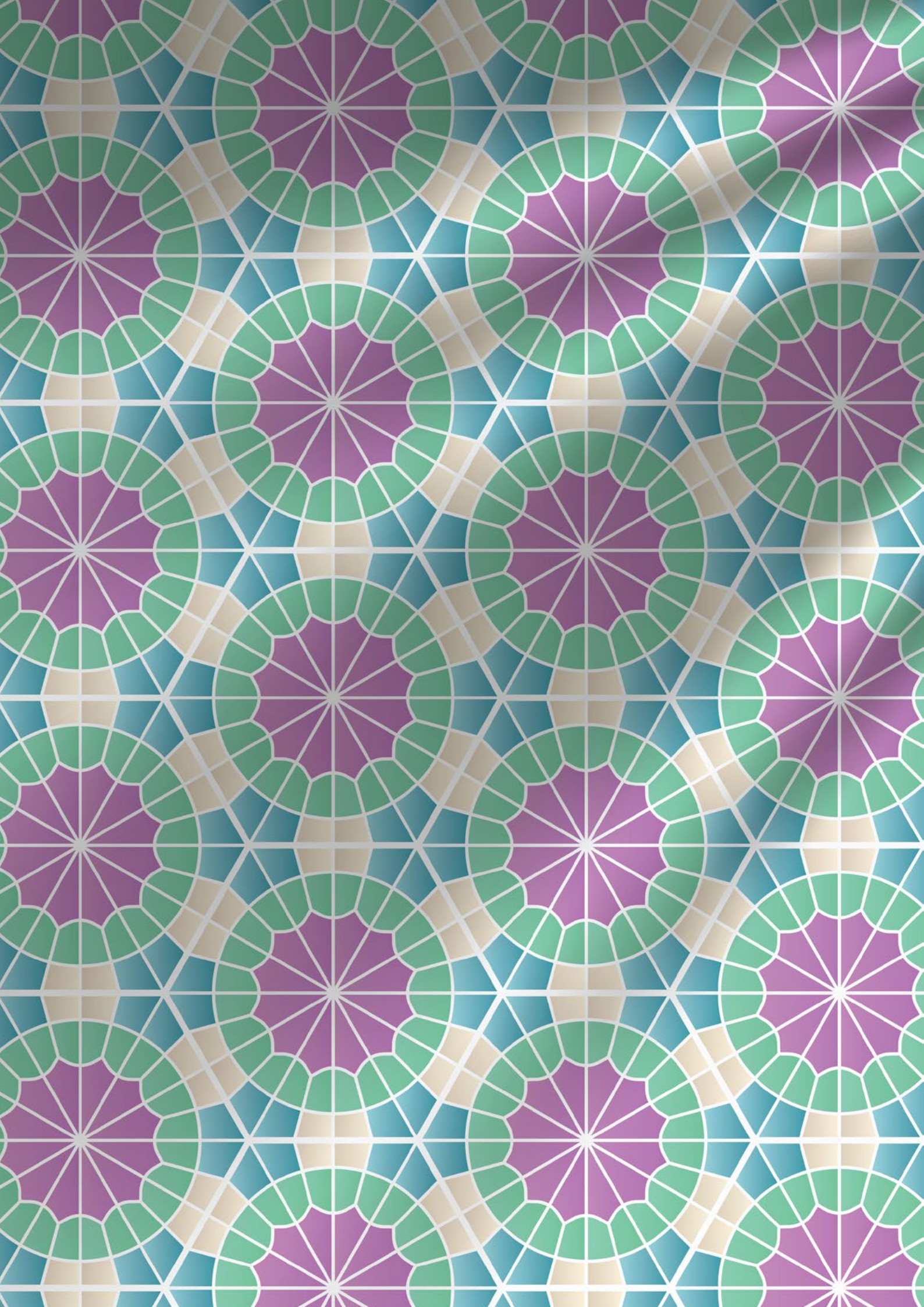




STATE OIL FUND OF THE
REPUBLIC OF AZERBAIJAN

ANNUAL REPORT 2025





CONTENTS

1/ KEY FIGURES	4
2/ SOFAZ: A CLOSER LOOK	8
3/ GOVERNANCE	12
• THE SUPERVISORY BOARD	13
• SOFAZ MANAGEMENT	14
• TRANSPARENCY AND ACCOUNTABILITY	15
4/ INVESTMENTS	16
• INVESTMENT STRATEGY	18
• INVESTMENT PERFORMANCE	20
• FIXED INCOME	22
• PUBLIC EQUITIES	28
• PRIVATE EQUITIES	30
• INFRASTRUCTURE	34
• REAL ESTATE	36
• INTEGRATION OF ESG PRINCIPLES INTO INVESTMENT PORTFOLIO	39
• RISK MANAGEMENT	42
• MANAGING LEGAL AND COMPLIANCE RISKS	45
5/ SOFAZ'S BUDGET	46
• OVERVIEW	46
• SOFAZ REVENUES	47
• BUDGET EXPENDITURES	51
6/ SPARKING AN IMPACT	58
7/ TALENT DEVELOPMENT	68
8/ SANTIAGO PRINCIPLES	72
9/ SOFAZ'S CONSOLIDATED FINANCIAL STATEMENTS	90

1/ KEY FIGURES

As of the end of 2025, SOFAZ's assets under management (AUM) had grown to 73.5 billion USD, up from 60 billion USD in the previous period. The portfolio was distributed as follows: 29.8% (21.9 billion USD) in fixed income, 25.6% (18.8 billion USD) in equities, 6.4% (4.7 billion USD) in real assets, and 38.2% (28.1 billion USD) in gold.

Chart 1. Growth in SOFAZ assets (USD billion)

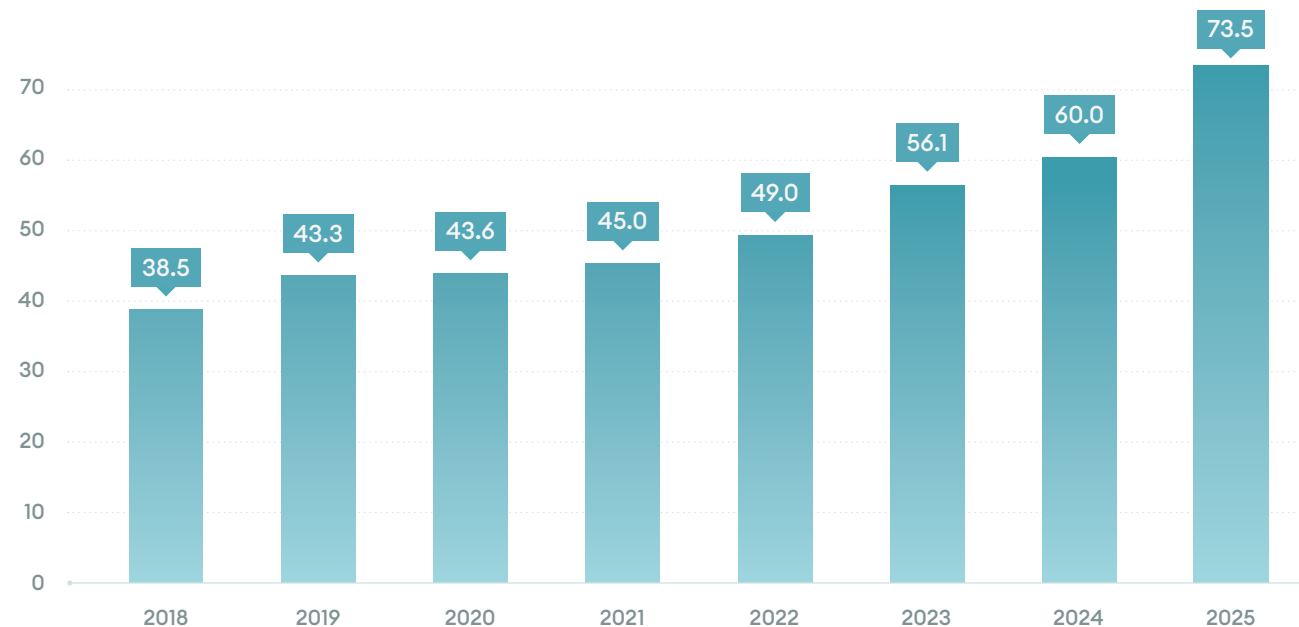
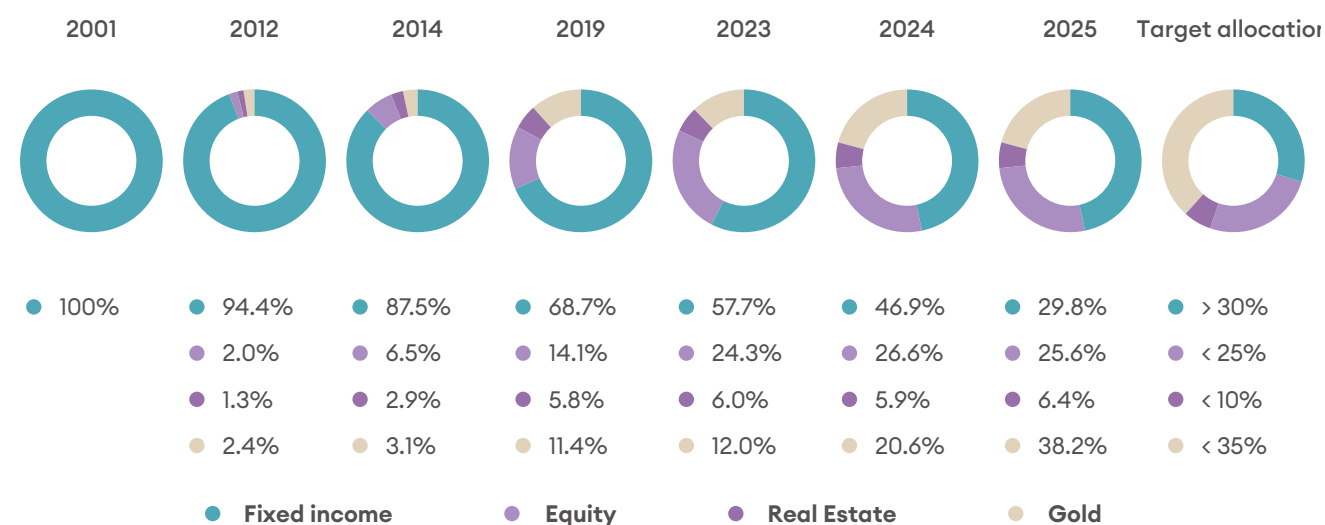


Chart 2. Asset allocation dynamics



As of the end of 2025, SOFAZ had allocated its investments across 64 countries and held 18 currencies.

Chart 3. Currency composition

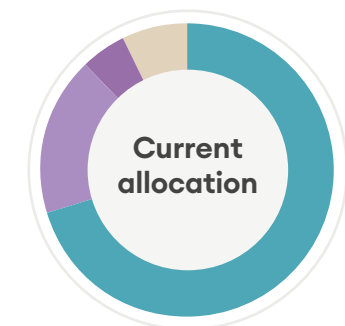
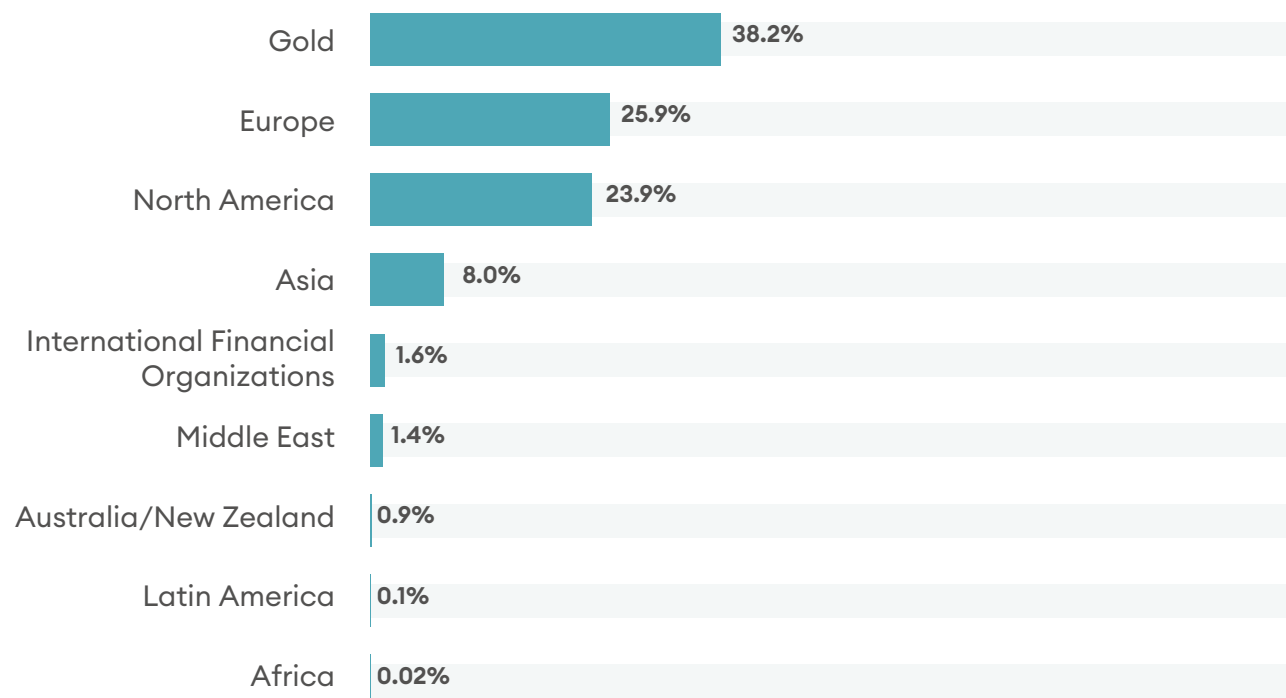
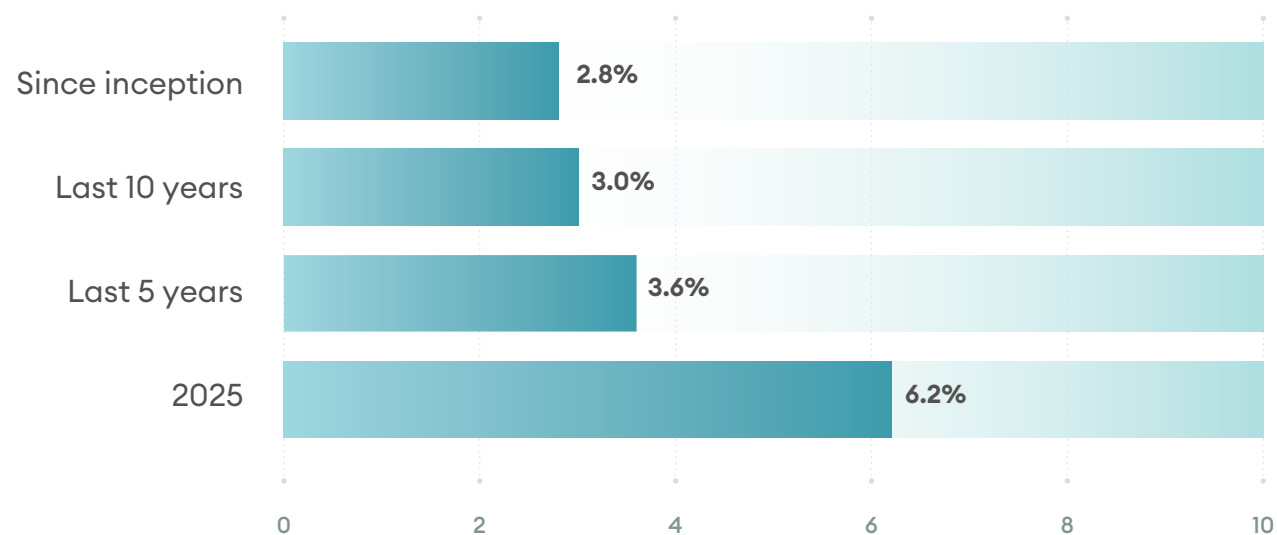
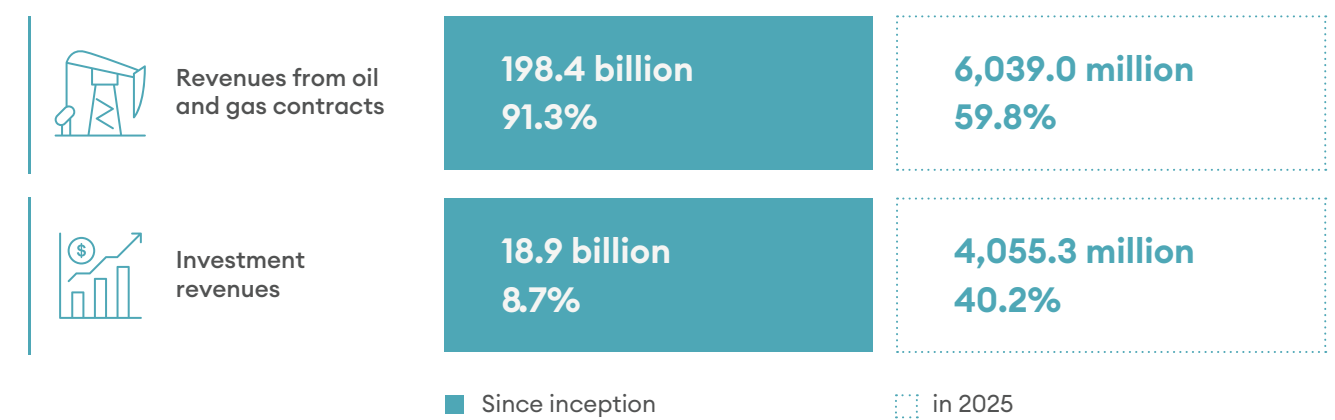
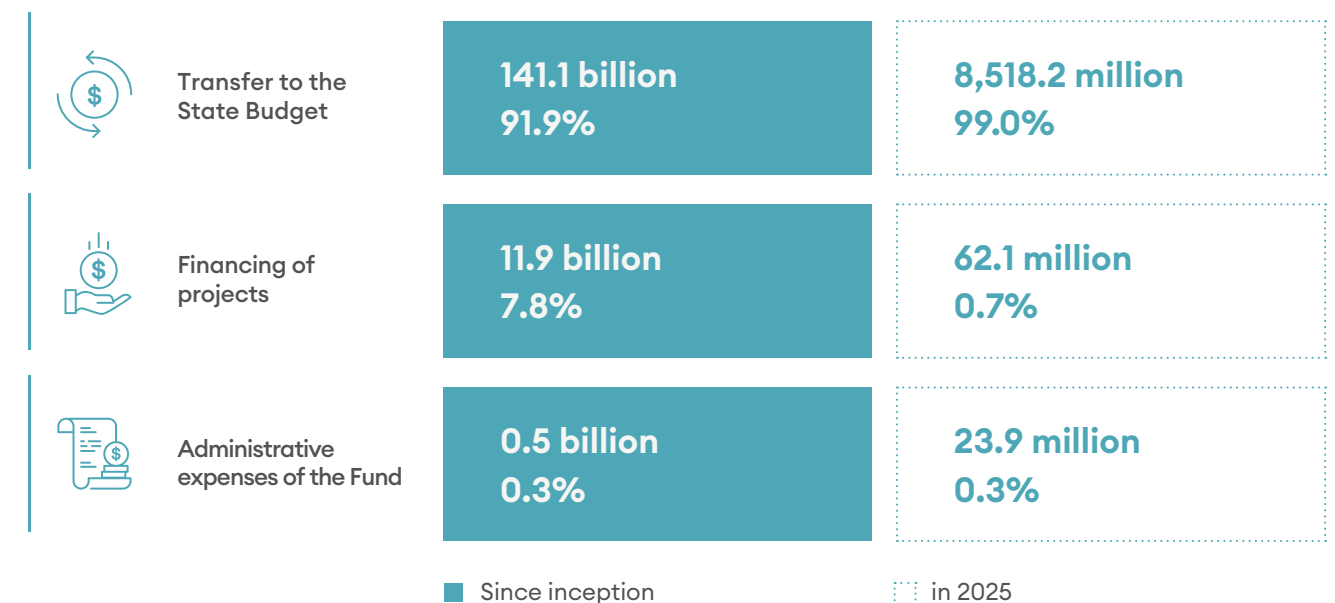


Chart 4. Geographical distribution

Since its inception up until the end of 2025 SOFAZ has generated a cumulative gain of USD 19 billion, equivalent to an annualized return of 2.8%*. In 2025, the Fund's return was 6.2%.

* Unless otherwise indicated in the report, all return figures are expressed in local currencies and are not adjusted for currency fluctuations. While gold is a part of performance reporting, its price movements are classified as currency effects.

Chart 5. Annualized rate of return on investment portfolio**Illustration 1.** Budget income of SOFAZ (USD)**Illustration 2.** Budget expenditure of SOFAZ (USD)

2/ SOFAZ: A CLOSER LOOK

2.1/ ABOUT

The date 20 September 1994 marked a significant milestone in the history of modern Azerbaijan. Under the leadership of the national leader Heydar Aliyev, Azerbaijan signed a groundbreaking Production Sharing Agreement (PSA) with a consortium of 11 international oil companies from seven nations on the exploration and exploitation of oil fields in Azerbaijan's sector of the Caspian Sea – Azeri-Chirag-Gunashli. Dubbed the “Contract of the Century”, this transformative agreement spurred the signing of many other oil contracts in subsequent years.

Owing to the successful realization of the National Oil Strategy laid out by Heydar Aliyev, Azerbaijan has ensured its energy security and become a reliable country and partner in the international arena. The three pillars of the National Oil Strategy are the attraction of foreign investments and expertise to the development of the country's oil and gas resources; the establishment of multi-optional export routes; and the efficient and transparent management of revenues. Ilham Aliyev, who at the time was the Vice-President of the State Oil Company of the

Azerbaijan Republic, played an exceptional role in the realization of the National Oil Strategy.

Ilham Aliyev's successful diplomatic mission, direct initiative, and well-considered proposals led to the idea of establishing SOFAZ in order to enable the prudent management of oil revenues. As proposed by Ilham Aliyev, the experience of similar sovereign wealth funds abroad was thoroughly evaluated, and consequently, SOFAZ was established in accordance with Decree No. 240 of the national leader Heydar Aliyev on 29 December 1999. SOFAZ is a mechanism for the accumulation of energy-related earnings and their efficient management for future generations.

SOFAZ is structured as an extra-budgetary fund and functions as a legal entity separate from the government or central bank. The SOFAZ Statute was approved in 2000.



2.2

MISSION

Our mission is to transform depletable hydrocarbon reserves into financial assets generating perpetual income for current and future generations.

2.3

OBJECTIVE

Our objective is to ensure the accumulation and effective management of foreign currency and other assets generated from the implementation of oil and gas exploration and development agreements as well as from the Fund's own activities, in the best interest of citizens and future generations of the Republic of Azerbaijan.

2.4 / VALUES

Integrity



We conduct our activity in accordance with the highest moral standards and ethical principles of society. We are honest and truthful in all our words and actions.

Respect



We thoughtfully and carefully consider individual differences and ideas of others by complying with the highest moral standards, ethical principles and professional standards of society.

Result-oriented Teamwork



We aim at accomplishing concrete results with productive and sincere cooperation of the team.

Responsible Initiative



We boldly take responsibility and initiative in order to achieve the timely and quality execution of the tasks arising from the Fund's objectives and mission.

Transparency and Accountability



We deliver full, timely, accurate and up-to-date information to all stakeholders within the framework of our activities.

2.5 / LEGAL FRAMEWORK

SOFAZ's operations are guided by the Constitution and laws of the Republic of Azerbaijan, decrees and orders of the President of the Republic of Azerbaijan, as well as the SOFAZ Statute.

SOFAZ's funding and withdrawal rules are clearly defined by the Statute of the State Oil Fund of the Republic of Azerbaijan and the "Rules on the preparation and execution of the annual programme of revenues and expenditures (budget) of the State Oil Fund of the Republic of Azerbaijan". According to the Law of the Republic of Azerbaijan "On the budget system", all SOFAZ expenditures, except for operating expenditures and expenses on placement of its funds in international banks and other financial

institutions, are incorporated into an annual consolidated government budget presented to the Parliament for approval. Thus, indirectly, all citizens participate in the discussions on the SOFAZ budget. In compliance with this law, SOFAZ can make only the expenditures envisaged in its budget.

SOFAZ's investment and risk management policies are defined by the Investment Policy, approved annually by the President of the Republic of Azerbaijan after review by the Supervisory Board. According to the Investment Policy, SOFAZ's investment decisions should aim to maximize risk-adjusted returns. SOFAZ makes its investment decisions in accordance with the requirements of the Investment Policy.

3.1 / THE SUPERVISORY BOARD

The Supervisory Board, consisting of representatives of the state authorities and public organizations, carries out general oversight of SOFAZ’s operations. The board reviews and evaluates SOFAZ’s draft annual budget, annual report, and financial statements, along with an audit report.

Members of the Supervisory Board are approved by the President of the Republic of Azerbaijan.

In 2025, according to the Order, the Supervisory Board had the following members:

| Ali Asadov

Chairman of the Supervisory Board
Prime Minister of the Republic of Azerbaijan

| Musa Gasimli

Member of the Supervisory Board
Deputy Chair of the Milli Majlis

| Shahmar Movsumov

Member of the Supervisory Board
Assistant to the President of the Republic of Azerbaijan – Head of the Division of Economic Issues and Innovative Development Policy of the Presidential Administration of the Republic of Azerbaijan

| Natig Amirov

Member of the Supervisory Board
Assistant to the President of the Republic of Azerbaijan – Head of the Division of Economic Policy and Industrial Issues of the Presidential Administration of the Republic of Azerbaijan

| Sahil Babayev¹

Member of the Supervisory Board
Minister of Finance of the Republic of Azerbaijan

| Mikayil Jabbarov

Member of the Supervisory Board
Minister of the Economy of the Republic of Azerbaijan

| Taleh Kazimov

Member of the Supervisory Board
Chairman of the Central Bank of the Republic of Azerbaijan

1. By the relevant Order of the President of the Republic of Azerbaijan dated 6 February 2025, Sahil Babayev was appointed Minister of Finance of the Republic of Azerbaijan.

3.2/ SOFAZ MANAGEMENT

| Israfil Mammadov

CEO

| Rovshan Javadov

Deputy CEO

| Bahruz Bahramov

Deputy CEO

| Vadim Pshenichniy

Advisor to the CEO



3.3/ TRANSPARENCY AND ACCOUNTABILITY

Transparency and accountability have been the key principles in SOFAZ's operations since its inception. Regular auditing of SOFAZ's financial statements by a reputable international audit firm is used as the primary safeguard to ensure the transparency of SOFAZ's operations. SOFAZ's financial performance in 2025 was audited by PricewaterhouseCoopers Audit Azerbaijan LLC.

SOFAZ's public relations are managed in accordance with its Information Policy. SOFAZ's Information Policy has been developed in accordance with the Law of the Republic of Azerbaijan "On access to information" with the purpose of the efficient management of SOFAZ's information exchange with stakeholders and the public, and to protect and develop its transparent state entity reputation. The Information Policy defines the principles, purposes, and objectives of the provision of information about SOFAZ's operations and activities to stakeholders and the public to meet the purposes and objectives of the Fund.

The Fund regularly issues press releases about its assets, investment activities, revenues and expenditures and projects, as well as events and meetings organized by SOFAZ.

To ensure the transparency of SOFAZ's activities, the Fund publishes relevant information, including quarterly revenue and expenditure statements, and annual reports on its official website (<https://oilfund.az/>) and on its official pages on social media sites.

SOFAZ is always open to questions from the public and responds to all verbal and written Fund-related enquiries within the timeframe prescribed by the Law of the Republic of Azerbaijan "On access to information".

Additionally, every year SOFAZ conducts a self-assessment on how well SOFAZ complies with each of the Santiago Principles – a framework of generally accepted principles and practices that properly reflect appropriate governance and accountability arrangements as well as sound, prudent investment practices by the sovereign wealth funds.

SOFAZ has earned international recognition for its exemplary performance in asset management, corporate governance, institution building, and transparency. SOFAZ has been placed among the top sovereign wealth funds in the Linaburg-Maduell transparency index, developed at the Sovereign Wealth Fund Institute. In addition, in both 2016 and 2019, SOFAZ was ranked among the top five most transparent sovereign wealth funds out of over 60 funds evaluated in the Sovereign Wealth Fund Transparency and Accountability Scoreboard published by the Peterson Institute for International Economics. The 2019 scoreboard is based on an assessment of a broad range of elements, including asset management, governance, resilience, transparency and accountability. SOFAZ achieved nearly the highest scores in each category and sub-category in the 2019 assessment. Furthermore, SOFAZ was ranked 5th in the Generally Accepted Principles and Practices (GAPP) assessment, developed by the Peterson Institute for International Economics to evaluate the implementation of the Santiago Principles.

Global markets in 2025 navigated a complex mix of policy shifts, geopolitical tensions, and evolving economic expectations, yet markets ultimately delivered strong broad-based performance across most major regions and asset classes.

Early in the year, investor sentiment was heavily influenced by escalating trade measures, which created periods of uncertainty and market volatility. As the year progressed, however, attention shifted toward supportive monetary policies in several major economies and technological advances. This backdrop helped restore confidence and ultimately drove broad-based gains across asset classes.

Global equities performed well in 2025. While the US equity market remained supported by structural themes such as artificial intelligence, digital infrastructure investment, and continued corporate earnings resilience, allowing it to achieve a third consecutive year of double-digit gains, strong performance broadened across regions with international developed and emerging markets playing a more prominent role in global equity returns.

Fixed income markets also delivered positive results over the year. Although markets experienced volatility in yields around April, central bank actions supported and played an important role in shaping the investment environment. Policymakers in major markets continued easing or normalising interest rates which supported fixed-income markets.

Several currencies strengthened against the US dollar over the course of the year, amplifying returns for investors with international exposure and contributing to stronger performance in several foreign markets. Within commodities, gold delivered particularly strong performance, with prices rising to historical high levels. It stood out as a major beneficiary of ongoing economic and policy uncertainties, continued central bank reserve diversification, and sustained investor demand for defensive assets.

Overall, in 2025 strong broad-based returns were accompanied by intermittent episodes of volatility, underscoring the continued importance of diversification across regions, asset classes, and currencies.

4 INVESTMENTS

4.1/ INVESTMENT STRATEGY

The investment strategy of SOFAZ aims to maximize long-term risk-adjusted returns through broad diversification across asset classes and geographies, while actively monitoring and analyzing the macroeconomic environment to ensure stable investment performance.

SOFAZ's investment portfolio is managed in accordance with the "Rules on management of foreign currency assets of the State Oil Fund of the Republic of Azerbaijan"

(hereinafter "Investment Guidelines") and the Investment Policy, which is reviewed annually. The Investment Guidelines define the permissible asset classes, credit quality limits for counterparties, and the core principles of SOFAZ's asset management. The Investment Policy sets out the Fund's investment objectives, asset and currency allocations, benchmarks, risk limits, and minimum requirements for engaging external asset managers.

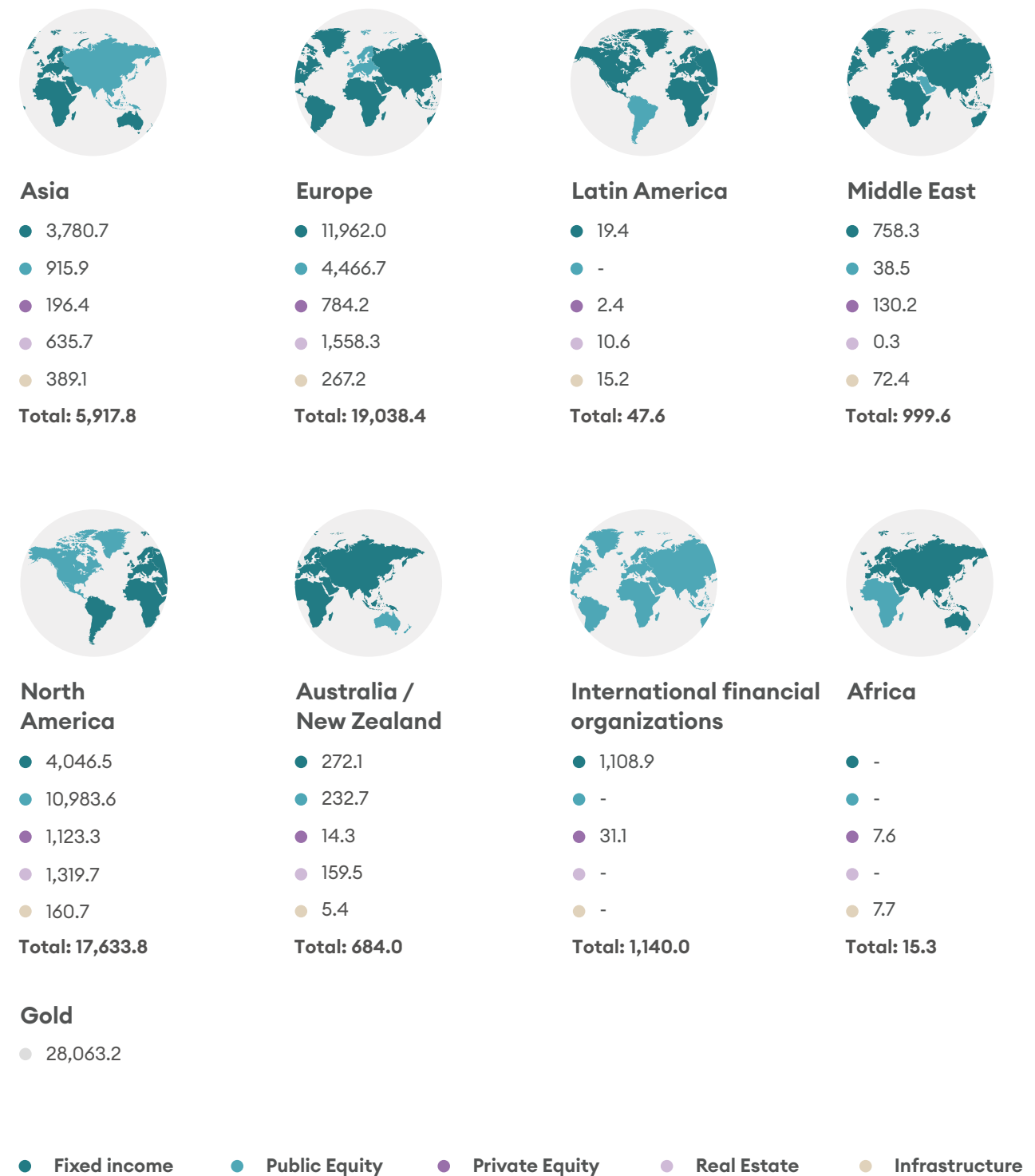
Table 1. Target asset allocation

Asset Allocation	Target allocation
Fixed Income	30%
Equities	25%
Real Assets	10%
Gold	35%

Table 2. Investment directions and strategies

Asset classes	Strategy employed	
Traditional	Fixed Income	Exposure through bonds and money market instruments
	Public Equity	Exposure to global equities
Alternative	Private Equity	Exposure through private equity funds and co-investments
	Real Estate	Exposure through real estate funds, direct and co-investments
	Infrastructure	Exposure through infrastructure funds, direct and co-investments
	Gold	Exposure through physical purchase

Table 3. Geographical diversification of investment portfolio



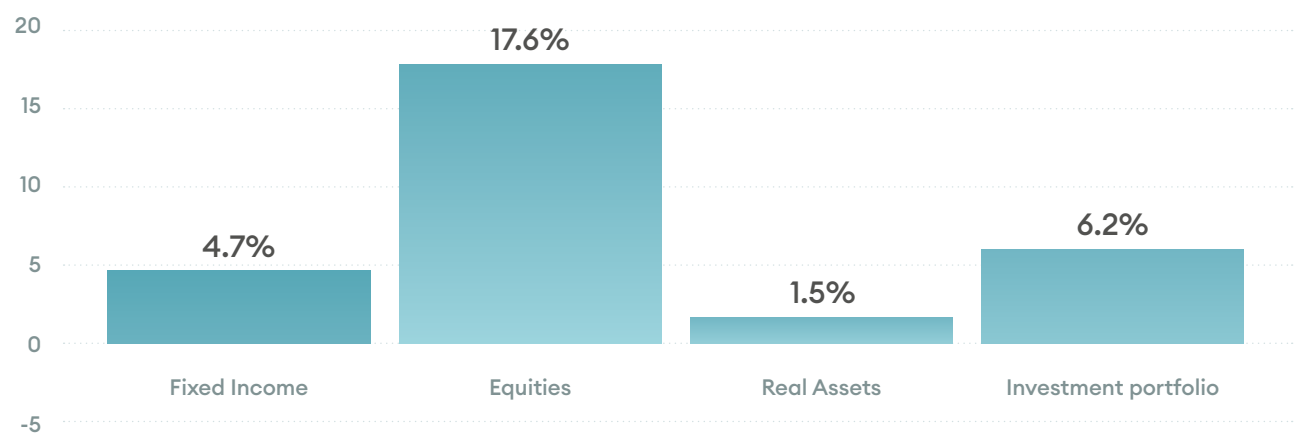
Total

73,539.7 million USD

4.2 / INVESTMENT PERFORMANCE

In 2025, SOFAZ achieved a return of 6.2%, driven by the fixed income sub-portfolio, which returned 4.7%, equity sub-portfolio yielding 17.6%, and real asset sub-portfolio increasing by 1.5%. The fixed income investments exceeded the benchmark by a margin of 0.27%, whereas the public equity investments underperformed by 0.02%.

Chart 6. Performance of Investment portfolio by asset class *



*The gold investments are treated as an FX effect.

Chart 7. Quarterly returns



Table 4. Historical returns over the last five years in percentage

Asset class	2025	2024	2023	2022	2021
Fixed income	4.7%	3.5%	5.1%	-3.8%	0.1%
Equities	17.6%	17.8%	20.7%	-16.7%	22.8%
Real Assets	1.5%	-2.9%	-4.2%	9.2%	12.5%
Investment portfolio	6.2%	6.0%	7.1%	-5.2%	4.5%

Table 5. Historical returns over the last five years in millions USD

Asset class	2025	2024	2023	2022	2021
Fixed income	1,172	1,078	1,636	(1,107)	27
Equities	2,808	2,420	2,228	(1,608)	1,581
Real Assets	72	(96)	(135)	254	327
Investment portfolio	4,052	3,401	3,728	(2,461)	1,934

The Fund’s yearly and since inception accumulated annualized returns are provided below.

Chart 8. Historical returns



4.3 / **FIXED INCOME**

In 2025, SOFAZ’s fixed income investments returned 4.7% in local currency terms. The performance was supported by policy easing by major central banks and overall high yield levels.

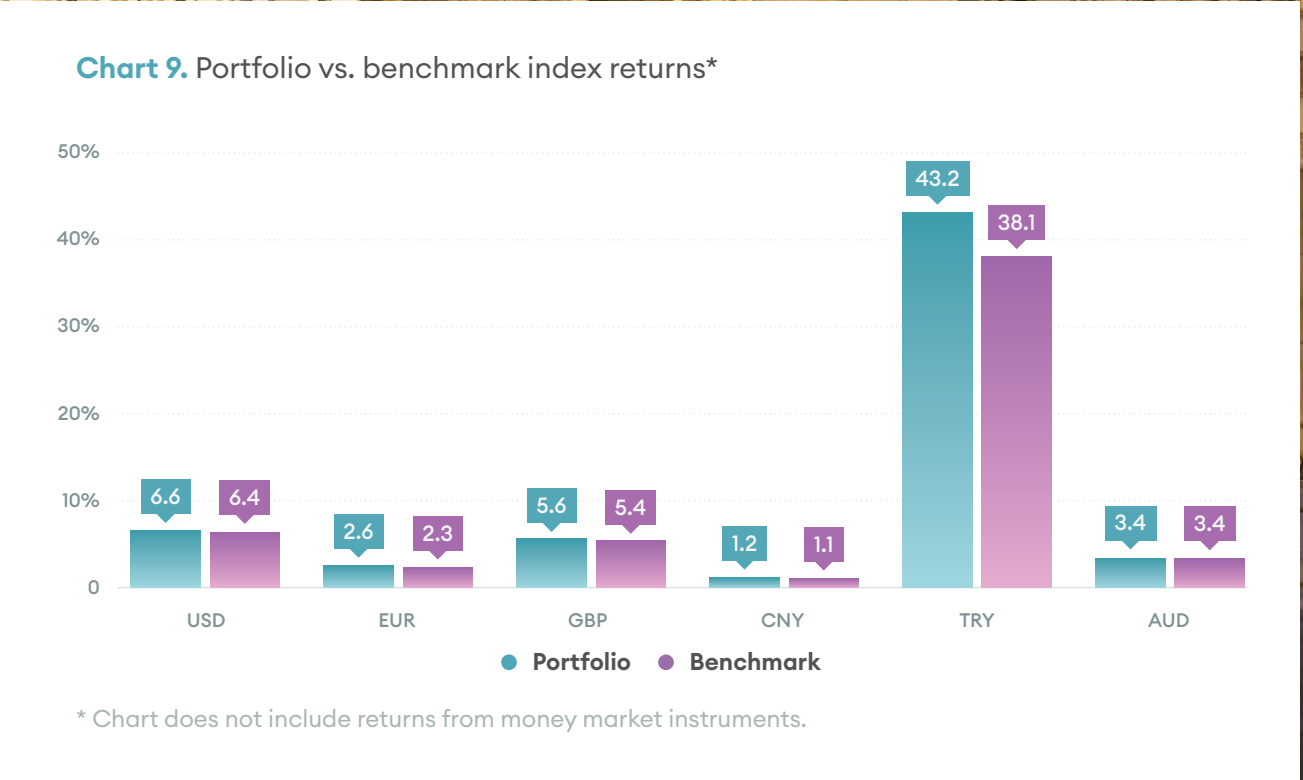
The Fund’s fixed income investments are primarily composed of securities issued by governments, government agencies, international organizations, and corporations.

These investments are spread across seven currency portfolios: USD, EUR, GBP, CNY, TRY, AUD and SAR. Each currency portfolio has its own corresponding benchmark index. The size and distribution of the Fund’s fixed income investments are typically determined by these benchmarks, which are used as a standard for measuring the performance of the Fund’s fixed income investments.

While the Fund seeks to closely replicate the composition and risk characteristics of its benchmarks, active discretion is exercised to adjust allocations based on market developments and the broader economic outlook. This approach enables the Fund to pursue enhanced returns while maintaining a prudent level of risk.

Table 6. Currency composition for fixed income investments

Currency	Holdings (millions of USD)	Percentage share
USD	8,815.22	40.2%
EUR	8,304.40	37.9%
GBP	2,686.82	12.3%
CNY	1,634.98	7.5%
SAR	210.50	1.0%
TRY	143.35	0.7%
AUD	118.45	0.5%



Internally managed USD-denominated bond holdings returned 6.6%, outperforming the return of its benchmark by 0.2%. This positive contribution was supported by positions in government-related, covered, mortgage-backed, and emerging market bonds, which provided excess yield to the portfolio.

US economic growth slowed in 2025 but remained resilient. Real GDP increased 2.1% for the year, down from 2.8% in 2024. Consumer spending and business investment remained supportive, while trade and government spending contributed to quarter-to-quarter volatility. Inflation continued to ease, but progress was slow. Headline CPI ended the year at 2.7%, compared with 3.0% in January, still above the Federal Reserve's 2% target. Labor market conditions softened over the course of the year. Job growth slowed from 2024 levels and the unemployment rate moved modestly higher, towards the mid-4% range. However, overall labor market conditions remained orderly. Trade policy was also an important part of the macro backdrop as the US implemented additional tariffs during the year.

The Fed kept policy unchanged through most of the year and then lowered the federal funds target range by a total of 75 basis points across its September, October, and December meetings. The easing cycle reflected softer employment conditions, while still recognizing that inflation remained somewhat elevated and trade-related price pressures complicated the outlook. The Fed also slowed and then ended balance sheet runoff during the year, reducing a source of pressure on funding conditions. It later started conducting Reserve Management Purchases (RMP) to ensure the banking system has enough liquidity.

Treasury markets reflected these mixed fundamentals. Shorter-dated yields declined with policy easing. Longer-dated yields, however, remained comparatively elevated, as investors continued to weigh persistent inflation, large fiscal deficits, and ongoing Treasury financing needs.

The EUR fixed income portfolio returned 2.6%, outperforming the corresponding benchmark index by 0.3%, as overweight positions in countries such as Italy and Spain helped with their spreads tightening versus Germany throughout the year. In addition, positions in securities of government-related entities and covered bonds provided excess yield to the portfolio versus its benchmark index.

Euro area growth improved in 2025. According to preliminary estimates, real GDP increased 1.5% for the year. Inflation continued to move lower over the course of the year. Annual inflation stood at 1.9% in December 2025, down from 2.5% at the start of the year. Labor market conditions remained relatively resilient. The euro area unemployment rate stood at 6.2% in December 2025, slightly below the prior month.

Against that backdrop, the ECB continued to ease policy during the first half of the year. The deposit facility rate was reduced from 3.0% at the start of the year to 2.0% and then remained unchanged through year-end. ECB reaffirmed its commitment to maintaining a data-dependent approach.

Euro area government bond markets reflected both easier monetary policy and shifting fiscal expectations. Front-end yields declined as ECB rate cuts progressed. Longer-dated yields were more mixed. Early in the year, German Bund yields rose sharply following Germany's announcement of a large infrastructure fund and broader fiscal policy shift, which markets viewed as increasing the future supply of sovereign debt. Sovereign spreads such as Italy's narrowed significantly during the year, supported by expectations of further ECB easing, better sentiment toward peripheral debt, and signs of greater fiscal cohesion within Europe.

Fixed income holdings in GBP returned 5.6%, outperforming the benchmark index by 0.2 percentage points as the portfolio benefited from tightening spreads of government-related bonds and the excess yield they provided to the portfolio.

labor market slack increased.

UK economic growth remained modest in 2025. Real GDP increased 1.4% for the year, following 1.1% growth in 2024, with activity generally not strong but positive through most of the year. CPI inflation ended 2025 at 3.4%, above the Bank of England's 2% target, and had been volatile over the course of the year. Services and wage-related inflation continued to remain important concerns for policymakers. Labor market conditions weakened. By the end of the year, the UK unemployment rate had risen to 5.2% from 4.4% at the start of the year. Payroll data also showed a decline in payrolled employees over the year.

The Bank of England continued its easing cycle, reducing Bank Rate from 4.75% to 3.75%. At the same time, the Bank slowed the pace of gilt sales under quantitative tightening in September, reflecting a more cautious approach as growth softened and

UK government bond markets reflected both lower policy rates and continued pressure on longer-term yields. Shorter-dated gilt yields declined as the market priced and received Bank of England cuts. Longer-dated yields were more mixed and remained comparatively elevated, reflecting term premium pressures and fiscal concerns as well as domestic inflation expectations.

Fiscal policy remained an important part of the market backdrop. The Autumn Budget combined higher taxes with higher spending and the official forecast showed borrowing falling over time, from 4.5% of GDP in 2025-26 to 1.9% by 2030-31. The fiscal headroom against meeting the main fiscal rule was also increased. UK government bond yields have been sensitive to spending and borrowing announcements, underscoring the continued importance of fiscal credibility for gilt market performance.

Chart 10. 10Y Government Bond Yields

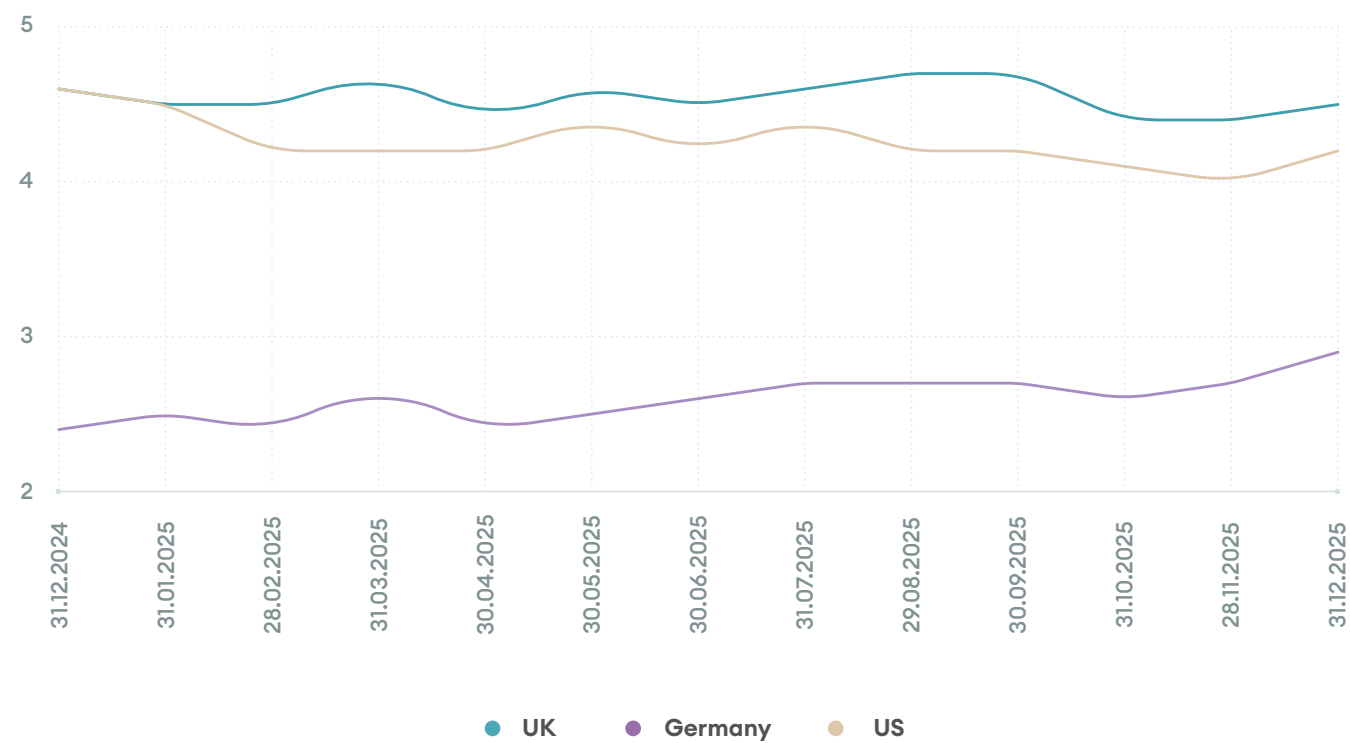


Chart 11. Breakdown of fixed income portfolio by product types

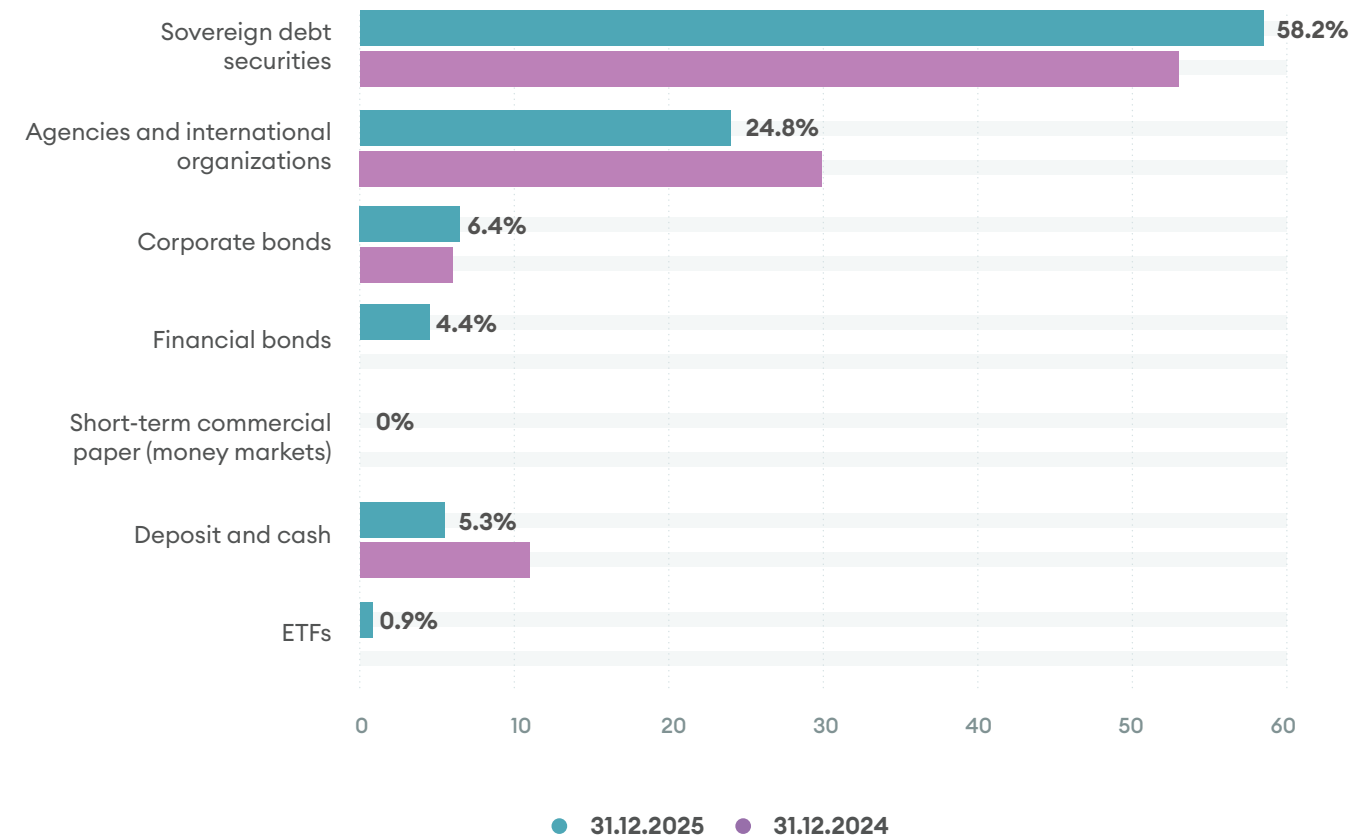
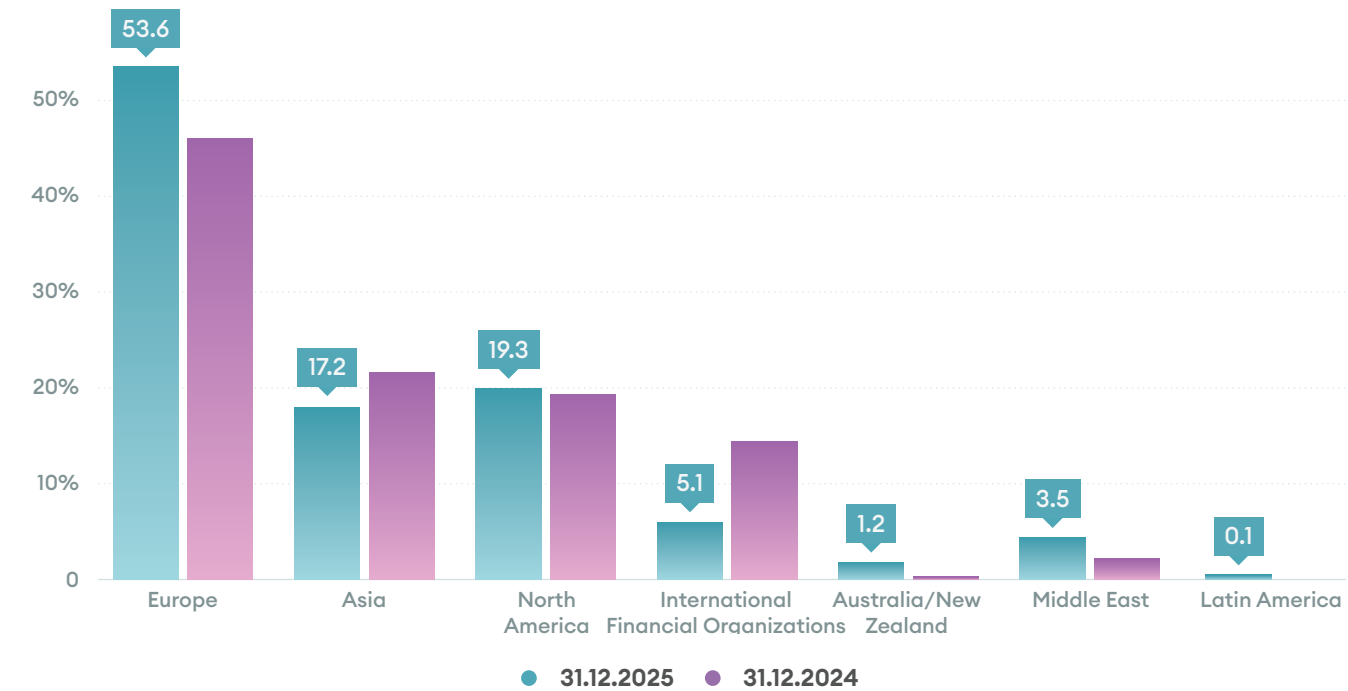


Table 7. Top 10 largest fixed income holdings (millions of USD)*

Issuer	Market value	Share in fixed income portfolio
United States Treasury Note/Bond	2,842	13.9%
Italy Buoni Poliennali Del Tesoro	2,307	11.2%
United Kingdom Gilt	1,750	8.5%
French Republic Government Bond OAT	1,686	8.2%
Spain Government Bond	1,134	5.5%
China Government Bond	914	4.5%
Kreditanstalt fuer Wiederaufbau	434	2.1%
Republic of Poland Government International Bond	312	1.5%
Saudi Government International Bond	295	1.4%
German Bunds	288	1.4%

* Excludes bonds held in the SOFAZ's investment portfolio as a result of project-related investments made under Presidential decrees of the Republic of Azerbaijan.

Chart 12. Breakdown of fixed income investments by geographical distribution



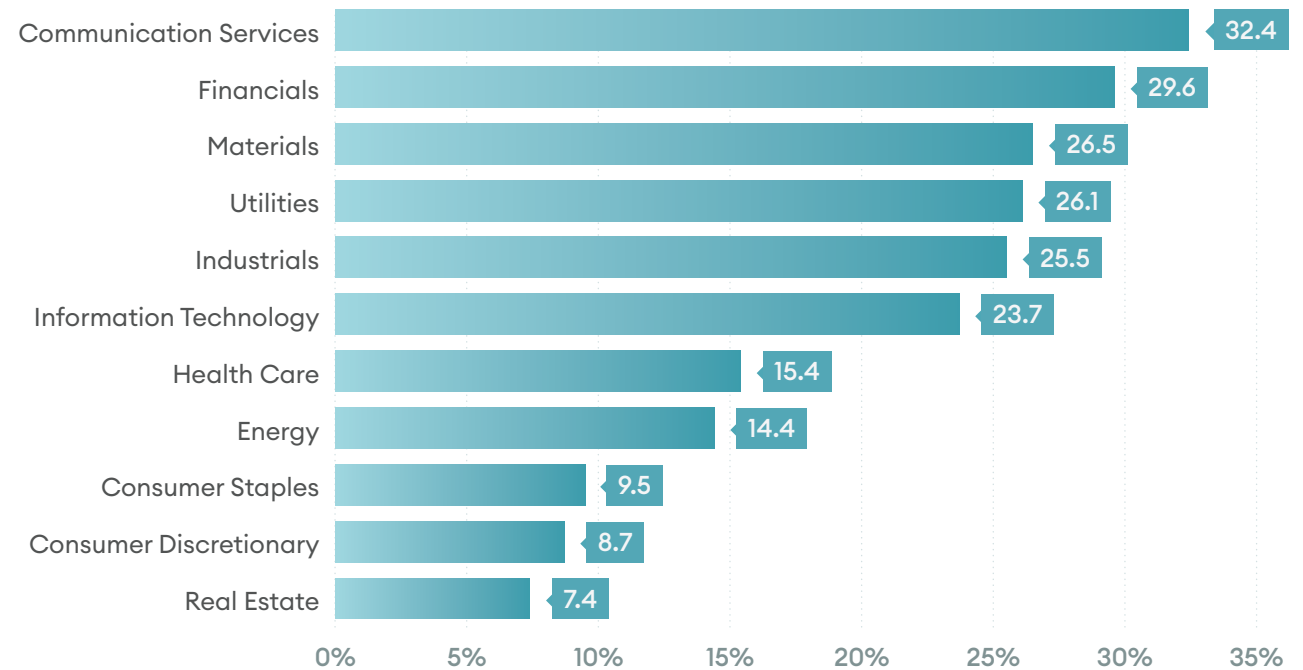
4.4

PUBLIC EQUITIES

In 2025, global equity markets delivered another year of strong performance, with SOFAZ’s public equity portfolio returning 18.8%. Although markets experienced periods of volatility, they were supported by a combination of monetary policy easing across major developed markets, resilient economic activity and corporate earnings. Investor sentiment remained constructive through much of the year, supported by continued enthusiasm around AI-related investment and by signs that equity performance was broadening beyond a narrow group of US mega-cap companies.

SOFAZ’s public equity portfolio represented 22.5% of the total AUM by the end of 2025. Our goal is to keep a well-diversified equity portfolio, primarily invested in the MSCI World index, offering broad diversification across global markets and sectors. The portfolio tracking MSCI World index recorded a return of 18.8% in local terms in 2025. European equities demonstrated strong performance as well, as investors rotated into the region’s more attractive valuations. The portfolio tracking the MSCI Europe ex-UK index returned 19.8% in local terms in 2025.

Chart 13. MSCI World Sectors Performance



Communication Services was the top-performing sector in 2025, as investor enthusiasm for AI reached new heights and generative AI technologies began transforming digital advertising and customer service, boosting profitability. Financials followed closely, as the steepening of yield curves was reflected in accelerated loan growth and wider net interest margins for banks. Meanwhile, sectors such as Consumer Staples, Consumer Discretionary and Real Estate lagged.

managers: UBS Asset Management, State Street Investment Management, Mellon Investments Corporation, BlackRock Investment Management, Sumitomo Mitsui Trust International, and Franklin Templeton. These managers handle 4.2%, 2.8%, 4.7%, 4.8%, 4.9% and 1.0% of the investment portfolio, respectively.

Our public equity portfolio extends across 23 global markets and is efficiently managed by external experts with extensive market knowledge. Responsibility for overseeing the portfolio is distributed among six external

Table 8. Public equity investments

 Value	16.5 Billion USD	 Return	18.8 %
 Portfolio share	22.5 %	 Markets	24

4.5/ PRIVATE EQUITIES

In 2025, our private equity portfolio delivered a 9.1% return, navigating a gradually improving yet still constrained market environment. While macroeconomic pressures began to ease towards the latter part of the year, overall activity remained below historical averages. Our investment approach continued to emphasize selectivity, global diversification, and strengthening partnerships with experienced fund managers.

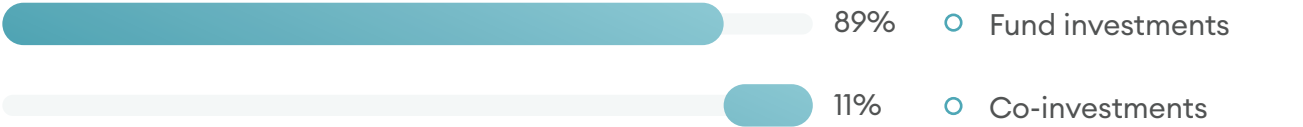
Market conditions in 2025 largely reflected the continuation of trends observed in prior years. Fundraising remained concentrated among established managers, with investors demonstrating a preference for scale, track record, and execution capability. Although capital raising activity showed some signs of stabilization, a backlog of unrealized assets and delayed distributions continued to weigh on liquidity across the market.

Exit activity remained structurally subdued, with realizations primarily taking place through sponsor-to-sponsor transactions, secondary market sales, and continuation fund structures, rather than through public listings. As a result, distributions to investors remained limited, further reinforcing demand for secondary strategies and liquidity solutions.

Table 9. Private Equity Portfolio snapshot



SOFAZ has made a total of 50 investments, comprising 41 fund investments and 9 co-investments, across more than 30 countries, in collaboration with 26 trusted partners.



In line with prevailing market conditions, SOFAZ maintained a disciplined and selective investment approach, prioritising partnerships with leading fund managers. In 2025, SOFAZ committed a total of USD 303 million across four funds.

Below are short descriptions of fund commitments made in 2025:

Table 10. SOFAZ’s private equity investments in 2025³

Fund manager	Fund	Fund size	SOFAZ Commitment	Description
“EQT”	“BPEA Private Equity IX”	USD 12.5 billion	USD 80 million	The fund focuses on control-oriented, large-cap buyouts primarily in the Asia-Pacific region.
“Brookfield”	“BMEP”	USD 2 billion	USD 100 million	The fund targets investments in the Middle East and North Africa, particularly in Gulf Cooperation Council (GCC) member states.
Neuberger Berman	“NB Caspian Partners”	USD 600 million	USD 100 million	The manager aims to invest in co-investments and secondaries within the mandate.
“Azzurra”	“Azzurra Capital I”	EUR 629.3 million	EUR 20 million	The fund invests in high-quality companies with the scope to increase revenues, primarily in Europe with a main focus on Italy.

North America and Europe based investments account for 84% of private equity investments.



2. The indicated value figure shows since inception results excluding SOFAZ’s investment into AzRigs.

3. Fund sizes indicated above are target sizes at the time of SOFAZ’s commitments and actual sizes may differ from these with some funds still raising capital in the market.

Chart 14. Breakdown of private equity portfolio by regions

North America	53.3%
Europe	30.7%
Global	8.4%
Asia-Pacific	7.6%

Information technology, industrials, and consumer discretionary represent relatively larger allocations compared to other sectors.

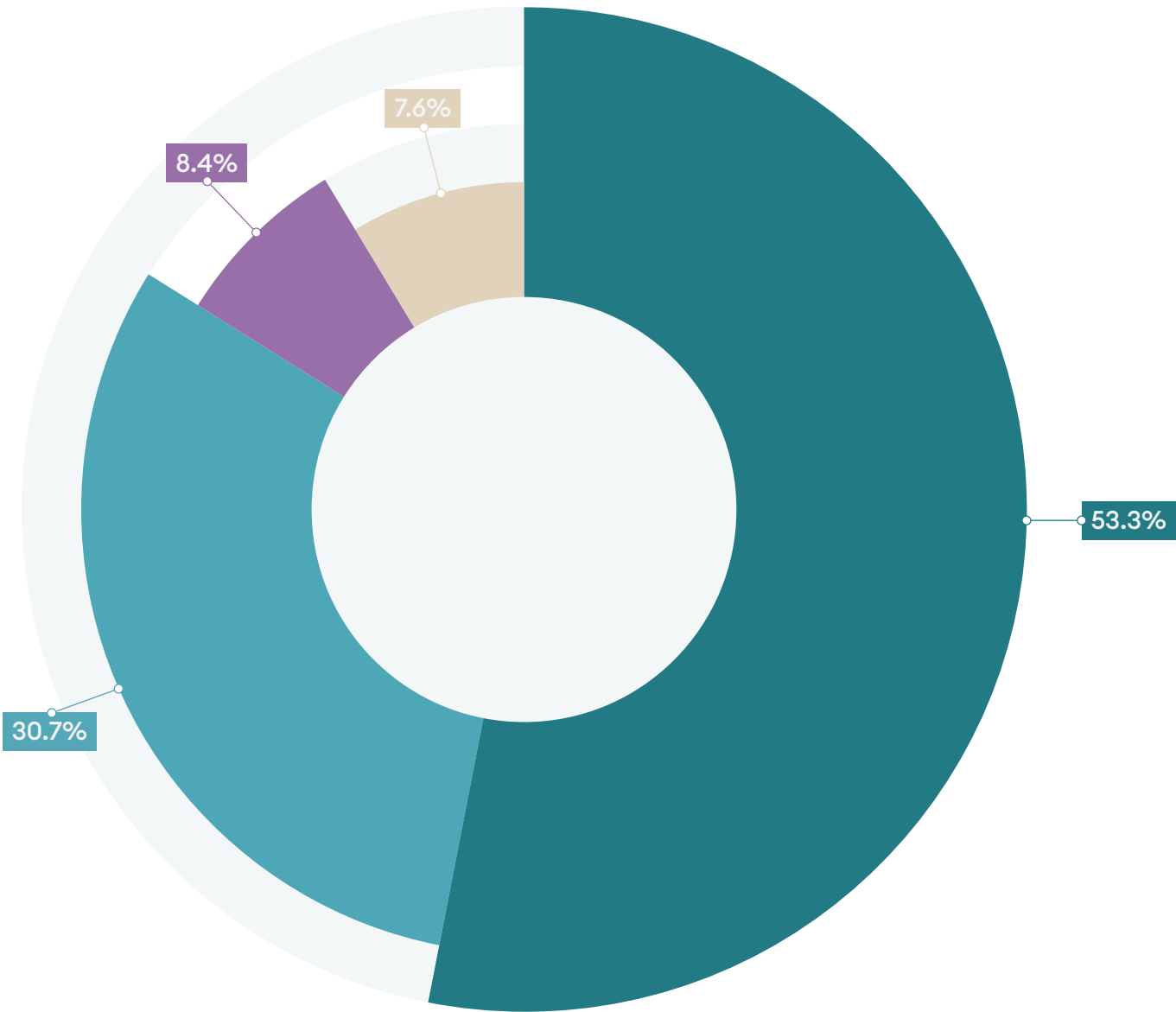
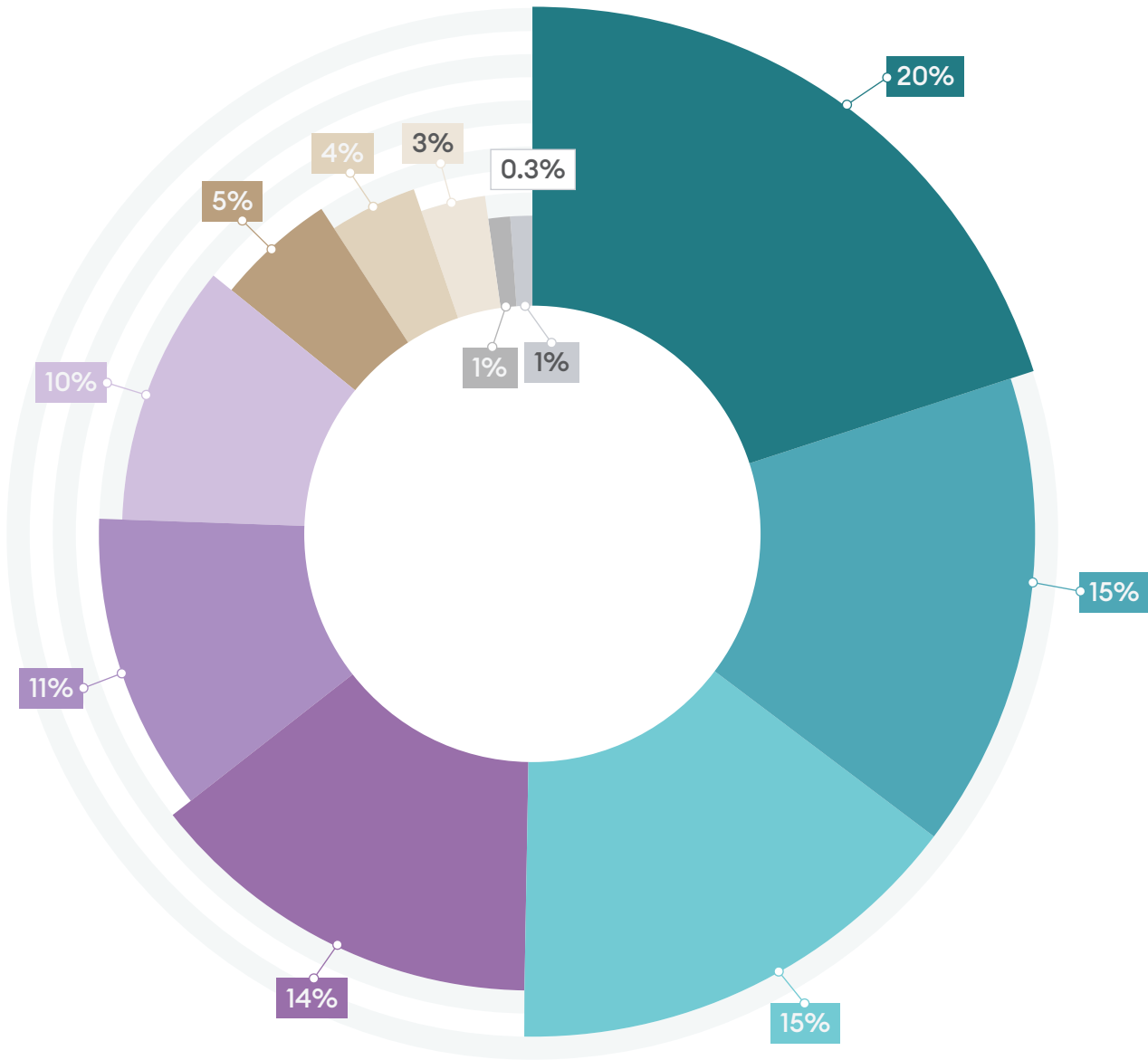


Chart 15. Breakdown of private equity portfolio by sectors

Information Technology	20%	Materials	5%
Industrials	15%	Communication Services	4%
Diversified	15%	Consumer Staples	3%
Consumer Discretionary	14%	Real Estate	1%
Health Care	11%	Utilities	1%
Financials	10%	Energy	0.3%



4.6 / INFRASTRUCTURE

In 2025, our infrastructure portfolio delivered a 10.8% return, navigating a market environment characterized by resilient long-term fundamentals. While elevated interest rates continued to exert pressure on asset valuations and deal financing through much of the year, sentiment gradually improved as monetary policy began to stabilize, supporting a modest recovery in deployment and investor confidence towards year-end.

Fundraising remained heavily concentrated among large, diversified managers with established track records across core and core-plus strategies, as investors prioritized capital preservation amid ongoing macroeconomic uncertainty. Smaller and more specialized managers faced a more challenging fundraising environment, with

investors exercising heightened selectivity and extending due diligence timelines. Despite some improvement in sentiment, overall fundraising volumes remained below the peaks observed in prior years.

Exit activity remained measured, constrained by the persistent valuation gap between buyer and seller expectations, particularly in assets sensitive to the interest rate environment. Where realizations did occur, they were predominantly driven by secondary market transactions and strategic sales to infrastructure-focused corporates.

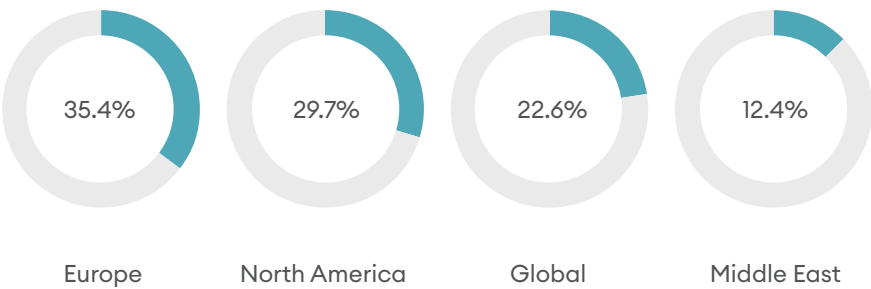
Table 11. Infrastructure Portfolio snapshot



We have made a total of 13 investments, comprising 5 fund investments, 7 co-investments and 1 direct investment across over 20 countries, collaborating with 9 trusted partners.

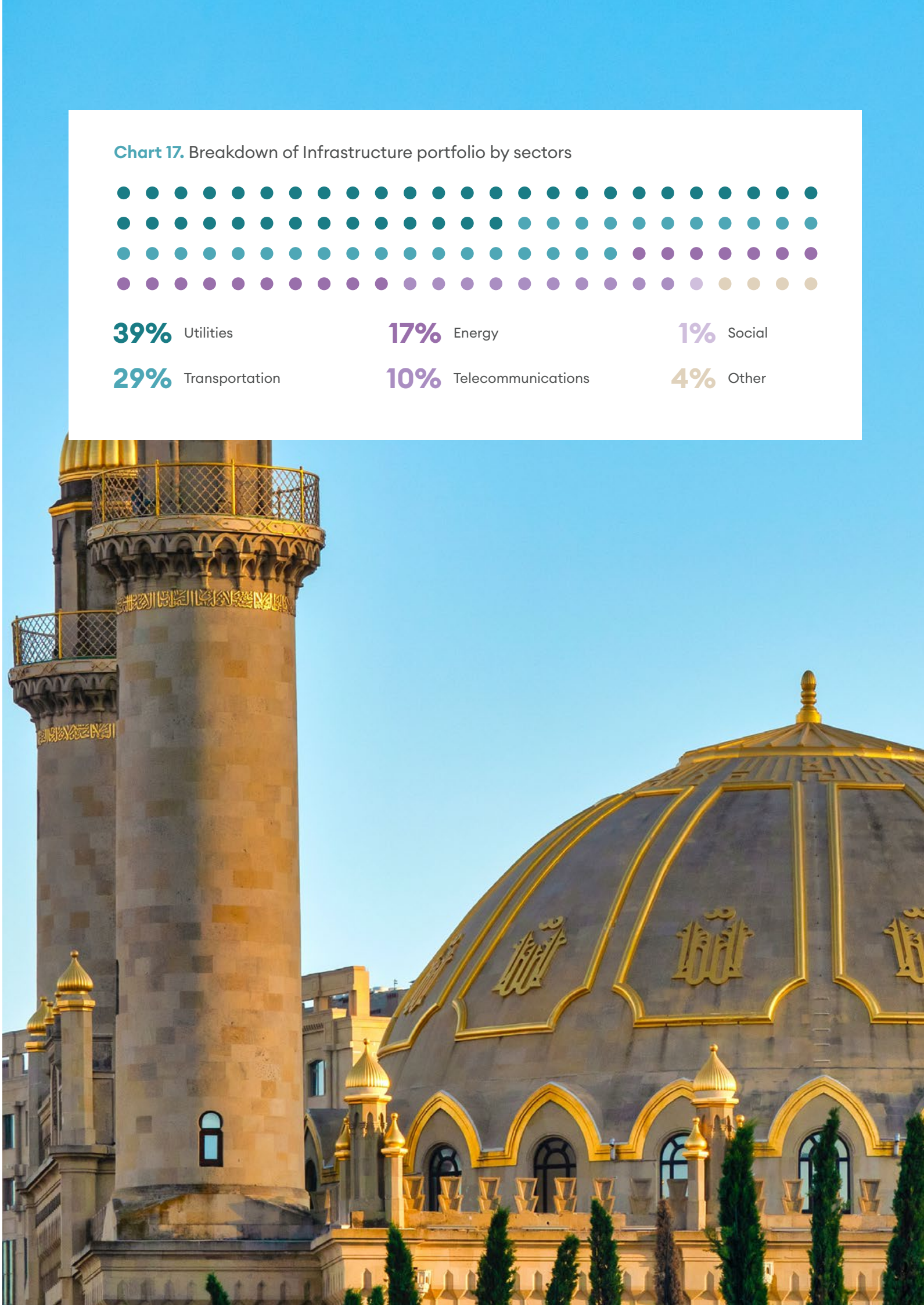
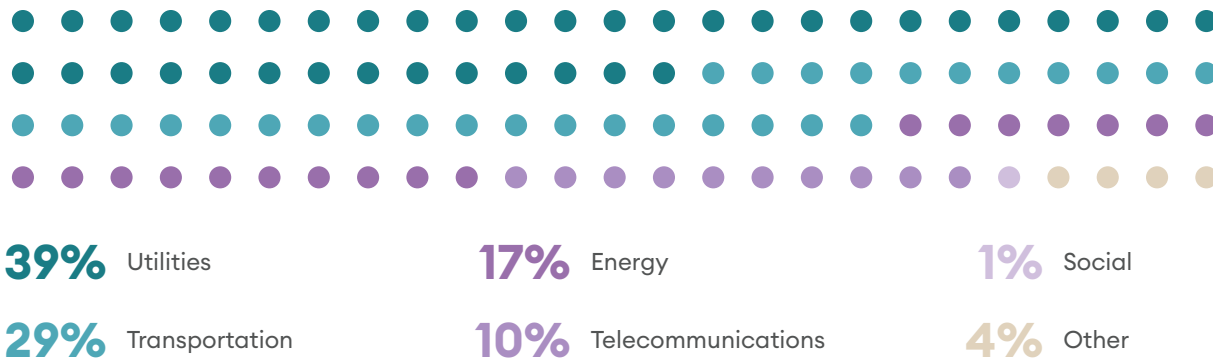
In line with prevailing market conditions, SOFAZ maintained a disciplined and selective investment approach, focusing on partnerships with leading fund managers.

Chart 16. Breakdown of infrastructure portfolio by regions⁵



4. The indicated value figure shows since inception results excluding SOFAZ’s investment into AzRigs.
5. Information represented in charts 16 and 17 excludes SOFAZ’s investment into AzRigs.

Chart 17. Breakdown of Infrastructure portfolio by sectors



Utilities, transportation and energy dominate sectoral allocation with a diversified focus.

In 2025, SOFAZ participated in a number of significant international initiatives. One of the key developments of the year was SOFAZ’s commitment to a fund managed by “Lunate Capital” in connection with an investment in “ADNOC Gas Pipeline Assets LLC,” a UAE-based company holding operating rights to 38 pipelines with a total length of 982 km. Under this initiative, SOFAZ undertook an investment commitment of USD 50 million.

In addition, SOFAZ joined a fund managed by “CVC DIF” to invest in “PAL Cooling Holding,” a UAE-based company operating in the district cooling sector. Within the framework of this initiative, SOFAZ committed USD 30 million.

SOFAZ also invested in “London Gatwick Airport” in partnership with “Global Infrastructure Partners” (GIP), part of “BlackRock.” The airport serves more than 40 million passengers annually and ranked as the 10th busiest airport in Europe in 2024. Under this initiative, SOFAZ undertook an investment commitment of GBP 50 million.

At the same time, SOFAZ acquired a 49% stake in a portfolio of solar power plants owned by “Enfinity Global,” located in the Lazio and Emilia-Romagna regions of Italy, with a total installed capacity of 402 MW.

Real Estate Fund XI, which targets value-add investments across residential, industrial and other alternative real estate sectors in the US. This allocation aligned with our strategy of emphasizing medium- and high-risk strategies that can capture upside as markets recover. Industry trends supported this positioning: 2025 saw closed-end real-estate fundraising rebound, with relatively high-risk strategies gaining traction as investors sought to capitalize on market dislocations.

Overall, after a couple of years of corrections, valuations across real estate sectors largely stabilized and in some markets, began to bottom out. Improved liquidity allowed transactions to progress more smoothly, although overall activity remained below the pre-COVID-19 average. SOFAZ’s cautious positioning and targeted commitments reflected these broader market developments, enabling the portfolio to benefit from stabilized valuations and structural growth drivers as the cycle progresses into 2026.

The real estate portfolio still serves as an important tool for diversification in our investment portfolio. Currently valued at USD 3.83 billion, this portfolio represents 5.2% of the total assets under management (AUM) of SOFAZ. Over the course of its existence, real estate investments have yielded an accumulated annual compounded return of 4.6%, resulting in a gain of USD 1.02 billion.

4.7 / REAL ESTATE INVESTMENTS

After several turbulent years and one of the most challenging adjustment periods in modern history, global real estate markets began to stabilize in 2025. The appetite for real estate investments increased as most markets reached a turning point and capital activity largely stabilized. We experienced moderated inflation and eased financing costs, allowing buyers and sellers to converge on more realistic pricing. As a result, valuations “came off the lows” and liquidity returned gradually across the United States, Europe and Asia-Pacific for prime segments and selective opportunities.

Global investment transaction volumes as well as dealmaking activity increased, yet remained focused on specific sectors and strategies. Lower entry prices and strengthening rental growth created attractive return potential, particularly in sectors where supply constraints met rising

demand, signaling stronger performance for real estate as recovering demand meets constrained supply. In particular, demographic-driven sub-sectors such as multifamily, student and senior housing, logistics along with assets “at the intersection of real estate and infrastructure” like data centers were widely acknowledged as attractive opportunities.

Also, fundraising improved, with North America-focused funds leading the capital raising, yet Europe-focused funds attracting more capital in the first three quarters than during all of 2024. However, it was still well below pre-pandemic peaks, reflecting investors’ cautious stance.

SOFAZ pursued a cautious yet opportunistic strategy in this transitional market. One commitment was finalized during 2025: a USD 100 million re-up commitment to Ares U.S.

Table 12.

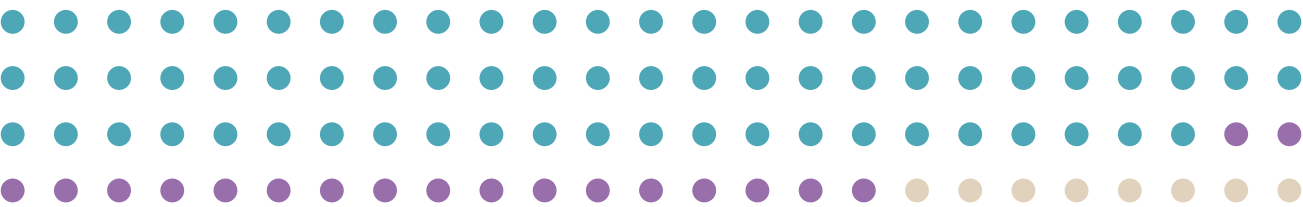
 Value	3.83 Billion USD	 Gain	1.02 Billion USD
 Investments	57	 Markets	30+

4.7.1 / REAL ESTATE PORTFOLIO SNAPSHOT

We have made a total of 57 investments, comprising 6 direct investments, 11 co-investments, and 40 fund investments across more than 30 countries, collaborating with 18 trusted partners. The portfolio is extensively diversified by regions, sectors, and risk profiles.

Focusing exclusively on non-listed real estate investments, real estate fund investments make up 73% of the portfolio.

Table 13.



73% Fund investments 19% Direct investments 8% Co-investments

Chart 18. Breakdown of real estate portfolio by region

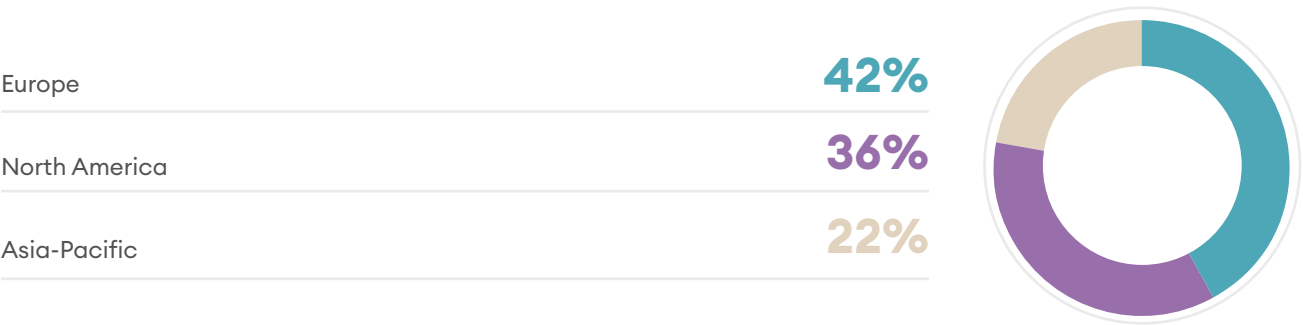
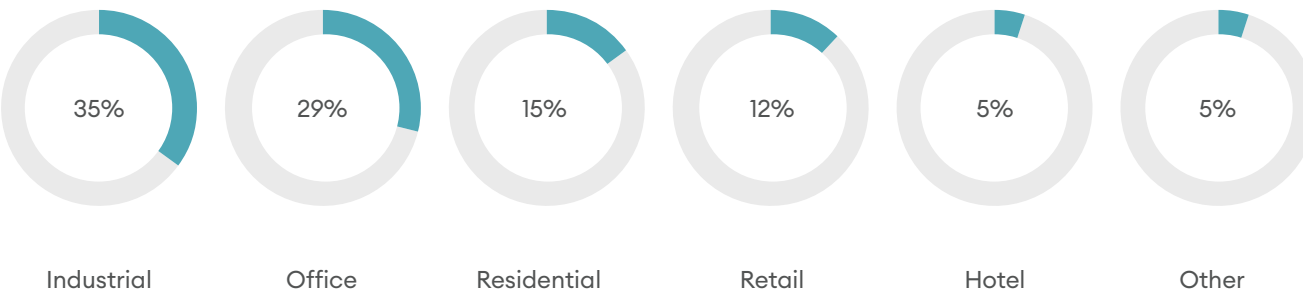


Chart 19. Breakdown of real estate portfolio by sectors



4.7.2 / REAL ESTATE DIRECT PORTFOLIO

Direct investments make up 19% of our real estate portfolio with four assets located in Moscow, London, Paris and Tokyo. All four assets are independently valued on an annual basis.

4.7.3 / 2025 INVESTMENTS

Fund manager	Fund	Fund size*	SOFAZ Commitment	Description
Ares	USREF XI	USD 3.5 billion	USD 100 million	The fund invests in diversified institutional-quality real estate across the United States with an emphasis on logistics and multifamily, as well as select exposure to other real estate sectors with value-add risk profile.

4.8 / INTEGRATION OF ESG PRINCIPLES INTO INVESTMENT PORTFOLIO

In 2025, SOFAZ further expanded the integration of environmental, social and governance (ESG) principles across its investment portfolio. During the reporting period, the application of the ESG approach continued across private equity, infrastructure and real estate investments, with ESG factors systematically incorporated into the investment assessment process.

Within this framework, a structured ESG assessment approach was applied to investments, with relevant analyses conducted taking into account the specific characteristics and risk profile of each investment. Where necessary, more detailed reviews and enhanced assessments of ESG factors were undertaken. Key areas of assessment included corporate governance, sustainability strategy, risk management and the potential for long-term value creation.

For SOFAZ, the integration of ESG factors into the investment process is important for

managing long-term risks and supporting sustainable returns. During the reporting period, this approach contributed to stronger engagement with fund managers and partners on ESG matters, while also supporting the continued enhancement of the investment decision-making process.

In 2025, SOFAZ took significant steps to expand the exercise of shareholder rights across its equity portfolio. During the reporting period, its approach to voting at general meetings of shareholders was extended to cover all external equity managers. This enabled SOFAZ to take a more active stance on matters relating to corporate governance, transparency, accountability and long-term value creation at its investee companies.

Shareholder voting serves as an important tool for expressing views on strategic decisions, governance structures, director elections, remuneration policies, audit,

* Some of the fund sizes indicated in the table are target sizes at the time of SOFAZ's commitments and actual sizes may differ from these with some funds still raising capital in the market.

environmental matters and other significant issues at investee companies, as well as for promoting responsible business practices. Within this framework, SOFAZ implemented its shareholder voting process under a consistent approach, contributing to the promotion of high standards of corporate governance across its investee companies.

In 2025, SOFAZ participated in voting on 20,213 proposals submitted at 1,384 shareholder meetings held across 32 countries. The proposals voted on primarily

related to the election of directors, executive compensation policies, and other director-related matters.

This approach reflects SOFAZ’s commitment to promoting effective corporate governance, protecting shareholder interests and supporting the creation of sustainable long-term value across its investee companies.



Chart 20. Alignment with management recommendation

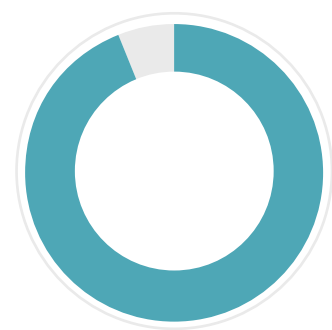


Chart 21. Region share

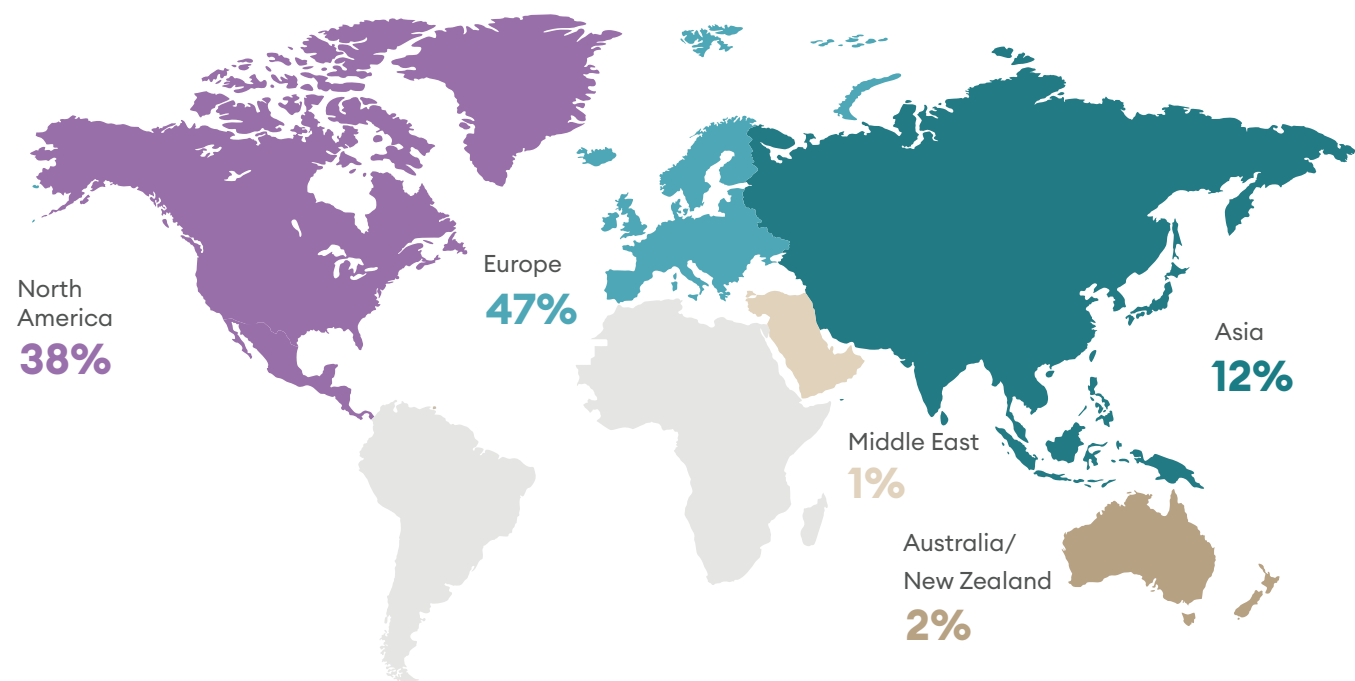


Chart 22. Meeting type

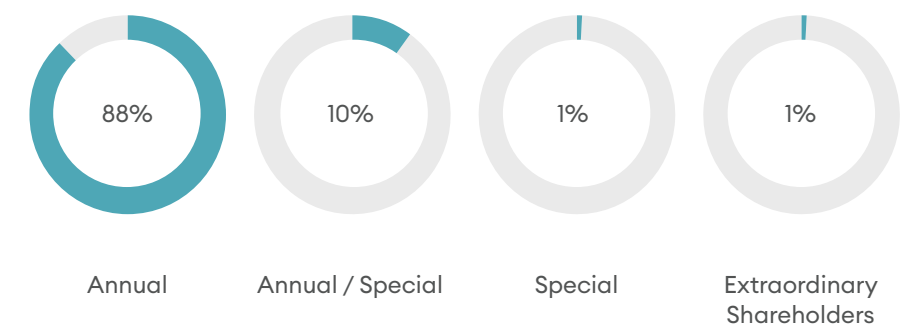
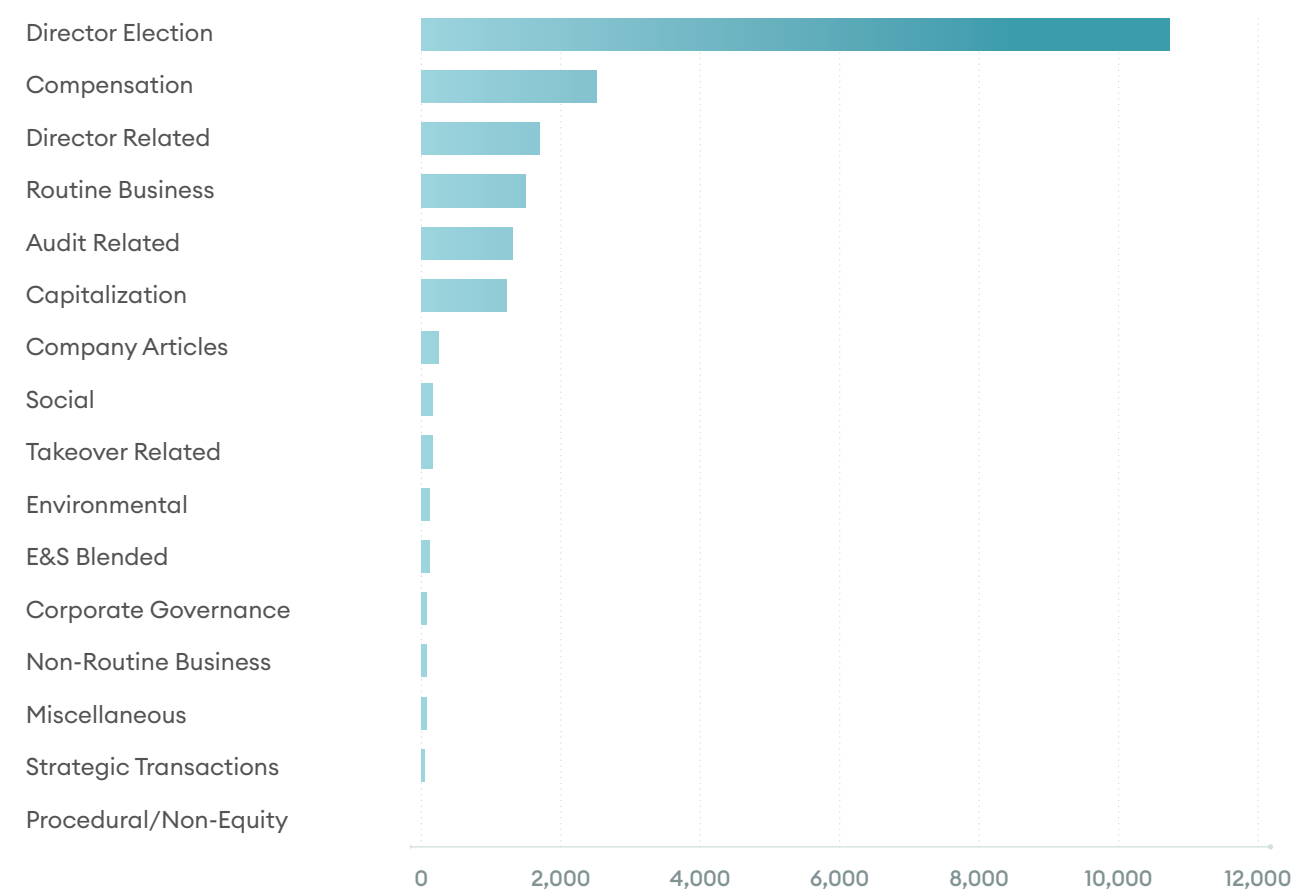


Chart 23. Votes by proposal theme



4.9 / RISK MANAGEMENT

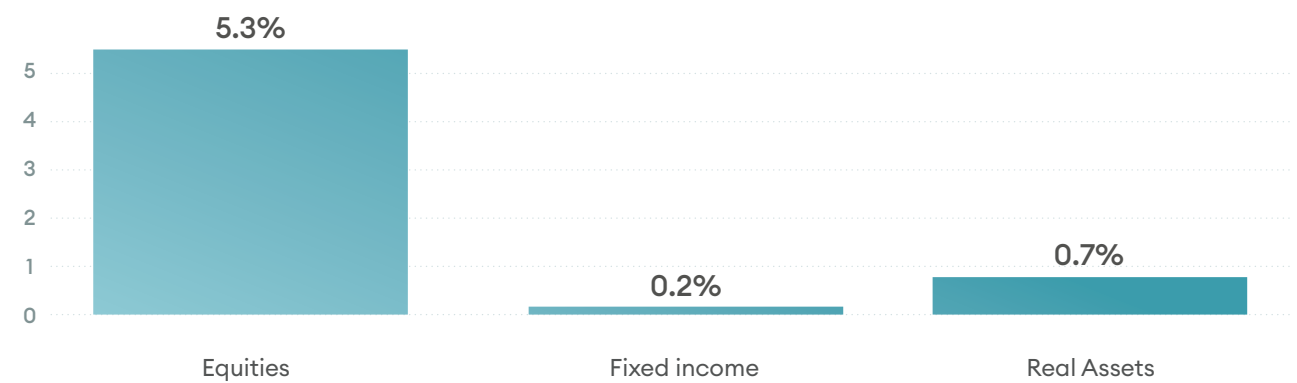
The Investment Guidelines and Investment Policy constitute the framework for risk management in SOFAZ. SOFAZ’s risk management and monitoring procedures involve examining various types of risks. These include market risk, credit risk, liquidity risk, and other relevant indicators, which are reported to both internal and external audiences.

The fund’s market risk is influenced by factors such as changes in interest rates, credit risk premiums, share prices, exchange rates, gold prices and private assets’ values. A range of measures and analyses, including but not

limited to duration, Value at Risk, tracking error, concentration analysis, scenario analysis and stress testing, are employed to gain a comprehensive understanding of the market risk associated with the Fund.

Value at Risk (VaR) is a commonly accepted metric for quantifying a portfolio’s overall risk. The portfolio’s VaR is calculated using both Monte Carlo and historical simulations. As of December 31, 2025, SOFAZ’s 1-year horizon 95% VaR was USD 4,606 million or 6.2% of Investment portfolio, compared to USD 4,056 million (6.7%) the previous year.

Chart 24. Contribution to total VaR by asset classes (excluding the effect of exchange rate)



* The overall VaR does not include the impact of gold investments’ performance, it is treated as an FX effect.

To monitor the risk of divergence of SOFAZ’s sub-portfolio returns from their passively tracked benchmarks, tracking errors are continually observed. The ex-ante tracking error limit is 30 bps on an annual basis for

externally managed equity portfolios and 150 bps for internally managed fixed income portfolios. The tables below show the tracking errors as of December 31, 2025.

Table 14. Tracking errors of externally managed equity sub-portfolios (bps)

Externally managed equity sub-portfolios	Tracking errors
UBS Asset Management (MSCI World mandate)	6
State Street Investment Management	6
Mellon Investments Corporation	3
BlackRock Investment Management	5
Sumitomo Mitsui Trust International	4
Franklin Templeton	4
UBS Asset Management (MSCI Europe ex UK mandate)	7

Table 15. Tracking errors by the internally managed fixed income sub-portfolios (bps)

Internally managed fixed income sub-portfolios	Tracking errors
USD	19
EUR	21
GBP	7
AUD	13
CNY	19
TRY	102

According to SOFAZ’s Investment Policy, the duration for the debt obligations and money market instruments sub-portfolio must be within a range of plus or minus 0.5 years around the duration of the corresponding benchmark. Fixed income sub-portfolio’s duration figures are displayed in the table below.

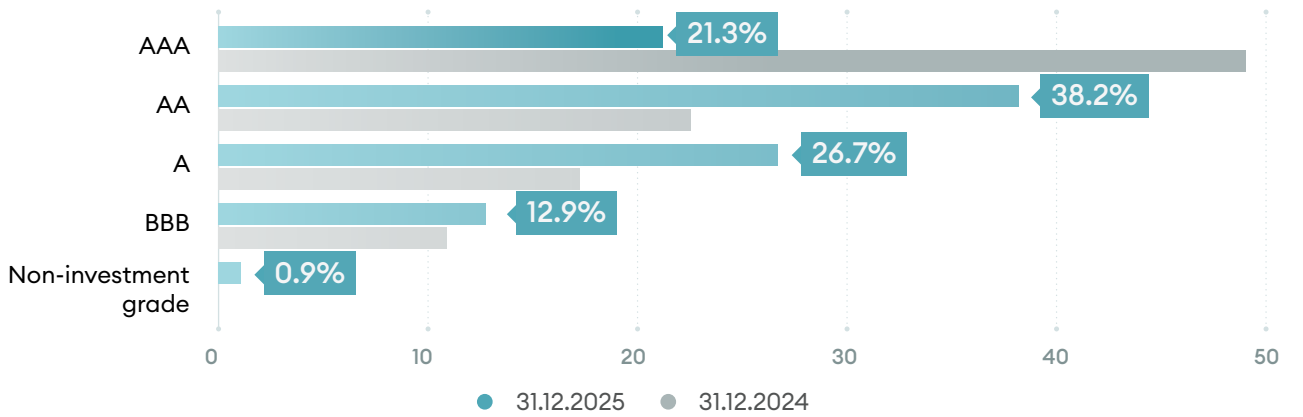
Table 16. Durations of the sub-portfolio and benchmark

Internally managed fixed income portfolios	Sub-portfolio's duration	Benchmark's duration
USD	3.4	3.5
EUR	4.3	4.4
GBP	2.6	2.6
AUD	2.0	2.0
CNY	1.9	1.8
TRY	1.2	1.2

In addition to market risk considerations, SOFAZ places strong emphasis on maintaining robust liquidity risk management to ensure smooth daily operations and timely fulfillment of financial obligations. To achieve this, we have established internal cash management frameworks that maintain sufficient liquidity levels and comply with the constraints outlined in the Investment Policy.

Managing credit risk is an essential aspect of the risk management procedures of SOFAZ. Investment Guidelines impose limitations on securities’ credit ratings within fixed income investments, as well as defining credit limits for counterparties, bank accounts and custodians. The chart below displays the changes in the fixed income portfolio’s credit rating-based composition from 2024 to 2025.

Chart 25. Composition of the fixed income portfolio by credit ratings



4.10 / **MANAGING LEGAL AND COMPLIANCE RISKS**

SOFAZ conducts its activities in compliance with all obligations under Azerbaijani laws, as well as the applicable laws of jurisdictions of investment destinations. The Fund’s comprehensive compliance program comprises internal policies, procedures, controls, monitoring, and risk reporting.

We ensure that our internal policies, procedures, and systems are appropriately designed and implemented, consistent with applicable laws to advance the Fund’s objectives while managing legal and compliance risks appropriately. Amid an ever-evolving regulatory environment, we closely monitor regulatory developments to ensure that our internal policies, procedures, and systems reflect and address these changes.

As part of its compliance program, the Fund monitors for compliance with Investment Guidelines and Investment Policy in managing entrusted assets. These documents serve as the basis for all investments and risk management at SOFAZ and ensure transparency in its investment decisions. Among other things, these documents stipulate eligible assets, asset and currency allocations, benchmarks, risk limits, as well as other aspects of portfolio management.

The execution of a robust compliance program is further strengthened by an embedded culture of ethics and risk awareness, which encourages responsible staff conduct, effective risk management, and adherence to compliance requirements. Central to this framework is “SOFAZ’s Rules of Ethical Conduct”, which every employee is obligated to follow. According to the Rules of Ethical Conduct all staff must act in accordance with relevant legislation, while maintaining the highest levels of ethical standards and professionalism. The Rules of Ethical Conduct outline expectations such as maintaining honesty, fairness, and impartiality. These Rules of Ethical Conduct among others include rules addressing conflicts of interest, the prevention of corruption and regulation of gifts, and reporting any ethical violations. New employees are introduced to the Rules of Ethical Conduct as part of their onboarding process. Regular compliance training for employees covers essential subjects such as anti-corruption processes, conflicts of interest, and updates on regulatory changes.

Ongoing training and knowledge-sharing initiatives play a key role in deepening organizational awareness of risk and compliance, thereby reinforcing compliance culture. SOFAZ remains dedicated to conducting its activities in a manner which reflects ethical responsibility, professional excellence, and compliance with the law.

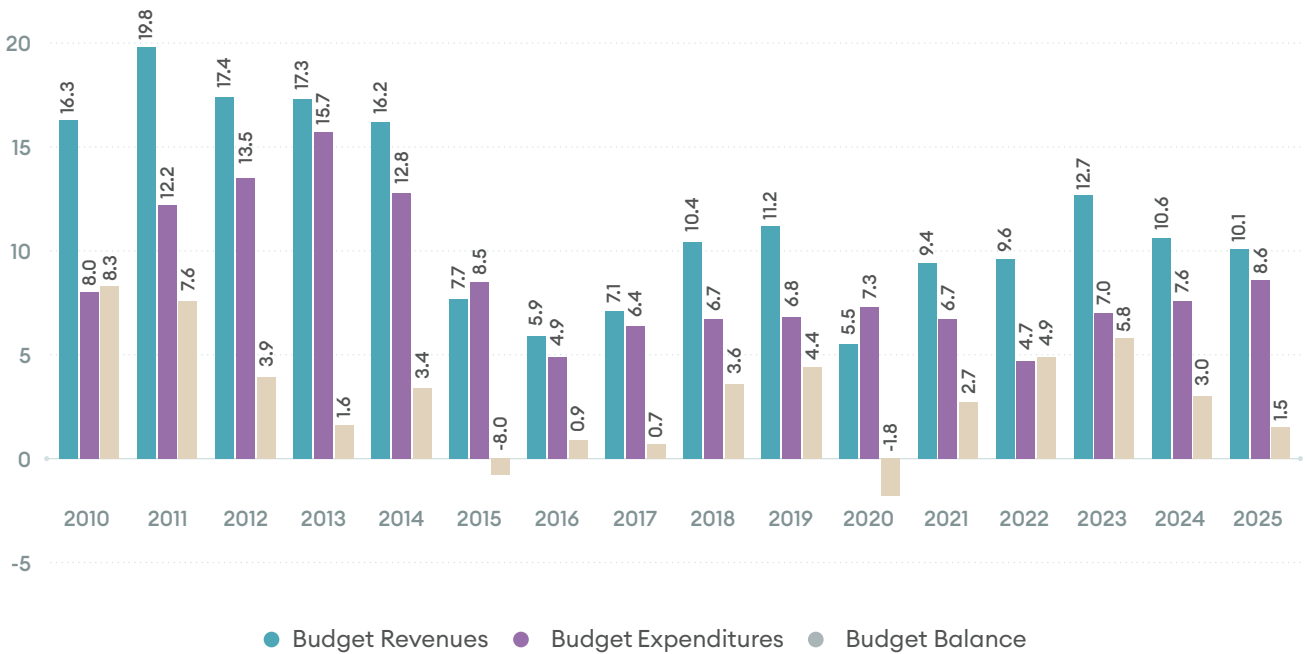
5 SOFAZ'S BUDGET

5.1 / OVERVIEW

The 2025 budget of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) was approved with revenues of AZN 14,452.5 million and expenditures of AZN 14,640.2 million. During the reporting year, the Fund's budget revenues amounted to AZN 17,160.4 million (USD 10,094.3 million), representing an execution rate of 118.7% against the approved budget target. In 2025, SOFAZ's budget revenues decreased by USD 516.8 million, or 4.9%, compared with 2024 (USD 10,611.2 million).

During the reporting year, the Fund's budget expenditures totaled AZN 14,627.2 million (USD 8,604.2 million), representing an execution rate of 99.9% against the approved budget of AZN 14,640.2 million. As a result, a budget surplus of AZN 2,533.2 million (USD 1,490.1 million) was generated in 2025.

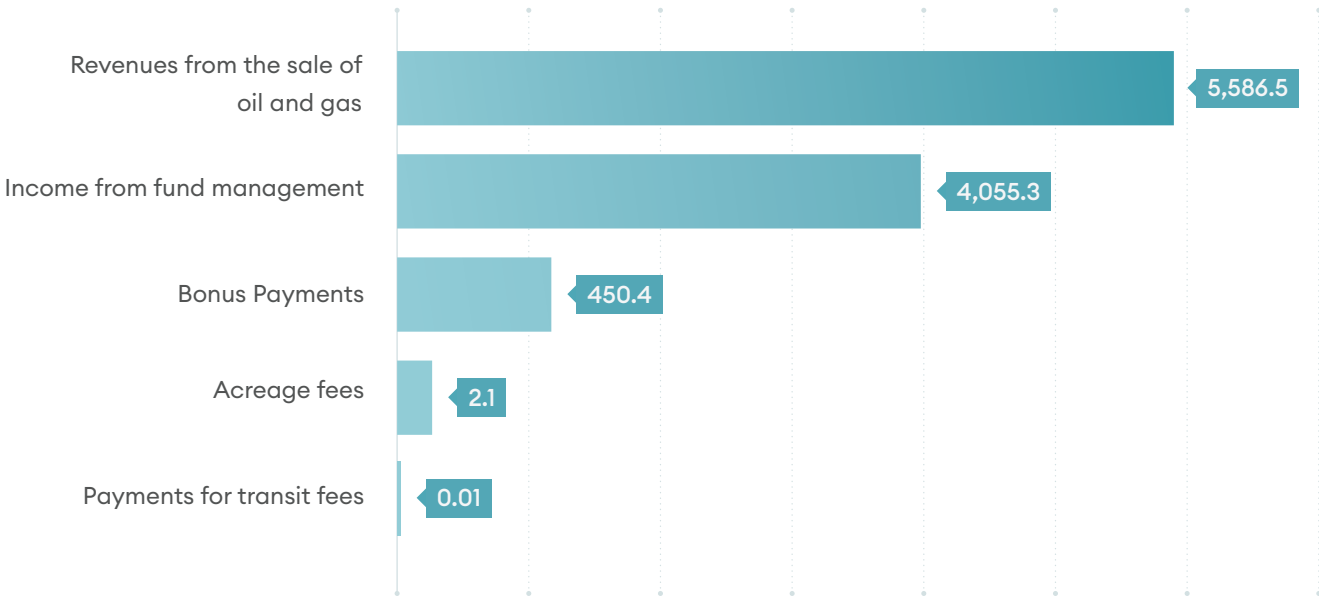
Chart 26. SOFAZ revenues and expenses (in billion USD)



5.2 / SOFAZ REVENUES

In 2025, the sources of SOFAZ's budget revenues comprised proceeds from the sale of the Republic of Azerbaijan's share of hydrocarbons, bonus payments, acreage fees, revenues from the transit of oil and gas through the territory of the Republic of Azerbaijan (transit fees), and revenues earned from the management of SOFAZ's assets. During the reporting year, oil and gas revenues amounted to USD 6,039.0 million.

Chart 27. Revenues of SOFAZ (in million USD)



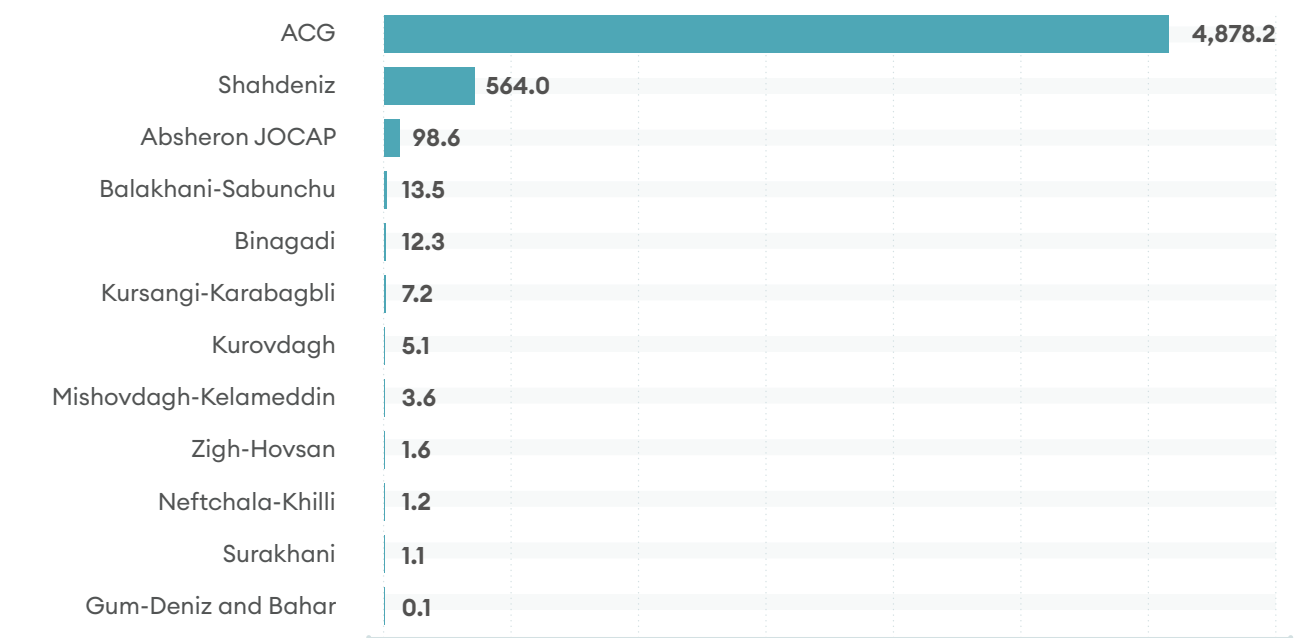
5.2.1/ REVENUES FROM THE SALE OF PROFIT OIL AND GAS

In 2025, proceeds from the sale of profit oil and gas transferred to SOFAZ’s budget amounted to AZN 9,497.0 million, or USD 5,586.5 million. Revenues from the sale of profit oil and gas were 3.1% below the budgeted level (AZN 9,797.3 million). During the year, SOFAZ’s revenues from the sale of profit oil and gas decreased by 17.1% compared with 2024 (AZN 11,461.4 million). It should be noted that in 2025, the average realized selling price of oil underlying SOFAZ’s revenues was USD 69.5 per barrel (netback price: USD 66.9 per barrel), which was USD 12.8 lower compared with 2024 (USD 82.3 per barrel).

“ SOFAZ received a total of USD 5.4 billion from the Azeri-Chirag-Gunashli (ACG) and Shah Deniz fields combined

According to the Production Sharing Agreements (PSAs) concluded for the development of offshore and onshore fields in the Republic of Azerbaijan, in 2025, proceeds from the sale of profit oil produced from the Azeri-Chirag-Gunashli (ACG) field accounted for approximately 87.3% of total revenues under this income item (USD 4,878.2 million). Proceeds from the sale of natural gas and condensate produced from the Shah Deniz field amounted to USD 393.8 million and USD 170.2 million, respectively. Proceeds from the sale of natural gas and condensate produced from the Absheron JOCAP field amounted to USD 35.4 million and USD 63.2 million, respectively. In addition, from the sale of hydrocarbons produced from other fields, USD 45.7 million was received.

Chart 28. Revenues from the sale of profit oil and gas by fields in 2025 (in millions of USD)



5.2.2/ BONUS PAYMENTS

In 2025, SOFAZ received USD 450.4 million, or AZN 765.7 million, in bonus payments related to the signing or execution of oil and gas agreements. The execution rate for this revenue item was 99.7%. Revenues under this item accounted for 4.5% of total budget revenues.

Table 17. SOFAZ’s proceeds from bonus payments in 2025

Name of the contractor making the payment	Name of the field	Amount	
		million USD	million AZN
“BP”	ACG	182.25	309.82
“MOL Azerbaijan Ltd.”		57.41	97.60
“Inpex Southwest Caspian Sea Ltd.”		55.84	94.93
“Azərbaycan (ACG) Limited”		39.93	67.87
“Exxon Azerbaijan Limited”		40.75	69.27
“TPAO”		34.38	58.44
“Itochu Oil Exploration (Azerbaijan) Inc.”	Shahdeniz	21.89	37.22
“ONGC Videsh Limited”		17.55	29.83
“BP”		0.18	0.31
“TPAO”		0.11	0.19
“LUKOIL”		0.05	0.08
“MVM”		0.03	0.05
“NICO”		0.06	0.10
Total		450.43	765.74

5.2.3/ TRANSIT FEES

In 2025, SOFAZ’s budget received revenue of USD 0.01 million (AZN 0.01 million) from the transit of hydrocarbons through the territory of Azerbaijan (transit fee). The execution rate for this revenue item was 0.1% of the budgeted amount (AZN 25.4 million). The decrease in

revenues under this item was due to the suspension of transportation through the Western Export Pipeline as a result of as a result of the conflict in Ukraine and restrictions on transportation in the Black Sea.

5.2.4/ ACREAGE FEES

In 2025, in accordance with the agreement between SOCAR, BP Exploration (Azerbaijan) Limited, and SOCAR’s joint oil company on the exploration, development, and production sharing of the Shafag-Asiman offshore block in the Azerbaijani sector of the Caspian Sea,

a total of USD 2.1 million (AZN 3.6 million) in acreage payments was transferred to SOFAZ. Revenues under this item reached approximately 100.0% of the budgeted amount.

5.2.5/ INCOME FROM THE MANAGEMENT OF SOFAZ’S ASSETS

In 2025, in line with SOFAZ’s approved investment strategy, funds were allocated to debt obligations and money market instruments, equities, real estate, and gold portfolios. During the year SOFAZ generated USD 4,055.3 million in income from the

management of its assets. The return on SOFAZ’s investment portfolio for the reporting year was 6.2%. Detailed information about this revenue item is provided in the “Investments” section of this report.

Table 18. Execution rate of SOFAZ revenues for 2025

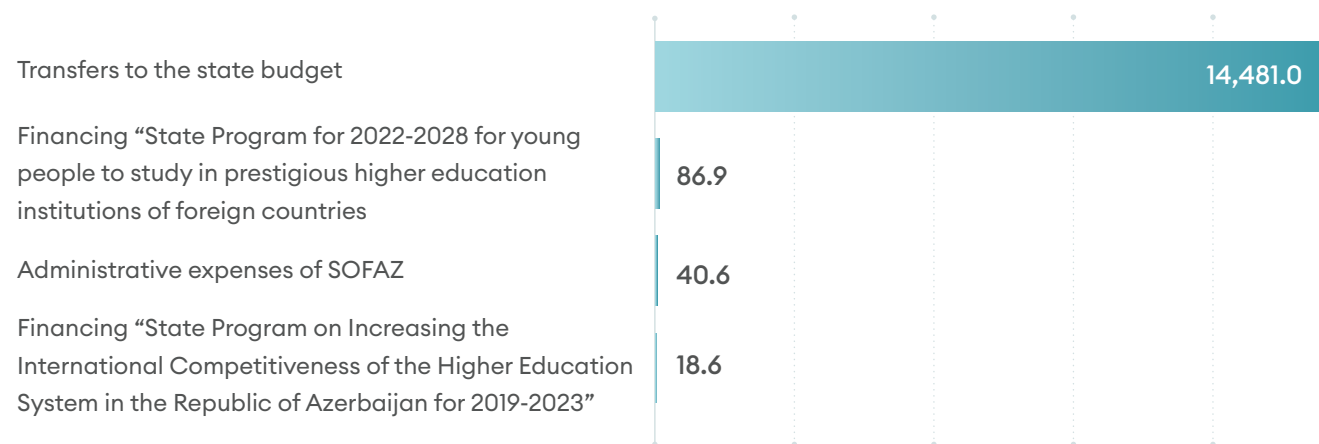
Revenue Sources	Total revenues (million AZN)		Execution (%)
	Approved	Actual	
Net income obtained from the sales of hydrocarbons falling to the share of Azerbaijan (excluding expenditures on transportation, customs clearance and banking services, independent surveyor services, marketing and insurance as well as the shareholder incomes received by SOCAR in the capacity of investor, shareholder or partner in different projects it is a party to)	9,797.27	9,497.02	96.9
Acreage fees paid by investors for the land they use for the exploitation of hydrocarbon reserves	3.60	3.60	100.0
Fees from the transit of oil and gas through the territory of the Republic of Azerbaijan	25.39	0.01	0.1
Bonus payments made by investors as part of the signing or execution of oil and gas contracts	767.72	765.74	99.7
Dividend payments related to the implementation of oil and gas projects	396.2	0.0	0.0
Revenues obtained from the management of SOFAZ’s assets	3,462.27	6,894.01	199.1
Total revenues	14,452.47	17,160.39	118.7

5.3/ BUDGET EXPENDITURES

In 2025, SOFAZ’s budget expenditures consisted of transfers to the state budget, financing of the “State Program on Increasing the International Competitiveness of the Higher Education System in the Republic of Azerbaijan for 2019–2023,” financing of the “State Program for 2022–2028 on the Education of Youth in Prestigious Higher Education Institutions of Foreign Countries,” and expenses related to the management of SOFAZ.

Across all expenditure areas, a total of AZN 14,627.2 million, or USD 8,604.2 million, was spent from SOFAZ’s budget in 2025, representing an execution rate of 99.9% against the approved budget amount (AZN 14,640.2 million).

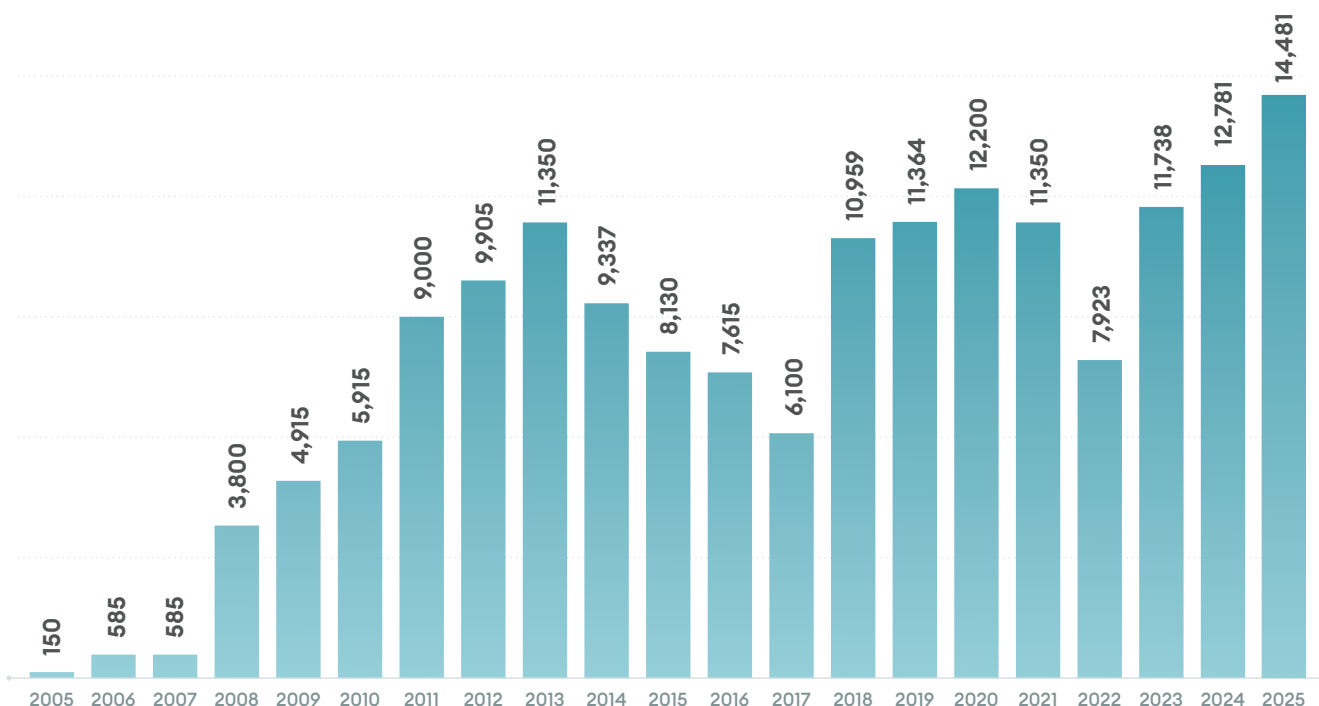
Chart 29. SOFAZ expenses in 2025 (in million AZN)



5.3.1/ TRANSFERS TO THE STATE BUDGET

In 2025, a transfer in the amount of AZN 14,481.0 million was made to the state budget, which accounted for 37.0% of state budget revenues (AZN 39,184.6 million). At the same time, the transfer to the state budget increased by AZN 1,700.0 million compared with 2024. In the reporting year, the execution rate for this expenditure item was 100.0%.

Chart 30. Distribution of transfers from SOFAZ to the state budget by year (in million AZN)



5.3.2/ STATE PROGRAM ON INCREASING THE INTERNATIONAL COMPETITIVENESS OF THE HIGHER EDUCATION SYSTEM IN THE REPUBLIC OF AZERBAIJAN FOR 2019-2023

Under the State Program, during the year SOFAZ allocated AZN 18.6 million based on requests from the Ministry of Science and Education of the Republic of Azerbaijan. This included AZN 6.6 million for financing doctoral studies (covering students' living, tuition, visa, insurance, registration, travel, and banking expenses), AZN 11.1 million for international dual degree programs, and AZN 0.9 million in accordance with the approved expenditure budget of the State Program Management Group (SPMG).

SOFAZ financed education of 263 doctoral students.

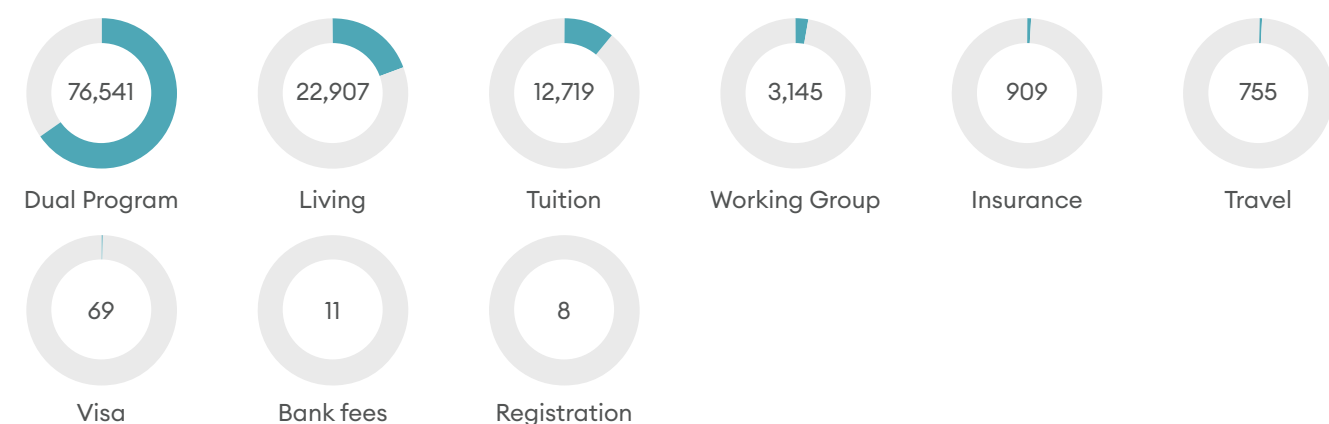
By the end of 2025, education-related expenses for a total of 263 doctoral students had been financed under the State Program. The majority of doctoral students were enrolled in the fields of economics and management (64 students), natural sciences (58 students), and humanities and social sciences (37 students).

Against the AZN 24.7 million provided for in SOFAZ's approved 2025 budget for financing the State Program, AZN 18.6 million was disbursed, resulting in expenditure being 25% below the budgeted amount. During 2025, 6

international dual degree programs were financed under this component.

Within the framework of the approved expenditure estimate of the SPMG, covering payroll, procurement of goods (works and services), social payments, and acquisition of non-financial assets, the execution rate for this component reached 97.7%, taking into account AZN 906.9 thousand allocated by SOFAZ during 2025 and the carryover balance of AZN 79.3 thousand into 2025.

Chart 31. Allocation of funds by expenditure directions within the State Program (in thousand manats)



5.3.3/ **FINANCING OF THE “STATE PROGRAM FOR THE EDUCATION OF YOUTH AT PRESTIGIOUS HIGHER EDUCATION INSTITUTIONS ABROAD FOR 2022–2028”**

With the aim of developing human capital equipped with modern skills essential for the country’s rapid development, and in this context ensuring continued state support for talented young people to pursue education abroad, the State Program on the Education of Youth in Prestigious Higher Education Institutions of Foreign Countries for 2022–2026 was approved by Order No. 3163 of the President of the Republic of Azerbaijan dated 28 February 2022 of the Republic of Azerbaijan.

Pursuant to the amendments introduced by the Presidential Order dated 12 August 2024, the implementation period of the Program was extended until 2028, and the annual number of citizens of the Republic of Azerbaijan studying at prestigious foreign higher education institutions was increased to up to 500 students per year. At the same time, under the revised provisions of the Program, the distribution of study places was defined such that in 2022–2024, up to 20% were allocated to undergraduate studies and up to 80% to master’s studies, while starting

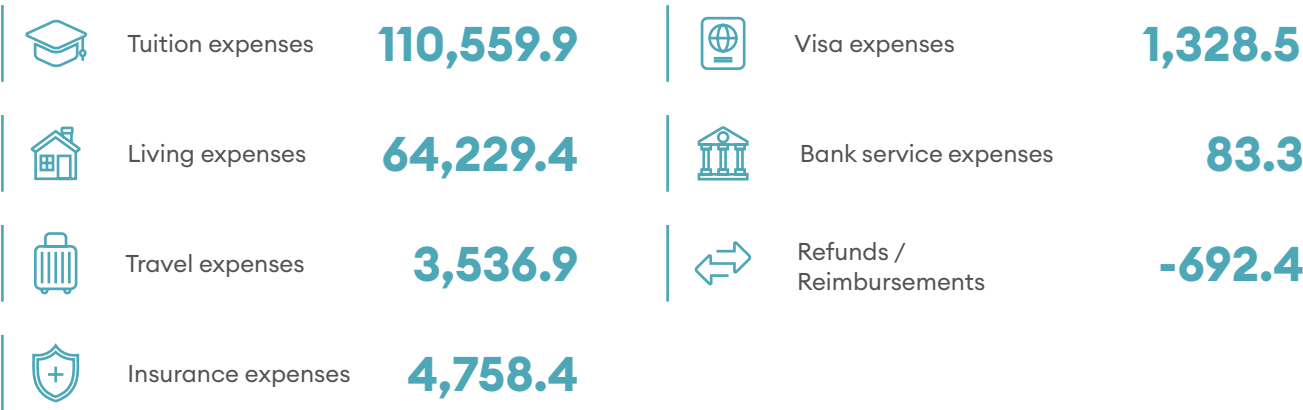
from 2025, no more than 25% are allocated to undergraduate studies and no more than 20% to doctoral studies.

The implementation of this Program is carried out by the Ministry of Science and Education through the State Program Management Group (SPMG) established under the Ministry.

As of 31 December 2025, SOFAZ had financed education-related expenses for a total of 1,622 students under the State Program. Of these students, 1,237 were enrolled in master’s degree programs, 369 in undergraduate studies, and 16 in doctoral studies. In addition, 22% of the students, or 359 individuals, were admitted to the world’s top 10 universities.

For 2025, against the AZN 90.8 million provided for in SOFAZ’s budget for this purpose, AZN 86.9 million was disbursed, resulting in an execution rate of 95.7% for this expenditure item.

Chart 32. Breakdown of financial resources allocated by SOFAZ during 2022–2025 under the “State Program for the Education of Youth in Prestigious Higher Education Institutions of foreign countries for 2022–2028” (thousand AZN)



5.3.4/ **EXECUTION OF SOFAZ’S ADMINISTRATIVE EXPENDITURES**

SOFAZ’s administrative expenditures amounted to AZN 40.6 million in 2025 against the approved level of AZN 43.7 million, corresponding to an execution rate of 92.9%, and were 19.1% higher than in 2024.

Within the expenditure estimate, payroll-related expenses amounted to AZN 14.4 million, representing 84.3% of the budgeted

level. Expenditures on the procurement of goods (works and services) amounted to AZN 22.9 million, representing an execution rate of 102.6%, while expenditures on the acquisition of non-financial assets amounted to AZN 3.2 million, corresponding to 77.3% execution. Social payments totaled AZN 49.9 thousand, representing 49.9% of the budgeted amount.

“ Up to 7% of SOFAZ’s budgeted administrative expenditures was saved

Table 19. Implementation of the 2025 SOFAZ Budget by Administrative Expense Items (thousand AZN)

Expenses	Code	Approved	Actual	Executed (%)
Payment of labor	210000	17,138.00	14,443.94	84.28%
Procurement of goods (works and services)	220000	22,358.80	22,940.37	102.60%
- Purchase of goods	221000	309.20	302.21	97.74%
- Procurement of works and services	222000	21,165.60	21,827.42	103.13%
- Payments related to membership in international organizations	223000	814.00	747.45	91.82%
- Representation and promotion expenses	224000	70.00	63.3	90.42%
Social payments	270000	100.00	49.90	49.90%
Non-financial assets	310000	4,128.70	3,191.20	77.29%
Total costs		43,725.50	40,625.40	92.91%

Table 20. Execution of SOFAZ budget expenditures for 2025

Expenditure directions	Expenditures (million manat)		Execution (%)
	Approved Budget	Actual	
Transfers to the 2025 state budget of the Republic of Azerbaijan	14,481.0	14,481.0	100.0
State Program on Increasing the International Competitiveness of the Higher Education System in the Republic of Azerbaijan for 2019-2023	24.7	18.6	75.4
State Program for the Education of Youth in Prestigious Higher Education Institutions of foreign countries for 2022-2028	90.8	86.9	95.7
Administrative expenditures	43.7	40.6	92.9
Total expenses	14,640.2	14,627.2	99.9

5.3.5/

EXTRA-BUDGETARY REVENUE

In 2025, a total off-budget income of USD 12,020.0 million was recorded from exchange rate differences arising from changes in the value of currencies included in SOFAZ's investment portfolio against the US dollar. This included USD 2,104.6 million in gains generated from the US dollar, euro, pound sterling, and other currencies, while USD 9,915.4 million of off-budget income was generated from gold.



6
SPARKING AN
IMPACT

THE ROLE OF SOFAZ IN ENSURING MACROECONOMIC STABILITY AND BUILDING STRATEGIC FOREIGN EXCHANGE RESERVES

The primary mission of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) is to ensure the accumulation and efficient management of foreign currency and other assets generated from the implementation of oil and gas exploration and production agreements, as well as from the Fund’s own operations, in the interests of the citizens of the Republic of Azerbaijan and future generations.

SOFAZ’s resources are directed toward addressing matters of national importance, implementing infrastructure projects of strategic significance for the country’s socio-economic development, as well as supporting their construction and reconstruction.

Projects financed through budget expenditures and transfers to the state budget contribute to strengthening macroeconomic and financial stability, reducing dependence on resource revenues, channeling oil revenues into human capital development, and supporting the sustainable expansion of the non-oil sector.

By the end of 2025, SOFAZ’s total assets reached USD 73.5 billion, accounting for 86% of the country’s strategic foreign exchange reserves and 97% of gross domestic product.

Chart 33. Strategic foreign exchange reserves (in billions of USD)

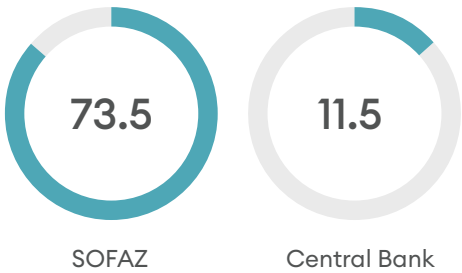


Chart 34. SOFAZ’s AUM as a Percentage of GDP

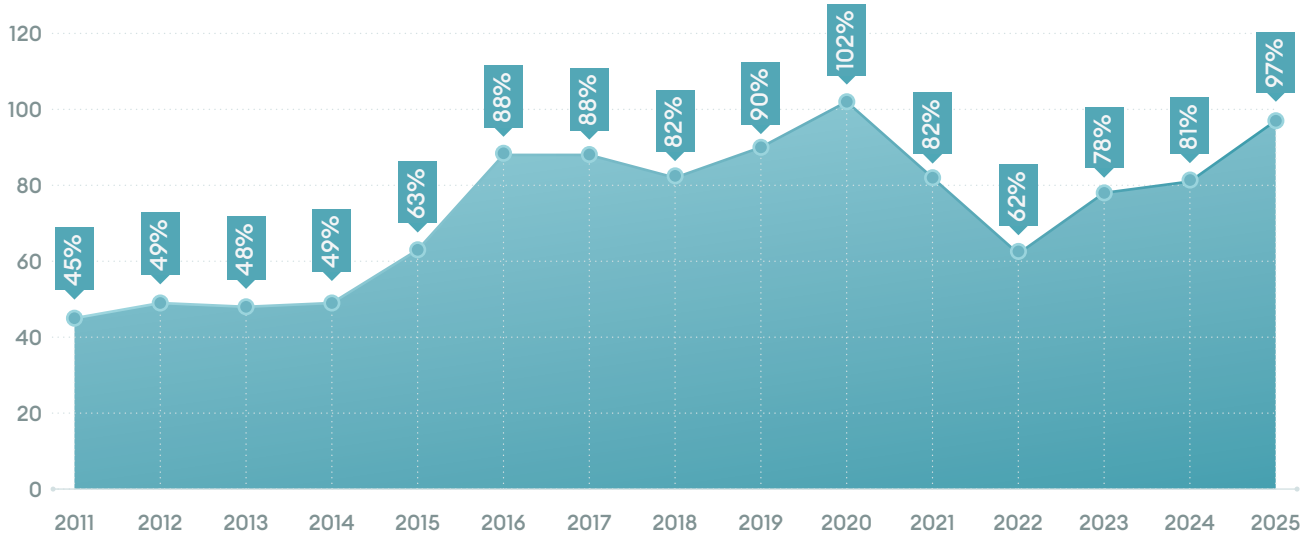
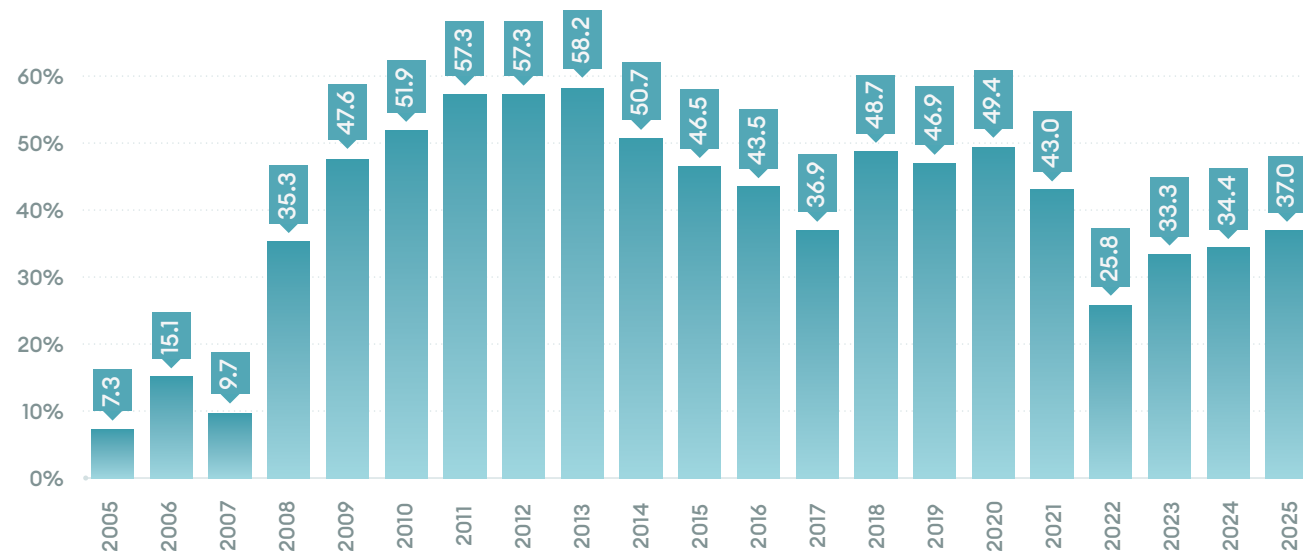


Chart 35. The ratio of SOFAZ's transfers to the state budget to state budget revenues

THE ROLE OF SOFAZ IN ENSURING MACROECONOMIC STABILITY AND BUILDING A FINANCIAL BUFFER AGAINST ECONOMIC SHOCKS

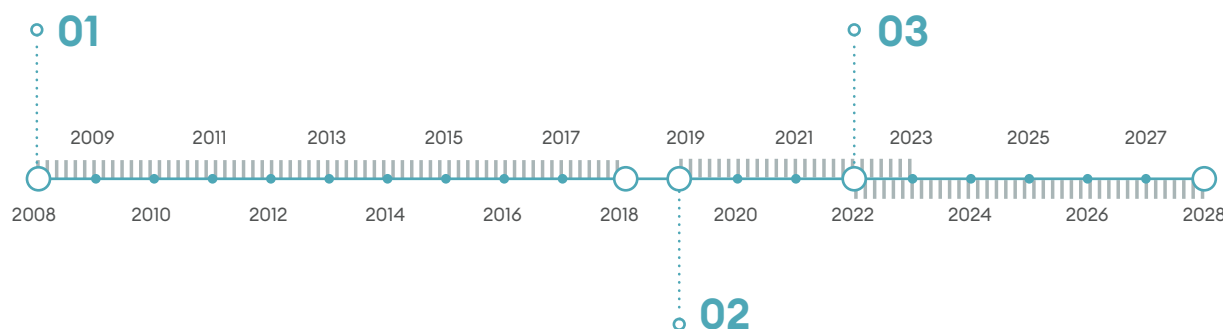
The share of SOFAZ transfers in state budget revenues reached its highest level in 2011–2013, at approximately 57–58%, and subsequently showed an overall downward trend. After declining to 25.8% in 2022, this indicator increased again in recent years, reaching 37.0% in 2025.

At the same time, SOFAZ's assets reaching 97% of GDP in 2025 highlights the Fund's role as an important financial buffer for the national economy and its significant contribution to preserving macroeconomic stability.

TURNING BLACK GOLD INTO HUMAN CAPITAL

Recognizing education as a key driver of individual development and social progress, SOFAZ has supported the country's key state

programs for education abroad for nearly 16 years under its mission to transform oil wealth into human capital.



01

The State Program on the Education of Azerbaijani Youth Abroad for 2007–2015 was financed by SOFAZ during 2008–2018.

02

State Program for increasing the international competitiveness of the higher education system in the Republic of Azerbaijan for 2019–2023

03

State Program for 2022–2028 for youth to study in prestigious higher education institutions of foreign countries

SHAPING FUTURE LEADERS

Through the implementation of the of 6,210 students and contributing to the aforementioned state programs in development of Azerbaijan's human capital cooperation with the Ministry of Science and The statistical information on the State Education, SOFAZ has contributed to Programs financed by SOFAZ is presented psupporting the education and development below.

State Programs' main benefits encompass the following:



Reducing Inequality in Financial Access

- Enabling talented students to realize their potential regardless of their financial circumstances;
- Breaking the cycle of poverty as successful graduates secure better job opportunities, higher incomes and improved living standards.

Build up Citizens of tomorrow

- Empowering future leaders with strong sense of responsibility;
- Supporting the personal, academic, and professional development of graduates;
- Enhancing employability in the globalized labor market.

Access to High-Quality International Education

- Improving access to international education for students from diverse socioeconomic backgrounds;
- Broadening intellectual horizons and enriching academic experience;
- Creating valuable professional connections.

Enhancing Azerbaijan's Global Reputation

- Supporting economic growth through knowledge transfer and the introduction of innovation;
- Equipping students with a global perspective and a deeper understanding of international affairs;
- Fostering respect for diverse cultural backgrounds.

01

A diverse and inclusive learning environment enhances students’ ability to navigate cultural differences. Azerbaijani students study in 30 countries worldwide, developing a global mindset and intercultural competencies. Number of Students Studying Abroad by Country and Degree Level:

STATE PROGRAM FOR THE EDUCATION OF YOUTH IN PRESTIGIOUS HIGHER EDUCATION INSTITUTIONS ABROAD FOR 2022–2028

Chart 36. Number of Bachelor degree students

Europe		America	
United Kingdom	112	USA	33
Belgium	11	Canada	10
Netherlands	4		
Switzerland	1	Oceania	
Italy	1	Australia	1
Ireland	1		
Asia			
Turkiye	148		
China	32		
Singapore	11		
Korea	3		
Israel	1		

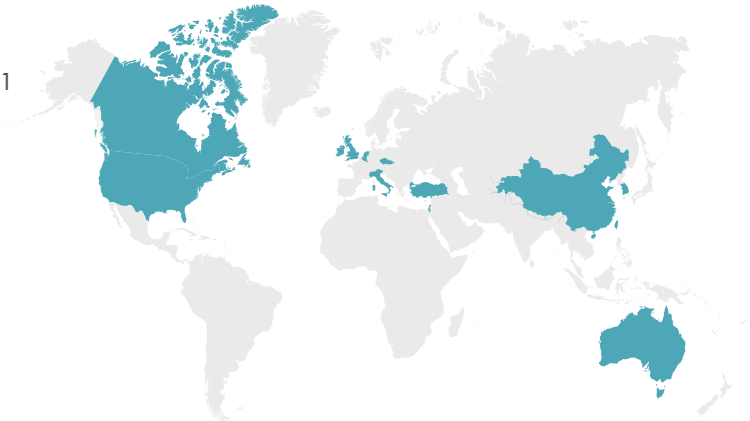


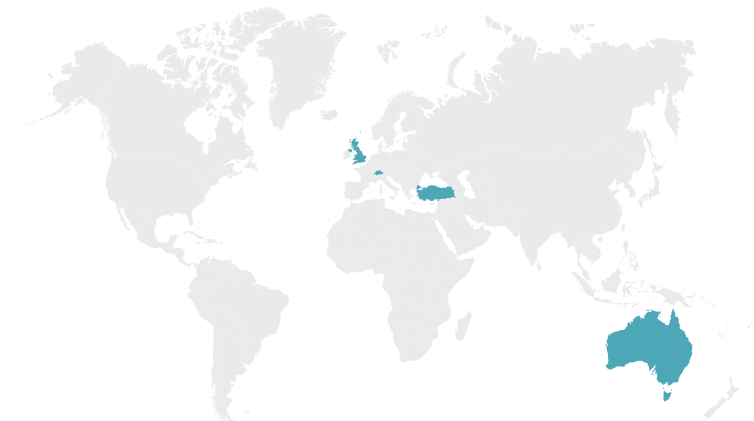
Chart 37. Number of Master degree students

Europe		Asia	
United Kingdom	825	Turkiye	14
Germany	62	Singapore	4
Italy	43	Israel	2
Netherlands	14	Korea	2
Switzerland	9	China	1
Sweden	6		
Belgium	6	America	
France	5	USA	210
Estonia	4	Canada	3
Ireland	4		
Spain	3	Oceania	
Finland	2	Australia	15
Denmark	2		
Norway	1		



Chart 38. Number of PhD degree students

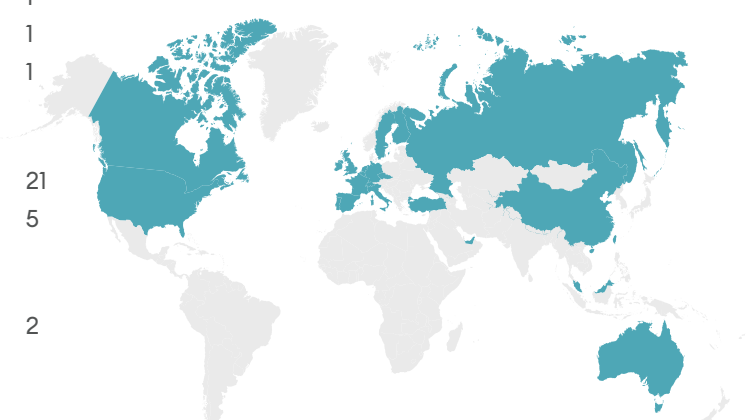
Europe	
United Kingdom	13
Switzerland	1
Asia	
Turkiye	1
Oceania	
Australia	1



NUMBER OF STUDENTS ENROLLED IN DOCTORAL PROGRAMS UNDER THE “STATE PROGRAM FOR INCREASING THE INTERNATIONAL COMPETITIVENESS OF THE HIGHER EDUCATION SYSTEM IN THE REPUBLIC OF AZERBAIJAN FOR 2019–2023

Chart 39. Number of students enrolled in doctoral programs under the “State Program for Increasing the International Competitiveness of the Higher Education System in the Republic of Azerbaijan for 2019–2023

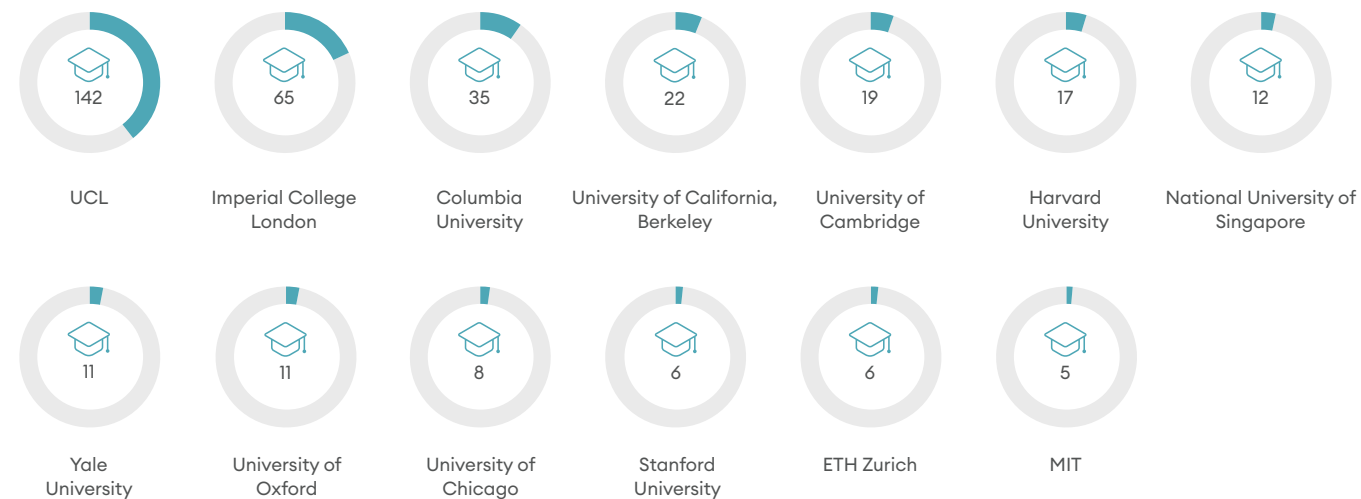
Europe		Asia	
United Kingdom	66	Turkiye	89
France	27	Russia	1
Germany	20	UAE	1
Italy	10	China	1
Portugal	4	Malaysia	1
Netherlands	3		
Spain	3	America	
Belgium	2	USA	21
Ireland	2	Canada	5
Switzerland	1		
Luxembourg	1	Oceania	
The Czech Republic	1	Australia	2
Sweden	1		
Finland	1		



02

One of the distinctive features of the 2022–2028 State Program is that Azerbaijani students admitted to the world's top 10 universities are eligible to study in any field regardless of the designated priority fields of study. This empowers talented individuals to overcome socioeconomic barriers and provides access to high-quality education at prestigious institutions regardless of their financial circumstances.

Chart 40. Students studying in TOP10 universities



03

Students may choose from various countries and institutions based on their academic interests, career goals and cultural preferences, thereby enriching their educational experience.

Chart 41. State Program 2019-2023 number of Students across study fields

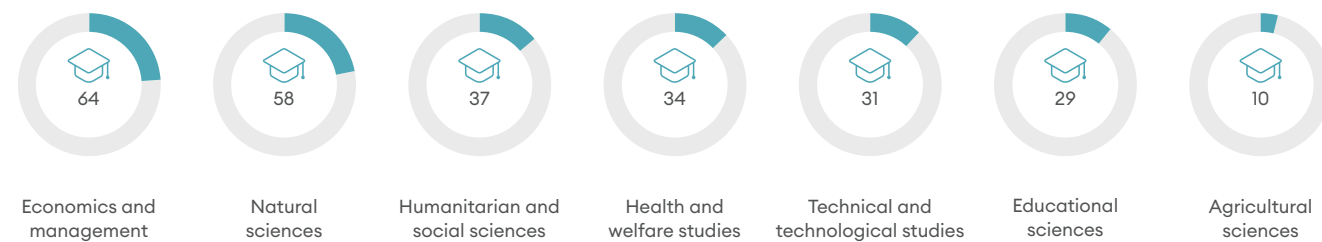
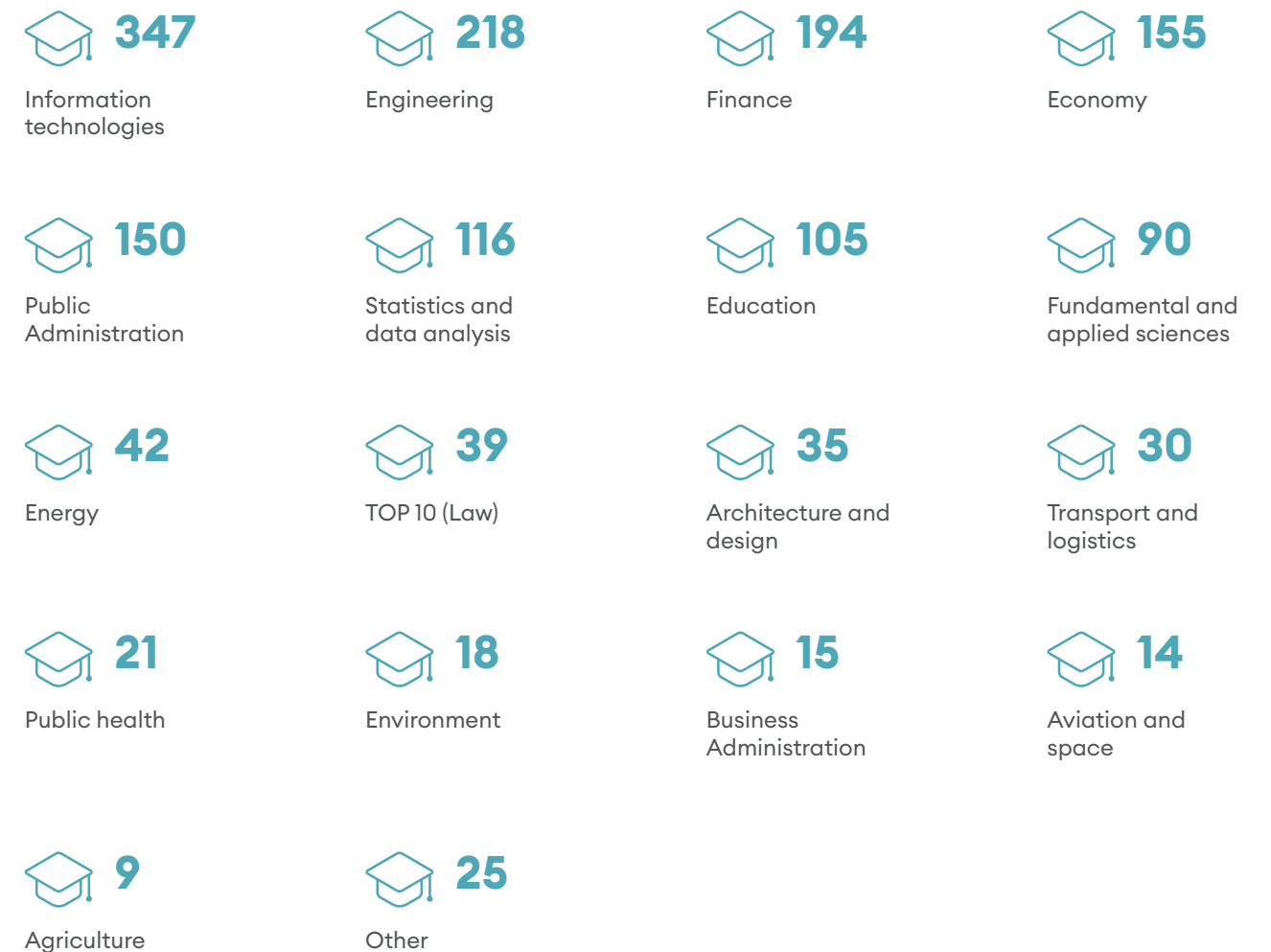
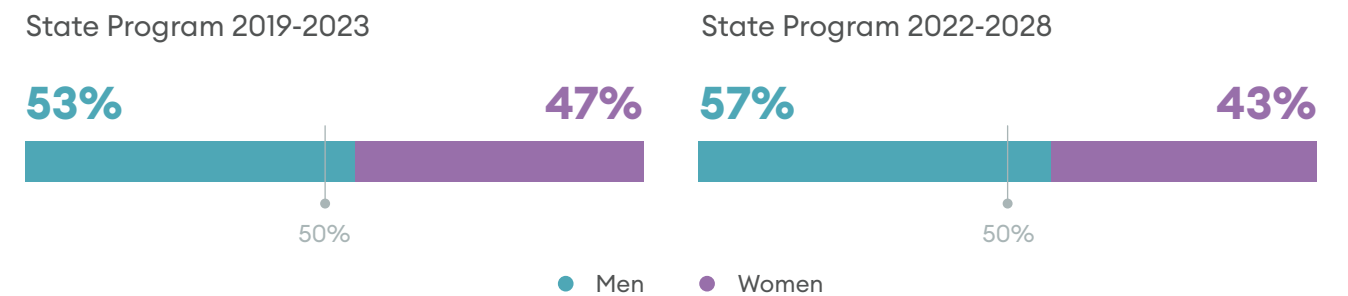


Chart 42. State Program 2022-2028 number of Students across study fields



04

Support and promotion of gender balance in education as a guarantee of a more inclusive nation with diverse talents and perspectives.



05

The State Program for 2022–2028 significantly contributes to enhancing the intellectual potential of the country and training professional personnel in various fields by creating opportunities for Azerbaijani youth to receive high-quality education. Currently, 516 students have successfully completed their studies and graduated.

06

Financing International dual degree programs aim to create a competitive edge in the job market and comprehensive skill sets by combining expertise from two different university’s education program.

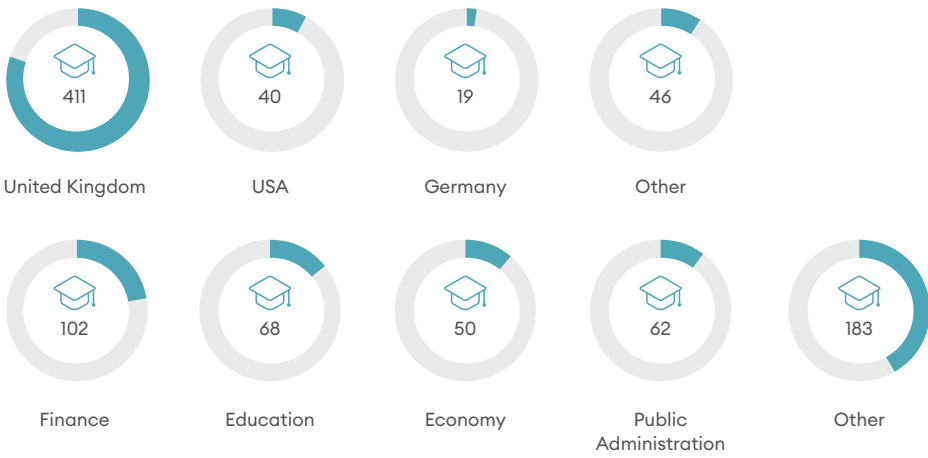
Chart 44. International dual degree programs by fields

	6 dual degree programs		1,034 students	14 faculties
Master's degree	ADA	GW	124 students 37 Graduates	- Computer Science and Data Analytics - Electrical engineering
	ASPU	GW	127 students 41 Graduates	- Management (education management) - Education and human capital development, education policy and leadership
	BSU	HUJI	12 students	Biotechnology
	ASOIU	WARWICK	40 students	Renewable Energy
Bachelor's degree	BEU	INHA	400 students	- Information technologies - Electrical engineering - Electronics engineering - Civil engineering
	ASAU	EGE	331 students	- Agronomy - Agro-engineering - Plant Protection - Economics

ASOIU – Azerbaijan State Oil and Industry University
ASPU – Azerbaijan State Pedagogical University
ASAU – Azerbaijan State Agrarian University
BEU – Baku Engineering University

BSU – Baku State University
GW – George Washington University
HUJI – The Hebrew University of Jerusalem
INHA – Korean INHA University

Chart 43. State Program 2022-2028 number of Graduates across countries and study fields



7

TALENT DEVELOPMENT

Our Human Capital – The Driving Force Behind Our Success

Entrusted with the demanding mission of safeguarding economic stability and preserving national wealth for future generations, the State Oil Fund of the Republic of Azerbaijan (SOFAZ) clearly recognizes that the institution's long-term success depends not only on sound investment decisions, but in equal measure on strong human capital. Leading practice shows that lasting success in managing financial assets rests less on technology and processes than on the quality, motivation, and growth potential of the people behind them. Guided by this reality, SOFAZ approaches its employees not through the narrow logic of resources, but from a broader, strategic perspective – that of a long-term institutional investment.

At the core of SOFAZ's operating philosophy lies the conviction that every employee is a bearer of intellectual potential and a creator of institutional value. Proceeding from this view, SOFAZ has made it a strategic priority to build a workplace where professional growth, equal opportunity, and high motivation coexist.

The working environment within SOFAZ is grounded in this understanding. The aim is not merely to get work done, but to create a setting in which everyone feels the meaning of their work, ideas are heard, and development translates into opportunity. Such an environment provides the foundation both for putting equal opportunity genuinely into practice and for advancing the institution's long-term strategic objectives.

As of the latest figures, SOFAZ's workforce numbered 160 employees, bringing together people of different age groups and genders who contribute jointly to the Fund's development. Given the particular importance we place on gender balance, women account for 38% of the total workforce and 27.59% of managerial positions.

Among the factors shaping the diversity of our workforce, the role of young people deserves special emphasis. For more than twenty years, SOFAZ has pursued a purposeful policy of engaging talented students and

graduates. A range of initiatives is carried out to develop professional competencies, build the knowledge base essential to each field, and ensure successful integration into a real working environment. SOFAZ's long-standing summer internship programs serve this strategic aim: to introduce the country's high-potential young people to SOFAZ's institutional culture and to support their future professional development. For SOFAZ, investing in human capital is the principal guarantee of a successful and sustainable future.

Participants who come through a multi-stage selection process acquire institutional knowledge systematically, supported by mentors and within a structured training program. The program's strategic significance is twofold: it lays the groundwork for the institution's pipeline of promising talent while making a meaningful contribution to the development of the country's human capital more broadly. Integrated into real projects across various business units, these young people steadily strengthen their practical competencies in analytical thinking, decision-making, and teamwork, and their individual progress is tracked throughout the program through systematic monitoring and assessment. The 2025 summer internship program attracted 1,797 applicants – an 88% increase over 2024, a testament both to young people's growing interest in the opportunities SOFAZ offers and to the importance the organization places on human capital. Applicants represented a wide range of disciplines and came from both domestic and international educational institutions.

To attract young talent, our cooperation with the country's leading universities – as well as with global educational institutions – continues to expand through internship exchange programs, information sessions, and organized student visits to SOFAZ's headquarters.

In 2025, SOFAZ once again held a series of information sessions as part of its ongoing

collaboration with universities. Conducted in a dynamic panel-discussion format, these sessions covered SOFAZ's activities, its investment portfolio, the role of sovereign wealth funds worldwide, and current themes in financial markets. The knowledge exchange facilitated between students and industry experts played a catalytic role in cultivating skilled and talented professionals for the future.

Notably, SOFAZ ran a mentorship program aimed at increasing the number of female students interested in internship opportunities in investment. Titled "Investing in Our Future," the program is designed to support female students' professional and personal development, strengthen their interest in building careers in finance, and advance gender balance in the investment field.



LEARNING AND DEVELOPMENT: STRENGTHENING ORGANIZATIONAL CAPACITY

For the State Oil Fund of the Republic of Azerbaijan (SOFAZ), 2025 was marked by a fundamental qualitative shift in Learning and Development – a move from training logistics toward strategic capability building. With more than 70% of the Fund's workforce having joined within the past five years, and with the operating environment rapidly digitalizing, learning activities had to be realigned with new realities. In this dynamic setting, the emphasis fell not only on strengthening technical skills, but also on fostering agile behaviors, a modern understanding of leadership, and a culture of continuous learning.

At the heart of this transformation, Individual Development Plans (IDPs) became the central mechanism enabling employees to take conscious ownership of their own development. Grounded in the results of competency-based assessments, these plans made it possible to link learning needs directly to actual role requirements, while helping employees draw effectively on both formal training and on-the-job learning. Development thereby shifted from passive participation to a dynamic process rooted in individual accountability.

Strengthening leadership potential remained a key priority in deepening the learning culture throughout the reporting year. Managers were no longer cast as passive observers of the development process but as its principal driving force, and structured development pathways – incorporating coaching and mentoring – were created for middle managers. To reinforce this approach, managers' responsibility for team development was tied directly to their annual performance objectives, making leadership development an integral part of the corporate accountability system.

Deepening specialized expertise in asset management – the Fund's core activity – was identified as a distinct priority in 2025. A structured curriculum developed through international partnership was delivered in this area, contributing substantially to strengthening employees' professional competency in investment management. This initiative carries particular significance as part of the Fund's strategy to develop its specialized intellectual capital from within.

Steps taken in digital transformation and data analytics carried the effectiveness of learning to the next level. To support self-directed learning, curated development pathways were activated on digital platforms, while the foundations of an integrated data infrastructure were laid to measure development indicators more precisely. Building this infrastructure will enable more targeted allocation of resources going forward and will strengthen strategic decision-making grounded in learning analytics.

Looking ahead to 2026, the Fund has set the expansion of its leadership development programs and the further deepening of specialized professional expertise as its principal objectives. A cornerstone of SOFAZ's human capital strategy, this direction is fully aligned with the organization's long-term development path and safeguards the continuity of the intellectual capital required to achieve its strategic goals.

8

SANTIAGO PRINCIPLES

SOVEREIGN WEALTH FUNDS GENERALLY ACCEPTED PRINCIPLES AND PRACTICES “SANTIAGO PRINCIPLES” SELF-ASSESSMENT

April, 2025

Narration of Principles / Sub-Principles	Responses
A. Legal Framework, Objectives, and Coordination with Macroeconomic Policies.	
GAPP 1. Principle The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).	Legal framework of SOFAZ is clearly defined in the “Statute of the State Oil Fund of the Republic of Azerbaijan” (hereinafter “Statute of SOFAZ”) approved by the decree of the President of the Republic of Azerbaijan. SOFAZ is a legal entity separate from the government or central bank. The Fund’s operation is guided by the Constitution and laws of the Republic of Azerbaijan, Presidential Decrees and resolutions, and SOFAZ’s Regulations. These provisions ensure SOFAZ’s operational independence by establishing a clear legal foundation that separates the Fund from direct governmental or central bank control. The Statute and related laws define its mandate, governance, and decision-making procedures, preventing external interference in daily management. Moreover, the public disclosure of all governing documents promotes transparency and accountability, reinforcing the Fund’s autonomous functioning. All relevant documents related to the legal basis and structure and the legal relationships between SOFAZ and the other government agencies are publicly disclosed and they are available on the Fund’s website. For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf
GAPP 1.1. Subprinciple The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.	
GAPP 1.2. Subprinciple The key features of the SWF’s legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.	
GAPP 2. Principle The policy purpose of the SWF should be clearly defined and publicly disclosed	SOFAZ was established for the purpose of accumulation and management of the revenues generated from the implementation of oil and gas agreements.

Narration of Principles / Sub-Principles

Responses

GAPP 3. Principle Where the SWF’s activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.	SOFAZ’s primary objectives are to help maintain macroeconomic stability in the country (neutralize negative impact of the currency inflows) and to generate wealth for present and future generations. The purpose of establishment, as well as the primary objectives are publicly disclosed on the Funds website. Since its establishment in 1999, the assets of SOFAZ have expanded remarkably from just USD 270 million to approximately USD 70 billion as of Q3 2025. This impressive growth underscores the Fund’s prudent management and effective investment strategy, with its total assets now equivalent to about 94% of Azerbaijan’s GDP – a testament to SOFAZ’s pivotal role in the country’s macroeconomic stability and long-term wealth preservation. For further information: https://www.oilfund.az/storage/images/rt3csc0jvm.pdf https://www.oilfund.az/en/fund/about/mission
	According to its bylaws, SOFAZ does not invest domestically. Expenditures of SOFAZ constitute part of the consolidated state budget approved by the Parliament. According to Budget System Law SOFAZ submits its medium-term forecasts twice a year to the Ministry of Finance and the Ministry of Economy. Based on these projections and within the framework of the fiscal rule the Ministry of Finance determines the upper expenditure limit for SOFAZ. When formulating budget projections, key macroeconomic assumptions are jointly agreed upon and aligned across institutions. For example, both SOFAZ and the Ministry of Finance use the same oil price assumption during the budget preparation process. The Ministry of Finance then submits the consolidated budget, which includes SOFAZ’s key fiscal indicators, to the Economic Council and subsequently to Parliament for discussion. The Ministry of Finance also releases the preliminary consolidated fiscal indicators, in which SOFAZ’s main budget parameters are incorporated, and publishes them on its official website.

Narration of Principles / Sub-Principles

Responses

GAPP 3. Principle

For further information:

Statute of SOFAZ: <https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf>

Rules on the Preparation and Execution of the Annual Program of Revenues and Expenditures: <https://www.oilfund.az/storage/images/vvfbtvgrpz.pdf>

The Law of Azerbaijan Republic on Budget System: <https://www.oilfund.az/storage/uploads/emcjtf8wiz.pdf>

GAPP 4. Principle

There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

The Supervisory Board exercises general control over accumulation and spending of the Fund's assets.

Source of revenue

The Fund's revenue is generated from the sale and other proceedings (bonuses, acreage payments) from hydrocarbon production within the existing production sharing agreements the territory of the Republic of Azerbaijan including the Azerbaijani sector of the Caspian.

Withdrawal of the Fund's Assets

The Fund's assets are utilized in accordance with the main directions (program) approved by the President of the Republic of Azerbaijan. The Fund's assets may be used for solving the most important nation-wide problems, as well as for construction and reconstruction of strategically significant infrastructure facilities, for the purpose of the country's socioeconomic development. Information regarding approved directions for utilization of the Fund's assets for each year, as well as an annual report concerning their actual disbursement is published in the press

Funds spending operations are managed by "Rules on the budget of SOFAZ" which are publicly disclosed on SOFAZ's website.

The forecast of expenditure items shall take into account the necessity to promote development and increase the competitiveness of the non-oil sector of the national economy and shall be based on a macroeconomic forecast of the socio-economic development of the Republic of Azerbaijan

Narration of Principles / Sub-Principles

Responses

SOFAZ's Funding and Withdrawal rules are clearly defined by the "Statute of SOFAZ" and "Rules on the budget of SOFAZ" which are approved by the President of Azerbaijan and publicly disclosed on SOFAZ's website.

For the 3-year period (2022–2024) SOFAZ's revenues and expenditure amounted to approximately USD 33 billion and USD 19 billion, respectively.

Major Projects Financed by SOFAZ Since Inception

Heydar Aliyev Baku–Tbilisi–Ceyhan Pipeline Project – Financed Azerbaijan's share in the construction of this key export route transporting crude oil from the Caspian Sea to the Mediterranean.

Baku–Tbilisi–Kars Railway Project – Funded by SOFAZ to improve regional transport connectivity between Azerbaijan, Georgia, and Turkey.

Southern Gas Corridor – Financed Azerbaijan's equity participation in this strategic gas pipeline system connecting the Caspian region to European energy markets.

Oguz–Gabala–Baku Water Supply Project – Ensured financing for the large-scale pipeline delivering clean drinking water to Baku from the Oguz–Gabala region.

Samur–Absheron Irrigation System Reconstruction – Financed modernization of the irrigation infrastructure to improve agricultural productivity and water resource management.

Improvement of Living Conditions for Refugees and Internally Displaced Persons – Supported the construction of housing, social infrastructure, and community facilities for IDPs.

State Program on Education of Azerbaijani Youth Abroad – Financed by SOFAZ to support the education of Azerbaijani students at top international universities, fostering human capital development.

For further information:

<https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf>

<https://www.oilfund.az/storage/images/reydixurrb.pdf>

<https://www.oilfund.az/storage/uploads/emcjtf8wiz.pdf>

Narration of Principles / Sub-Principles

Responses

GAPP 5. Principle

The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

B. Institutional Framework and Governance Structure

SOFAZ submits monthly statistical reports to the President, as well as quarterly and yearly reports to the State Statistical Committee, Ministry of Finance and Central Bank of Azerbaijan Republic SOFAZ also reports on its revenues and expenditures to the Parliamentary Chamber of Accounts and on other relevant information to the State Tax Service under the Ministry of Economy, and other relevant government agencies. Additionally, SOFAZ regularly provides the relevant information on its activities to the World Bank and International Monetary Fund.

Data submitted by SOFAZ to the Ministry of Finance and Central Bank are incorporated into Azerbaijan's official national accounts and balance of payments statistics, ensuring accurate reflection of the country's external assets and fiscal revenues. In addition, information provided to the IMF, World Bank and Rating Agencies supports international monitoring under various international initiatives enhancing Azerbaijan's global fiscal and economic reporting credibility.

All the relevant statistical data pertaining to the Fund is publicly disclosed on SOFAZ's website (annual reports audited by Big Four auditors, quarterly statements, etc.).

For further information:

<https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf>

<https://www.oilfund.az/storage/images/vvfbtvgrpz.pdf>

<https://oilfund.az/storage/uploads/emcjt8wiz.pdf>

<https://www.oilfund.az/en/report-and-statistics/report-archive>

Narration of Principles / Sub-Principles

Responses

GAPP 6. Principle

The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

SOFAZ has a three-tier governance structure, with the President of the country being a supreme governing and reporting authority for the Fund.

SOFAZ's activities are overseen by a Supervisory Board which is headed by the Prime Minister and consists of the Deputy Speaker of the Parliament, Minister of Finance, Minister of Economy, Governor of the Central Bank, Advisor to the President of the Republic of Azerbaijan on Economy and Innovative Development Policy And Advisor to the President of the Republic of Azerbaijan on Economic Policy and Industry.

The operational management of SOFAZ is vested in the Executive Director. The relevant duties and responsibilities of the President of the country, Supervisory Board and Executive Director are clearly defined in the "Statute of SOFAZ".

For further information:

<https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf>

GAPP 7. Principle

The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The Supervisory Board consists of representatives of executive and legislative powers, including ministers and members of Parliament. The Supervisory Board's composition – consisting of seven members – is approved by the President of the Republic of Azerbaijan. Board oversees the Fund's draft annual budget, annual report and financial statements, and its members are appointed by the President.

Brief bios of the current members of the Supervisory Board:

Ali Asadov (Chairman) – Prime Minister of the Republic of Azerbaijan. An experienced economist and policymaker, he has held senior posts including Assistant to the President for Economic Affairs and plays a central role in shaping Azerbaijan's economic and fiscal strategy.

Shahmar Movsumov – Assistant to the President of Azerbaijan and Head of the Department of Economic Issues and Innovative Development Policy of the Presidential Administration. Appointed to the Board in December 2019. He previously served as Executive Director of SOFAZ and held senior roles at the Central Bank.

Narration of Principles / Sub-Principles	Responses
	Natig Amirov – Assistant to the President on Economic Policy and Industrial Issues. He was appointed to the Supervisory Board in December 2019. His role links the Fund’s governance with industrial and economic-policy priorities of the government. Mikayil Jabbarov – Minister of Economy of the Republic of Azerbaijan. His involvement reflects the alignment of the Fund’s operations with broader economic strategy and development goals. Sahil Babayev – Minister of Finance of the Republic of Azerbaijan. He served as the Minister of Labour and Social Protection of the Population from 2018 to 2025. Taleh Kazimov – Chairman of the Central Bank of the Republic of Azerbaijan. Prior to his appointment, he held senior executive positions in the banking sector. Musa Gasimli – Deputy Speaker of the Parliament (Milli Majlis) of the Republic of Azerbaijan. A Doctor of Historical Sciences and Professor, Musa Gasimli also has extensive experience in public service. For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf
GAPP 8. Principle The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.	<i>The Supervisory Board of the Fund, which is headed by the Prime Minister and consists of the Minister of Finance, Governor of the Central Bank, Minister of Economy, Deputy Speaker of the Parliament, Advisor to the President of the Republic of Azerbaijan on Economy and Innovative Development Policy and Advisor to the President of the Republic of Azerbaijan on Economic Policy and Industry, have a clear mandate and adequate authority and competency to fulfil its functions. All roles and responsibilities of the Supervisory Board are clearly defined in the relevant legislation.</i> For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf https://oilfund.az/en/fund/Governance/supervisory

Narration of Principles / Sub-Principles	Responses
GAPP 9. Principle The operational management of the SWF should implement the SWF’s strategies in an independent manner and in accordance with clearly defined responsibilities.	“Statute of SOFAZ”, “Rules on management of foreign currency assets of the State Oil Fund of the Republic of Azerbaijan” (hereinafter “Investment guidelines”) and “Rules on the budget of SOFAZ” clearly define the role and responsibilities of the Executive Director. In accordance with these role and responsibilities Executive Director has independence in operational management. Among his other responsibilities, the Fund’s Executive Director: • prepares proposals regarding main directions (program) for utilization of the Fund’s assets and submits them for approval to the President of the Republic of Azerbaijan together with the opinion of the Supervisory Board; • prepares an annual report on the Fund’s operations and submit it to the President of the Republic of Azerbaijan together with the opinion of the Supervisory Board; • prepares cost estimates for managing the Fund and submit them to the President of the Republic of Azerbaijan for approval; • appoints and dismisses employees of the Fund in a manner determined by the legislation, and apply encouragement and punishment measures to them; For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf https://www.oilfund.az/storage/images/daafr06kpe.pdf
GAPP 10. Principle The accountability framework for the SWF’s operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.	Accountability framework of SOFAZ is clearly defined in the “Statute of SOFAZ”, “Investment guidelines”, “Rules on the budget of SOFAZ” and “Budget System Law” all of which are available on the Fund’s website. Fund produces and publicly discloses audited annual reports and quarterly reports. Information about Fund’s activities is also disseminated through regular press conferences and published on Fund’s website. • The Fund is accountable to the President of the Republic of Azerbaijan. • The Fund submits its financial report, including the auditor’s opinion, to the President of the Republic of Azerbaijan no later than June 30, and publishes it online and in the media.

Narration of Principles / Sub-Principles	Responses
	The Fund shall produce quarterly statements and an annual report on the Fund’s budget execution and investment portfolio, and submit them to the Supervisory Board of the Fund and the President of the Republic of Azerbaijan In addition, SOFAZ ensures regular and transparent communication with the public. On a quarterly basis, the Fund shares up-to-date performance results and key financial indicators with the media, providing insights into its investment activities and operational outcomes. Furthermore, twice a year SOFAZ organizes comprehensive Media Briefing sessions, where senior management presents detailed updates on the Fund’s financial performance, strategic initiatives, and market outlook, and responds to questions from journalists to promote openness and accountability. See also response on GAPP 5. For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf https://www.oilfund.az/storage/images/daafr06kpe.pdf https://www.oilfund.az/storage/uploads/emcjt8wiz.pdf
GAPP 11. Principle	
An annual report and accompanying financial statements on the SWF’s operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.	Since the start of its operations, SOFAZ has prepared annual reports and accompanying financial statements. The deadline for the publication of the Annual Report is typically set for June 30 each year, and SOFAZ has consistently met this timeline since its establishment. This regular and timely disclosure underscores the Fund’s strong commitment to transparency, accountability, and adherence to international reporting standards. All financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). All annual reports and accompanying financial statements are published on SOFAZ’s website. For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf https://www.oilfund.az/en/report-and-statistics/report-archive

Narration of Principles / Sub-Principles	Responses
GAPP 12. Principle	
The SWF’s operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.	Since the start of its operations SOFAZ has been audited by reputable international audit firms, which we rotate every three years in line with the best global practices. In line with the Public Procurement Law, the Fund conducts open market tender processes to select its auditor. PricewaterhouseCoopers Audit Azerbaijan has been appointed to audit SOFAZ financial statements for the years 2022–2025. SOFAZ conducts a 3-year rotation of the external auditor Based on latest audit and review, PwC provided recommendations related to internal control framework, financial forecasting and private investments. All annual reports and accompanying financial statements are available on the SOFAZ’s website. For further information: https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf https://www.oilfund.az/en/report-and-statistics/report-archive
GAPP 13. Principle	
Professional and ethical standards should be clearly defined and made known to the members of the SWF’s governing body, management and staff.	Professional and ethical standards are clearly defined in SOFAZ’s Rules of Ethical Conduct. According to the Rules of Ethical Conduct all staff shall act in accordance with relevant legislation, while maintaining the highest levels of ethical standards and professionalism. The Rules of Ethical Conduct outline expectations such as maintaining honesty, fairness, and impartiality. These Rules of Ethical Conduct among others include rules addressing conflicts of interest, the prevention of corruption and regulation of gifts, and reporting any ethical violations. New employees are introduced to the Rules of Ethical Conduct as part of their onboarding process. Regular compliance training for employees covers essential subjects such as anti-corruption processes, conflicts of interest, updates on regulatory changes. Ongoing training and knowledge-sharing initiatives play a key role in deepening organizational awareness of risk and compliance reinforcing compliance culture. For further information: https://www.oilfund.az/en/fund/Governance/behavior-rules

Narration of Principles / Sub-Principles	Responses
GAPP 14. Principle Dealing with third parties for the purpose of the SWF’s operational management should be based on economic and financial grounds, and follow clear rules and procedures.	Fund’s activities related to third parties are based on economic and financial grounds. Fund’s “Investment guidelines” and “Investment Policy” regulate SOFAZ’s dealing with third parties. All aspects of dealing with external managers are clearly defined in relevant documentation about SOFAZ’s activity. Appointment of external managers is carried out in compliance with the current legislation of Azerbaijan Republic on “State Procurement”. External managers are selected based on the criteria, such as credit rating of manager, assets under management, experience in the asset management industry, proposed rate of return and risk, proposed fees schedule etc. The process of manager selection begins with defining a mandate aligned with SOFAZ’s strategic objectives, return targets, and risk parameters. A market screening identifies reputable asset managers meeting SOFAZ’s eligibility criteria on experience, credit quality, and AUM size. Shortlisted candidates participate in an RFI/RFP process covering investment philosophy, performance history, ESG integration, compliance, and fees. Proposals are reviewed by a cross-functional team, and recommendations are submitted to the Investment Committee for approval. Following legal documentation and onboarding, managers are continuously monitored against benchmarks, risk limits, and mandate compliance through regular performance and risk reporting. For further information: https://www.oilfund.az/storage/images/daafr06kpe.pdf https://www.oilfund.az/en/investments/investment

Narration of Principles / Sub-Principles	Responses
GAPP 15. Principle SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.	SOFAZ conducts its operations and activities in host countries in compliance with all applicable regulatory and disclosure requirements of those host countries. The Fund’s comprehensive compliance program comprises internal policies, procedures, controls, monitoring, and risk reporting. We ensure that our internal policies, procedures, and systems are appropriately designed and implemented, consistent with applicable laws to advance the Fund’s objectives while managing legal and compliance risks appropriately. The Fund continuously monitors legislative and regulatory developments in host countries to timely identify, analyze and manage legal and compliance risks, where necessary local legal and tax advice is obtained. Internal policies, procedures, and systems reflect and address these changes. The Investment Department works closely with legal, risk and compliance teams to ensure adequate management of legal and regulatory compliance risks related to the Fund’s investment activities.
GAPP 16. Principle The governance framework and objectives, as well as the manner in which the SWF’s management is operationally independent from the owner, should be publicly disclosed.	SOFAZ’s governance framework, objectives and its operational independence are clearly defined in the relevant legislation. Furthermore, information on governance framework, objectives and operational independence is publicly available on SOFAZ’s website (the Fund section of SOFAZ’s website). (See GAPP 6 above) Objectives: SOFAZ’s activity is directed to the achievement of the following objectives: • Preserving macroeconomic stability by limiting the impact of oil price fluctuations on the state budget. • Ensuring inter-generational equality with regard to the country’s oil wealth and accumulate and preserve oil revenues for future generations • Financing major national scale projects to support socio-economic progress For the governance framework and operational independence of SOFAZ see: https://oilfund.az/en/fund/Governance/information

Narration of Principles / Sub-Principles

Responses

Operationally independent:

Except for rights and responsibilities assigned by Presidential Decrees and by the Statute the Fund:

- does not have any rights, responsibilities and does not bear any commitments to the Government of the Republic of Azerbaijan, other government bodies, including ministries, state committees, public institutions, enterprises and organizations and financial institutions, as well as to any social
- does not bear any responsibility for commitments or guarantees of the Government of the Republic of Azerbaijan, other government bodies, public enterprises, institutions and organizations.

For further information:

<https://www.oilfund.az/storage/images/dv1m5w3l2k.pdf>

GAPP 17. Principle

Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

Audited financial statements are published in SOFAZ's annual report, which is publicly available. Quarterly reports and all other relevant financial information about SOFAZ's activities are published on its website. Disclosed financial information includes assets under management, asset allocation by regions, currencies and asset classes, annual return figures etc.

For further information:

<https://www.oilfund.az/en/report-and-statistics/report-archive>

<https://www.oilfund.az/en/investments/quarterly-investment-results>

C. Investment and Risk Management Framework

GAPP 18. Principle

The SWF's Investment Policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

The "Investment guidelines" and "Investment Policy" set up SOFAZ's asset management framework and ensure the transparency in its investment decisions. Among the others, they define strategic asset allocation, currency composition, benchmarks, risk limits, minimum requirements for the SOFAZ's external managers and limitations on the investment directions, as well as the credit quality limits for Fund's counterparties (custodian banks, correspondent banks, etc.).

Narration of Principles / Sub-Principles

Responses

GAPP 18.1. Subprinciple

The Investment Policy should guide the SWF's financial risk exposures and the possible use of leverage

GAPP 18.2. Subprinciple

The Investment Policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

GAPP 18.3. Subprinciple

A description of the Investment Policy of the SWF should be publicly disclosed.

Investment Policy outlines key risk management requirements of the investment portfolio, including interest rate risk, credit risk and liquidity risk.

For policies and procedures related to the Fund's external managers please see our response on GAPP 14.

Fund's "Investment guidelines" and "Investment Policy" are available on its website.

For further information:

<https://www.oilfund.az/storage/images/daafr06kpe.pdf>

<https://www.oilfund.az/en/investments/investment>

GAPP 19. Principle

SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its Investment Policy and based on economic and financial grounds.

According to its "Investment Policy", Fund's investment decisions should aim at maximizing the risk-adjusted returns

See also response on GAPP 18.

For further information:

<https://www.oilfund.az/en/investments/investment>

GAPP 19.1. Subprinciple

If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the Investment Policy and be publicly disclosed

GAPP 19.2. Subprinciple

The management of SWF's assets should be consistent with what is generally accepted as sound asset management principles.

Narration of Principles / Sub-Principles	Responses
GAPP 20. Principle The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities	According to its bylaws, SOFAZ is not permitted to invest domestically. In line with the “Investment guidelines”, SOFAZ makes investment decisions independently of the government. The institutional and legal framework of SOFAZ has been designed in a way that SOFAZ cannot seek or take advantage of any privileged information. As part of its compliance program, the Fund’s compliance function monitors for compliance with Investment guidelines and Investment Policy in managing entrusted assets. These documents serve as the basis for all investments and risk management at SOFAZ and ensure transparency in its investment decisions. Among the others, these documents stipulate eligible assets, asset and currency allocations, benchmarks, risk limits, as well as other aspects of portfolio management. For further information: https://www.oilfund.az/storage/images/daafr06kpe.pdf https://www.oilfund.az/storage/images/cotiii74r3.pdf
GAPP 21. Principle SWFs view shareholder ownership rights as a fundamental element of their equity investments’ value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its Investment Policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.	SOFAZ established its proxy voting framework in October 2024 to support responsible ownership and long-term value creation. Aligned with our ESG strategy and Investment Policy, this framework enables active, transparent engagement on governance matters, helping to safeguard the financial value of our investments and uphold strong corporate practices. Disclosure of our proxy voting activities is publicly available on our website

Narration of Principles / Sub-Principles	Responses
GAPP 22. Principle The SWF should have a framework that identifies, assesses and manages the risks of its operations. GAPP 22.1. Subprinciple The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function. GAPP 22.2. Subprinciple The general approach to the SWF’s risk management framework should be publicly disclosed.	Identification, assessment and management of the risks of the Fund’s operations play a crucial role in the Fund’s overall management framework. SOFAZ’s risk management system is supported with appropriate legal framework (“Investment guidelines”, “Investment Policy”), a specialized Risk Management Department, consisting of 2 sub-divisions: 1. Asset allocation, risk and performance management 2. Alternative investments risk management division Within the risk management function the unit actively uses tools like MSCI RiskManager, MSCI Real Assets and proprietary models. SOFAZ assesses its market risk exposure on daily basis using reputable external risk management systems. The Fund’s risk reports goes beyond capturing losses driven by market volatility and includes scenarios analysis. Besides traditional well-known stress tests that the fund assesses its potential P/L losses, SOFAZ conducts bespoke scenario analyses reflecting recent market dynamics and policy developments. A recently introduced scenario in the Fund’s main risk report evaluates the potential implications of an inflation resurgence triggered by non-traditional measures in trade policies. For more information about the functions and responsibilities of Risk Management department see the following link: www.oilfund.az/storage/images/pldvl2bmfy.pdf “Investment guidelines” and “Investment Policy” set the main principles of risk management framework and clearly define limits on major factors for market, credit, concentration and liquidity risks. Certain pre-trade limits are set based on these factors. Furthermore, these risk factors are monitored on a daily basis via regular risk and performance reports.

Narration of Principles / Sub-Principles	Responses
	In addition to the factors set in the “Investment guidelines” and “Investment Policy”, a more in-depth analysis and monitoring of the market risk is performed on a regular basis through: interest rate sensitivity analysis (key rate durations, PV01, etc.), risk concentration analysis (duration by groups, VaR by groups, marginal VaR, etc.), tail events (conditional VaR, stress tests) and scenario analyses. In April 2024, a Strategic Planning and Corporate Development team was established with a core mandate that includes comprehensive operational risk management. The team conducts in-depth, process-level risk assessments across all business units. For more information about the functions and responsibilities of the Strategic Planning and Corporate Development unit see the following link: https://www.oilfund.az/storage/images/strateji_fnl.pdf
GAPP 23. Principle	
The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.	Comprehensive reports on assets of SOFAZ (including information on breakdown of investment portfolio by foreign currencies, asset class, credit ratings, maturities and geographic regions) are shared through the quarterly press releases. The performance of SOFAZ’s investments is measured according to the best industry standards and reported on an annual basis. Annual reports and quarterly statements are posted on SOFAZ’s website. SOFAZ uses ICE BofA Fixed Income indices for fixed income strategies and MSCI Stock market indices for public equity exposures. Fund fixed income strategies (excluding liquidity and local tranche) generated 7.7% percent return overperforming its respective benchmarks by 22bps for the period of 2023-2024. Meanwhile, public equity sub-portfolio generated 47.1% return achieving 4 bps of alpha over its respective benchmarks for the same period. The fund is not seeking deploying active strategies in public rather uses private market opportunities to generate alpha over public markets.

Narration of Principles / Sub-Principles	Responses
	For alternative asset classes we also use globally recognized benchmarks selected and customized to reflect risk profile of our investments. For further information: https://www.oilfund.az/en/investments/investment
GAPP 24. Principle	
A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.	This report was first published on SOFAZ’s official website in April, 2011 and it is reviewed on an annual basis.

9

FINANCIAL STATEMENTS

**The State Oil Fund of the Republic of
Azerbaijan 31 December 2025**

**Consolidated Financial Statements under International
Financial Reporting Standards and Independent Auditor's
Report**

CONTENTS

INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	94
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	95
Consolidated Statement of Changes in Equity.....	96
Consolidated Statement of Cash Flows	97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The State Oil Fund of the Republic of Azerbaijan and its Operations	98
Operating Environment of the Fund	100
Material Accounting Policy Information	101
Cash and Cash Equivalents	104
Term Deposits	107
Holdings of Bonds, Equities, Financial derivatives and Funds.....	108
Gold Bullion	113
Investment Properties.....	113
Investments in Associates and Joint Ventures.....	116
Contributions and Transfers	119
Borrowings of Subsidiaries.....	120
Specification of Income from Bonds and Equity Securities	121
Foreign Currency Translation Differences.....	122
Operating Expenses	122
Income Taxes.....	122
Principal Subsidiaries and Structured Entities.....	123
Fair Value Disclosures	124
Financial Risk Management	132
Commitments and Contingencies	145
Transactions with Related Parties.....	146
Interests in Structured Entities	148
Events after the Reporting Period	149



Independent Auditor's Report

To the Supervisory Board and the Management of the State Oil Fund of the Republic of Azerbaijan:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the State Oil Fund of the Republic of Azerbaijan (the "SOFAZ") and its subsidiaries (together – the "Fund") as at 31 December 2025, and the Fund's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated 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 in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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's internal control.
- 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, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Fund as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

PricewaterhouseCoopers Audit Azerbaijan LLC

Baku, the Republic of Azerbaijan

29 June 2026

The State Oil Fund of the Republic of Azerbaijan

Consolidated Statement of Financial Position

In thousands of Azerbaijani Manats	Note	31 December 2025	31 December 2024
Assets			
Cash and cash equivalents	4	2,368,331	5,593,625
Term deposits	5	13,731	11,690
Bonds	6	35,280,589	42,583,372
Equity securities	6	27,954,841	22,710,277
Financial derivatives	6	1,134	53
Gold bullion	7	47,707,460	21,002,767
Real estate funds	6	4,894,070	4,564,772
Infrastructure funds	6	794,598	347,428
Private equity funds	6	4,013,719	3,457,097
Investment properties	8	1,564,870	1,455,689
Investments in associates and joint ventures	9	965,582	759,472
Other assets	-	161,322	142,797
TOTAL ASSETS	-	125,720,247	102,629,039
Liabilities			
Trade and other payables	-	51,483	17,742
Financial derivatives	-	378	8,153
Tenancy deposits	-	16,538	13,821
Borrowings of subsidiaries	11	340,470	335,521
Deferred tax liability	-	13,427	10,044
Lease liabilities	-	49,392	38,369
TOTAL LIABILITIES	-	471,688	423,650
Equity			
Contributed capital	10	44,951,233	49,271,394
Foreign currency translation reserve	-	833,804	383,179
Retained earnings	-	79,459,250	52,546,117
Equity attributable to the Owner	-	125,244,287	102,200,690
Non-controlling interest	-	4,272	4,699
TOTAL EQUITY	-	125,248,559	102,205,389
TOTAL LIABILITIES AND EQUITY	-	125,720,247	102,629,039

The State Oil Fund of the Republic of Azerbaijan

Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of Azerbaijani Manats	Note	2025	2024
Income/(loss) from:			
Bonds	12	4,142,212	680,169
Equity securities	12	5,292,075	3,213,013
Financial derivatives	12	25,415	(6,347)
Gold bullion	7	16,849,884	3,385,708
Private equity funds	-	360,866	346,205
Infrastructure funds	-	98,083	31,634
Real estate funds	-	(14,054)	32,290
Investment properties	8	73,178	84,950
Foreign exchange gain/(loss) from financial instruments measured at amortised cost	13	(809)	(108,047)
Interest income calculated using the effective interest method	-	154,643	218,351
Other Income	-	31,942	38,735
Operating expenses	14	(140,932)	(79,102)
Operating profit on the portfolio	-	26,872,503	7,837,559
Share of after-tax results of associates and joint ventures	9	43,644	25,471
Profit before income tax	-	26,916,147	7,863,030
Income tax	15	(2,970)	(4,780)
Net profit for the year	-	26,913,177	7,858,250
Other comprehensive (loss)/income	-	450,471	(347,112)
Items that may be reclassified subsequently to profit or loss: Translation of financial information of foreign operations to presentation currency	13	450,471	(347,112)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	27,363,648	7,511,138
Net profit is attributable to:			
The owner	-	26,913,133	7,858,214
Non-controlling interest	-	44	36
Net profit for the year	-	26,913,177	7,858,250
Total comprehensive income is attributable to:			
The owner	-	27,363,758	7,510,927
Non-controlling interest	-	(110)	211
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	27,363,648	7,511,138

The State Oil Fund of the Republic of Azerbaijan

Consolidated Statement of Changes in Equity

In thousands of Azerbaijani Manats	Attributable to the Owner					Total Equity
	Note	Contributed capital	Currency translation reserve	Retained earnings	Total	Non- controlling interest
Balance at 1 January 2024		49,889,945	730,466	44,687,903	95,308,314	5,358
Profit for the year	-	-	-	7,858,214	7,858,214	36
Other comprehensive (loss)/income	-	-	(347,287)	-	(347,287)	175
Total comprehensive income for 2024		-	(347,287)	7,858,214	7,510,927	211
Inflow during the period	10	12,243,728	-	-	12,243,728	-
Outflow during the period	10	(12,862,279)	-	-	(12,862,279)	-
Exchange translation differences		-	-	-	-	(870)
Balance at 31 December 2024		49,271,394	383,179	52,546,117	102,200,690	4,699
Profit for the year		-	-	26,913,133	26,913,133	44
Other comprehensive (loss)/income		-	450,625	-	450,625	(154)
Total comprehensive income for 2025		-	450,625	26,913,133	27,363,758	(110)
Inflow during the period	10	10,266,374	-	-	10,266,374	-
Outflow during the period	10	(14,586,535)	-	-	(14,586,535)	-
Exchange translation differences		-	-	-	-	(317)
Balance at 31 December 2025		44,951,233	833,804	79,459,250	125,244,287	4,272
						125,248,559

The State Oil Fund of the Republic of Azerbaijan

Consolidated Statement of Cash Flows

In thousands of Azerbaijani Manats	Note	2025	2024
Cash flows from operating activities:			
Profit before income tax expense		26,916,147	7,863,030
Adjustments to reconcile result to net cash used in operating activities			
Depreciation of property and equipment		4,029	4,004
Amortization of intangible assets		270	255
Unrealized gain on change in fair value of financial assets at fair value through profit or loss		(6,471,828)	(3,181,349)
Net unrealized loss/(gain) on foreign currency translation differences		-142,935	138,509
Net gain on revaluation of gold bullion	7	(16,849,884)	(3,385,708)
Fair value gain on revaluation of investment properties	8	-14,777	-32,371
Share of after tax results of associates and joint ventures	9	-43,644	-25,471
Interest income	12	(1,369,143)	(1,643,898)
Dividend income	12	-498,944	-416,587
Changes in operating assets and liabilities:			
Decrease in bonds		9,959,964	6,617,249
Increase in equity securities		(1,237,271)	-26,571
Decrease in financial derivatives		16,512	3,953
Increase in real estate funds		-374,044	-322,035
Increase in infrastructure funds		-356,134	-111,892
Increase in private equity funds		-371,971	-235,247
Purchase of gold bullion	7	(9,854,809)	(6,138,492)
Decrease in term deposits	5	15,258	1,884,262
Increase in investment properties	8	-4,130	-3,435
Increase in associates and joint ventures		-208,488	-
Capital repayment from associates and joint ventures	9	63,000	-
Decrease/(increase) in other assets		-22,824	45,785
Increase/(decrease) in trade and other payables		33,741	-3,074
Increase/(decrease) in other liabilities		18,191	-3,001
Cash (used in)/from operations		-793,714	1,027,916
Income taxes paid	15	-3,441	-5,475
Interest received		1,387,356	1,678,328
Dividend received		498,944	416,587
Net cash from operating activities		1,089,145	3,117,356
Cash flows from financing activities:			
Contributions received	10	10,266,374	12,243,728
Transfers to the State Budget	10	(14,481,000)	(12,781,000)
Transfers to the Ministry of Science and Education of the Republic of Azerbaijan	10	-105,535	-81,279
Proceeds from borrowings	11	-	350,280
Repayment of borrowings	11	-	-346,537
Net cash used in financing activities		(4,320,161)	-614,808
Effect of exchange rate changes on cash and cash equivalents		5,722	-34,092
Net (decrease)/increase in cash and cash equivalents		(3,225,294)	2,468,456
Cash and cash equivalents, beginning of the year	4	5,593,625	3,125,169
Cash and cash equivalents, end of the year	4	2,368,331	5,593,625

1.1 The State Oil Fund of the Republic of Azerbaijan and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) for the year ended 31 December 2025 for the State Oil Fund of the Republic of Azerbaijan (“SOFAZ”) and its subsidiaries (together - the “Fund”).

SOFAZ was incorporated and is domiciled in the Republic of Azerbaijan.

Principal Activity. The State Oil Fund of the Republic of Azerbaijan was established by Decree #240 of the President of the Republic of Azerbaijan on the “Establishment of The State Oil Fund of the Republic of Azerbaijan” dated 29 December 1999 (the “Decree”). The purpose of SOFAZ is to ensure the accumulation, effective management, and use of income and other inflows generated from Azerbaijan’s share related to oil and gas exploration and development, as well as, from SOFAZ’s own activities, for the benefit of citizens and future generations of the Republic of Azerbaijan.

In accordance with the Decree and the Regulations (discussed below), SOFAZ is an extra-budgetary state organization, formed as a separate legal entity, which is accountable and responsible to the President of the Republic of Azerbaijan.

Contributions into SOFAZ are made in accordance with the Regulation of the State Oil Fund of the Republic of Azerbaijan (“Regulation”) approved by Presidential Decree #434 dated 29 December 2000 and Article 2.3 of the “Regulations on Development and Implementation of the Annual Program of Income and Expenses (“Budget”) of the State Oil Fund of the Republic of Azerbaijan” approved by Presidential Decree #579 dated 12 September 2001. The contributions are received from the following sources:

a)

Agreements on exploration, development and production sharing for oil and gas fields in the territory of the Republic of Azerbaijan including the Azerbaijan Sector of the Caspian Sea, as well as other agreements on oil and gas exploration, development and transportation entered into between the State Oil Company of the Azerbaijan Republic (SOCAR) or other authorized state bodies and investors, including:

- i. i. Contributions from the sale of hydrocarbons related to the share of the Republic of Azerbaijan in oil and gas agreements (net of expenditures incurred for hydrocarbons transportation, customs clearance and bank costs, marketing, insurance, and independent surveyor fees) excluding portion related to the participating interest or investment of SOCAR in a project in which SOCAR is an investor, participant or a contracting party;
- ii. ii. Bonus payments - the fees payable by foreign oil companies to SOCAR or other relevant authorities of the Republic of Azerbaijan due to signing of oil and gas contracts and their implementation;
- iii. iii. Acreage payments due to SOCAR and/or an authorized state body of the Republic of Azerbaijan from investors for the use of the contract area in connection with oil and gas exploration and development;
- iv. iv. Contributions generated from oil and gas transported over the territory of the Republic of Azerbaijan by means of the Baku-Supsa, Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum export pipelines (excluding shareholder revenues of SOCAR from its investments in the projects where it is an investor, participant or a contracting party);
- v. v. Dividends and profit participation revenues falling on the share of the Republic of Azerbaijan in connection with

oil and gas agreements implementation (excluding portion related to the participating interest or investment of SOCAR in a project in which SOCAR is an investor, participant or a contracting party);

- vi. vi. Contributions generated from the transfer of assets from investors to an authorized state body within the framework of oil and gas agreements.

b)

Grants and other free aids;

c)

Other revenues and receipts in accordance with the legislation of the Republic of Azerbaijan.

Contributions received are then used to generate revenues from investment, management, sale and other disposal of the SOFAZ’s assets (including financial assets and assets contributed by investors within oil and gas agreements), other non-sale income or revaluation surplus of the SOFAZ’s assets in its reporting currency (Azerbaijani manats), etc.

The consolidated financial statements include the financial statements of SOFAZ and its direct and indirect subsidiaries listed in the following table and the after-tax results of its associates and joint ventures:

Subsidiary	% interest		Country	Date of establishment	Date of acquisition
	2025	2024			
SOFAZ RE Limited	100	100	Jersey	22-May-12	-
SOFAZ RE UK L.P.	100	100	Jersey	6-Aug-12	-
SOFAZ RE Min Limited	100	100	Jersey	13-Aug-12	-
78 St James’s Street Unit Trust	100	100	Jersey	2-Oct-12	-
JSC Tverskaya, 16	100	100	Russian Federation	29-Jun-93	21-Dec-12
SOFAZ RE Europe Holding S.a.r.l	100	100	Luxembourg	31-Oct-12	-
SOFAZ RE Europe S.a.r.l.	100	100	Luxembourg	31-Oct-12	-
SCI 8 Place Vendome	100	100	France	14-Nov-12	-
Godo Kaisha GK001	98	98	Japan	21-Aug-15	26-Aug-15
SOFAZ RE Fund S.a.r.l	100	100	Luxembourg	27-May-15	-
SOFAZ Europe S.C.S.	100	100	Luxembourg	06-Dec-17	-
SOFAZ Fund Limited	100	100	Jersey	28-Dec-18	-
Joint Venture					
Capitals Property S.a.r.l	40	40	Luxembourg	29-Jan-18	29-Jan-18
“Azerbaijan Rigs” LLC	90	90	Azerbaijan	21-Jun-13	5-Jul-13
Associate					
EG Tiber 2 HoldCo S.r.l	49	-	Italy	9-Jul-24	10-Sep-25
EG Ibisco S.r.l	49	-	Italy	16-Jun-22	10-Sep-25
EG Nascita S.r.l	49	-	Italy	17-Sep-20	10-Sep-25
EG Riemergere S.r.l	49	-	Italy	12-Feb-21	10-Sep-25
SF Celeste S.r.l	49	-	Italy	6-Jul-20	10-Sep-25

Registered address and place of business. SOFAZ's registered and actual office address is 165, Heydar Aliyev Avenue, Baku, Azerbaijan, AZ1029.

These consolidated financial statements as of and for the year ended 31 December 2025

2. Operating Environment of the Fund

Azerbaijan's Economic Performance for 2025. Azerbaijan's economy showed strong positive trends in 2025. GDP grew by 1.4%, driven by the non-oil and gas sector (+2.7%). GDP per capita increased by 1.0%, while household nominal income rose by 8.0% and average monthly wages by 9.3%. Key sectors performed well, with non-oil industry up 5.5%, information and communication services up 8.7%, retail trade up 3.8%, and paid services to the population up 9.0%. State budget revenues increased by 5.3%, bank deposits grew by 13.7%, credit portfolios by 8.2%, and non-oil exports expanded by 7.3%, highlighting continued economic diversification and resilience.

Oil Market Developments and Fiscal Resilience. In 2025, the oil markets experienced significant fluctuations influenced by geopolitical tensions, production adjustments, and shifting demand patterns. Early in the year, prices rose due to concerns over Middle East conflicts potentially disrupting supply routes. However, as the year progressed, global oil demand growth slowed, leading to a surplus in supply. The average oil price was at the level of USD 69.5 per barrel, compared to the budgeted price of USD 70 per barrel. It should be noted that the foreign assets of the State Oil Fund of Azerbaijan (SOFAZ) increased by 22.5%, thereby strengthening the country's financial resilience amid fluctuations in the global hydrocarbon market. The ratio of external debt to GDP decreased by 0.6 percentage points compared to the beginning of 2025, reaching 6.3 % as of 1 January 2026.

Strategic Priorities. Looking ahead, Azerbaijan

are authorized for issue by the Fund's Management on 29 June 2026.

Presentation currency. These consolidated financial statements are presented in thousands of Azerbaijani manats ("AZN"), unless otherwise stated.

is expected to continue its rapid progress in implementing strategically important infrastructure projects, including the restoration and reconstruction of the liberated territories under the Great Return program, the development of modern residential and social infrastructure, the reintegration of these areas into the national economy, and the expansion of the road and transport network. These initiatives are anticipated to further strengthen the country's economic resilience and support balanced regional development.

Global Financial Market Trends. In 2025, global financial markets evolved under the combined influence of technological innovation, shifting monetary policies, and growing investor focus on sustainability. Technology continued to drive market growth, with U.S. and developed-market equities, particularly in AI, fintech, and digital infrastructure, showing strong performance. Central banks balanced efforts to control inflation with support for economic growth. In the U.S., 10-year Treasury yields fluctuated moderately in response to interest rate adjustments, while similar trends in Europe and Asia influenced equity and bond markets worldwide. Sustainable investing remained an important theme, with ESG-focused strategies, green bonds, and impact investing continuing to shape capital allocation decisions, although investor demand varied across regions and market segments. Emerging markets overall demonstrated strong growth with varying performance across countries, attracting higher investment flows and highlighting the divergence from slower-growing developed economies. Technological innovation continued transforming financial services. AI-driven

analytics, blockchain, and decentralized finance solutions enhanced efficiency, transparency, and accessibility. Despite geopolitical tensions and economic uncertainties, markets remained resilient, with investors increasingly emphasizing diversification and risk management. Overall, 2025 was defined by the interplay of technology, monetary policy, evolving growth dynamics and strategic investment, shaping capital flows, reinforcing market resilience, and setting the stage for continued global financial growth.

Environmental, Social and Governance (ESG) matters

SOFAZ's management has taken note of global awareness and concerns about the potential impact of climate change. SOFAZ strives to integrate ESG into investment portfolio as part of its mission and vision.

SOFAZ vision:

"SOFAZ is committed to its mission of safeguarding the financial assets of current and future generations by diligently pursuing a long-term investment strategy. By adopting a systematic approach to Environmental, Social, and Governance (ESG) factors, the Fund aims to both mitigate risks and identify investment opportunities that align with SOFAZ's overarching goal. This approach, aligning with SOFAZ's focus on maximizing risk-adjusted returns, seeks to protect and enhance the real value of the assets, providing long-term security for the future."

SOFAZ integrates ESG principles into private equity, infrastructure and real estate investments by conducting evaluations during the due diligence process for new investments using tailored ESG questionnaires and implementing monitoring of existing investments within the SOFAZ portfolio. Additionally, SOFAZ exercises proxy voting rights in public equity, allowing to actively engage in shaping the governance of the companies it invests in. This initiative reflects SOFAZ's commitment to responsible corporate practices, supporting decisions that contribute to sustainable investment

practices and sound governance.

Currently, these matters have had no significant impact on the consolidated financial statements, but the Fund continues to monitor developments in this area.

3. Material Accounting Policy Information

This note describes material accounting policies, significant estimates and accounting judgements that are relevant to the financial statements as a whole. Additional accounting policies, significant estimates and accounting judgements are included in the respective statements and notes. Information is deemed material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users make on the basis of financial information. Materiality is assessed both in terms of size and nature of the item, or a combination of both.

3.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of investment properties, gold bullion, and financial instruments categorized at fair value through profit or loss ("FVTPL"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and in the respective notes.

These consolidated financial statements assume that the primary users have a reasonable knowledge of business and economic activities and review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena reported in these consolidated financial statements.

The preparation of consolidated statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting

estimates. It also requires management to exercise its judgement in the process of applying the SOFAZ's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in respective notes.

The Fund presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented below.

Presentation of statement of financial position in order of liquidity. The Fund 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. Refer to Note 18 for analysis of financial instruments by their maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analysed in Note 18.

In thousands of Azerbaijani Manats	31 December 2025			31 December 2024		
	Amounts expected to be recovered or settled					
	Within 12 months after the reporting period	After 12 months after the reporting period	Total	Within 12 months after the reporting period	After 12 months after the reporting period	Total
ASSETS						
Gold bullion	-	47,707,460	47,707,460	-	21,002,767	21,002,767
Investments in associates and joint ventures	-	965,582	965,582	-	759,472	759,472
Investment properties	-	1,564,870	1,564,870	-	1,455,689	1,455,689
Other assets	32,389	109,680	142,069	10,246	113,559	123,805
LIABILITIES						
Trade and other payables	1,981	-	1,981	3,209	-	3,209
Tenancy deposits	3,835	12,703	16,538	1,167	12,654	13,821
Deferred tax liability	-	13,427	13,427	-	10,044	10,044

3.2 Transactions and Balances

Monetary assets and liabilities are translated from each entity's functional currency at the official exchange rate of the Central Bank of the Republic of Azerbaijan ("CBAR") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBAR are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Foreign currency translation. The functional currency of each of the Fund's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of SOFAZ and the Fund's presentation currency, is the national currency of the Republic of Azerbaijan, Azerbaijani manat ("AZN"). The consolidated financial statements are presented in Azerbaijani manat ("AZN"), which is the Fund's presentation currency.

3.3 Adoption of New or Revised Standards and Interpretations

The following new standards and the amendments became effective from 1 January 2025:

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS

21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

The application of the above amendments had no significant impact on the Fund's consolidated financial statements.

3.4 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2026 or later, and which the Fund has not early adopted.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026).
- IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).
- Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024, then amended on 21 August 2025 and effective for annual periods beginning on or after 1 January 2027).
- IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014).

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

The Fund is currently assessing the impact of new standards and interpretations on its consolidated financial statements.

3.5 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Fund makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed within each relevant note.

4. Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents include cash at bank accounts, short-term deposits held at call with banks, and other short-term highly liquid investments in money market funds with original maturities of three months or less.

Cash and cash equivalents (excluding money market funds) are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

Money market funds - Investments in money market funds are included in cash and cash equivalents and measured at fair value. They are short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity they present insignificant risk of changes in value because of changes in interest rates.

Cash and cash equivalents comprise:

In thousands of Azerbaijani Manats	2025	2024
Bank accounts	825,203	4,289,759
Money market funds	1,170,718	961,486
Short-term deposits	372,410	342,380
Total cash and cash equivalents	2,368,331	5,593,625

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents.

The Fund had the following investments in the money market funds with AAA credit ratings:

In thousands of Azerbaijani Manats	2025	2024
BlackRock ICS-Institution Liquidity Funds plc	1,120,121	938,367
Goldman Sachs	50,597	23,119
Total money market funds	1,170,718	961,486

Money market funds offer investors the opportunity to own a share in a fund that can be redeemed upon request, and they are known for their high level of liquidity. These funds primarily invest in short-term debt and debt-related instruments, which may include

commercial paper, certificates of deposit, bonds with floating interest rates, US Treasury bonds, Eurobonds, and asset-backed securities. Any interest and dividends earned by the Fund are automatically reinvested.

Bank accounts

Bank accounts were denominated in the following currencies:

In thousands of Azerbaijani Manats	2025	2024
USD	623,620	4,134,911
EUR	90,441	82,451
RUB	38,195	2
JPY	29,736	26,312
GBP	21,174	28,697
CAD	3,977	3,328
CHF	3,375	2,352
AZN	3,110	3,077
AUD	3,068	2,883
SGD	1,972	423
CNY	1,546	994
NOK	1,119	645
HKD	982	1,061
SEK	886	938
DKK	732	743
ILS	690	483
TRY	324	46
NZD	230	386
SAR	26	27
Total bank accounts	825,203	4,289,759

Short-term deposits

The Fund had the following investments in the short-term deposits:

In thousands of Azerbaijani Manats	2025	2024
First Abu Dhabi Bank	357,823	340,340
Others	14,587	2,040
Total short-term deposits	372,410	342,380

Accounting policy

For the purpose of ECL measurement cash and cash equivalents balances which are measured at amortised cost are included in Stage 1.

The ECL for these balances represents an insignificant amount, therefore the Fund did not recognise any credit loss allowance for cash and cash equivalents.

5. Term Deposits

The term deposit for 31 December 2025 is AZN 13,731 thousand (2024: AZN 11,690 thousand). AZN 1,072 thousand of the deposit amount for 31 December 2025 is the accrued interest on the deposit (2024: AZN 512 thousand).

Accounting policy
For the purpose of ECL measurement term deposit balances are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Fund did not recognise any credit loss allowance for term deposits.

6. Holdings of Bonds, Equities, Financial derivatives and Funds

Accounting Policy

Initial Recognition and Subsequent Measurement

The Holdings of Bonds, Equities, Financial Derivatives and Funds line includes investments in debt and equity securities, private equity funds, real estate funds, infrastructure funds, and financial derivatives. These financial assets are initially recognized at fair value. The Fund earns interest income from debt securities, which is recognized in profit or loss. Dividends from equity securities are recognized in profit or loss when the Fund’s right to receive payment is established and collection is probable. Fair value changes and gains or losses on derecognition are recorded in profit or loss as part of income/loss from bonds, equities, derivatives or funds.

All purchases and sales of financial assets that require delivery within the timeframe established by regulation or market convention (“regular way” transactions) are recognized at the trade date. Other purchases are recognized when the Fund becomes a party to the contractual provisions of the instrument.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions.

Equity Securities: The Fund has not taken the option to irrevocably designate any equity securities as fair value through other

comprehensive income. Measured at fair value through profit or loss (FVTPL), with fair value determined based on quoted market prices at the reporting date.

Bonds: The contractual cash flows of the Fund’s bonds are solely principal and interest; however, these bonds are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Measured at fair value through profit or loss (FVTPL), with fair value determined based on quoted market prices at the reporting date.

Financial Derivatives: Remeasured at fair value at each reporting date using market-observable inputs and valuation models. Gains and losses are recognized in profit or loss as they arise.

Investment Funds (Real Estate, Private Equity, and Infrastructure): Investments in such funds do not meet SPPI test. Measured at FV which is determined based on fund managers’ year-end NAV reports.

Consequently, all investments in bonds, equities, financial derivatives and funds are measured at fair value through profit or loss.

Reclassification

- Debt Securities: Reclassification occurs only when the business model for managing the portfolio as a whole changes, applied prospectively from the beginning of the first reporting period following the change.
- Equity Securities: Investments in equity securities are not subsequently reclassified between FVTPL and FVOCI, as the election to present subsequent changes in fair value in other comprehensive income is irrevocable.

Derecognition

The Fund derecognizes financial assets when:

- The assets are redeemed or the rights to cash flows from the assets expire, or
- The Fund transfers the rights to cash flows from the financial assets or enters into a qualifying pass-through arrangement, and:
 - Substantially all the risks and rewards of ownership are transferred, or

- Neither substantially all risks and rewards are transferred nor retained, but control is not retained. Control is deemed retained if the counterparty cannot sell the asset in its entirety to an unrelated third party without additional restrictions.

Holdings of bonds, equities, financial derivatives and funds comprise of followings:

In thousands of Azerbaijani Manats	2025	2024
Bonds	35,280,589	42,583,372
Equity securities	27,954,841	22,710,277
Financial derivatives	1,134	53
Real estate funds	4,894,070	4,564,772
Private equity funds	4,013,719	3,457,097
Infrastructure funds	794,598	347,428
Total financial assets at fair value through profit or loss	72,938,951	73,662,999
Financial derivatives	(378)	(8,153)
Total financial liabilities at fair value through profit or loss	(378)	(8,153)

6.1 Bonds

Sector allocation:

In thousands of Azerbaijani Manats	2025	2024
Sovereign bonds	21,700,041	25,414,166
Agency/Supranational bonds	9,227,157	14,302,408
Corporate bonds	4,025,554	2,866,798
ETF bonds	327,837	-
Total bonds	35,280,589	42,583,372

Top 10 investments in the bonds portfolio by issuer at 31 December 2025:

In thousands of Azerbaijani Manats	Total value	Share in the bond's portfolio
Government of the United States of America	4,846,758	13.7%
Government of Italy	4,031,908	11.4%
Government of the United Kingdom	2,974,938	8.4%
Government of France	2,866,439	8.1%
Government of Spain	1,927,390	5.5%
Mercury Investment & Holdings	1,717,815	4.9%
Government of China	1,553,904	4.4%
Kreditanstalt für Wiederaufbau (KfW)	738,498	2.1%
State Oil Company of Azerbaijan Republic (SOCAR)	651,337	1.8%
Republic of Poland	530,573	1.5%

6.2 Equity securities

The equity investments by sector as at 31 December 2025 and 2024 was as follows:

In thousands of Azerbaijani Manats	2025	2024
Telecommunication and information technologies	8,986,116	7,563,476
Finance	5,437,402	4,128,886
Consumer	4,399,254	4,023,364
Industrial	2,596,755	2,016,740
Healthcare	2,501,515	2,202,709
Utilities	1,605,057	829,348
Materials	1,493,987	1,098,063
Energy	934,755	847,691
Total equity securities	27,954,841	22,710,277

These equity securities were held in the portfolio managed by Fund’s external managers, State Street Investment Management, UBS Asset Management, BlackRock, Mellon Investments Corporation, Sumitomo and Franklin Templeton. External managers oversee 2.8%, 4.2%, 4.8%, 4.7%, 5.0% and 1.0% of the SOFAZ investment portfolio at 31 December 2025, respectively (2024: State Street Investment Management - 3.7%, UBS Asset Management - 3.9%, BlackRock - 4.9%, Mellon Investments Corporation - 4.7% and Sumitomo - 5.0%).

Largest holdings of public equities on 31 December 2025 are as follows:

In thousands of Azerbaijani Manats	Sector	Equities	Share in the equity portfolios
NVIDIA Corporation (NVDA)	Telecommunication and information technologies	1,334,954	4.8%
Apple Inc. (AAPL)	Telecommunication and information technologies	1,188,649	4.3%
Microsoft Corporation (MSFT)	Telecommunication and information technologies	1,006,143	3.6%
Alphabet Inc. (GOOGL, GOOG)	Telecommunication and information technologies	988,271	3.5%
Amazon.com, Inc. (AMZN)	Consumer	652,179	2.3%
Broadcom Inc (AVGO)	Telecommunication and information technologies	456,727	1.6%
Meta Platforms, Inc. (META)	Telecommunication and information technologies	422,056	1.5%
Tesla, Inc. (TSLA)	Consumer	374,439	1.3%
JPMorgan Chase & Co (JPM)	Finance	261,331	0.9%
ASML Holding NV (ASML)	Telecommunication and information technologies	257,866	0.9%

6.3 Financial derivatives

In managing the Fund's assets, financial derivatives are utilized as a more cost-effective way to gain exposure to an asset or hedge risks, as they typically require a lower capital outlay compared to directly trading the underlying securities. These transactions are conducted with the aim of minimizing potential risks associated with price fluctuations and optimizing market risk exposures of the investment portfolio.

Futures contracts are agreements to buy or sell a specified financial instrument at a predetermined price and date in the future. They are standardized agreements that are traded on regulated futures exchanges, and they are subject to daily cash margin requirements.

As of 31 December 2025, SOFAZ's investment portfolio contained two types of derivatives: equity futures contracts and bond futures contracts.

The notional value (underlying value) and fair value of each type of derivative are outlined in the table below:

In thousands of Azerbaijani Manats 2025	Notional amount	Fair value: Assets	Fair value: Liabilities
Bond Futures	615,000	265	(293)
Equity Futures	141,100	869	(85)
Total derivatives	756,100	1,134	(378)

In thousands of Azerbaijani Manats 2024	Notional amount	Fair value: Assets	Fair value: Liabilities
Bond Futures	336,085	-	(5,247)
Equity Futures	111,457	53	(2,906)
Total derivatives	447,542	53	(8,153)

6.4 Real estate, infrastructure and private equity funds

In thousands of Azerbaijani Manats	Commitment	Unfunded commitment	Fair Value	
			2025	2024
Private equity funds	5,099,021	2,029,499	3,581,874	3,076,246
Private equity co-investments	313,204	-	431,845	380,851
Total Private Equity	5,412,225	2,029,499	4,013,719	3,457,097
Infrastructure funds	965,220	459,386	337,523	249,091
Infrastructure co-investments	377,955	11,608	457,075	98,337
Total Infrastructure	1,343,175	470,994	794,598	347,428
Real estate funds	8,398,674	2,254,889	4,584,673	4,223,275
Real estate co-investments	468,660	30,469	309,397	341,497
Total Real Estate	8,867,334	2,285,358	4,894,070	4,564,772
Total	15,622,734	4,785,851	9,702,387	8,369,297

Commitment – an obligation to provide a certain amount of capital to a fund for investments.

Unfunded Commitment – money that has been committed to an investment but not yet

called. The Fund recognises a financial liability from the date when the amounts are called. Usually, the financial liability is settled within several working days.

7. Gold Bullion

The Fund is involved in purchase of gold bullion for investment purposes with the intention of diversification of the investment portfolio with the ability to sell the gold in the future.

Accounting policy

The gold bullion is initially recognized and subsequently measured at fair value with gains or losses recognised in profit or loss.

Movements of gold bullion:

In thousands of Azerbaijani Manats	2025	2024
Opening balance at 1 January	21,002,767	11,478,567
Additions	9,854,809	6,138,492
Net fair value gain on gold bullion	16,849,884	3,385,708
Closing balance at 31 December	47,707,460	21,002,767

8. Investment Properties

Investment property is property held by the Fund to earn rental income or for capital appreciation, or both and which is not occupied by the Fund.

Accounting policy

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

Measurement of fair value of investment properties. Fair value of investment properties is determined by independent professionally qualified appraisers. Fair value is determined using internal capitalization method (also known as discounted future cash flow method), sales comparison method and net yield approach.

Investment properties are stated at fair value, which has been determined based on valuations performed by professional valuation companies (accredited independent appraisers). Appraisers are recognized industry professionals that specialize in valuing these types of investment properties. 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 values of the properties have been primarily derived using prices for comparable properties, market information,

discounted cash flow method (income approach) and the expert opinion of independent accredited valuers who have advised on current market levels.

Movement of investment properties:

In thousands of
Azerbaijani Manats

	2025	2024
Investment properties at fair value at 1 January	1,455,689	1,536,719
Additions	4,130	3,435
Movement in lease incentive	(11,722)	(10,309)
Fair value gains	14,777	32,371
Effect of translation to presentation currency	101,996	(106,527)
Investment properties at fair value at 31 December	1,564,870	1,455,689

Investment properties consist of “78 St James’s Street” an office complex located in London (“Property I”), “Gallery Actor”, a mixed-use office and retail complex located in Moscow Central Administrative District at 16 Tverskaya Street (“Property II”), “8 Place Vendome” a mixed-use office, retail and residential building located in Paris (“Property III”), and “One Ginza” retail complex located in Tokyo (“Property IV”). All properties are leased out on a commercial basis.

As at 31 December 2025, investment property carried at AZN 629,843 thousand (2024: AZN 621,172 thousand) have been pledged to third parties as collateral with respect to borrowings. Refer to Note 11.

Accounting policy

Accounting for operating leases by the Fund as a lessor. When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

Where the Fund is the lessor, the future minimum lease payments receivable under operating leases are as follows:

In thousands of
Azerbaijani Manats

	2025	2024
Not later than 1 year	64,664	52,427
Later than 1 year and not later than 2 years	60,229	52,349
Later than 2 years and not later than 3 years	58,189	51,813
Later than 3 years and not later than 4 years	56,202	50,065
Later than 4 years and not later than 5 years	47,172	48,518
Later than 5 years	70,411	93,837
Total operating lease payments receivable at 31 December	356,867	349,009

The table below summarises detailed disclosure of fair value change of investment properties. Sensitivity analysis of fair value of investment properties was disclosed in Note 17.

Investment property

In thousands of Azerbaijani Manats	Fair value 2025	Change in fair value	Effect of translation to pre- sentation currency	Additions	Movement in lease incentive	Fair value 2024
Property I	485,353	16,286	33,342	-	(11,722)	447,447
Property II	62,659	(2,627)	16,869	2,356	-	46,061
Property III	387,015	1,052	44,579	375	-	341,009
Property IV	629,843	66	7,206	1,399	-	621,172
Total	1,564,870	14,777	101,996	4,130	(11,722)	1,455,689

Investment property

In thousands of Azerbaijani Manats	Fair value 2024	Change in fair value	Effect of translation to pre- sentation currency	Additions	Movement in lease incentive	Fair value 2023
Property I	447,447	31,417	(5,555)	1,745	(10,309)	430,149
Property II	46,061	(1,701)	(7,039)	187	-	54,614
Property III	341,009	(289)	(20,048)	291	-	361,055
Property IV	621,172	2,944	(73,885)	1,212	-	690,901
Total	1,455,689	32,371	(106,527)	3,435	(10,309)	1,536,719

The table below summarises income/(loss) from investment properties:

Investment property

In thousands of Azerbaijani Manats	Rental income 2025	Fair value gain/(loss) 2025	Profit 2025	Rental income 2024	Fair value gain/(loss) 2024	Profit 2024
Property I	16,775	16,286	33,061	19,161	31,417	50,578
Property II	10,847	(2,627)	8,220	6,919	(1,701)	5,218
Property III	13,296	1,052	14,348	12,311	(289)	12,022
Property IV	17,483	66	17,549	14,188	2,944	17,132
Total	58,401	14,777	73,178	52,579	32,371	84,950

9. Investments in Associates and Joint Ventures

Accounting policy

Joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Fund has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Fund's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Fund's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Fund's net investment in the joint ventures), the Fund does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Associates. Associates are entities over which the Fund has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the

carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Fund's share of net assets of an associate are recognised as follows: (i) the Fund's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Fund's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Fund's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates. When the Fund's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Fund does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Fund and its joint ventures or associates are eliminated to the extent of the Fund's interest in the joint ventures or associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The table below summarises the movements in the carrying amount of the Fund's investments in associates and joint ventures.

In thousands of Azerbaijani Manats	2025	
	Associates	Joint Ventures
Carrying amount at 1 January	-	759,472
Capital repayment	-	(63,000)
Additions	175,652	32,836
Share of after tax results	(1,146)	44,790
Gain from FX translation recognised in OCI	887	16,091
Carrying amount at 31 December	175,393	790,189
In thousands of Azerbaijani Manats	2024	
	Associates	Joint Ventures
Carrying amount at 1 January	-	741,726
Share of after tax results	-	25,471
Loss from FX translation recognised in OCI	-	(7,725)
Carrying amount at 31 December	-	759,472

“Capitals Property” S.a.r.l – The main activity of the entity is real estate business through funding from the shareholders' proportion of their respective shares and bank loan. AZN 32,836 thousand capital was contributed without issuance of new shares during 2025 (2024: nil). All strategic financial and operating decisions relating to the activity of the acquiree require the unanimous consent of all shareholding parties. The results of this joint venture are incorporated in these consolidated financial statements using the equity method of accounting.

“Azerbaijan Rigs” LLC – The principal business activity of the entity is leasing out a new sixth generation semisubmersible floating drilling rig for operations in the Caspian Sea. All strategic financial and operating decisions relating to the activity of the acquiree require the unanimous consent of both shareholding parties. The results of this joint venture are incorporated in these consolidated financial statements using the equity method of accounting.

“Project Alleanza” – in 2025, the Fund acquired a 49% equity interest in five solar photovoltaic companies located in Italy, with a combined installed capacity of 402 MW (EG Tiber 2 HoldCo S.r.l, EG Ibisco S.r.l, EG Nascita S.r.l, EG Riemergere S.r.l, SF Celeste S.r.l). The portfolio is managed by Enfinity Global Inc., which retains the remaining 51% interest. Energy generated by the plants is contracted under long-term power purchase agreements. Since investment in each associate is individually immaterial, the aggregate values for such investments in 5 entities are presented as a single line entitled project Alleanza investment. Pursuant to the shareholders' agreement, the Fund holds board seats and veto rights over certain decisions of each entity. The Fund does not have control or joint control, as Enfinity Global retains the majority interest and operational decision-making authority. Accordingly, the investment is classified as an associate and accounted for using the equity method.

At 31 December 2025, the Fund's interests in its joint ventures and associates and their summarised aggregate financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

In thousands of Azerbaijani Manats Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Other income	Expenses	Profit	% interest held	Country of incorporation
"Azerbaijan Rigs" LLC	222,147	468,900	-	-	77,565	10,585	(30,524)	57,626	90%	Azerbaijan
"Capitals Property" S.a.r.l	41,945	884,715	(1,616)	(504,431)	45,552	-	(63,236)	(17,684)	40%	Luxembourg
"Project Alleanza"	102,486	793,348	(68,192)	(790,985)	21,089	32,751	(61,780)	(7,940)	49%	Italy

At 31 December 2024, the Fund's interests in its joint ventures and their summarised aggregate financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

In thousands of Azerbaijani Manats Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Other income	Expenses	Profit	% interest held	Country of incorporation
"Azerbaijan Rigs" LLC	210,556	492,867	-	-	72,617	2,973	(30,811)	44,779	90%	Azerbaijan
"Capitals Property" S.a.r.l	25,237	815,658	(1,900)	(523,017)	47,129	-	(84,205)	(37,076)	40%	Luxembourg

10. Contributions and Transfers

10.1 Capital Contribution

In accordance with the Decrees and the Regulations, the Fund is an extra-budget state organization. As described in Note 1, the Fund receives cash inflows from revenues generated from various oil and gas activities carried out in the Republic of Azerbaijan. These cash inflows are made according to certain decrees of the President of the Republic of Azerbaijan. Cash outflows for

major projects and contributions to the State budget are also made according to decrees of the President of the Republic of Azerbaijan. SOFAZ believes these inflows and outflows of funds represent contributed capital and withdrawals of capital, respectively. Accordingly, SOFAZ recognises them as movements in equity in the consolidated statement of changes in equity.

The movements in capital contributions to the Fund were as follows:

In thousands of Azerbaijani Manats	2025	2024
Contributions received from sales of oil and gas	9,497,023	11,461,383
Bonuses	765,736	778,217
Acreage fees	3,601	3,601
Pipeline transit tariffs	14	527
Total capital contributions	10,266,374	12,243,728

10.2 Transfers by the Fund

Transfers to the State Budget, as well as state institutions, state-owned entities and companies are recognized on the date of payment. All transfers are made within the approved budget of the Fund and transferred to the State Treasury of the Republic of Azerbaijan for payments to eligible budgetary beneficiaries (state institutions, state-owned entities and companies) based on their requests for payments.

During 2025 transfers to the State Budget, as well as to the state institutions, state-owned entities and companies were made in accordance with:

- The Decree #273 of the President of the Republic of Azerbaijan dated 28 December 2024 on the Approval of the Budget of the State Oil Fund of the Republic of Azerbaijan for 2025.
- During 2024 transfers to the State Budget, as well as to the state institutions, state-owned entities and companies were made in accordance with:
- The Decree #2430 of the President of the Republic of Azerbaijan dated 27 December 2023 on the Approval of the Budget of the State Oil Fund of the Republic of Azerbaijan for 2024.

In thousands of Azerbaijani Manats	2025	2024
Transfers to the State Budget	14,481,000	12,781,000
Transfers to the Ministry of Science and Education of the Republic of Azerbaijan	105,535	81,279
Total transfers	14,586,535	12,862,279

11. Borrowings of Subsidiaries

Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at AC using the effective interest method, unless they are designated at FVTPL at initial recognition.

Borrowings are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

In thousands of Azerbaijani Manats	2025	2024
Term loan Godo Kaisha (GK001 - Tokyo, Japan)	340,470	335,521
Total borrowings	340,470	335,521

The term loan comprises of bank borrowing by Godo Kaisha GK001 (One Ginza), denominated in Japanese Yen. The loan matures by 10 September 2029 and bears coupon of fixed rate of 1.49% annually (2024: 1.49%). An investment property is pledged as collateral for the borrowing (refer to Note 8). The loan is subject to certain covenants primarily relating to the financial performance of One Ginza. The Fund was in compliance with these covenants for the year ended 31 December 2025.

The fair value of borrowing approximates its carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the fixed borrowing rate of 1.49% (2024: 1.49%). The fair values are within level 2 of the fair value hierarchy.

The Fund does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Fund's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

In thousands of Azerbaijani Manats	Borrowings
Liabilities from financing activities at 1 January 2024	371,578
Repaid during the year	(346,537)
Loan obtained	350,280
Foreign exchange adjustments	(39,800)
Liabilities from financing activities at 31 December 2024	335,521
Other non-cash movements	1,068
Foreign exchange adjustments	3,881
Liabilities from financing activities at 31 December 2025	340,470

12. Specification of Income from Bonds and Equity Securities

Accounting policy

Investments in equities, bonds and financial derivatives are measured at fair value through profit and loss. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss when the Fund's right to receive payment is established.

Interest income is recognised when the interest is accrued. Interest expense is recognised as incurred. The measurement of interest income and expense is based on contractual terms.

Realised gain/loss mainly represents amounts realised when assets or liabilities are derecognised. Average acquisition cost is assigned upon derecognition. Realised gain/loss includes transaction costs, which are expensed as incurred.

Income from bonds:

In thousands of Azerbaijani Manats	2025	2024
Interest	1,162,260	1,419,900
Net fair value gain	661,014	218,152
Foreign exchange gain/(loss)	2,318,938	(957,883)
Income from bonds	4,142,212	680,169

Income from equity securities:

In thousands of Azerbaijani Manats	2025	2024
Dividends	498,944	416,587
Net fair value gain	3,951,926	3,363,404
Foreign exchange gain/(loss)	841,205	(566,978)
Income from equity securities	5,292,075	3,213,013

Interest income from bonds:

In thousands of Azerbaijani Manats	2025	2024
Government securities	691,546	674,787
Agency securities	304,243	408,468
Corporate securities	166,471	336,645
Total interest income	1,162,260	1,419,900

13. Foreign Currency Translation Differences

Accounting policy

Foreign currency translation differences arise when financial statements of foreign subsidiaries, branches, or operations are consolidated into the financial statements of the parent company. These differences can occur because of changes in exchange rates between the functional currency of the foreign operation and the reporting currency of the parent company.

- Functional Currency: Under IAS 21, The Effects of Changes in Foreign Exchange Rates, each entity in a group determines its functional currency, which is the currency of the primary economic environment in which it operates.
- Translation of Foreign Operations: When consolidating financial statements, the assets and liabilities of foreign operations are translated into the reporting currency using the exchange rate at the reporting date. Income and expenses are translated using average exchange rates for the period.

- Translation Differences: The difference between the translated amounts and the amounts originally denominated in the foreign currency is recognized in the other comprehensive income (OCI) as a translation reserve (part of equity). These differences are not typically recognized in the consolidated statement of profit or loss , unless the foreign operation is disposed of, at which point the translation reserve is reclassified to profit or loss.

Foreign currency transactions are recognised in these consolidated financial statements using the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into Azerbaijani manats using the exchange rate at the respective end of the reporting period. The foreign exchange element linked to the financial instruments measured at amortised cost is disaggregated in the consolidated statement of profit or loss and presented on a separate line. This presentation is considered to provide the best informational value to the users of the financial statements.

14. Operating Expenses

Operating expenses are comprised of:

In thousands of Azerbaijani Manats	2025	2024
Operating expenses of subsidiaries	96,382	42,331
Wages, salaries and employee benefits	12,558	9,786
Asset management fee	7,214	5,617
Short-term license fee	5,414	5,248
Depreciation and amortization	4,299	4,259
SSPF contributions	2,711	2,097
Custody expenses	2,544	3,048
Utility and communication expenses	953	839
Other operating expenses	8,857	5,877
Total operating expenses	140,932	79,102

Operating expenses of subsidiaries include property management expenses, asset management expenses, corporate expenses (administration and accounting fees), bank charges, legal fees, and other general expenses incurred by the subsidiaries.

Audit remuneration fee

The annual fee amount to the SOFAZ's auditors for the audit of the Fund's consolidated financial statements as of 31 December 2025 is AZN 170 thousand, net of VAT (2024: AZN 120 thousand).

15. Income Taxes

Accounting policy

- Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.
- Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

The Fund provides for income taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of Russian Federation, Luxembourg, Japan, Jersey and France.

According to law of State Parliament regarding changes to the Law of Azerbaijan on “Changes to the Tax Code of Azerbaijan Republic” #509-IVQD dated 21 December 2012, and Presidential Decree #802

implementing the referred law dated 29 December 2012, starting from 1 January 2013 SOFAZ is exempted from corporate income tax.

Standard corporate income tax rates for companies operating in Japan, Luxembourg, Russian Federation and France comprised 34.59%, 16%, 25% and 25% (2024: 34.59%, 17%, 20% and 25%), respectively. All the Jersey companies are zero corporate income tax rated by virtue of being International Service Entities.

16. Principal Subsidiaries and Structured Entities

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that SOFAZ controls because, SOFAZ:

- has power to direct the relevant activities of the investees that significantly affect their returns,
- has exposure, or rights, to variable returns from its involvement with the investees, and
- has the ability to use its power over the investees to affect the amount of the investor's returns.

The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Fund has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made.

Accounting policy

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The results and financial position of each of the Fund's consolidated entities (the functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- i. assets and liabilities for each statement of financial position are translated at the closing rate at the end of the respective reporting period;
- ii. income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- iii. components of equity are translated at the historic rate; and
- iv. all resulting exchange differences are recognised in other comprehensive income.

Structured entities. Structured entities are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Judgement is also required to determine whether the substance of the relationship between the Fund and a structured entity indicates that the structured entity is controlled by the Fund.

Were the Fund not to consolidate the assets, liabilities and the results of these consolidated structured entities, the net effect on the statement of financial position would be a decrease in net assets of AZN 289,786 thousand as at 31 December 2025 (2024: decrease in net assets of AZN 286,987 thousand) and decrease in profit by AZN 4,166

thousand for the year of 2025 (2024: decrease of AZN 5,061 thousand). Refer to Note 21 for further information about the structured entity.

Accounting judgement

The Fund does not consolidate structured entities that it does not control. As it can sometimes be difficult to determine whether the Fund does control a structured entity, management makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the structured entity in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over a structured entity, but when considered together make it difficult to reach a clear conclusion. In cases where more arguments are in place towards existence of control, the structured entity is consolidated.

17. Fair Value Disclosures

Accounting policy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- i. level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- ii. level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices),
- iii. And level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Valuation of financial instruments.

Financial instruments that are classified at fair value through profit or loss are stated at fair value.

The Fund considers that the accounting estimates related to valuation of financial instruments where quoted markets prices are not available are a key source of estimating uncertainty because:

- i. they are highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and;
- ii. the impact that recognizing a change in the valuations would have on the assets reported in the statement of financial position as well as its profit/(loss) could be material.

Management uses different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments where quoted market prices are not available using their own knowledge and capabilities, as well as data obtained from its custodians (mainly Bank of New York Mellon) and Bloomberg.

Accounting judgement

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

In thousands of Azerbaijani Manats	31 December 2025					31 December 2024		
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3
Assets at fair value								
Financial assets								
Cash and cash equivalents	1,170,718	-	-	1,170,718		961,486	-	-
Sovereign bonds	21,700,041	-	-	21,700,041		25,414,166	-	-
Agency/Supranational bonds	9,227,157	-	-	9,227,157		14,302,408	-	-
Corporate bonds	1,656,402	2,369,152	-	4,025,554		4,275	2,862,523	-
ETF bonds	327,837	-	-	327,837		-	-	-
Total Bonds	32,911,437	2,369,152	-	35,280,589		39,720,849	2,862,523	-
Equity securities	27,954,841	-	-	27,954,841		22,710,277	-	-
Financial derivatives	1,134	-	-	1,134		53	-	-
Private Equity Funds	-	-	4,013,719	4,013,719		-	-	3,457,097
Infrastructure Funds	-	-	794,598	794,598		-	-	347,428
Real Estate Funds	-	-	4,894,070	4,894,070		-	-	4,564,772
Total financial assets at fair value through profit or loss	62,038,130	2,369,152	9,702,387	74,109,669		63,392,665	2,862,523	8,369,297
Non-financial assets								
Investment properties	-	-	1,564,870	1,564,870		-	-	1,455,689
Gold bullion	47,707,460	-	-	47,707,460		21,002,767	-	-
Total non-financial assets	47,707,460	-	1,564,870	49,272,330		21,002,767	-	1,455,689
Total assets with recurring fair value measurements	109,745,590	2,369,152	11,267,257	123,381,999		84,395,432	2,862,523	9,824,986
Financial liabilities								
Financial derivatives	(378)	-	-	(378)		(8,153)	-	-
Total liabilities with recurring fair value measurements	(378)	-	-	(378)		(8,153)	-	(8,153)

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2025 and 31 December 2024:

In thousands of Azerbaijani Manats	Fair value	Valuation technique	Inputs used
Assets at fair value			
Financial assets			
2025			
Corporate bonds	2,369,152	DCF	Yield curve based on comparable market securities
2024			
Corporate bonds	2,862,523	DCF	Government bonds yield curve+spread

2025:

During the reporting period, the yield estimation approach was revised due to changes in market conditions. Under the previous methodology, yields were derived using a reference set of Azerbaijani energy-sector corporate bonds. As these securities gradually matured and no comparable new issuances became available, the existing approach could no longer be applied consistently. Under the revised methodology, a broader universe of market securities with characteristics comparable to the valued bonds (including credit rating, industry sector, currency, and other relevant factors) is used to estimate yields. A yield curve is then constructed based on these reference securities using the Nelson-Siegel methodology, providing a more robust and sustainable framework for fair value measurement.

2024:

Yields used are yield of Azerbaijani government bond + spread (difference between active USD Azerbaijan energy sector corporate bonds and Azerbaijani government bonds).

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2025:

In thousands of Azerbaijani Manats	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Assets at fair value Non-financial assets						
Investment properties						
Property I	485,353	Discounted cash flows	Net rental value	AZN 32,834 thousand	+/- 3.8%	(17,785) / 17,785
Property II	62,659	Discounted cash flows	Target rate of return	15%	+/- 1%	(2,582) / 2,734
Property III	387,015	Income capitalisation method, Discounted cash flows	Market Yield	3.83%	+/- 0.5%	(36,040) / 46,051
Property IV	629,843	Income capitalisation method, Discounted cash flows	Market Yield	2.50%	+/- 0.1%	(24,939) / 26,545
Total recurring fair value measurements at level 3	1,564,870					

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2024:

In thousands of Azerbaijani Manats	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Assets at fair value Non-financial assets						
Investment properties						
Property I	447,447	Discounted cash flows	Net rental value	AZN 29,484 thousand	+/- 5%	18,538 / (17,961)
Property II	46,061	Discounted cash flows	Target rate of return	14%	+/- 1%	(1,917) / 2,032
Property III	341,009	Income capitalisation method, Discounted cash flows	Market yield	3.48%	+/- 0.5%	(31,903) / 42,538
Property IV	621,172	Income capitalisation method, Discounted cash flows	Market yield	2.5%	+/- 0.1%	(24,489) / 26,529
Total recurring fair value measurements at level 3	1,455,689					

10% change in the price of real estate, infrastructure and private equity funds affects the fair value of these financial assets as follows:

In thousands of Azerbaijani Manats	31 December 2025		31 December 2024	
	10%	-10%	10%	-10%
Real Estate Funds	489,407	(489,407)	456,477	(456,477)
Infrastructure Funds	79,460	(79,460)	34,743	(34,743)
Private Equity Funds	401,372	(401,372)	345,710	(345,710)

A reconciliation of movements in Level 3 of the fair value hierarchy for the year ended 31 December 2025 is as follows:

In thousands of Azerbaijani Manats	Real Estate Funds	Infrastructure Funds	Private Equity Funds
Fair value at 1 January 2025	4,564,772	347,428	3,457,097
Capital call	470,741	386,743	537,167
Capital returns	(241,791)	(43,982)	(494,518)
Unrealized (loss)/gain recognised in profit or loss for the year	(44,746)	91,036	184,651
Realized (loss)/gain recognised in profit or loss for the year	30,692	7,047	176,215
Gain recognized in other comprehensive income	114,402	6,326	153,107
Fair value at 31 December 2025	4,894,070	794,598	4,013,719

A reconciliation of movements in Level 3 of the fair value hierarchy for the year ended 31 December 2024 is as follows:

In thousands of Azerbaijani Manats	Real Estate Funds	Infrastructure Funds	Private Equity Funds
Fair value at 1 January 2024	4,182,407	249,042	2,887,377
Capital call	709,118	81,342	543,714
Capital returns	(233,552)	(11,889)	(191,365)
Unrealized (loss)/gain recognised in profit or loss for the year	60,330	40,961	280,006
Realized (loss)/gain recognised in profit or loss for the year	(28,040)	(9,327)	66,199
Loss recognized in other comprehensive income	(125,491)	(2,701)	(128,834)
Fair value at 31 December 2024	4,564,772	347,428	3,457,097

b) Assets and liabilities not measured at fair value but for which fair value is disclosed
Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

In thousands of Azerbaijani Manats	31 December 2025					31 December 2024				
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2
Assets										
Cash and cash equivalents	-	1,197,613	-	1,197,613	-	-	-	4,632,139	-	-
Term deposits	-	13,731	-	13,731	-	-	-	11,690	-	-
Other assets										
Trade receivables	-	10,159	-	10,159	-	-	-	10,934	-	-
Margin account	-	9,094	-	9,094	-	-	-	8,058	-	-
Total Assets	-	1,230,597	-	1,230,597	-	-	-	4,662,821	-	-
Liabilities										
Borrowing of subsidiaries	-	340,470	-	340,470	-	-	-	335,521	-	-
Other financial liabilities										
Trade payables	-	49,502	-	49,502	-	-	-	14,533	-	-
Total Liabilities	-	389,972	-	389,972	-	-	-	350,054	-	-

The fair values in level 2 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

18. Financial Risk Management

The SOFAZ's "Rules on management of foreign currency assets of the State Oil Fund of the Republic of Azerbaijan" (hereinafter "Investment guidelines") and Investment Policy constitute the framework for risk management. SOFAZ's risk management and monitoring procedures involve examining various types of risks. These include market risk, credit risk, liquidity risk, and other relevant indicators, which are reported to both internal and external audiences.

Effectively managing risk is a crucial component of the Fund's activities. The following is a brief overview of the Fund's risk management strategies pertaining to these risks.

Credit risk. The Fund is exposed to credit risk which is the risk of loss that may occur from a borrower's failure to repay a loan or meet contractual obligations. The Fund is subject to credit risk from its portfolio of cash and

cash equivalents, term deposits and its bond investments. The Fund manages its credit risk in accordance with the Investment guidelines.

Credit risk is managed and controlled through proper selection of investment assets, credit quality of investment assets and setting limits on the amount invested in each asset.

The Fund's financial instruments are rated by globally recognized agencies such as Standard & Poor's, Fitch, and Moody's to determine their creditworthiness. If these agencies have assigned different ratings to an asset, the lowest rating is used. **The table below provides details of the credit ratings for the Fund's financial instruments.**

In thousands of Azerbaijani Manats 2025	AAA	AA	A	BBB	BB	B	WD	Total
Bank accounts	-	21,489	517,107	235,436	703	-	47,545	822,280
Money Market Funds	1,170,718	-	-	-	-	-	-	1,170,718
Short term deposits	-	-	366,493	-	-	-	5,917	372,410
Cash and cash equivalents*	1,170,718	21,489	883,600	235,436	703	-	53,462	2,365,408
Term deposits	-	-	-	-	-	-	13,731	13,731
Sovereign bonds	624,968	8,368,919	8,054,978	4,339,142	312,034	-	-	21,700,041
Agency/Supranational Bonds	3,714,432	2,675,912	2,591,159	245,654	-	-	-	9,227,157
Corporate Bonds	1,124,979	46,739	484,684	-	2,369,152	-	-	4,025,554
ETF bonds	-	323,816	4,021	-	-	-	-	327,837
Bonds	5,464,379	11,415,386	11,134,842	4,584,796	2,681,186	-	-	35,280,589
Margin Account	-	8,861	1	232	-	-	-	9,094
Other assets	-	8,861	1	232	-	-	-	9,094

* AZN 2,913 thousand (2024: AZN 3,402,845 thousand) cash balance held by the Fund in the Central Bank of the Republic of Azerbaijan is excluded from the table as Central Banks do not have credit ratings.

In thousands of Azerbaijani Manats 2024	AAA	AA	A	BBB	BB	B	WD	Total
Bank accounts	-	18,553	671,646	177,008	10,511	46	9,141	886,905
Money Market Funds	961,486	-	-	-	-	-	-	961,486
Short term deposits	-	-	342,380	-	-	-	-	342,380
Cash and cash equivalents	961,486	18,553	1,014,026	177,008	10,511	46	9,141	2,190,771
Term deposits	-	-	-	-	-	-	11,690	11,690
Sovereign bonds	2,177,198	14,211,429	1,942,590	6,904,819	-	178,130	-	25,414,166
Agency/Supranational Bonds	8,473,684	3,770,884	1,865,244	192,596	-	-	-	14,302,408
Corporate Bonds	-	-	-	4,275	2,862,523	-	-	2,866,798
Bonds	10,650,882	17,982,313	3,807,834	7,101,690	2,862,523	178,130	-	42,583,372
Margin Account	-	3,242	4,816	-	-	-	-	8,058
Other assets	-	3,242	4,816	-	-	-	-	8,058

SOFAZ develops investment strategies for investments in real estate, private equity and infrastructure funds. Prior to making investments, at the preliminary screening stage, SOFAZ evaluates the general partners using a 10-point scale (with 10 being the highest score), taking into consideration such parameters as return, risk, liquidity, capital call amounts, fund size, and sustainability characteristics of their previous investments. Only funds of general partners scoring within the range of 7 to 10 are considered for further review. During the due diligence stage, comprehensive analyses are conducted regarding the scale of the investment experience of the general partners managing the funds, feedback from limited partners who participated in the general partners' previous investments, the experience of the team, and the financial mechanisms used in the organization of the fund and the management of cash flows. As of 31 December 2025, and 2024, the scores awarded for real estate, private equity and infrastructure funds are in the range of 6-10. In accordance with the risk management manual for alternative investments, the risk management process includes comprehensive analysis of proposed investments in terms of concentration, market, financial, operational, and fund-specific risks. In addition, SOFAZ conducts quarterly monitoring of the risk limits established under the strategy, which is updated annually. These limits are set to ensure diversification of alternative investment portfolios (both real estate and private equity) in terms of regions, sectors, investment types, vintage years, as well as concentration exposures to a single fund or general partner. Quarterly reports also include information on key changes in the portfolio during the reporting period, including performance indicators. Furthermore, within the annual portfolio analytics reports, performance indicators related to the respective asset classes are measured across various parameters (such as region, sector, general partner, etc.) and analyzed considering the associated risks. In addition, as part of the portfolio monitoring process, these reports include analyses of

benchmarks established for the respective asset classes, attribution analysis, various specific risk metrics (such as Value at Risk, leverage, etc.), and the key reasons behind investments that demonstrated weak performance.

Market risk is the risk that the value of an investment will decline due to changes in market factors such as interest rates, currency exchange rates, stock market prices, private market prices.

The Fund's market risk is influenced by factors such as changes in interest rates, credit risk premiums, share prices, exchange rates, gold prices and private assets' values. A range of measures and analyses, including but not limited to duration, Value at Risk, concentration analysis, scenario analysis and stress testing, are employed to gain a comprehensive understanding of the market risk associated with the Fund. To monitor the risk of divergence of the Fund's sub-portfolios returns from their passively tracked benchmarks, tracking errors are continually observed.

Interest rate risk. The Fund is exposed to fluctuations in the prevailing levels of market interest rates, which can impact its financial position and cash flows. The duration of the debt obligations and money market instruments sub-portfolio should be within a range of plus or minus 0.5 years around the weighted average duration of the corresponding benchmark.

Interest rate sensitivity. At 31 December 2025 and 2024 the Fund held interest-bearing deposits and debt securities that were susceptible to interest rate risk. To manage this risk, the Fund adjusts the duration of assets in its investment portfolio to align with the relevant benchmark's duration. The Risk Management Department monitors and manages this risk daily within predetermined limits.

The table below illustrates the net impact of changes in fair value when the market interest rate fluctuates by 1%.

Impact on profit/(loss) and equity before tax:

In thousands of Azerbaijani Manats	31 December 2025		31 December 2024	
	1%	-1%	1%	-1%
Assets:				
Cash and cash equivalents	(42)	42	(214)	214
Term deposits	(63)	63	(36)	36
Bonds	(1,224,633)	1,224,633	(1,492,674)	1,492,674
Net impact on profit/(loss) before tax	(1,224,738)	1,224,738	(1,492,924)	1,492,924
Impact on equity	(1,224,738)	1,224,738	(1,492,924)	1,492,924

Currency risk. Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

To manage currency risk, the Fund adheres to the currency allocation specified in its

Investment Policy, which sets specific weights for various currencies. Additionally, the Fund is authorized to use currency derivatives for hedging purposes, as per its Investment guidelines. Currency rebalancing is performed quarterly in accordance with internal procedures, and currency allocation is implemented in the context of the multi-asset and diversified Fund investment portfolio.

The table below summarizes the Fund's exposure to foreign currency exchange rate risk for the year ended 31 December 2025:

In thousands of Azerbaijani Manats 2025	AZN	USD	EUR	GBP	JPY	CNY	Other	Total
Financial assets								
Cash and cash equivalents	3,110	1,671,161	141,037	102,423	29,735	1,546	419,319	2,368,331
Term deposits	-	-	-	-	-	-	13,731	13,731
Bonds	-	13,486,473	14,081,198	4,490,863	-	2,777,917	444,138	35,280,589
Equities	-	17,688,063	4,461,339	907,570	1,335,433	-	3,562,436	27,954,841
Financial derivatives	-	98	696	70	45	-	225	1,134
Real estate funds	-	3,474,336	1,302,455	-	22,771	-	94,508	4,894,070
Infrastructure funds	-	527,683	152,071	114,844	-	-	-	794,598
Private equity funds	-	2,933,961	1,045,841	33,917	-	-	-	4,013,719
Other assets								
Trade receivables	-	-	4,053	5,336	524	-	246	10,159
Margin account	-	4,870	2,786	248	320	-	870	9,094
Total financial assets	3,110	39,786,645	21,191,476	5,655,271	1,388,828	2,779,463	4,535,473	75,340,266
Financial liabilities								
Trade payables	(2,124)	-	(32,947)	(11,387)	(2,251)	-	(793)	(49,502)
Financial derivatives	-	(91)	(285)	-	-	-	(2)	(378)
Borrowings of subsidiaries	-	-	-	-	(340,470)	-	-	(340,470)
Lease liabilities	-	-	-	(44,865)	(4,527)	-	-	(49,392)
Total financial liabilities	(2,124)	(91)	(33,232)	(56,252)	(347,248)	-	(795)	(439,742)
Open position	986	39,786,554	21,158,244	5,599,019	1,041,580	2,779,463	4,534,678	74,900,524

The table below summarizes the Fund's exposure to foreign currency exchange rate risk for the year ended 31 December 2024:

In thousands of Azerbaijani Manats 2024	AZN	USD	EUR	GBP	JPY	CNY	Other	Total
Financial assets								
Cash and cash equivalents	3,077	4,999,132	105,570	104,884	26,312	994	353,656	5,593,625
Term deposits	-	-	-	-	-	-	11,690	11,690
Bonds	-	20,027,295	15,814,282	3,723,888	-	2,634,125	383,782	42,583,372
Equities	-	14,961,003	3,180,995	698,259	1,072,679	-	2,797,341	22,710,277
Financial derivatives	-	-	-	-	51	-	2	53
Real estate funds	-	3,419,899	1,034,353	-	23,548	-	86,972	4,564,772
Infrastructure funds	-	300,248	47,180	-	-	-	-	347,428
Private equity funds	-	2,591,057	833,799	32,241	-	-	-	3,457,097
Other assets								
Trade receivables	-	-	4,777	5,508	511	-	138	10,934
Margin account	-	4,745	2,770	162	149	-	232	8,058
Total financial assets	3,077	46,303,379	21,023,726	4,564,942	1,123,250	2,635,119	3,633,813	79,287,306
Financial liabilities								
Trade payables	(1,928)	-	(3,054)	(6,482)	(2,352)	-	(717)	(14,533)
Financial derivatives	-	(6,358)	(1,655)	(49)	-	-	(91)	(8,153)
Borrowings of subsidiaries	-	-	-	-	(335,521)	-	-	(335,521)
Lease liabilities	-	-	-	(34,203)	(4,166)	-	-	(38,369)
Total financial liabilities	(1,928)	(6,358)	(4,709)	(40,734)	(342,039)	-	(808)	(396,576)
Open position	1,149	46,297,021	21,019,017	4,524,208	781,211	2,635,119	3,633,005	78,890,730

Currency risk sensitivity. The following tables display the currencies to which the Fund held significant exposure and forecasted cash flows as of 31 December 2025 and 2024. The analysis in the tables measures the potential impact on the statement of profit or loss and other comprehensive income resulting from a reasonably possible fluctuation of the currency rate against the AZN, assuming that all other variables remain constant.

In thousands of Azerbaijani Manats	Impact on profit/ (loss) for the year		Impact on equity	Impact on profit/ (loss) for the year		Impact on equity		
	31 December 2025			31 December 2024				
AZN/USD	+ 10%	3,978,655	3,978,655	+10%	4,629,702	4,629,702		
	- 10%	(3,978,655)	(3,978,655)	-10%	(4,629,702)	(4,629,702)		
AZN/EUR	+ 10%	2,115,824	2,115,824	+10%	2,101,902	2,101,902		
	- 10%	(2,115,824)	(2,115,824)	-10%	(2,101,902)	(2,101,902)		
AZN/GBP	+ 10%	559,902	559,902	+10%	452,421	452,421		
	- 10%	(559,902)	(559,902)	-10%	(452,421)	(452,421)		
AZN/JPY	+ 10%	104,158	104,158	+10%	78,121	78,121		
	- 10%	(104,158)	(104,158)	-10%	(78,121)	(78,121)		
AZN/CNY	+ 10%	277,946	277,946	+10%	263,512	263,512		
	- 10%	(277,946)	(277,946)	-10%	(263,512)	(263,512)		

Commodity price risk. The Fund is affected by the volatility of gold prices. The following table shows the effect of price changes in gold:

AZN/XAU In thousands of Azerbaijani Manats	31 December 2025		31 December 2024	
	10%	-10%	10%	-10%
Net impact on profit/(loss) before tax	4,770,746	(4,770,746)	2,100,277	(2,100,277)
Impact on equity	4,770,746	(4,770,746)	2,100,277	(2,100,277)

Price risk. Price risk refers to the potential for the value of a financial instrument to fluctuate due to changes in market prices, whether caused by factors unique to the security or its issuer, or factors impacting all securities in the market. The Fund is susceptible to price risk with respect to its products, which are subject to both general market fluctuations and specific variations.

The Fund is exposed to the equity price risks arising from investments in equity. Equity price risk refers to the potential decline in the value of the Fund's equity portfolio due to fluctuations in equity indices or the prices of individual stocks.

In thousands of Azerbaijani Manats	31 December 2025		31 December 2024	
	10% increase in equity price	10% decrease in equity price	10% increase in equity price	10% decrease in equity price
Impact on profit/(loss) before tax	2,795,484	(2,795,484)	2,271,028	(2,271,028)

The Fund calculates expected volatility in both absolute and relative terms. To do this, the Fund uses standard deviation metrics and assess the equity portfolio both on a stand-alone basis and against a benchmark comprising global equity indices.

Concentration analysis is used to provide additional insight into risk assessment by examining the concentration of either a single exposure or a group of exposures.

Concentration risk is the risk associated with having a high proportion of investment or assets concentrated in a single entity, sector, or geographical area. It can arise from various factors such as overreliance on a single investment, a narrow investment strategy, or regional economic conditions. To manage concentration risk, SOFAZ diversifies its

investment portfolio across a range of assets, sectors and regions to reduce the impact of a potential downturn in any area. SOFAZ implements a diversification approach in managing its assets by setting limits per manager and general partners as well.

Geographical concentration

The geographical concentration of the Fund's financial assets and liabilities at 31 December 2025 is set out below:

In thousands of Azerbaijani Manats 2025	Azerbaijan	Europe	America	Asia	Australia and Oceania	International organizations	Total
Financial assets							
Cash and cash equivalents	3,303	1,503,807	470,238	390,983	-	-	2,368,331
Term deposits	-	13,731	-	-	-	-	13,731
Bonds	2,369,152	18,821,921	6,765,693	4,976,270	462,517	1,885,036	35,280,589
Equities	-	7,588,618	18,348,321	1,622,360	395,542	-	27,954,841
Financial derivatives	-	1,020	62	45	7	-	1,134
Real Estate Funds	-	2,535,985	1,935,905	327,672	94,508	-	4,894,070
Infrastructure Funds	-	266,915	144,547	122,402	-	260,734	794,598
Private Equity Funds	-	1,990,753	681,386	272,299	-	1,069,281	4,013,719
Other assets							
Trade receivables	-	9,635	-	524	-	-	10,159
Margin account	-	9,094	-	-	-	-	9,094
Total financial assets	2,372,455	32,741,479	28,346,152	7,712,555	952,574	3,215,051	75,340,266
Financial liabilities							
Trade payables	(2,124)	(45,127)	-	(2,251)	-	-	(49,502)
Financial derivatives	-	(285)	(91)	(2)	-	-	(378)
Borrowings of subsidiaries	-	-	-	(340,470)	-	-	(340,470)
Lease liabilities	-	(44,865)	-	(4,527)	-	-	(49,392)
Total financial liabilities	(2,124)	(90,277)	(91)	(347,250)	-	-	(439,742)
Net position	2,370,331	32,651,202	28,346,061	7,365,305	952,574	3,215,051	74,900,524

The geographical concentration of the Fund's financial assets and liabilities at 31 December 2024 is set out below:

In thousands of Azerbaijani Manats 2024	Azerbaijan	Europe	America	Asia	Australia and Oceania	International organizations	Total
Financial assets							
Cash and cash equivalents	3,413,339	1,209,359	607,646	363,281	-	-	5,593,625
Term deposits	-	11,690	-	-	-	-	11,690
Bonds	2,862,523	21,057,907	8,420,620	3,700,558	104,742	6,437,022	42,583,372
Equities	-	5,609,675	15,462,257	1,286,985	351,360	-	22,710,277
Financial derivatives	-	-	-	53	-	-	53
Real Estate Funds	-	2,192,371	1,940,785	344,644	86,972	-	4,564,772
Infrastructure Funds	-	47,180	98,338	-	-	201,910	347,428
Private Equity Funds	-	1,711,665	615,253	53,464	-	1,076,715	3,457,097
Other assets							
Trade receivables	-	10,423	-	511	-	-	10,934
Margin account	-	8,058	-	-	-	-	8,058
Total financial assets	6,275,862	31,858,328	27,144,899	5,749,496	543,074	7,715,647	79,287,306
Financial liabilities							
Trade payables	(1,928)	(10,253)	-	(2,352)	-	-	(14,533)
Financial derivatives	-	(1,746)	(6,273)	(120)	(14)	-	(8,153)
Borrowings of subsidiaries	-	-	-	(335,521)	-	-	(335,521)
Lease liabilities	-	(34,203)	-	(4,166)	-	-	(38,369)
Total financial liabilities	(1,928)	(46,202)	(6,273)	(342,159)	(14)	-	(396,576)
Net position	6,273,934	31,812,126	27,138,626	5,407,337	543,060	7,715,647	78,890,730

Liquidity risk. The goal of liquidity risk management for SOFAZ is to ensure that the Fund has sufficient liquid assets to meet its financial obligations and operational needs, even during times of market stress or economic downturns. To achieve this, the Fund has established internal cash management frameworks that maintain sufficient liquidity levels and comply with the constraints outlined in the Investment Policy.

The Fund aims to maintain conservative levels of liquidity to ensure that the Fund is capable of meeting its obligations under all circumstances. Liquidity risk is mitigated by holding at least 100 million USD in cash and cash equivalents, which is monitored on a daily basis. In addition, the Fund's asset class allocation addresses liquidity concerns by investing at least 30% of its portfolio in highly liquid debt obligations and money market sub-portfolio. Continuous cash flow forecasting is conducted to accurately predict upcoming inflows and outflows. This proactive approach enables effective planning and ensures the availability of adequate liquidity when required. SOFAZ also focuses on managing the timing of various cash flows, including coupon payments and maturities of bonds, among others. Effective communication channels are established among relevant departments to promote coordination and timely decision-making.

The table below shows liabilities at 31 December 2025 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows. These amounts do not include unfunded commitments for private equity, real estate and infrastructure funds. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Unfunded commitments for funds can be allocated to the earliest period since contractually the commitment could be called within this period, yet in practice, these types of funds draw down the committed capital gradually over a period of 3 to 6 years from the date of initial investment.

The table below shows the maturity analysis of financial assets at their carrying amounts and based on their contractual maturities.

The maturity analysis of financial instruments at 31 December 2025 is as follows:

2025 In thousands of Azerbaijani Manats	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
Financial assets							
Cash and cash equivalents	2,368,331	-	-	-	-	-	2,368,331
Term deposits	-	-	13,731	-	-	-	13,731
Bonds	172,965	155,637	2,413,980	22,824,286	9,713,721	-	35,280,589
Equities	-	-	-	-	-	27,954,841	27,954,841
Financial derivatives	-	870	6	163	95	-	1,134
Real estate Funds	-	-	-	1,953,168	1,413,934	1,526,968	4,894,070
Infrastructure Funds	-	-	-	277,812	516,786	-	794,598
Private equity Funds	-	-	-	1,521,484	2,492,235	-	4,013,719
Other assets							
Trade receivables	10,159	-	-	-	-	-	10,159
Margin account	9,094	-	-	-	-	-	9,094
Total financial assets	2,560,549	156,507	2,427,717	26,576,913	14,136,771	29,481,809	75,340,266
Financial liabilities							
Trade payables	(49,502)	-	-	-	-	-	(49,502)
Financial derivatives	(2)	(83)	(44)	(225)	(24)	-	(378)
Borrowings of subsidiaries	-	-	-	(363,200)	-	-	(363,200)
Lease liabilities	-	(758)	(2,683)	(13,092)	(303,303)	-	(319,836)
Total potential future payments for financial obligations	(49,504)	(841)	(2,727)	(376,517)	(303,327)	-	(732,916)
Liquidity gap	2,511,045	155,666	2,424,990	26,200,396	13,833,444	29,481,809	74,607,350

The maturity analysis of financial instruments at 31 December 2024 is as follows:

2024 In thousands of Azerbaijani Manats	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
Financial assets							
Cash and cash equivalents	5,593,625	-	-	-	-	-	5,593,625
Term deposits	-	-	11,690	-	-	-	11,690
Bonds	26,732	499,767	2,332,290	26,673,450	13,051,133	-	42,583,372
Equities	-	-	-	-	-	22,710,277	22,710,277
Financial derivatives	2	51	-	-	-	-	53
Real estate Funds	-	-	-	1,040,173	1,646,397	1,878,202	4,564,772
Infrastructure Funds	-	-	-	108,188	239,240	-	347,428
Private equity Funds	-	-	-	1,382,948	2,074,149	-	3,457,097
Other assets							
Trade receivables	10,934	-	-	-	-	-	10,934
Margin account	8,058	-	-	-	-	-	8,058
Total financial assets	5,639,351	499,818	2,343,980	29,204,759	17,010,919	24,588,479	79,287,306
Financial liabilities							
Trade payables	(14,533)	-	-	-	-	-	(14,533)
Financial derivatives	(242)	(2,664)	-	(2,773)	(2,474)	-	(8,153)
Borrowings of subsidiaries	-	-	-	(364,070)	-	-	(364,070)
Lease liabilities	(235)	(470)	(2,117)	(11,290)	(279,420)	-	(293,532)
Total potential future payments for financial obligations	(15,010)	(3,134)	(2,117)	(378,133)	(281,894)	-	(680,288)
Liquidity gap	5,624,341	496,684	2,341,863	28,826,626	16,729,025	24,588,479	78,607,018

The Fund also reports on such market risk metrics as Standard deviation, Value at Risk (VaR), Beta in its internal reports.

Operational risk. Operational risk encompasses the possibility of experiencing losses due to a variety of factors, including system failures, human error, fraud, or external incidents. Inadequate controls can result in negative consequences, such as reputational damage, legal or regulatory penalties, or financial losses. Although it may not be possible to eliminate operational risks completely, implementing a control framework and continuously monitoring and addressing potential risks can help manage them. Effective control measures may include segregating duties, establishing access and authorization procedures, performing reconciliations, providing staff training, and evaluating processes, which may involve utilizing internal audit.

External managers. In accordance with the “Investment guidelines”, if an external manager is engaged in management of the Fund’s currency assets, they or their primary founder must possess investment credit ratings of no less than Baa3 (Moody’s) or BBB- (Standard & Poor’s, Fitch), or have a minimum of five years of successful asset management experience, or have a track record of managing assets worth at least one billion USD.

The allocation to a single external manager should not exceed 5% of the investment portfolio’s total value.

19. Commitments and Contingencies

Accounting policy

The Fund engages in certain transactions that are not recognized in the consolidated statement of financial position in accordance with IFRS requirements. Such arrangements are structured to fulfil operational or financial objectives and are disclosed in the notes to the consolidated financial statements to provide transparency. The Fund ensures that these transactions are appropriately assessed

and monitored to manage associated risks and comply with applicable accounting standards.

Off-balance sheet transactions.

Ministry of Finance of the Republic of Azerbaijan. On 11 August 2006 the Fund signed an Asset Management Agreement on “Granting free budget (balance) Funds to trust management” with the Ministry of Finance of the Republic of Azerbaijan. According to this agreement free budget Funds of the Ministry of Finance of the Republic of Azerbaijan are to be transferred to and managed by the Fund within the asset management rules set in the agreement with the Ministry of Finance of the Republic of Azerbaijan. The Fund manages these assets free of charge, on behalf of the Ministry of Finance and in favor, at the expense and at the risks of the Ministry of Finance of the Republic of Azerbaijan. At 31 December 2025 the total value of the assets was AZN 18,928 thousand (31 December 2024: AZN 40,647 thousand) including accrued interest.

SOCAR. Based on the terms of the Shah Deniz Production Sharing Agreement (PSA), SOCAR represents the Republic of Azerbaijan and is responsible for fulfilling tax obligations by means State’s share of hydrocarbon revenues. On 4 July 2024 the Fund signed a “Funds Management Agreement” on Shahdeniz project with SOCAR. According to this agreement all income attributed to the state portion from Shahdeniz project are to be transferred to and managed by the Fund within the terms set in the agreement with SOCAR. The Fund transfers funds to SOCAR for the fulfillment of tax obligations within PSA.

After considering the effect of the transferable tax amount to SOCAR, any remaining balance in the designated bank account or agreed funds should be recognized as the Fund's capital contribution. Additionally, any investment returns from revenues transferred by SOCAR to the Fund should be treated as capital contribution and are not subject to reimbursement. At 31 December 2025, the total value of the cash balance which is transferable tax amount to SOCAR was AZN 573,861 thousand (31 December 2024: AZN 543,715 thousand).

20. Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

“Azerbaijan Rigs” LLC and “Capitals Property” S.a.r.l are Joint Ventures. “Project Alleanza” represents five associates (refer to the note 9). The Fund has transactions with all the other entities listed below, which are government-related organizations:

Transactions between the Fund and its subsidiaries, which are related parties of the Fund, have been eliminated on consolidation and are not disclosed in this note. All government entities and their subsidiaries are considered to be entities under common control with the Fund. Transactions with such entities are disclosed below as related party transactions:

Accounting policy

Transactions with related parties are governed by accounting standards designed to ensure transparency and fairness in financial reporting. The relevant standards may vary by jurisdiction, but internationally, the primary standard is IAS 24 - Related Party Disclosures, issued by the International Accounting Standards Board (IASB).

In thousands of Azerbaijani Manats	Year	Contributions received from related parties	Carrying value of investment in joint venture and associate	Transfers to related parties	Carrying value of bonds acquired from related parties	Interest income on bonds acquired from related parties	Bank accounts with related parties	Off-balance sheet
GOVERNMENT RELATED ORGANIZATIONS								
SOCAR	2025	8,400,422	-	-	-	-	-	573,861
	2024	10,580,950	-	-	-	-	-	543,715
Azerbaijan Gas Supply Company	2025	958,763	-	-	-	-	-	-
	2024	751,545	-	-	-	-	-	-
The State Budget	2025	-	-	14,481,000	-	-	-	-
	2024	-	-	12,781,000	-	-	-	-
Ministry of Finance of the Republic of Azerbaijan	2025	-	-	-	-	-	-	18,928
	2024	-	-	-	-	-	-	40,647
Central Bank of the Republic of Azerbaijan	2025	-	-	-	-	-	2,913	-
	2024	-	-	-	-	-	3,402,845	-
Ministry of Science and Education of the Republic of Azerbaijan	2025	-	-	105,535	-	-	-	-
	2024	-	-	81,279	-	-	-	-
International Bank of Azerbaijan	2025	-	-	-	-	-	380	-
	2024	-	-	-	-	9,685	10,484	-
Southern Gas Corridor CJSC	2025	-	-	-	-	-	-	-
	2024	-	-	-	-	150,058	-	-
Mercury Investments and Holdings Ltd.	2025	-	-	-	1,717,815	79,804	-	-
	2024	-	-	-	2,037,593	92,694	-	-
Azerbaijan (ACG) Ltd	2025	-	-	-	-	-	-	-
	2024	-	-	-	-	3,964	-	-
SOCAR (Absheron)	2025	-	-	-	224,029	44,807	-	-
	2024	-	-	-	547,069	61,027	-	-
SOCAR (Karabakh)	2025	-	-	-	427,308	13,416	-	-
	2024	-	-	-	277,861	16,380	-	-
JOINT VENTURES AND ASSOCIATES								
“Azerbaijan Rigs” LLC	2025	-	621,944	-	-	-	-	-
	2024	-	633,081	-	-	-	-	-
“Capitals Property” S.a.r.l	2025	-	168,245	-	-	-	-	-
	2024	-	126,391	-	-	-	-	-
“Project Alleanza”	2025	-	175,393	-	-	-	-	-
	2024	-	-	-	-	-	-	-

Additionally, in 2025, the Fund received capital contributions of AZN 137,853 thousand (2024: AZN 129,415 thousand) from the other operating and contractor companies over which SOCAR has either significant influence or control. These companies include Absheron Operating Company, JOCAP Absheron Petroleum, Azerbaijan International Operating Company, Bahar Energy, Balakhani Oil, Binagadi Oil, Karasu Operating Company, Neftchala Oil, Salyan Oil, Shirvan Oil and Surakhani Oil Operating Company.

The Fund receives cash inflows from interest income on bonds from the following related parties: SOCAR Absheron, SOCAR Karabakh, Mercury Investments and Holdings Ltd..

Interest rates on bonds are calculated based on fixed and floating rates. As at 31 December

2025 these bond bear fixed interest ranging from 3.2% p.a. to 6 % p.a. and CME Term SOFR 6 month rate with the spread of +4.0% p.a. (2024: 3.2% p.a. to 6% p.a. and CME Term SOFR 6 month rate with the spread of +4.0% p.a.)

Key management personnel. Senior management group consists of 3 individuals - Fund’s CEO, two Deputy CEOs (2024: Fund’s CEO, two Deputy CEOs). Remuneration of all Fund’s employees is approved by the Supervisory Board, which comprise of 7 members appointed with the Presidential Decree. The aggregate remuneration of members of the senior management group and the number of managers determined on a full-time equivalent basis receiving remuneration within this category are:

In thousands of Azerbaijani Manats	2025	2024
Short-term benefits:		
Salary expense	1,177	871
State Social Protection Fund expense	275	205
Number of persons	3	3

21. Interests in Structured Entities

Consolidated structured entities. A Tokumei Kumiai (“TK”) agreement is a contractual arrangement under which one or more silent investors (the “TK investor”) makes a contribution to a Japanese operating company (the “TK operator”) in return for a share in the profit/loss of a specified business conducted by the TK operator (the “TK business”).

The Fund participates in a TK arrangement with PGIM Foreign Investment Inc. (“PGIM FI”), a Japanese resident entity, to hold a retail complex in Ginza, Tokyo (“Kirarito Ginza”). PGIM FI holds a 2% interest in the

arrangement, with the Fund’s contribution constituting JPY 51,989 million (AZN 455,736 thousand). The underlying property meets the definition of investment property under IAS 40. SOFAZ signed an Agreement with the TK operator that contains the Strategic Plan on the development and management of the investment property. The TK operator operates the business of the company according to the Agreement and the Strategic Plan.

Under the double tax treaty between Japan and Azerbaijan (in force since 4 August 2023), TK profit distributions to the Fund are subject to a 20.42% withholding tax rate.

Accounting policy

Based on the specific characteristics of the

TK Agreement, the management concluded that a principal/agent relationship exists between SOFAZ and the TK operator. According to IFRS 10, the investor should treat decision-making powers delegated to the agent as held by the investor/principal himself. The management performed analysis based on paragraph B60 of IFRS 10 and, given the limited 2% investment by the Asset Managers, concluded that the TK operator is an agent of SOFAZ and hence, SOFAZ should consolidate the investee.

TK agreement provides SOFAZ with limited rights with respect to the management and development of the investment property. This makes the TK operator similar to unconsolidated structured entities under IFRS 12, where a structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in its management and control. Under this arrangement, voting rights relate to the administrative tasks only and relevant activities of the company are directed by means of contractual arrangements.

22. Events after the Reporting Period

Accounting policy

According to IAS 10 - Events After the Reporting Period, subsequent events are defined as those events that occur after the end of the reporting period but before the financial statements are authorised for issue. Adjusting events are those that provide evidence of conditions that existed at the end of the reporting period. These events require adjustment to the financial statements (either increasing or decreasing the amounts recognized).

Non-adjusting events are those that provide evidence of conditions that arose after the reporting period. These do not require any adjustment to the financial statements, but they may require disclosure if they are

material and if their omission could influence the decisions of users of the financial statements.

Subsequent to the reporting period, up to the issue date of these consolidated financial statements, the Fund sold 703,000 troy ounces of gold and the proceeds from the disposal amounted to AZN 6.1 billion as part of a portfolio rebalancing exercise, following a significant appreciation in gold prices that caused the Fund’s gold allocation to exceed the upper threshold established under its Investment Policy. The sale was undertaken to bring the portfolio back into compliance with the prescribed asset allocation limits.

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