Management fee

Management fee is calculated at rate mentioned in terms and conditions of the Fund and is payable in arrears.

Other expenses

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

G. Foreign currency

Transactions in foreign currencies are translated into ₭ at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in profit or loss. Monetary assets and liabilities denominated in foreign currencies are retranslated into ₭ at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gain from financial instruments at FVTPL.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ء)**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

H. Provisions

Provisions are recognized whenever there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

I. Zakat

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Fund permitted by the CMA.

The Rules require the Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA) and submit a zakat information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund's Unitholders.

During the current year, the Fund Manager will be submitting zakat information declaration in due course.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the "Bank"), the parent entity of the Fund Manager. In addition, these balances also comprise of cash placed with Al Bilad Investment Company (the "Custodian") for buying and selling of investment securities.

		31 December 2025	31 December 2024
Cash with bank – current account		30,905	26,522
Cash with custodian		55,057	3,251
Short-term Murabaha placements	5.1	-	3,901,008
		85,962	3,930,781

5.1 As at 31 December 2025, this amount is NIL as there is no Short term Murabaha placement as at 31 December 2025. Murabaha placement with the Bank having original maturity of three months or less. This placement carries profit rate of 4.65% per annum 31 December 2024 with maturity up till 14 January 2025.

6. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

The composition of the Fund's investment portfolio of Sukuk and units of mutual funds is as follows.

	31 December 2025			
	Cost (ء)	Fair value (ء)	% of Fair value	Unrealised gain (ء)
Investments				
Sukuk (note 6.2)	122,130,229	122,605,002	75.09	474,773
Investment in mutual funds* (note 6.3)	39,201,128	40,668,864	24.91	1,467,736
Total	161,331,357	163,273,866	100.00	1,942,509

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ₪)**

6. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) (CONTINUED)

	31 December 2024			
	Cost (₪)	Fair value (₪)	% of Fair value	Unrealised gain / (loss) (₪)
<u>Investments</u>				
Sukuk (<i>note 6.2</i>)	87,593,467	86,644,896	74.64	(948,571)
Investment in mutual funds (<i>note 6.3</i>)	28,505,398	29,442,616	25.36	937,218
Total	116,098,865	116,087,512	100.00	(11,353)

* A fund managed by the Fund Manager.

6.1 Movement of unrealized gain / (loss) on re-measurement of investment at FVTPL:

	31 December 2025	31 December 2024
Fair value as at 31 December	163,273,866	116,087,512
Cost as at 31 December	(161,331,357)	(116,098,865)
Unrealized gain / (loss) as at 31 December	1,942,509	(11,353)
Unrealized gain as at 1 January	11,353	1,203,686
Unrealized gain for the year	1,953,862	1,192,333

6.2 The composition of investment in Sukuk is summarised below:

	Maturity date	31 December 2025
Riyad Bank Tier 1 Sukuk	5-Oct-27	10,000,000
Cenomi Centers Sukuk – 2025	23-Nov-28	9,850,350
Gulf International Bank - Saudi Arabia (Gib KSA)	19-Dec-28	9,000,000
SNB Tier 1 Sukuk 2022	15-Sep-27	8,000,000
Alinma Tier 1 Sukuk Limited	6-Mar-29	7,201,467
BSF At1 Sukuk - 2025	13-Nov-30	7,000,000
Snbab 6.2 Perp	9-Dec-31	6,760,598
Emaar Properties PJSC Sukuk	15-Sep-26	6,492,440
Mumtalakat Sukuk Holding	21-Jan-27	6,348,286
Boubyan Tier 1 Suk Ltd	1-Oct-26	6,345,035
Al Rajhi Bank Sar Additional Tier 1 Sukuk*	23-Jan-27	6,000,000
Al Rajhi Sukuk Ltd*	21-Jul-30	5,701,388
Bab Usd At1 Sukuk Ltd	21-Nov-30	5,220,212
Alinma Bank - Alinma 4	1-Jul-26	4,000,000
SAB At1 Sukuk - 2025	24-Jul-30	4,000,000
ANB Tier 1 Sukuk Co Ltd	9-Sep-30	3,796,613
Riyad T1 Sukuk Ltd	3-Oct-29	3,715,500
NCB Tier 1 Sukuk Ltd Ncombk	26-Jul-26	3,106,728
Bank Aljazira Sukuk At1 - Issuance 2	15-Jan-30	3,000,000
Rawabi Holding Series 8 Sukuk	31-Mar-27	2,500,000
DIB Tier 1 Sukuk 4	19-May-26	2,433,837
DIFS Sukuk 3	15-Feb-26	1,741,012
Riyad Tier 1 Sukuk	16-Feb-27	391,536
		122,605,002

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

6. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) (CONTINUED)

	Maturity date	31 December 2024
Riyad Bank Tier 1 Sukuk	5-Oct-27	10,000,000
Gulf International Bank - Saudi Arabia	19-Dec-33	9,000,000
Saudi National Bank Tier 1 Sukuk	15-Sep-27	8,000,000
RHC Series 3 Sukuk	15-Mar-25	7,250,000
Oman Sukuk	30-Apr-25	6,405,472
Emaar Properties PJSC Sukuk	15-Sep-26	6,367,747
Mumtalakat Sukuk Holding	21-Jan-25	6,223,824
Boubyan Tier 1 Sukuk	1-Oct-26	6,205,878
Al Rajhi Bank Tier 1 Sukuk*	23-Jan-27	6,000,000
Alinma Bank Tier 1 Sukuk	1-Jul-26	4,000,000
Riyad Tier 1 Sukuk LTD	3-Oct-29	3,686,813
NCB Tier 1 Sukuk	26-Jul-26	3,016,247
RHC Sukuk 2022 - Series 2	28-Jul-25	3,000,000
BSF Tier 1 Capital Sukuk	3-Nov-25	3,000,000
DIB Tier 1 Sukuk 4	19-May-25	2,392,380
DIFC Sukuk 3	15-Feb-25	1,716,094
Riyad Tier 1 Sukuk	16-Feb-27	380,441
		<u>86,644,896</u>

* Sukuk issued by Al Rajhi Banking and Investment Corporation (the “Bank”), the parent entity of the Fund Manager.

These carry profit rates ranging from per annum 3.5% to 8.5% (31 December 2024: 3.64% to 7.55% per annum).

6.3 The composition of investment in mutual funds is as follows:

	31 December 2025			
	Cost (ﷲ)	Fair value (ﷲ)	% of Fair value	Unrealised gain (ﷲ)
Investments				
Al Rajhi Awaheed Fund*	39,168,447	40,629,465	99.90	1,461,018
Al Rajhi Saving and Liquidity Fund – USD*	32,681	39,399	0.10	6,718
Total	<u>39,201,128</u>	<u>40,668,864</u>	<u>100.00</u>	<u>1,467,736</u>

	31 December 2024			
	Cost (ﷲ)	Fair value (ﷲ)	% of Fair value	Unrealised gain (ﷲ)
Investments				
Al Rajhi Awaheed Fund*	28,472,803	29,404,930	99.87	932,127
Al Rajhi Saving and Liquidity Fund – USD*	32,595	37,686	0.13	5,091
Total	<u>28,505,398</u>	<u>29,442,616</u>	<u>100.00</u>	<u>937,218</u>

* A fund managed by the Fund Manager.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

7. ACCRUED EXPENSES

	31 December 2025	31 December 2024
Fund Board fee	30,000	30,000
Professional fee	28,750	20,700
Zakat advisory fee	16,100	16,100
Tadawul fee	5,750	11,500
Others	16,000	11,455
	96,600	89,755

8. MANAGEMENT FEE

The Fund pays management fee calculated at an annual rate of 0.5% per annum of the Fund's net assets value at each valuation date along with VAT charges at 15% of the transaction. The fee is intended to compensate the Fund Manager for administration of the Fund.

9. OTHER EXPENSES

	31 December 2025	31 December 2024
Professional fee	37,375	34,500
Fund Board fee	30,000	30,000
Custody fee	31,103	21,053
Zakat advisory fee	18,507	16,100
Others	17,222	15,839
	134,207	117,492

10. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Fund include the Bank, the Fund Manager, the Fund Board and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the related parties.

In addition to transactions disclosed elsewhere in these financial statements, transactions with related parties for the years ended 31 December and related balances as at 31 December are as follows:

Related party	Nature of transaction	Transactions for the year ended		Balance as at 31 December	
		31 December 2025	2024	2025	2024
Al Rajhi Capital Company - The Fund Manager	Management fee	768,889	594,729	217,930	57,842
The Fund Board	Fund Board fee	30,000	30,000	30,000	30,000

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ₪)**

10. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Units of the Fund held with related parties (numbers):

Funds	Subscriptions during the year		Redemptions during the year		Balance as at 31 December	
	2025	2024	2025	2024	2025	2024
Al Rajhi Growth Fund	207,254	369,607	-	-	703,998	496,744
Al Rajhi Balanced Fund	-	11,607	-	-	116,300	116,300
Al Rajhi Conservative Fund	-	11,607	-	-	48,545	48,545
Health Awqaf Fund	2,348	-	-	-	2,348	-

11. 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.

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

The Fund determined fair value of securities that are traded on stock exchange at their last reported prices. To the extent that securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Therefore, the Fund's investment in listed Sukuk measured at FVTPL have been categorized in level 1 of the fair value hierarchy.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN RM)**

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation models (continued)

The Fund determined fair value of investments in open-ended mutual funds measured at FVTPL using unadjusted net assets value. Moreover, the fair value of investments in unlisted Sukuk measured at FVTPL is determined based on the similar security external price. Therefore, the Fund classified them as level 2 of the fair value hierarchy.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position. All below fair value measurements are recurring.

	31 December 2025				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL	163,273,866	59,254,652	104,019,214	-	163,273,866
Total	163,273,866	59,254,652	104,019,214	-	163,273,866
	31 December 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL	116,087,512	69,970,821	46,116,691	-	116,087,512
Total	116,087,512	69,970,821	46,116,691	-	116,087,512

During the year, there were no transfer between the fair value hierarchy.

Financial instruments such as cash and cash equivalents except short-term Murabaha placements are classified under level 1 and Murabaha placements are classified under level 3. Other financial instruments such as management fee payable and accrued expenses are short-term financial assets and financial liabilities whose carrying amounts approximate their fair value due to their short-term nature.

12. MATURITY ANALYSIS OF ASSETS AND LIABILITY

The table below shows an analysis of assets and liability according to when they are expected to be recovered or settled respectively:

	Within 12 months	After 12 months	Total
As at 31 December 2025			
ASSETS			
Cash and cash equivalents	85,962	-	85,962
Investments at FVTPL	64,787,916	98,485,950	163,273,866
Accrued special commission income	1,364,999	-	1,364,999
TOTAL ASSETS	66,238,877	98,485,950	164,724,827
LIABILITIES			
Management fee payable	217,930	-	217,930
Accrued expenses	96,600	-	96,600
TOTAL LIABILITIES	314,530	-	314,530

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ₪)**

12. MATURITY ANALYSIS OF ASSETS AND LIABILITY (CONTINUED)

	Within 12 months	After 12 months	Total
<i>As at 31 December 2024</i>			
ASSETS			
Cash and cash equivalents	3,930,781	-	3,930,781
Investments at FVTPL	59,430,386	56,657,126	116,087,512
Accrued special commission income	789,421	-	789,421
TOTAL ASSETS	64,150,588	56,657,126	120,807,714
LIABILITY			
Management fee payable	57,842	-	57,842
Accrued expenses	89,755	-	89,755
TOTAL LIABILITIES	147,597	-	147,597

13. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

31 December 2025	Amortised cost	FVTPL
Financial Assets		
Cash and cash equivalents	85,962	-
Investments	-	163,273,866
Accrued special commission income	1,364,999	-
Total Assets	1,450,961	163,273,866
Financial Liabilities		
Management fee payable	217,930	-
Accrued expenses	96,600	-
Total Liabilities	314,530	-
31 December 2024	Amortised cost	FVTPL
Financial Assets		
Cash and cash equivalents	3,930,781	-
Investments	-	116,087,512
Accrued special commission income	789,421	-
Total Assets	4,720,202	116,087,512
Financial Liabilities		
Management fee payable	57,842	-
Accrued expenses	89,755	-
Total Liabilities	147,597	-

14. RISK MANAGEMENT POLICIES

The Fund has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risks; and
- operational risk.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ￼)**

14. RISK MANAGEMENT POLICIES (CONTINUED)

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of mutual funds and sukuku.

The Fund Manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund's Board.

In instances where the portfolio has diverged from target asset allocations, the Fund Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within the prescribed time limits.

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund is exposed to credit risk for its cash and cash equivalents, investment at amortised cost and accrued special commission income. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

Credit risk is monitored on a regular basis by the Fund Manager to ensure it is in line with the investment guidelines of the Fund Board.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December 2025	31 December 2024
Cash and cash equivalents	85,962	3,930,781
Investment at FVTPL	122,605,002	86,644,896
Accrued special commission income	1,364,999	789,421
Total exposure to credit risk	124,055,963	91,365,098

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ₪)**

14. RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

Allowance for impairment

The Fund has investments in Sukuk classified as FVTPL, therefore, no impairment allowance is recorded in these financial statements related to these investments. Moreover, cash and cash equivalents, investments measured at amortised cost and accrued special commission income are mainly with counterparties having "A" credit rating, thus, impact of ECL is not material to the financial statements. Hence, no impairment allowance is recorded in these financial statements.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities.

The Fund's Terms and Conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders redemptions at any time. As at 31 December 2025 and 31 December 2024, the Fund's cash and cash equivalents, investments measured at FVTPL, and accrued special commission income are considered to be short-term in nature and realisable. The Fund Manager monitors liquidity requirements on a regular basis and seek to ensure that funds are available to meet commitments as they arise.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<i>As at 31 December 2025</i>				
Cash and cash equivalents	-	-	85,962	85,962
Investments measured at FVTPL	24,119,052	98,485,950	40,668,864	163,273,866
Accrued special commission income	1,364,999	-	-	1,364,999
Total financial assets	25,484,051	98,485,950	40,754,826	164,724,827
Management fee payable	217,930	-	-	217,930
Accrued expenses	96,600	-	-	96,600
Total financial liabilities	314,530	-	-	314,530
	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<i>As at 31 December 2024</i>				
Cash and cash equivalents	-	-	3,930,781	3,930,781
Investments measured at FVTPL	29,987,770	56,657,126	29,442,616	116,087,512
Accrued special commission income	789,421	-	-	789,421
Total financial assets	30,777,191	56,657,126	33,373,397	120,807,714
Management fee payable	57,842	-	-	57,842
Accrued expenses	89,755	-	-	89,755
Total financial liabilities	147,597	-	-	147,597

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

14. RISK MANAGEMENT POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in market prices – such as foreign currency risk, special commission rate risk and other price risk – will affect the Fund’s income or the fair value of its holdings in financial instruments.

The Fund’s strategy for the management of market risk is driven by the Fund’s investment objective as per the Fund’s Terms and Conditions. The Fund’s market risk is managed on a timely basis by the investment manager in accordance with the policies and procedures in place. The Fund’s market positions are monitored on a timely basis by the Fund Manager.

Currency risk

Currency 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 transactions of the Fund are carried out in Saudi Arabian Riyals and United States Dollars. As these currencies have no or low volatility with United States Dollars, therefore, there is minimal risk of losses due to exchange rate fluctuations.

Other price risk

Other price risk is the risk that the value of the Fund’s net assets (equity) attributable to the Unitholders will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager daily monitors concentration of risk for equity based on securities and industries in line with defined limits while closely tracking the portfolio level volatilities. As of the statement of financial position date, the Fund has investment in other mutual funds as mentioned in note 6 which are exposed to other price risk

The table below sets out the effect on net assets (equity) attributable to the Unitholders of a reasonably possible weakening / strengthening in the individual market prices and special income commission rates of 10% at reporting date. The analysis assumes that all other variables, in particular commission, remain constant.

	31 December 2025		31 December 2024	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	+2.47%	4,066,886	+ 2.44%	2,944,262
	-2.47%	(4,066,886)	- 2.44%	(2,944,262)

Special commission rate risk

Special commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates. The Fund is subject to special commission rate risk on its investment in Sukuk as mentioned in note 6.2.

The following table demonstrates the sensitivity of the Fund’s net assets (equity) attributable to the Unitholders of a reasonably possible change in interest rates by 10%, with all other variables held constant. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

14. RISK MANAGEMENT POLICIES (CONTINUED)

Market risk (continued)

Special commission rate risk (continued)

	31 December 2025		31 December 2024	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	+7.46%	12,260,500	+ 7.18%	8,664,490
	- 7.46%	(12,260,500)	- 7.18%	(8,664,490)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

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 the Unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team of the Fund Manager. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
 - appropriate segregation of duties between various functions, roles and responsibilities;
 - reconciliation and monitoring of transactions; and
 - periodic assessment of operational risks faced
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective

15. EVENTS OCCURRING AFTER REPORTING DATE

There are no events subsequent to the reporting date which require adjustments of or disclosure in the financial statements or notes thereto.

16. LAST VALUATION DAY

The Capital Market Authority (CMA), through its circular dated 10 Rabi Al Thani 1439H (corresponding to 28 December 2017), has approved the Dual NAV approach for investment funds. In accordance with the circular, IFRS 9 will be applied for accounting and reporting purposes and dealing NAV will remain unaffected until further notice.

**AL RAJHI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY AL RAJHI CAPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

16. LAST VALUATION DAY (CONTINUED)

The last valuation day of the year was 31 December 2025 (2024: 31 December 2024) and in lieu of the above circular from CMA, the dealing net assets (equity) value on this day was ﷲ 136.47 per unit (31 December 2024: ﷲ 129.44 per unit). The IFRS net assets (equity) value per unit on 31 December 2025 was SAR 136.47 per unit (31 December 2024: SAR 129.44 per unit). Net assets (equity) per unit as per IFRS and dealing net assets (equity) value per unit remained the same due to immaterial ECL provisions under IFRS 9.

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board of Directors on 16 March 2026.