

**Saudi Financial Institutions Fund**  
(Managed by Alawwal Invest Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
(UNAUDITED)

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAUDI FINANCIAL INSTITUTIONS FUND  
(Managed by Alawwal Invest Company)**

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Saudi Financial Institutions Fund (the "Fund") managed by Alawwal Invest Company (the "Fund Manager") as at 30 June 2020 and the related interim condensed statements of comprehensive income, statement of cash flows and statement of changes in equity for the six-month period ended 30 June 2020, and a summary of significant accounting policies and other explanatory notes. Management 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") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

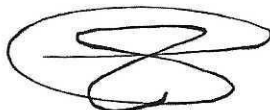
**Scope of Review:**

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" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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.

**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 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Yousef A. AlMubarak  
Certified Public Accountant  
License No. 427

Riyadh: 23 Thul-Hijjah 1441H  
(13 August 2020)



Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	<i>Note</i>	<b>30 June 2020</b> SR	<b>31 December 2019</b> SR
<b>ASSETS</b>			
Cash and cash equivalents		<b>4,238,912</b>	2,556,808
Investments at fair value through profit or loss	4	<b>25,572,657</b>	37,104,593
<b>TOTAL ASSETS</b>		<b>29,811,569</b>	39,661,401
<b>LIABILITY</b>			
Accrued expenses		<b>44,254</b>	73,101
<b>EQUITY</b>			
Net assets attributable to the redeemable unitholders		<b>29,767,315</b>	39,588,300
<b>TOTAL LIABILITY AND EQUITY</b>		<b>29,811,569</b>	39,661,401
Units in issue		<b>750,744</b>	786,271
Net assets value attributable to each unit		<b>39.6504</b>	50.3494

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME(UNAUDITED)

For the six-month period ended 30 June 2020

	<i>Notes</i>	<b>2020</b> <b>SR</b>	<b>2019</b> <b>SR</b>
<b>INCOME</b>			
Net (loss) gain from investments at fair value through profit or loss	5	<b>(8,641,535)</b>	7,761,542
Dividend income		<b>704,515</b>	1,013,533
		<b>(7,937,020)</b>	8,775,075
<b>EXPENSES</b>			
Management fees	8	<b>(309,831)</b>	(449,435)
Other expenses	7,8	<b>(69,579)</b>	(68,515)
		<b>(379,410)</b>	(517,950)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(8,316,430)</b>	8,257,125
Other comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>		<b>(8,316,430)</b>	8,257,125

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit for the period	(8,316,430)	8,257,125
Adjustments to reconcile profit for the period to net cash flows:		
Unrealized (loss) gain on investments at fair value through profit or loss	8,954,592	(7,065,328)
	<u>638,162</u>	<u>1,191,797</u>
Working capital adjustments:		
Decrease in investments at fair value through profit or loss	2,577,344	1,566,765
Decrease in accrued expenses	(28,847)	(101,276)
	<u>3,186,659</u>	<u>2,657,286</u>
Net cash flows from operating activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuances of units	-	190,987
Payment on redemption of units	(1,504,555)	(4,632,193)
	<u>(1,504,555)</u>	<u>(4,441,206)</u>
Net cash flows used in financing activities		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,682,104</b>	<b>(1,783,920)</b>
Cash and cash equivalents at the beginning of the period	2,556,808	3,718,802
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4,238,912</b>	<b>1,934,882</b>

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the six-month period ended 30 June 2020

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>
<b>EQUITY AT THE BEGINNING OF THE PERIOD</b>	<b>39,588,300</b>	42,086,453
(Loss) profit for the period	<b>(8,316,430)</b>	8,257,125
Other comprehensive income	<b>-</b>	<b>-</b>
	<b>(8,316,430)</b>	8,257,125
Issuance of units during the period	<b>-</b>	190,987
Redemptions of units during the period	<b>(1,504,555)</b>	(4,632,193)
<b>EQUITY AT THE END OF THE PERIOD</b>	<b>29,767,315</b>	45,902,372

**UNIT TRANSACTIONS**

Transactions in units for the period ended 30 June are summarised as follows:

	<i>2020</i> <i>Units</i>	<i>2019</i> <i>Units</i>
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>786,271</b>	943,445
Units issued during the period	<b>-</b>	3,531
Units redeemed during the period	<b>(35,527)</b>	(88,803)
<b>NET DECREASE IN UNITS</b>	<b>(35,527)</b>	(85,272)
<b>UNITS AT THE END OF THE PERIOD</b>	<b>750,744</b>	858,173

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the six-month period ended 30 June 2020

**1. GENERAL**

Saudi Financial Institutions Fund (the “Fund”) is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between Alawwal Invest Company (the “Fund Manager”), a subsidiary of The Saudi British Bank (formerly a subsidiary of Alawwal Bank) (the “Bank”) and investors in the Fund (the “Unitholders”).

The Fund’s Manager registered office is at P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia.

Saudi Financial Institutions Fund	
Commencement Date	22 July 1995
Latest Governing Terms and Condition Date	7 November 2019
Latest Governing Information Memorandum Date	7 November 2019
Category	Conventional
Objective	Long-term capital appreciation
Allowed Investment Channels	Saudi Market banking and financial services sector
	Money market funds

The Fund has appointed Riyadh Capital Company (the “Custodian”) to act as its custodian and registrar. The fees of the custodian and registrar’s 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 16 Sha’aban 1437H (corresponding to 23 May 2016) (the “Amended Regulations”). The Fund Manager believes that the Amended Regulations was effective since 6 Safar 1438H (corresponding to 6 November 2016).

**3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES**

**3.1. Basis of preparation**

These interim condensed financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The 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 2019.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for investments held at fair value through profit or loss that are measured at fair value. These 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.

**3.2 New standards, interpretations and amendments**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2019.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

## Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the six-month period ended 30 June 2020

#### 4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of the investment portfolio as at interim condensed statement of financial position date summarised below:

	30 June 2020				31 December 2019			
	% of value	Cost SR	Market value SR	Unrealized gain (loss) SR	% of value	Cost SR	Market value SR	Unrealized gain (loss) SR
<i>Equities</i>								
Al Rajhi Bank	21.38	3,884,479	5,468,183	1,583,704	21.14	4,823,322	7,845,449	3,022,127
National Commercial Bank	17.67	4,757,037	4,518,425	(238,612)	17.07	5,043,097	6,333,550	1,290,453
Samba Financial Group	12.46	3,094,030	3,185,752	91,722	10.38	3,093,726	3,850,193	756,467
Alinma Bank	9.52	2,466,651	2,434,956	(31,695)	10.04	2,886,924	3,726,450	839,526
Riyad Bank	9.34	1,900,334	2,389,062	488,728	9.17	1,900,334	3,400,800	1,500,466
Banque Saudi Fransi	6.99	1,736,831	1,786,659	49,828	7.13	1,936,658	2,644,662	708,004
Arab National Bank	6.88	1,706,898	1,759,286	52,388	10.17	2,539,313	3,774,350	1,235,037
Saudi British Bank	6.16	1,919,418	1,575,009	(344,409)	7.05	2,091,538	2,614,298	522,760
Bank Albilad	5.35	1,408,015	1,367,790	(40,225)	3.67	1,084,164	1,362,081	277,917
Bank Aljazira	4.25	1,225,250	1,087,535	(137,715)	4.18	1,277,211	1,552,760	275,549
	<b>100.00</b>	<b>24,098,943</b>	<b>25,572,657</b>	<b>1,473,714</b>	<b>100.00</b>	<b>26,676,287</b>	<b>37,104,593</b>	<b>10,428,306</b>

The above equity investments are listed on the Saudi Stock Exchange ("Tadawul"). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.



**Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
(continued)  
For the six-month period ended 30 June 2020

**5. NET (LOSS) GAIN FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<i>For the six-month period ended 30 June</i>	
	<b>2020</b>	<b>2019</b>
	<b>SR</b>	<b>SR</b>
Realised gain	<b>313,057</b>	696,214
Unrealised gain	<b>(8,954,592)</b>	7,065,328
	<b>(8,641,535)</b>	7,761,542

**6. FAIR VALUES 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. 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. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior period.

**7. OTHER EXPENSES**

	<i>For the six-month period ended 30 June</i>	
	<b>2020</b>	<b>2019</b>
	<b>SR</b>	<b>SR</b>
Value Added Tax	<b>17,715</b>	24,409
Audit fees	<b>19,945</b>	17,356
Custody Fee	<b>9,809</b>	9,000
Standard & Poor's benchmark fees	<b>7,947</b>	7,439
CMA monitoring fees	<b>3,740</b>	3,720
Brokerage	<b>3,656</b>	1,640
Tadawul fees	<b>2,493</b>	2,480
Board member fees (note 8)	<b>4,274</b>	2,471
	<b>69,579</b>	68,515

**8. TRANSACTIONS WITH RELATED PARTIES**

*Management fee and other transactions*

The Fund is managed and administered by the Fund Manager. For this service the Fund pays a management fee calculated on every valuation day, at an annual rate of 1.95 % of the Fund's daily net assets. In addition, the Fund Manager charges a subscription fee of 1.5 % on gross subscriptions to cover administration costs and a redemption fee of 0.5% on redemptions within a month of subscribing, which is reinvested in the Fund. Total management fees for the period amounted to SR 309,831 (30 June 2019: SR 449,435), the management fees payable at the period-end were SR 2,549 (31 December 2019: Nil).

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

# Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

For the six-month period ended 30 June 2020

### 8. TRANSACTIONS WITH RELATED PARTIES (Continued)

#### Board of directors

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 SR 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, SR 2,000 are paid to each independent director by the Fund per annum. The directors total remuneration during the period amounted to SR 4,274 (2019: SR 2,471), the fees payable to directors at the period-end were SR 4,273 (31 December 2019: SR 8,571).

#### Units held by related parties

The balances as at period end resulting from such transactions included in the interim condensed financial statements are as follows:

Related party and nature of relationship	Nature of transaction	30 June 2020	31 December 2019
		Units	Units
Employees of the Bank	Units held	696	696
		<u>696</u>	<u>696</u>

### 9. 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 2020	Within 12 months SR	After 12 months SR	Total SR
<b>ASSETS</b>			
Cash and cash equivalents	4,238,912	-	4,238,912
Investments at fair value through profit or loss	25,572,657	-	25,572,657
<b>TOTAL ASSETS</b>	<u>29,811,569</u>	<u>-</u>	<u>29,811,569</u>
<b>LIABILITY</b>			
Accrued expenses	44,254	-	44,254
<b>TOTAL LIABILITY</b>	<u>44,254</u>	<u>-</u>	<u>44,254</u>

**Saudi Financial Institutions Fund (Managed by Alawwal Invest Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
(continued)  
For the six-month period ended 30 June 2020

**9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)**

<i>As at 31 December 2019</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Cash and cash equivalents	2,556,808	-	2,556,808
Investments at fair value through profit or loss	37,104,593	-	37,104,593
<b>TOTAL ASSETS</b>	39,661,401	-	39,661,401
<b>LIABILITY</b>			
Accrued expenses	73,101	-	73,101
<b>TOTAL LIABILITY</b>	73,101	-	73,101

**10. VALUATION PERIOD**

The last valuation day of the period was 30 June 2020 (2019: 31 December 2019).

**11. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

The outbreak of the newly emerging Corona Virus (COVID-19) is still evolving and increasing. Therefore, it is now difficult to predict the magnitude and full extent of the resulting impact on business and the Fund.

It is still not certain what size and extent of these impacts will be determined, depending on future developments that cannot be accurately predicted at the present time, such as the rate of virus transmission and the size and effectiveness of measures taken to contain it. In light of the current uncertainty of the economic impact, it is not possible to make a reliable estimate of the resulting impact at the date of these financial statements being approved.

These developments may affect the future financial results, cash flows and the financial position of the Fund.

**12. SUBSEQUENT EVENTS**

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

**13. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements are approved by the Fund Board on 23 Thul-Hijjah 1441H (13 August 2020).