

SNB CAPITAL SAUDI RIYAL TRADE FUND
(Managed by SNB 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



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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 Saudi Riyal Trade Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Saudi Riyal Trade Fund** (the "Fund"), managed by SNB Capital Company (formerly known as NCB 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 Saudi Riyal Trade 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

Ebrahim Oboud Baeshen

License No. 382

Date: 19 Muharram 1444H

Corresponding to: 17 August 2022

إبراهيم



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (25,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفران وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة لشركة كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL SAUDI RIYAL TRADE FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

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

	<i>Notes</i>	<u>30 June</u> <u>2022</u> (Unaudited)	<u>31 December</u> <u>2021</u> (Audited)
ASSETS			
Cash and cash equivalents	8	13,870	3,169
Investments	9	14,966,007	24,232,020
Other receivables		2,561	--
Total assets		<u>14,982,438</u>	<u>24,235,189</u>
LIABILITIES			
Other payables		31,724	44,605
Equity attributable to the Unitholders		<u>14,950,714</u>	<u>24,190,584</u>
Units in issue in thousands (number)	10	<u>7,725,867</u>	<u>12,536,714</u>
Equity per unit (SAR)		<u>1.9352</u>	<u>1.9296</u>

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

SNB CAPITAL SAUDI RIYAL TRADE 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> <i>(Unaudited)</i>	<u>2021</u> <i>(Unaudited)</i>
Special commission income on Murabaha contracts		139,412	138,187
Total income		139,412	138,187
Management fees	12	(66,101)	(87,919)
Value added tax expense		(9,915)	(13,188)
Administrative and other expenses		(3,078)	(2,555)
Custody fees		(375)	(350)
Professional fees		(43)	(42)
Shariah audit fees		(11)	(18)
Capital Market Authority fees		(4)	(4)
Fund Board remuneration		(1)	(8)
(Charge) / reversal for allowance for expected credit losses		(724)	529
Total operating expenses		(80,251)	(103,555)
Profit for the period		59,161	34,632
Other comprehensive income for the period		--	--
Total comprehensive income for the period		59,161	34,632

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

SNB CAPITAL SAUDI RIYAL TRADE FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

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)	24,190,584	28,753,961
Total comprehensive income for the period	59,161	34,632
Decrease in equity from unit transactions during the period		
Proceeds from units issued	11,331,563	10,639,309
Value of units redeemed	(20,630,594)	(11,830,078)
	(9,299,031)	(1,190,769)
Equity attributable to the Unitholders at the end of the period (Unaudited)	<u>14,950,714</u>	<u>27,597,824</u>

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

SNB CAPITAL SAUDI RIYAL TRADE 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)

	Notes	For the six-month period ended 30 June	
		<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Unaudited)</u>
Cash flows from operating activities			
Profit for the period		59,161	34,632
<i>Adjustments for:</i>			
Charge / (reversal) for allowance for expected credit losses		724	(529)
		<u>59,885</u>	<u>34,103</u>
<i>Changes in operating assets and liabilities:</i>			
Investments		9,265,289	1,457,324
Other receivables		(2,561)	--
Other payables		(12,881)	(4,320)
Net cash generated from operating activities		<u>9,309,732</u>	<u>1,487,107</u>
Cash flows from financing activities			
Proceeds from units issued		11,331,563	10,639,309
Value of units redeemed		(20,630,594)	(11,830,078)
Net cash used in financing activities		<u>(9,299,031)</u>	<u>(1,190,769)</u>
Net increase in cash and cash equivalents		10,701	296,338
Cash and cash equivalents at the beginning of the period	8	<u>3,169</u>	<u>8,429</u>
Cash and cash equivalents at the end of the period	8	<u>13,870</u>	<u>304,767</u>

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

SNB CAPITAL SAUDI RIYAL TRADE 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 Saudi Riyal Trade Fund ("the Fund") is a Shariah compliant open-ended investment fund, as established under article 31 of the Investment Funds Regulations ("the Regulations") 31 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, invest in Sukuk and other mutual funds or instruments that comply with Islamic Shariah investment principles.

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 1429 H (corresponding to 16 December 2008). The Fund commenced its activities on 3 Dhul Qadah 1415 H (corresponding to 3 April 1995).

The Fund is governed by the Investment Funds Regulations (the "Regulations") published by the 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). These 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 became effective 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") that 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 financial statements and should be read in conjunction with annual audited financial statements of the Fund as at and for the year end 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.

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 Riyals ("SAR") which is the Fund's functional and presentation currency and we have rounded off to the nearest thousand unless otherwise stated.

SNB CAPITAL SAUDI RIYAL TRADE 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)

5. CHANGES IN FUND'S TERMS AND CONDITIONS

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

6. CRITICAL ACCOUNTING JUDGMENTS, 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 2022. The Fund manager has assessed that the amendments have no significant impact on the Fund's condensed interim 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>Standards, interpretations and amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	1 January, 2023
Amendments to IAS 8	Definition of accounting estimates	1 January, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January, 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January, 2024
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

SNB CAPITAL SAUDI RIYAL TRADE 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)

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

8. CASH AND CASH EQUIVALENTS

These comprise of bank balances held with a local bank having sound credit rating.

9. INVESTMENTS - AMORTISED COST

Investments measured at amortised cost include the following:

	<i>Ref</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gross investments in Murabaha contracts	a)	14,969,691	24,234,980
Less: allowance for expected credit losses		(3,684)	(2,960)
Net investments in Murabaha contracts		14,966,007	24,232,020

- a) Murabaha placements are held with local and international banks and carry profit rates ranging from 1% to 3.5% (2021: 0.8% to 1.75%) per annum with maturity up till 8 May 2023.

10. UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six-month period ended 30 June	
	2022 <u>Units '000</u>	2021 <u>Units '000</u>
Units at the beginning of the period (Audited)	12,536,714	14,944,520
Units issued	5,863,621	5,524,572
Units redeemed	(10,674,468)	(6,143,601)
Net decrease in units	(4,810,847)	(619,029)
Units at the end of the period (Unaudited)	7,725,867	14,325,491

SNB CAPITAL SAUDI RIYAL TRADE 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)

11. RECONCILIATION OF CHANGE IN EQUITY

As per the requirements of CMA circular dated 31 December 2017, the Fund calculates provision for impairment in respect of debt investments measured at amortised cost using the incurred loss model, whereas IFRS 9 requires provisions to be measured using the Expected Credit Loss (ECL) method. This has resulted in a difference between equity calculated as per the CMA circular ("trading equity") and as per requirements of IFRS 9 ("reported equity"). The Fund's units in issue are classified as equity in accordance with IAS 32, and therefore equate to the residual value of the Fund. The following table shows the reconciliation between the Fund's reported equity and trading equity:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Reported equity of the Fund	14,950,714	24,190,584
Add: Allowance for expected credit losses	3,684	2,960
	14,954,398	24,193,544
Less: Provision for incurred credit losses	--	--
Traded equity of the Fund	14,954,398	24,193,544
Number of units in issue	7,725,867	12,536,714
Traded equity per unit of the Fund	1.9356	1.9298

12. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Fund Manager, the Fund Board, other funds managed by the Fund Manager, and The 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 accrues, daily a management fee, which should not be more than the maximum annual rate of 0.65% (2021: 0.65%) per annum of the Fund's daily net assets as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 0.5% (2021: 0.5%) per annum of the Fund's equity at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis. Following are the details of transactions and balances with the Fund manager related to management fees and other expenses:

Related party	Nature of transactions	Amounts of transactions for the six-month period ended		(Receivable) / Payable as at	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
SNB Capital Company	Management fees	66,101	87,919	(14,995)	3,840
	Expenses paid on behalf of the Fund	13,426	16,165		

SNB CAPITAL SAUDI RIYAL TRADE 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)

12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Transactions and balances with related parties

During the period, other related parties including other funds managed by the Fund Manager invested in the units of the Fund in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board. Following are the details of transactions and closing balance in the units of the Fund:

Name of related party	Nature of transactions	Amounts of transactions for the period ended 30 June		Closing investment as at	
		2022 (Unaudited)	2021 (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
SNB Capital Diversified Saudi Riyal Fund	Subscription of Fund units	3,962,130	663,960		
	Redemption of Fund units	3,396,600	1,648,170	1,632,636	1,059,311
SNB Capital Sovereign Sukuk Fund	Subscription of Fund units	60,500	--		
	Redemption of Fund units	156,500	--	27,283	123,386
SNB Capital Sadaqqat Fund	Subscription of Fund units	603	510		
	Redemption of Fund units	72	439	23,542	22,980
SNB Capital Multi-Asset Income Plus Fund	Subscription of Fund units	--	11,000		
	Redemption of Fund units	14,769	8,800	--	14,800
SNB Capital Company	Subscription of Fund units	1,400,000	--		
	Redemption of Fund units	2,953,996	--	2,661,496	4,203,836
SNB Capital Multi-Asset Conservative Fund	Subscription of Fund units	--	20,800		
	Redemption of Fund units	3,892	20,000	--	3,858
SNB Capital Multi-Asset Moderate Fund	Subscription of Fund units	--	750		
	Redemption of Fund units	--	--	3,735	3,713
AlAhli SEDCO Residential Development Fund	Subscription of Fund units	--	10,000		
	Redemption of Fund units	500	--	45,537	45,899
SNB Capital Fund of REITs Fund	Subscription of Fund units	2,408	--		
	Redemption of Fund units	--	--	2,408	--
SNB Capital Multi-Asset Growth Fund	Subscription of Fund units	--	200		
	Redemption of Fund units	--	1,200	--	--
The Saudi National Bank	Subscription of Fund units	--	1,379,000		
	Redemption of Fund units	--	--	--	--
AlAhli Makkah Hospitality Fund	Subscription of Fund units	--	1,858		
	Redemption of Fund units	--	--	--	--

SNB CAPITAL SAUDI RIYAL TRADE 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)

13. 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 Fund does not hold any investments which are measured at fair value. For other assets and liabilities, such as cash and cash equivalents, investments measured at amortised cost, other receivables and other payables, the carrying values are a reasonable approximation of fair value due to the short-term nature. The Fund has classified cash and cash equivalents as level 1 as per the fair value hierarchy, while the remaining financial assets and liabilities are classified as level 3.

14. 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).

15. APPROVAL OF THE CONDENSED INTERIN FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 19 Muharram 1444 H corresponding to 17 August 2022.