

SNB CAPITAL SADAQQAT FUND
(Managed by NCB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022
together with the

Independent Auditor's Review Report to the Unitholders



KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

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المملكة العربية السعودية
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of SNB Capital Sadaqqat Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Sadaqqat Fund** (the "Fund"), managed by SNB Capital Company ("the Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2022;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022;
- the condensed statement of changes in equity attributable to the Unitholders for the six-month period ended 30 June 2022;
- the condensed statement of cash flows for the six-month period ended 30 June 2022; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 ("ISAs") 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 30 June 2022 condensed interim financial statements of **SNB Capital Sadaqqat Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

إبراهيم عبود باشن

Ebrahim Oboud Baeshen

License No. 382

Date: 19 Muharram 1443H

Corresponding to: 17 August 2022



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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأسمالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION (Unaudited)

As at 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	8	161	277
Investments	9	23,542	22,980
Other receivables		106	64
Total assets		23,809	23,321
LIABILITIES			
Other payables		210	139
Equity attributable to the Unitholders		23,599	23,182
Units in issue in thousands (number)	10	23,599	23,182
Equity per unit (SAR)		1.0000	1.0000

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

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2022</u>	<u>2021</u>
Unrealised gain on FVTPL investments – net		67	16
Realised gain on FVTPL investments – net		3	12
Other income		76	74
Total income		146	102
Management fees		(2)	(2)
Other expense	11	--	--
Total operating expense		(2)	(2)
Profit for the period		144	100
Other comprehensive income for the period		--	--
Total comprehensive income for the period		144	100

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

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

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

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>
Equity attributable to the Unitholders at the beginning of the period (Audited)	23,182	23,059
Total comprehensive income for the period	144	100
Increase in equity from unit transactions during the period		
Proceeds from units issued	819	1,078
Value of units redeemed	(402)	(1,094)
Distribution of income to charities	(144)	(100)
	<u>273</u>	<u>(116)</u>
Equity attributable to the Unitholders at the end of the period (Unaudited)	<u>23,599</u>	<u>23,043</u>

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

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Profit for the period		144	100
<u>Adjustments for:</u>			
Realised gain on FVTPL investments – net		(67)	(12)
Unrealised gain on FVTPL investments – net		(3)	(16)
		<u>(74)</u>	<u>72</u>
Net changes in operating assets and liabilities:			
Investments		(492)	(71)
Other receivables		(42)	(26)
Other payables		71	204
Net cash (used in) / generated from operating activities		<u>(389)</u>	<u>179</u>
Cash flows from financing activities			
Proceeds from units issued		819	1,078
Value of units redeemed		(402)	(1,094)
Distribution of income to charities		(144)	(100)
Net cash generated from / (used in) financing activities		<u>273</u>	<u>(116)</u>
Net (increase) / decrease in cash and cash equivalents		(116)	63
Cash and cash equivalents at the beginning of the period	8	<u>277</u>	<u>178</u>
Cash and cash equivalents at the end of the period	8	<u>161</u>	<u>241</u>

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

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

SNB Capital Sadaqqat Fund ("the Fund") is a Shariah compliant open-ended investment fund, established under article 31 of the Investment Fund Regulations ("the Regulations") issued by the Capital Market Authority ("CMA") and managed by SNB Capital Company ("the Fund Manager"), a subsidiary of The Saudi National Bank ("the Bank"), for the benefit of the Fund's Unitholders.

The Fund offers investors the opportunity to participate in trade transactions, which conform to Shariah principles and to contribute income from their investments to officially recognized local charities meeting strict criteria set by the Fund, in support of the following local charitable causes:

- a) Supporting orphans;
- b) Supporting needy families;
- c) Supporting education for the needy;
- d) Supporting the handicapped; and
- e) Provision of healthcare services to the needy.

The terms and conditions of the Fund were originally approved by the Saudi Central Bank ("SAMA") and subsequently endorsed by the CMA through their letter dated 18 Dhul Hijja 1429H (corresponding to 16 December 2008). The Fund commenced its activities on 31 January 2002.

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437 H (corresponding to 23 May 2016). The Regulations were further amended (the "Amended Regulations") on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

2. BASIS OF ACCOUNTING

These condensed interim financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") is endorsed in the Kingdom of Saudi Arabia and comply with the applicable provisions of the Regulations and the Fund's terms and conditions.

These condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Fund's annual audited financial statements of the Fund as at and for the year ended 31 December 2021.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on going concern concept and historical cost convention using accrual basis of accounting except for investments measured at fair value through profit or loss ("FVTPL") which are recorded at fair value.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the condensed statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

4. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). These condensed interim financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Fund's functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

5. CHANGES IN THE FUND'S TERMS AND CONDITIONS

During the period, there have been no change in the terms and conditions of the Fund.

6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The basis and the methods used for critical accounting judgements, estimates and assumptions adopted are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2021.

7. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2021.

a. Standards, interpretations and amendments effective during the year.

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2021. The Fund manager has assessed that the amendments does not have significant impact on the Fund's financial statements.

Amendments to IFRS 16 – COVID – 19 Related Rent Concessions beyond 30 June 2021

Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018-2020

Amendments to IFRS 3 - Reference to the Conceptual Framework

b. Standards, interpretations and amendments issued but not yet effective

Standards, interpretations and amendments issued but not yet effective up to the date of issuance of the Fund's condensed interim financial statements are listed below. The Fund intends to adopt these standards when they become effective.

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8	Definition of accounting estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor or Joint Venture	Available for optional adoption / effective date deferred indefinitely

The above standards, interpretations and amendments are not expected to have a significant impact on the Fund's financial statements.

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

8. CASH AND CASH EQUIVALENTS

This comprises of balances held with a local bank having sound credit rating.

9. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments measured at fair value through profit or loss includes the following:

	30 June 2022	31 December 2021
SNB Capital Saudi Riyal Trade Fund – a related party	23,542	22,980

10. UNITS TRANSACTIONS

Transactions in units during the period are summarized as follows:

	For the six-month period ended 30 June	
	2022	2021
	-----Units' in 000-----	
Units at the beginning of the period (Audited)	23,182	23,059
Units issued	819	1,078
Units redeemed	(402)	(1,094)
Net increase / decrease in units during the period	417	(16)
Units at the end of the period (Unaudited)	23,599	23,043

11. RELATED PARTY TRANSACTIONS AND BALANCES

The related party of the Fund includes Fund Manager, Fund Board, other funds managed by the Fund Manager, and Saudi National Bank, being parent of the Fund Manager.

Management fees and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund Manager charges, on every Subscription Day, a maximum of one-twelfth of the annual management expense of 0.25% of the Fund's equity. No other fee or expenses on every valuation day. At its role discretion, the Fund manager has right to reinvest such administrative expenses for the benefit of the charities. Following are the details of transactions and balances and closing balance with the Fund manager related to management fees and other expenses.

SNB CAPITAL SADAQQAT FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	Nature of transaction	Amounts of transaction for the Six-month period ended (Unaudited)		Amount Payable as at	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
SNB Capital Company	Management fee	2	2	--	--

12. FAIR VALUE MEASUREMENT

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 fair value hierarchy has the following levels:

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price is assessed to be a reasonable approximation of the exit price

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

12. FAIR VALUE MEASUREMENT (CONTINUED)

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting year during which the change has occurred.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fund has classified the investment measured at Fair Value Through Profit or Loss (FVTPL) per the fair value hierarchy as Level 2. During the period, there has been no transfer in fair value hierarchy for FVTPL investments. For other assets and liabilities such as cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their short-term nature. The Fund has classified cash and cash equivalents as level 1 while remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy

13. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2022 (2021: 30 December 2021).

14. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Manager on 19 Muharram 1443H corresponding to 17 August 2022.