

ANB Capital Saudi Equity Fund
(Formerly, Al-Arabi Saudi Equity Fund)
(Managed by anb capital Company)
(Formerly, Arab National Investment Company)

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL
STATEMENTS TO THE UNITHOLDERS OF ANB CAPITAL SAUDI EQUITY FUND
(FORMERLY, AL ARABI SAUDI EQUITY FUND)
(MANAGED BY ANB CAPITAL COMPANY)
(FORMERLY, ARAB NATIONAL INVESTMENT COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of ANB Capital Saudi Equity Fund (Formerly, Al Arabi Saudi Equity Fund) (the "Fund") managed by anb capital company (Formerly, Arab National Investment Company) (the "Fund Manager") as at 30 June 2023, and the related interim condensed statement of comprehensive income, interim condensed statement of changes in equity attributable to the unitholders and interim condensed statement of 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 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 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 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

RFM

Rashid S. Roshod
Certified Public Accountant
License No. 366

Riyadh: 23 Muharram 1445H
(10 August 2023)



ANB Capital Saudi Equity Fund
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

	<i>Note</i>	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	5	160,748,785	143,472,452
Dividend receivables		-	13,948
Cash and cash equivalent with custodian		3,187,971	2,582,007
TOTAL ASSETS		163,936,756	146,068,407
LIABILITIES			
Management fees payable	6	704,981	878,299
Accrued expenses		156,823	141,846
TOTAL LIABILITIES		861,804	1,020,145
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		163,074,952	145,048,262
TOTAL LIABILITIES AND EQUITY		163,936,756	146,068,407
Redeemable units in issue		845,803	860,228
Net asset value attributable to each unit		192.80	168.62

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

ANB Capital Saudi Equity Fund
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2023

	<i>Note</i>	30 June 2023 SR	30 June 2022 SR
INCOME			
Realized gain on financial assets at FVTPL	5	15,619,939	30,006,629
Net movement in unrealized gain (loss) on financial assets at FVTPL	5	4,537,258	(15,644,046)
Dividend income		2,040,164	1,734,550
TOTAL INCOME		22,197,361	16,097,133
EXPENSES			
Management fees	6	(1,314,956)	(1,448,234)
Other expenses	6	(310,842)	(315,445)
TOTAL EXPENSES		(1,625,798)	(1,763,679)
NET INCOME FOR THE PERIOD		20,571,563	14,333,454
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		20,571,563	14,333,454

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2023

	30 June 2023 SR	30 June 2022 SR
Equity attributable to the unitholders at beginning of the period	145,048,262	139,988,755
Total comprehensive income for the period	20,571,563	14,333,454
<i>Issuance and redemption of units</i>		
Issuance of units during the year	127,050	11,055,461
Redemptions of units during the period	(2,671,923)	(9,874,820)
Net changes in units	(2,544,873)	1,180,641
Equity attributable to the unitholders at end of the period	163,074,952	155,502,850

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units during the period are summarised, as follows:

	30 June 2023 Units	30 June 2022 Units
Units at beginning of the period	860,228	881,404
Issuance of units during the year	697	59,963
Redemptions of units during the period	(15,122)	(55,848)
Net changes in units	(14,425)	4,115
Units at end of the period	845,803	885,519

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

	<i>30 June</i> 2023 <i>SR</i>	<i>30 June</i> 2022 <i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	20,571,563	14,333,454
<i>Adjustments:</i>		
Movement in unrealized gain (loss) on financial assets at FVTPL	(4,537,258)	15,644,046
Dividends income	(2,040,164)	(1,734,550)
	13,994,141	28,242,950
Working capital adjustments:		
Financial assets at FVTPL	(12,739,075)	(29,735,770)
Management fee payable and accrued expenses	(158,341)	154,258
Dividend receivable	13,948	-
Net cash generated from (used in) operations	1,110,673	(1,338,562)
Dividends received	2,040,164	1,683,050
Net cash flows from operating activities	3,150,837	344,488
FINANCING ACTIVITIES		
Payment on redemption of units	(2,671,923)	(9,874,820)
Proceeds from units sold	127,050	11,055,461
Net cash flows (used in) from financing activities	(2,544,873)	1,180,641
NET INCREASE IN CASH AND CASH EQUIVALENTS	605,964	1,525,129
Cash and cash equivalents at beginning of the period	2,582,007	3,005,428
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,187,971	4,530,557

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ANB Capital Saudi Equity Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2023

1. GENERAL

ANB Capital Saudi Equity Fund (Formerly, Al-Arabi Saudi Equity Fund) (the “Fund”) is open-ended fund. The investment object of the Fund is to invest in a broadly diversified portfolio of Saudi Arabian equity including money market and murabaha funds. The Fund was established on 13 Shawwal 1401H (corresponding to 1 April 1992) by the Arab National Bank (“the Bank”). The address of the Fund Manager is anb capital company, P.O. Box 220009, Riyadh 11311, Kingdom of Saudi Arabia.

In accordance with the Capital Market Authority’s (CMA) decision No. 1-83-2005 dated 21 Jumada Awal 1426H (corresponding to 28 June 2005) issued by the CMA Board in connection with the regulations relating to Authorised Persons, the Bank has transferred its asset management operations to anb capital company (Formerly, Arab National Investment Company) (“the Fund Manager”), a wholly owned subsidiary of the Bank, effective 1 January 2008.

The Fund has appointed AlBilad Investment 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.

On 29 September 2022, the Fund's Board of Directors resolved to change the name of the Fund from Al-Arabi Saudi Equity Fund to ANB Capital Saudi Equity Fund. The legal procedures for CMA approval for change in the Fund’s name were completed on 03 October 2022.

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 by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab 1442H. Corresponding to 24 February 2021G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 2021).

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 2023 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the annual financial statements for the year ended 31 December 2022. In addition, result for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at fair value through profit or loss that are measured at fair value. These interim condensed financial statements are presented in Saudi Riyals (“SR”), which is the Fund’s functional currency.

3.2 New standards and amendments to standards

3.2.1 New standards and amendments adopted by the Fund

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2022, except for the new standards and amendments effective from 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

ANB Capital Saudi Equity Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2023

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New standards and amendments to standards (continued)

3.2.1 New standards and amendments adopted by the Fund (continued)

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements.

Standard, interpretation and amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023

3.2.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 7 and IFRS 7	Disclosures enhancement for supplier finance arrangements on the entity's liabilities.	Annual periods beginning on or after 1 January 2024

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATE AND ASSUMPTIONS

The significant accounting judgements, estimates and assumptions used in preparation of interim condensed financial statements are consistent with those used in preparation of the fund's annual financial statements for the year ended 31 December 2022.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the investments at fair value through profit and loss is summarised below:

<i>30 June 2023 (Unaudited)</i>				
<i>Equity shares - Sectors</i>	<i>% of market Value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealized gain/(loss) SR</i>
Banks	36.73%	52,733,103	59,078,639	6,345,536
Energy	18.33%	28,507,794	29,458,363	950,569
Materials	8.13%	14,076,790	13,066,005	(1,010,785)
Telecommunication Services	7.79%	10,668,250	12,526,315	1,858,065
Commercial & Professional Services	4.28%	5,975,939	6,875,869	899,930
Capital Goods	4.09%	5,162,552	6,570,059	1,407,507
Media & Entertainment	3.91%	6,482,475	6,279,299	(203,176)
Insurance	3.68%	4,035,530	5,908,168	1,872,638
Information Technology	3.63%	5,757,780	5,833,994	76,214
Utilities	2.91%	3,940,113	4,680,408	740,295
Consumer Services	2.50%	3,728,662	4,013,723	285,061
Health Care Equipment & Services	2.15%	2,882,202	3,453,862	571,660
Utilities	1.87%	3,175,058	3,004,081	(170,977)
	100%	147,126,248	160,748,785	13,622,537
<i>31 December 2022 (Audited)</i>				
<i>Equity shares - Sectors</i>	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/(loss) SR</i>
Banks	40.14%	48,976,251	57,586,144	8,609,893
Energy	18.35%	28,589,035	26,320,117	(2,268,918)
Information Technology	9.64%	10,693,617	13,831,431	3,137,814
Materials	8.20%	13,180,148	11,769,394	(1,410,754)
Media & Entertainment	6.41%	9,791,089	9,201,904	(589,185)
Insurance	3.61%	3,844,075	5,182,121	1,338,046
Consumer Services	3.59%	4,524,263	5,148,882	624,619
Telecommunication Services	3.17%	4,631,879	4,549,051	(82,828)
Capital Goods	2.62%	4,334,065	3,764,300	(569,765)
Utilities	2.33%	2,981,059	3,338,224	357,165
Health Care Equipment & Services	1.94%	2,841,692	2,780,884	(60,808)
	100%	134,387,173	143,472,452	9,085,279

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2023

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)

The movements in the fair value of financial assets at FVTPL during the period are, as follows:

	30 June 2023 SR	30 June 2022 SR
Fair value as at beginning of the period	143,472,452	137,732,034
Net purchase (sales) of financial assets at FVTPL	(2,880,864)	(270,859)
Net realized gain on disposal of financial assets at FVTPL	15,619,939	30,006,629
Net unrealized gain (loss) on financial assets at FVTPL	4,537,258	(15,644,046)
Fair value as at end of period	<u>160,748,785</u>	<u>151,823,758</u>

6. TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee at the rate of 1.75% per annum calculated based on the net asset value at each valuation date. In addition, the Fund Manager also charges other fees at a maximum rate of 1.00 % per annum calculated based on the net asset value at each valuation date to meet other expenses of the Fund. A subscription fee of up to 2% may be charged to the subscribers by the Fund Manager upon subscription.

The management fees amounting to SR 1,314,956 (30 June 2022: SR 1,448,234) and other fees amounting to SR 310,842 (30 June 2022:SR 315,445) reflected in the statement of comprehensive income, represent the fees charged by Fund Manager during the period.

The management fees and other fees payable to the Fund Manager at the period-end is disclosed in the statement of financial position.

The unitholders' account included units held for the period ended 30 June 2023 and as at 31 December 2022:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Funds under the Fund Managers	7,692	15,007
Employees of the Bank	-	45
	<u>7,692</u>	<u>15,052</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2023

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund measures financial instruments at fair value at each condensed statement of financial position date.

The Fund has only investments at fair value through profit or loss which is measured at fair values. 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 year or prior year.

FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 30 June 2023 and 31 December 2022. There are no financial liabilities measured at fair value.

		<i>Fair value measurement using</i>		
		<i>Quoted prices in</i>	<i>Significant</i>	<i>Significant</i>
		<i>active markets</i>	<i>observable</i>	<i>unobservable</i>
		<i>(Level 1)</i>	<i>inputs</i>	<i>inputs</i>
	<i>Total</i>		<i>(Level 2)</i>	<i>(Level 3)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>As at 30 June 2023 (Unaudited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	160,748,785	160,748,785	-	-
<i>As at 31 December 2022 (Audited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	143,472,452	143,472,452	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2023

8. MATURITY ANALYSIS OF ASSETS AND LIABILITY

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

<i>As at 30 June 2023 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	160,748,785	-	160,748,785
Cash and cash equivalent with custodian	3,187,971	-	3,187,971
Dividend receivable	-	-	-
TOTAL ASSETS	163,936,756	--	163,936,756
LIABILITIES			
Management fees payable	704,981	-	704,981
Accrued expenses	156,823	-	156,823
TOTAL LIABILITIES	861,804	-	861,804

<i>As at 31 December 2022 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	143,472,452	-	143,472,452
Dividends receivable	13,948	-	13,948
Cash and cash equivalent with custodian	2,582,007	-	2,582,007
TOTAL ASSETS	146,068,407	-	146,068,407
LIABILITIES			
Management fees	878,299	-	878,299
Accrued expenses	141,846	-	141,846
TOTAL LIABILITIES	1,020,145	-	1,020,145

9. LAST VALUATION DAY

The last valuation published day of the period was 22 June 2023 (2022: 29 December 2022).

10. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund's management on 23 Muharram 1445H (corresponding to 10 August 2023).