

Saudi Financial Institutions Equity Fund

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024



Ernst & Young Professional Services (Professional LLC)
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAUDI FINANCIAL INSTITUTIONS EQUITY FUND (MANAGED BY SAB INVEST)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Financial Institutions Equity Fund (the "Fund") managed by SAB Invest (the "Fund Manager") as at 30 June 2024, and the related interim condensed statement of comprehensive income for the six-month period ended 30 June 2024, and the related interim condensed statement of changes in equity attributable to the unitholders and cash flows for the six-month period then ended, and explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The financial statements of the Fund for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 17 Ramadan 1445H (corresponding to 27 March 2024). Further, the interim condensed financial statements of the Fund for the six-month period ended 30 June 2023 were also reviewed by another auditor who expressed unmodified review conclusion on those interim condensed financial statements on 21 Muharram 1445H (corresponding to 8 August 2023).

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 7 Safar 1446H
(11 August 2024)



SAUDI FINANCIAL INSTITUTION EQUITY FUND**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	<i>Note</i>	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
Cash and cash equivalents		131,700	410,327
Financial assets at fair value through profit or loss (FVTPL)	<i>4</i>	34,112,665	36,329,239
Receivables and advances		2,812	-
TOTAL ASSETS		34,247,177	36,739,566
LIABILITIES			
Accrued expenses and other payables		104,431	111,459
TOTAL LIABILITIES		104,431	111,459
EQUITY			
Net assets attributable to the unitholders of redeemable units		34,142,746	36,628,107
Redeemable units in issue		498,260	515,913
Net asset value attributable to each per unit		68.52	71.00

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAUDI FINANCIAL INSTITUTION EQUITY FUNDINTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2024

	<i>Note</i>	30 June 2024 (Unaudited) SR	30 June 2023 (Unaudited) SR
INCOME			
Net unrealised (loss) / gain on financial assets at FVTPL		(3,117,077)	(2,262,369)
Net realised gain on disposal of financial assets at FVTPL		1,720,681	1,259,591
Dividend income		700,534	596,254
Other income		32	-
TOTAL (LOSS)		(695,830)	(406,524)
EXPENSES			
Management fees	5	407,840	338,233
Other expenses		86,464	92,508
TOTAL EXPENSES		494,304	(30,741)
NET (LOSS) FOR THE PERIOD		(1,190,134)	(837,265)
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,190,134)	(837,265)

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAUDI FINANCIAL INSTITUTION EQUITY FUNDINTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2024

	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	36,628,107	37,031,702
Net loss for the period	(1,190,134)	(837,265)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(1,190,134)	(837,265)
Issuance of units during the period	593,526	-
Redemption of units during the period	(1,888,753)	(821,613)
Net changes from unit transactions	(1,295,227)	(821,613)
EQUITY AT THE END OF THE PERIOD	34,142,746	35,372,824
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the period are summarised as follows:		
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	515,913	536,781
Issuance of units during the period	8,357	-
Redemption of units during the period	(26,010)	(12,883)
Net decrease in unit transactions	(17,653)	(12,883)
UNITS AT THE END OF THE PERIOD	498,260	523,898

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAUDI FINANCIAL INSTITUTION EQUITY FUND**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2024**

	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>
OPERATING ACTIVITIES		
Net loss for the period	(1,190,134)	(837,265)
<i>Adjustments to reconcile net income / (loss) to net cash flows from operating activities:</i>		
Net movement in unrealised (loss) / gain on financial assets at FVTPL	3,117,075	2,262,369
Dividend income	(700,534)	(596,254)
	1,226,409	828,850
Working capital adjustments:		
Financial assets at FVTPL	(900,503)	(426,420)
Receivables and advances	(2,812)	14,950
Decrease in accrued expenses and other payables	(7,028)	(35,395)
Cash flows generated from operating activities	316,066	381,985
Dividends received	700,534	596,254
Net cash flows generated from operating activities	1,016,600	978,239
FINANCING ACTIVITIES		
Proceeds from issuance of units	593,526	-
Payment on redemption of units	(1,888,753)	(821,613)
Net cash used in financing activities	(1,295,227)	(821,613)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(278,627)	156,626
Cash and cash equivalents at beginning of the period	410,327	583,907
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	131,700	740,533

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Saudi Financial Institutions Fund (the “Fund”) is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between SAB Invest (the “Fund Manager”) and investors in the Fund (the “Unitholders”). The address of the Fund Manager is as follows:

SAB Invest, Head Office
SAB Tower 7383
King Fahad Branch Rd (Al-Yasmeen District)
Riyadh 13325
Kingdom of Saudi Arabia

The objective of the Fund is to achieve long term capital appreciation, through investing in Saudi financial sector equities.

The Fund has appointed Riyadh Capital Company (the “Custodian”) to act as its custodian. The fees of the custodian services are paid by the Fund.

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

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 12 07 (Rajab) 1442H (corresponding to 22 February 2021) (the “Amended Regulations”). The Fund Manager believes that the Amended Regulations was effective since 19 09 (Ramadan) 1442H (corresponding to 01 May 2021).

3 BASIS OF PREPARATION AND CHANGES TO MATERIAL ACCOUNTING POLICIES

3.1. Statement of compliance

These unaudited interim condensed financial statements for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the kingdom of Saudi Arabia.

3.2. Basis of preparation

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2023. In addition, result for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The unaudited interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value. These unaudited interim condensed financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SR

SAUDI FINANCIAL INSTITUTION EQUITY FUND
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AT 30 JUNE 2024

3 BASIS OF PREPARATION AND CHANGES TO MATERIAL ACCOUNTING POLICIES (continued)

3.3. New standards and amendments to standards

3.3.1 New standards and amendments adopted by the Fund

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the Fund's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2024.

Standard, interpretation and amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOC
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

SAUDI FINANCIAL INSTITUTION EQUITY FUND

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2024

3. BASIS OF PREPARATION AND CHANGES TO MATERIAL ACCOUNTING POLICIES (continued)

3.3. New standards and amendments to standards (continued)

3.3.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	Annual periods beginning on or after 1 January 2025
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	IASB amended the requirements related to: setting financial liabilities using an electronic payment system; assessing contractual cash flow characteristics of financial assets including those with environmental, social and governance (ESG)-linked features.	Annual periods beginning on or after 1 January 2026
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	Annual periods beginning on or after 1 January 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	Annual periods beginning on or after 1 January 2027

SAUDI FINANCIAL INSTITUTION EQUITY FUND
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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4 INVESTMENT DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

As at the interim statement of financial position date, investments designated at FVTPL comprise of the following:

Investments in equities	30 June 2024 (Un-audited)			
	Market Value	Cost	Unrealised gain / (loss)	% of Market value
Banks				
Al Rajhi Bank	6,834,880	3,577,386	3,257,494	20.04
The Saudi National Bank	5,804,314	4,938,614	865,700	17.02
Alinma Bank	3,281,579	1,588,091	1,693,488	9.62
Saudi Awwal Bank	3,248,101	2,392,874	855,227	9.52
Bank Albilad	3,114,573	2,138,185	976,388	9.13
Riyad Bank	3,003,482	1,990,201	1,013,281	8.80
Arab National Bank	2,990,923	2,648,070	342,853	8.77
Banque Saudi Fransi	2,780,386	2,812,346	(31,960)	8.15
The Saudi Investment Bank	2,672,362	2,837,027	(164,665)	7.83
Bank AlJazira	382,065	305,612	76,453	1.12
	34,112,665	25,228,406	8,884,259	100.00

Investments in equities	31 December 2023 (Audited)			
	Market Value	Cost	Unrealised gain / (loss)	Percentage
Banks				
The Saudi National Bank	7,134,983	5,487,681	1,647,302	19.64
Al Rajhi Bank	7,126,043	3,079,684	4,046,359	19.62
Saudi Awwal Bank	3,744,179	2,742,862	1,001,317	10.31
Alinma Bank	3,556,921	1,731,338	1,825,583	9.79
Banque Saudi Fransi	3,425,880	3,018,079	407,801	9.43
Arab National Bank	3,249,254	3,071,599	177,655	8.94
Riyad Bank	2,950,377	1,529,839	1,420,538	8.12
Bank Albilad	2,712,002	1,143,231	1,568,771	7.47
The Saudi Investment Bank	1,755,839	1,931,335	(175,496)	4.83
Bank AlJazira	673,761	592,255	81,506	1.85
	36,329,239	24,327,903	12,001,336	100.00

All Investments of the Fund are made in the Kingdom of Saudi Arabia.

SAUDI FINANCIAL INSTITUTION EQUITY FUND
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AT 30 JUNE 2024

5 TRANSACTIONS WITH RELATED PARTIES

During the period / year, the Fund entered into the following transactions with related parties in the ordinary course of business:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
SAB Invest (Fund Manager)	Fund management fee (including VAT)	407,840	338,233	68,193	69,724
Fund Administrator	Administration fee	13,797	-	2,448	2,801
Board Members	Board member fee	7,118	2,834	4,263	5,751
	Cash and cash equivalents			1,068	-

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.95% per annum.

The units in issue at 30 June 2024 include 75 units held by the employees of the Fund Manager (31 December 2023: 696 units)

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director's fees are currently SAR 3,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board. In addition, SAR 2,000 are paid to each independent director by the Fund per annum.

6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. All other financial assets and liabilities are classified as amortized cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

7 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

As at 30 June 2024 (Unaudited)	Within 12 months SR	Within 12 months SR	No Fixed Maturity SR	Total SR
ASSETS				
Cash and cash equivalents	131,700	-	-	131,700
Financial assets at FVTPL	-	-	34,112,665	34,112,665
Receivable and advances	2,813			2,813
TOTAL ASSETS	134,513	-	34,112,665	34,247,178
LIABILITY				
Accrued expenses and other payables	104,431	-	-	104,431
TOTAL LIABILITY	104,431	-	-	104,431

SAUDI FINANCIAL INSTITUTION EQUITY FUND
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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7 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 Dec 2023 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>Within 12 months SR</i>	<i>No Fixed Maturity SR</i>	<i>Total SR</i>
ASSETS				
Cash and cash equivalents	410,327	-	-	410,327
Financial assets at FVTPL	-	-	36,329,239	36,329,239
TOTAL ASSETS	<u>410,327</u>	<u>-</u>	<u>36,329,239</u>	<u>36,739,566</u>
LIABILITY				
Accrued expenses and other payables	111,459	-	-	111,459
TOTAL LIABILITY	<u>111,459</u>	<u>-</u>	<u>-</u>	<u>111,459</u>

8 SUBSEQUENT EVENTS

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these interim condensed financial statements which requires adjustment to, or disclosure, in these interim condensed financial statements.

9 LAST VALUATION DAY

The last valuation day of the period/year was 30 June 2024 (year ended 31 December 2023: 31 December 2023).

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These unaudited interim condensed financial statements were approved by the Fund's management on 7 Safar 1446H (corresponding to 11 August 2024).