

**Al-Mubarak Saudi Sovereign Sukuk Fund**  
(Managed by Arab National Investment Company)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

## INDEPENDENT AUDITOR'S REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF AL-MUBARAK SAUDI SOVEREIGN SUKUK FUND (MANAGED BY ARAB NATIONAL INVESTMENT COMPANY)

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Mubarak Saudi Sovereign Sukuk Fund (the "Fund") managed by Arab National Investment Company (the "Fund Manager") as at 30 June 2022, 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 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") 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" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed statement of 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



Rashid S. Roshod  
Certified Public Accountant  
License No. 366

Riyadh: 17 Muharram 1444H  
(15 August 2022)



**Al-Mubarak Saudi Sovereign Sukuk Fund**  
**(Managed by Arab National Investment Company)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at 30 June 2022

		<b>30 June 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
	<i>Notes</i>		
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	5	<b>51,174,505</b>	87,966,918
Accrued special commission income		<b>459,163</b>	719,953
Cash and cash equivalents		<b>996,236</b>	688,951
<b>TOTAL ASSETS</b>		<b>52,629,904</b>	89,375,822
<b>LIABILITIES</b>			
Management fees payable		<b>29,125</b>	67,595
Accrued expenses		<b>21,158</b>	19,079
<b>TOTAL LIABILITIES</b>		<b>50,283</b>	86,674
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)</b>		<b>52,579,621</b>	89,289,148
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>52,629,904</b>	89,375,822
Redeemable units in issue		<b>5,780,125</b>	9,065,886
Net asset value attributable to each per unit		<b>9.10</b>	9.85

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

**Al-Mubarak Saudi Sovereign Sukuk Fund**  
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**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

For the six-month period ended 30 June 2022

	<i>Notes</i>	<b>2022</b> <b>SR</b>	<b>2021</b> <b>SR</b>
<b>INCOME (LOSS)</b>			
Special commission income		<b>1,237,767</b>	2,823,422
Net realised loss on disposal of financial assets at FVTPL		<b>(3,832,128)</b>	(1,407,087)
Net unrealised loss on financial assets at FVTPL	5	<b>(3,329,302)</b>	(3,479,371)
<b>TOTAL LOSS</b>		<b>(5,923,663)</b>	(2,063,036)
<b>EXPENSES</b>			
Management fees	6	<b>(71,351)</b>	(200,376)
Other fees	6	<b>(60,463)</b>	(117,942)
<b>TOTAL EXPENSES</b>		<b>(131,814)</b>	318,318
<b>NET LOSS FOR THE PERIOD</b>		<b>(6,055,477)</b>	(2,381,354)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(6,055,477)</b>	(2,381,354)

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

**Al-Mubarak Saudi Sovereign Sukuk Fund**  
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)**

For the six-month period ended 30 June 2022

	<b>2022</b> <b>SR</b>	<b>2021</b> <b>SR</b>
Equity attributable to the unitholders at beginning of the period	<b>89,289,148</b>	254,199,750
Total comprehensive loss for the period	<b>(6,055,477)</b>	(2,381,354)
<i>Issuance and redemption of units</i>		
Issuance of units during the period	<b>111,952</b>	4,191,260
Redemptions of units during the period	<b>(30,766,002)</b>	(106,405,840)
Net change from unit transactions	<b>(30,654,050)</b>	(102,214,580)
<b>Equity attributable to the unitholders at end of the period</b>	<b>52,579,621</b>	149,603,816

**REDEEMABLE UNIT TRANSACTIONS**

Transactions in redeemable units made for the period are summarized as follows:

	<b>2022</b> <b>SR</b>	<b>2021</b> <b>SR</b>
Units at beginning of the period	<b>9,065,886</b>	25,284,608
Issuance of units during the period	<b>11,926</b>	416,635
Redemptions of units during the period	<b>(3,297,686)</b>	(10,638,219)
Net changes in units	<b>(3,285,761)</b>	(10,221,584)
<b>Units at end of the period</b>	<b>5,780,125</b>	15,063,024

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

**Al-Mubarak Saudi Sovereign Sukuk Fund**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-month period ended 30 June 2022

	2022 SR	2021 SR
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(6,055,477)	(2,381,354)
<i>Adjustments:</i>		
Net movement in unrealised loss on financial assets at FVTPL	3,329,303	3,479,371
Special commission income	(1,237,767)	(2,823,422)
	<u>(3,963,941)</u>	<u>(1,725,405)</u>
Changes in operating assets and liabilities:		
Financial assets at FVTPL	33,463,156	98,930,748
Management fee payable and accrued expenses	(36,391)	(70,172)
	<u>29,462,824</u>	<u>97,135,171</u>
Net cash generated from operations	29,462,824	97,135,171
Special commission received	1,498,557	3,534,890
	<u>30,961,381</u>	<u>100,670,061</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	111,952	4,191,260
Payment on redemption of units	(30,766,002)	(106,405,840)
	<u>(30,654,050)</u>	<u>(102,214,580)</u>
Net cash used in financing activities	(30,654,050)	(102,214,580)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>307,331</b>	<b>(1,544,519)</b>
Cash and cash equivalents at beginning of period	688,951	2,632,157
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>996,282</u></b>	<b><u>1,087,638</u></b>

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

# Al-Mubarak Saudi Sovereign Sukuk Fund

## (Managed by Arab National Investment Company)

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### NOTE TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

#### 1. GENERAL

Al-Mubarak Saudi Sovereign Sukuk Fund (the “Fund”) is open-ended fund. The investment object of the Fund is to achieve growth on long term by investing in Saudi Riyal Sovereign Sukuk Issued by government of Saudi Arabia and other money market instruments which comply with shariah. The Fund was established on 13 Rajab 1441H (corresponding to 8 March 2020) by Arab National Bank (the “Bank”). The address of the Fund Manager is Arab National Investment Company, P.O. Box 220009, Riyadh 11311, Kingdom of Saudi Arabia.

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 by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12/7/1442H. Corresponding to 24/2/2021G (the “Amended Regulations”).

#### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2022 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 2021. In addition, result for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 Significant accounting policies

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 2021, except for the new standards and amendments effective from 1 January 2022.

##### *New standards, interpretations and amendments*

- Amendment to IFRS 16, ‘Leases’ – COVID-19 related rent concessions extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021).
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022):
- Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, ‘Property, plant and equipment’ prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in statement of income.
- Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs an entity includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

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**NOTE TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

At 30 June 2022

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

**3.2 Significant accounting policies (continued)**

*Standards issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (deferred until accounting periods starting not earlier than 1 January 2024).
- Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 (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 (annual periods beginning on or after 1 January 2023).
- IFRS 17, 'Insurance Contracts', as amended in June 2020 (annual periods beginning on or after 1 January 2023).
- A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts (annual periods beginning on or after 1 January 2023).

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, 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 2021.

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

The composition of the investment's portfolio on the last valuation day of the period is summarised below:

<i>Sovereign Government sukuk</i>	<i>Commission rate</i>	<i>Maturity date</i>	<i>Market value SR</i>	<i>Unrealised loss SR</i>
5281 - Saudi Government SAR Sukuk	2.17%	3 March 2025	3,875,600	(223,225)
5283 - Saudi Government SAR Sukuk	2.47%	27 January 2027	3,919,254	(311,513)
5282 - Saudi Government SAR Sukuk	2.69%	23 March 2030	6,644,819	(486,148)
5284 - Saudi Government SAR Sukuk	3.00%	24 February 2035	12,941,712	(1,825,488)
5280 - Saudi Government SAR Sukuk	4.64%	25 April 2049	23,793,120	(5,901,540)
			<b>51,174,505</b>	<b>(8,747,914)</b>

<i>Sovereign Government sukuk</i>	<i>Commission rate</i>	<i>Maturity date</i>	<i>Market value SR</i>	<i>Unrealised loss SR</i>
5281 - Saudi Government SAR Sukuk	2.17%	3 March 2025	8,013,600	(184,051)
5283 - Saudi Government SAR Sukuk	2.47%	27 January 2027	7,113,913	(231,529)
5282 - Saudi Government SAR Sukuk	2.69%	23 March 2030	7,059,530	(71,437)
5284 - Saudi Government SAR Sukuk	3.00%	24 February 2035	22,782,240	(1,214,460)
5280 - Saudi Government SAR Sukuk	4.64%	25 April 2049	42,997,635	(3,717,135)
			<b>87,966,918</b>	<b>(5,418,612)</b>



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**NOTE TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

At 30 June 2022

**6. TRANSACTIONS WITH RELATED PARTIES**

As per the agreement, the Fund is required to pay a management fee at the maximum rate of 0.2% per annum calculated based on the total net asset value at each valuation date. In addition, the Fund manager also charges other fees at a maximum rate of 0.50% per annum calculated based on the total net asset value at each valuation date to meet other expenses of the Fund.

The management fees amounting to SR 71,351 (30 June 2021: SR 200,376) and other fees amounting to SR 60,463 (30 June 2021: SR 117,942) reflected in the statement of comprehensive income, represent the fees charged by the Fund Manager during the period as described above.

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

There are no units held by related party as of 30 June 2022 (30 June 2021: 15,931 units held by Employees of the Bank).

**7. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Fund's management assessed that the fair value of bank balances, short-term Murabaha placements and accrued special commission income approximate their carrying amounts largely due to the short-term maturities of these instruments. Long-term Sukuk and Murabaha placements are evaluated by the Fund based on parameters such as commission rates, specific country risk factors, and individual creditworthiness of the counterparties. Based on this evaluation, allowances are taken into account for the expected losses of these Long-term Sukuk and Murabaha placements. The expected credit losses of these Long-term Sukuk and Murabaha placements as at 30 June 2022 and 31 December 2021 was assessed by Fund's management to be insignificant. In addition, the Fund holds investment in Mutual Funds measured at fair values and are allocated within level 2 of the fair value hierarchy. Management believes that the fair value of all other financial assets and liabilities are classified as amortized cost and 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 1 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior period.

**8. 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:

<i>As at 30 June 2022 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	<b>51,174,505</b>	-	<b>51,174,505</b>
Accrued special commission income	<b>459,163</b>	-	<b>459,163</b>
Cash and cash equivalents	<b>996,236</b>	-	<b>996,236</b>
<b>TOTAL ASSETS</b>	<b>52,629,904</b>	-	<b>52,629,904</b>
<b>LIABILITIES</b>			
Management fees payable	<b>29,125</b>	-	<b>29,125</b>
Accrued expenses	<b>21,158</b>	-	<b>21,158</b>
<b>TOTAL LIABILITIES</b>	<b>50,283</b>	-	<b>50,283</b>

**Al-Mubarak Saudi Sovereign Sukuk Fund**  
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**NOTE TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

At 30 June 2022

**8. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)**

<i>As at 31 December 2021 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	87,966,918	-	87,966,918
Accrued special commission income	719,953	-	719,953
Cash and cash equivalents	688,951	-	688,951
<b>TOTAL ASSETS</b>	<b>89,375,822</b>	<b>-</b>	<b>89,375,822</b>
<b>LIABILITIES</b>			
Management fees payable	67,595	-	67,595
Accrued expenses	19,079	-	19,079
<b>TOTAL LIABILITIES</b>	<b>86,674</b>	<b>-</b>	<b>86,674</b>

**9. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2022 [31 December 2021 (Audited): 30 December 2021]

**10. APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed financial statements were approved by the management on 17 Muharram 1444H (corresponding to 15 August 2022).