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## A) Investment Fund Information

## أ) معلومات صندوق الاستثمار

### 1) Name of the Investment Fund

### 1) اسم صندوق الاستثمار

SNB Capital Al Razeen USD Liquidity Fund

صندوق الأهلي الرزين بالدولار

### 2) Investment Objectives and Policies

### 2) أهداف وسياسات الاستثمار وممارساته

#### • Fund's Objectives:

The Fund aims to achieve liquidity and capital growth through investments in short term Money Market Instruments denominated in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds that have similar objectives and risks. The fund may also invest a maximum of 20% of the net asset value in long-term investments such as sukuk and structured products denominated in Saudi riyals or US dollars, or both.

#### • أهداف الصندوق:

يهدف الصندوق إلى توفير السيولة وزيادة رأس المال من خلال الاستثمار في أدوات النقد قصيرة الأجل المقومة بالريال أو الدولار أو كلاهما. وغيرها من الصناديق الاستثمارية العامة والمرخصة من الهيئة ذات الأهداف والمخاطر المماثلة، كما يجوز للصندوق الاستثمار كحد أقصى وبنسبة لا تتعدى 20% من صافي قيمة الأصول في الاستثمارات طويلة الأجل مثل الصكوك والمنتجات المركبة المقومة بالريال السعودي أو الدولار الأمريكي أو كلاهما.

#### • Investment Policies and Practices:

The Fund invests mainly in short term Money Market denominated in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds that have similar objectives and risks. The fund may also invest, as a maximum of 20% of the net asset value, in long-term investments such as sukuk and structured products (except for securitization) denominated in Saudi riyals or US dollars, or both.

#### • سياسات الاستثمار وممارساته

يستثمر الصندوق بشكل أساسي في أدوات النقد قصيرة الأجل المقومة بالريال أو الدولار أو كلاهما بالإضافة إلى الاستثمار في الصناديق الاستثمارية العامة المشابهة والمرخصة من الهيئة ذات الأهداف والمخاطر المماثلة، كما يجوز للصندوق الاستثمار كحد أقصى وبنسبة لا تتعدى 20% من صافي قيمة الأصول في الاستثمارات طويلة الأجل مثل الصكوك والمنتجات المركبة (ما عدا التوريق) المقومة بالريال السعودي أو الدولار الأمريكي أو كلاهما.

### 3) Distribution of Income & Gain Policy

### 3) سياسة توزيع الدخل والأرباح

The Fund will not make any distributions to unitholders. Instead, capital gains and cash dividends will be reinvested in the Fund which will be reflected in and improve the value and units of the Fund.

لن يقوم الصندوق بأي توزيعات على مالكي الوحدات. وبدلاً من ذلك سيتم إعادة استثمار الأرباح الرأسمالية والأرباح النقدية الموزعة في الصندوق. وسينعكس ذلك بارتفاع صافي قيمة الأصول وسعر وحدة الصندوق.

### 4) The fund's reports are available upon request free of charge.

### 4) تتاح تقارير الصندوق عند الطلب وبدون مقابل.

### 5) The fund's benchmark and the service provider's website (if any)

### 5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد)

US LIBOR 1-month Index. A daily reference rate published by the Intercontinental Exchange (ICE).

مؤشر لايبور الأمريكي لشهر واحد. وهو سعر مرجعي يومي تنشره (Intercontinental Exchange ICE).

## B) Fund Performance

## أداء الصندوق

- 1) A comparative table covering the last three financial years/or since inception, highlighting: جدول مقارنة يغطي السنوات المالية الثلاث الأخيرة / أو منذ التأسيس، يوضح:

السنة	2022	2021	2020	Year
صافي قيمة أصول الصندوق*	12,264,809	22,142,005	17,701,441	NAV*
صافي قيمة أصول الصندوق لكل وحدة*	28.07	27.58	27.43	NAV per Unit*
أعلى سعر وحدة*	28.07	27.58	27.44	Highest Price per Unit*
أقل سعر وحدة*	27.58	27.45	27.22	Lowest Price per Unit *
عدد الوحدات	437,001	804,645	645,428	Number of Units
قيمة الأرباح الموزعة لكل وحدة	N/A	N/A	N/A	Income Distribution Per Unit
نسبة الرسوم والمصروفات	0.28%	0.38%	0.75%	Fees & Expense Ratio
نسبة الأصول المقرضة من إجمالي قيمة الأصول، ومدة انكشافها وتاريخ استحقاقها (إن وجدت)	N/A	N/A	N/A	Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)

\*In Saudi Riyal

\*بالريال السعودي

\*\*The percentage of fees and expenses for the comparative year 2020 has been amended by adding the percentage of management fees. Whereas the percentage of fees and expenses for 2020 which mentioned previously was only related to the percentage of other fees& expenses and not incorporating Management fees & VAT.

\*\*تم تعديل نسبة الرسوم والمصروفات للسنة المقارنة 2020 بإضافة نسبة رسوم الإدارة. حيث أن نسبة الرسوم والمصروفات المذكورة سابقاً لعام 2020 تخص فقط نسبة المصروفات والرسوم الأخرى بدون إضافة نسبة الرسوم الإدارية وضريبة القيمة المضافة.

- 2) A performance record that covers the following:

## 2) سجل أداء يغطي ما يلي:

- a. The total return for the fund compared to the benchmark for 1 year, 3 years, 5 years and since inception:

أ. العائد الإجمالي للصندوق مقارنة بالمؤشر لسنة واحدة، ثلاث سنوات، خمس سنوات ومنذ التأسيس:

Period	Since Inception منذ التأسيس	5 Years 5 سنوات	3 Years 3 سنوات	1 Year سنة	الفترة
Return %	2.97	1.30	1.03	1.77	عائد الصندوق %
Benchmark %	2.35	1.38	0.85	1.93	عائد المؤشر %

- b. The annual total return for the fund compared to the benchmark for the last 10 years/ or since inception:

ب. العائد الإجمالي السنوي للصندوق مقارنة بالمؤشر للعشر سنوات الماضية / أو منذ التأسيس:

Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	السنة
Return %	1.77	0.48	0.83	1.82	1.58	1.09	1.23	0.39	0.21	0.45	عائد الصندوق %
Benchmark %	1.93	0.10	0.53	2.28	2.03	1.12	0.49	0.20	0.16	0.19	عائد المؤشر %

c. Actual fees and fund expenses paid by the investment fund during the year as a percentage of average Net Asset Value:

ج. مقابل الخدمات والعمولات والآتعب التي دفعها الصندوق على مدار العام كنسبة مئوية من متوسط صافي قيمة أصول الصندوق:

Fees and Expenses	ألف دولار USD '000	النسبة المئوية %	الرسوم والمصروفات
Management Fees	41	0.20%	أتعاب الإدارة
VAT on Management Fees	6	0.03%	ضريبة القيمة المضافة على أتعاب الإدارة
Custodian Fees	4	0.03%	رسوم الحفظ
Auditor Fees	3	0.02%	أتعاب مراجع الحسابات
Fund Admin Expenses	0	0.00%	مصاريف العمليات الإدارية
CMA Fees	0	0.00%	رسوم هيئة السوق المالية
Tadawul Fees	0	0.00%	رسوم نشر معلومات الصندوق على موقع تداول
Independent Fund Board Remunerations	0	0.00%	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
<b>Total Fees and Expenses</b>	<b>54</b>	<b>0.28%</b>	<b>مجموع الرسوم والمصاريف</b>

3) Material Changes

3) تغيرات جوهرية حدثت خلال الفترة

Economic Outlook:

نظرة عامة على أداء الاقتصاد:

- قامت اللجنة الفيدرالية الأمريكية للسوق المفتوحة (FOMC) بتطبيق سياسة نقدية متشددة خلال العام 2022م، بحيث قامت برفع سعر الفائدة الفيدرالي بشكل متتالي ومتزايد من شهر مارس الى ديسمبر من العام بإجمالي 425 نقطة أساس ليصل لنطاق سعر الفائدة بين 4.25% و 4.50% في نهاية العام.
- كما قامت اللجنة الفيدرالية أيضاً بخفض أصول الميزانية تدريجياً حيث بلغت ما يعادل 8.9 ترليون دولار أمريكي بحد أقصى خلال شهر ابريل من العام، والتي ارتفعت نتيجة لبرنامج التيسير الكمي الذي استهدف دعم الائتمان والاقتصاد. وتعود قرارات اللجنة لارتفاع مستويات التضخم فوق المستهدف وتحسن مستويات البطالة.
- ارتفع منحى عوائد سندات الخزينة الأمريكية خلال العام، بحيث ارتفعت عوائد السندات قصيرة الأجل بشكل أكبر مقارنة بعوائد السندات طويلة الأجل ويعود ذلك إلى مخاوف متعلقة بتشديد السياسة النقدية وتأثيرها المتوقع على نمو الاقتصاد؛ ارتفع عائد سندات الخزينة لستين بمقدار 363 نقطة أساس (من 0.7% إلى 4.4%)، وارتفع عائد سندات الخزينة لـ 5 سنوات بمقدار 268 نقطة أساس (من 1.3% إلى 3.9%)، وارتفع عائد سندات الخزينة لـ 10 سنوات بمقدار 231 نقطة أساس (من 1.5% إلى 3.8%).
- توجهت البنوك المركزية عالمياً الى تشديد السياسة النقدية خلال العام، حيث قام البنك المركزي السعودي (ساما) أيضاً برفع معدلات اتفاقيات إعادة الشراء (الريبو) ومعدلات اتفاقيات إعادة الشراء المعاكس (الريبو العكسي)

- Tightening Monetary actions by central banks was a worldwide trend in 2022, the Saudi Central Bank (SAMA) followed and hiked its policy rates by a total of 400 Bps during the year, taking the Repo and Reverse Repo to 5.00% and 4.50% respectively.
- Saudi Riyal liquidity was another key topic in the local market for 2022, excess SAR liquidity - measured by the net daily average reverse repo volumes - broadly fluctuated throughout the year peaking at SAR 107 Bln in July 2022 compared to a 5-year low point of SAR 5.8 Bln in May 2022. Broader money supply (M3) steadily increased during the year reaching SAR 2.5 Tln equivalent to +8% YoY.
- Similarly, the SAR Sovereign Sukuk yield curve experienced an upward shift; 2-year Sukuk yield increased by 357 bps (from 1.0% to 4.6%), 5-Year Sukuk yield increased by 185 bps (from 2.2% to 4.1%), while the 10-Year Sukuk yield increased by 166 bps (from 2.9% to 4.5%).
- The benchmark Saudi Riyal Interbank rate experienced a fundamental methodology change in the beginning of 2022, changes included a switch to a waterfall model reflecting firstly the volume weighted average SAR Unsecured funding prices, and a fixed spread percentage between the bid rate and offer rate (SAIBOR & SAIBID), compared to the previous methodology which relied on the expert opinion of the contributing panel. The main objective of the change was stated to offer a more transparent representation of unsecured Saudi Riyal interbank deposit market.
- Saudi Riyal Interbank Average Offered Rate (SAIBOR) increased across all tenors; 1-Month, 3-Month, and 12-Month SAIBOR increased by 403 Bps, 443 Bps, and 481 Bps reaching levels of 4.7%, 5.3%, and 5.9% respectively.
- The USD LIBOR also experienced an increase across all tenors; 1-Month, 3-Month, and 12-Month LIBOR increased by 429 Bps, 456 Bps, and 490 Bps reaching levels of 4.4%, 4.8%, and 5.5% respectively.
- Saudi Sovereign debt issuances continued in 2022, however, focused primarily on debt refinancing and بإجمالي 400 نقطة أساس، حيث استقر معدل الريبو عند 5.00%، ومعدل الريبو العكسي عند 4.50%.
- شكلت تقلبات سيولة الريال السعودي أيضاً موضوعاً رئيسياً في السوق المحلي خلال العام 2022م، بحيث بلغ مستوى السيولة الفائضة المتمثلة بصافي المتوسط اليومي لعمليات إعادة الشراء والشراء المعاكس بحد أقصى خلال العام 107 مليار ريال سعودي خلال شهر يوليو، مقارنةً بوصولها لأدنى حد خلال فترة 5-سنوات 5.8 مليار ريال سعودي خلال شهر مايو 2022م. كما شهد معدل عرض النقود ارتفاعاً (M3) ثابتاً خلال العام ليصل إلى 2.5 تريليون ريال سعودي أو ما يعادل ارتفاعاً بنسبة 8% خلال العام.
- كما شهد منحى عائد الصكوك السيادية السعودية أيضاً تحولاً تصاعدياً في عام 2022م، حيث ارتفع عائد الصكوك السعودية بالريال السعودي لأجل سنتين بمقدار 357 نقطة أساس (من 1.0% إلى 4.6%)، وارتفع عائد الصكوك السعودية بالريال السعودي لأجل 5 سنوات بمقدار 185 نقطة أساس (من 2.2% إلى 4.1%)، بينما ارتفع عائد صكوك السعودية بالريال السعودي ذات الأجل الأعلى 10 سنوات بمقدار 166 نقطة أساس (من 2.9% إلى 4.5%).
- شهد مؤشر الإقراض بين البنوك السعودية تغييراً أساسياً خلال العام، بحيث تم تحديث المنهج الحسابي ليعكس مستويات حسابية بدءاً بالمتوسط المرجح لأسعار الودائع المنعقدة فعلياً للبنوك المساهمة بالمؤشر، بالإضافة إلى هامش ثابت بين معدلات العرض و الطلب (سايبور وسايبيد)، مقارنةً بالمنهج السابق المبني على آراء البنوك المساهمة. يشكل الهدف الرئيسي من تحديث منهجية حساب المؤشر هو زيادة شفافية المؤشر ليعكس بشكل أدق مستوى الودائع بين البنوك بالريال السعودي.
- شهدت معدلات الإقراض بين البنوك السعودية (سايبور) ارتفاعات ملحوظة خلال عام 2022م، حيث ارتفع معدل سايبور لمدة شهر واحد بمقدار 403 نقطة أساس ليصل إلى مستوى 4.7%، وارتفع معدل سايبور لمدة 3 أشهر بمقدار 443 نقطة أساس ليصل إلى مستوى 5.3%، كما ارتفع سايبور لمدة 12 شهر بمقدار 481 نقطة أساس ليحقق مستوى 5.9%.
- شهدت معدلات الإقراض بين البنوك بالدولار الأمريكي (لايبور) ارتفاعات ملحوظة أيضاً خلال العام 2022م، حيث ارتفع معدل لايبور لمدة شهر واحد بمقدار 429 نقطة أساس ليصل إلى مستوى 4.4%، وارتفع معدل لايبور لمدة 3 أشهر بمقدار 456 نقطة أساس ليصل إلى مستوى 4.8%، كما ارتفع لايبور لمدة 12 شهر بمقدار 490 نقطة أساس ليحقق مستوى 5.5%.
- ركزت إصدارات الدين السيادية المحلية بشكل رئيسي على إعادة تمويل الإصدارات المستحقة خلال العام نظراً لاستقرار الظروف الاقتصادية وتوازن الميزانية، بحيث بلغ إجمالي الدين الحكومي القائم خلال عام 2022م ما يعادل 990 مليار ريال سعودي أو ما يعادل 25% من الناتج المحلي الإجمالي للمملكة العربية السعودية، مقارنةً 938 مليار ريال سعودي بنهاية العام السابق أو ما يعادل 29% من الناتج المحلي الإجمالي للمملكة. ويعود



prefunding activities given stabilizing economic conditions and budget balance, the outstanding debt portfolio reached approximately SAR 990 bln by year-end (25% of GDP), versus SAR 938 Bln (30% of GDP) in 2021. The decrease in the debt-to-GDP ratio was attributed to the slower increase in the debt portfolio relevant to the increase in the GDP.

- The Brent crude oil prices increased from an average of \$71 per barrel in 2021 to \$99 per barrel in 2022 (+40% YoY), the increase was primarily attributed to the supply interruptions caused by the Russian invasion of Ukraine and the subsequent western sanctions and bans on Russian oil exports. In addition, post pandemic economic recovery, and the OPEC+ production Cuts later on the year.

انخفاض نسبة الدين العام الى الناتج المحلي الإجمالي الى زيادة حجم الدين العام بشكل أقل مقارنةً بزيادة حجم الناتج المحلي الإجمالي.

- كما ارتفع متوسط سعر خام برنت من 71 دولارًا للبرميل في عام 2021م إلى 99 دولارًا للبرميل في عام 2022م (ما يعادل ارتفاع سنوي بمقدار 40%) ، ويعود ذلك إلى تأثير مستويات العرض نتيجة للغزو الروسي لأوكرانيا والعقوبات الغربية التابعة على صادرات النفط الروسي. بالإضافة الى تعافي الاقتصاد العالمي وقيام منظمة أوبك بلس (OPEC+) بخفض مستويات انتاج النفط خلال الربع الرابع من العام.

#### 4) Exercising of Voting Rights

No voting rights were exercised during the year.

#### 4) ممارسات التصويت السنوية

لم تتم أي ممارسات تصويت خلال العام.

#### 5) Fund Board Annual Report

#### 5) تقرير مجلس إدارة الصندوق السنوي

##### a. Names of Fund Board Members

- Ali Abdulaziz Al Hawas - Chairman - Dependent Member
- Feras Abdulrazaq Houhou - Dependent Member
- Ammar Hasan Yasin Bakheet - Independent member
- Abdulaziz Mohammed Al-Khorayef - Independent member

##### أ. أسماء أعضاء مجلس إدارة الصندوق

- علي عبدالعزيز الحواس - رئيس مجلس إدارة الصندوق - عضو غير مستقل
- فراس عبدالرزاق حوحو - عضو غير مستقل
- عمار حسن ياسين بخيت - عضو مستقل
- عبدالعزيز محمد الخريف - عضو مستقل

##### b. A brief about of the fund board members' qualifications

**Ali Al Hawas:** Executive Vice President, and Head of Global Markets at Saudi National Bank. He joined Samba in 2008 and has over 24 years of Treasury business experience. He is member of Bank's Asset Liability Management Committee and responsible of managing the business under Samba Global Markets Ltd platform. He holds a diploma certificate from ACI University.

**Feras Houhou:** Heads SNB Capital's Legal and Governance Division and the Sectary of the Board. In March 2015, Feras joined the Legal Division besides his role as a Board Secretary. His expertise covers a wide range of tasks such as working on various Equity Capital Market and Debt Capital Market transactions and handling all litigations in which the Company is involved. He also has worked extensively in Merger & Acquisition and all sorts of investment funds locally and internationally. His role in these transactions included negotiations, drafting and execution of its relevant agreements, documents and structure. Prior to joining SNB Capital, Feras worked at the Legal Division in the Capital Market Authority where he participated in drafting many of

##### ب. نبذة عن مؤهلات أعضاء مجلس إدارة الصندوق

**علي الحواس:** نائب الرئيس التنفيذي، رئيس الأسواق العالمية في البنك الأهلي السعودي. انضم إلى مجموعة سامبا المالية في عام 2008 ولديه أكثر من 24 عامًا من الخبرة في مجال الخزينة. مسؤول عن الناحية التشغيلية من إدارة أعمال في منصة شركة الأسواق العالمية المحدودة لدى سامبا. عضو في لجنة إدارة الموجودات والمطلوبات في البنك. بالإضافة إلى ذلك، حاصل على شهادة دبلوم من جامعة ACI.

**فراس حوحو:** رئيس الشؤون القانونية والحوكمة بشركة الأهلي المالية في مارس 2015 م إلى جانب دوره كأمين لمجلس الإدارة. تغطي خبرة الأستاذ فراس مجموعة واسعة من المهام مثل الصفقات المتعلقة بالأسهم (ECM) و صفقات الإقراض (DCM) في السوق المالية، ومتابعة الدعاوى القضائية التي تخص الشركة. كما تمتد خبرته إلى العمل في صفقات الاندماج والاستحواذ والصناديق الاستثمارية محليا ودوليا حيث عمل على المفاوضات وإعداد ومراجعة الاتفاقيات والوثائق ذات العلاقة بعدد من الصفقات في السوق المالية السعودية وعدد من الدول الأجنبية. قبل انضمامه إلى شركة الأهلي المالية، عمل الأستاذ فراس في الإدارة القانونية بهيئة السوق المالية حيث شارك في صياغة العديد من لوائح السوق المالية وقدم المشورة بخصوص العديد من المسائل المتعلقة بسياسات السوق. يحمل الأستاذ فراس شهادة ماجستير في القانون من جامعة جورج تاون في تخصص الأوراق المالية

the Capital Market Regulations and advised in many policy matters. Mr. Feras holds an LLM specialized in Securities and Financial Regulations from Georgetown Law School and a law degree from King Abdulaziz University. He was appointed in July 2021 as member of the Middle East & North Africa (MENA) advisory Board at Georgetown Law Centre.

**Ammar Bakheet:** He has more than 27 years of experience in the financial sector. Specialized in business establishment in the financial sector, strategy development, securing regulatory and legislative approvals, building of the operational infrastructure, and building the administrative teams to run such businesses. The founding partner and CEO of Mnasah Digital Platform a technical financial company specialized in operating and running of a digital platform specialized in financing of small and Medium-sized enterprises (SMEs) Kingdom of Saudi Arabia (2017-Present). Head of asset management & product development - Audi capital 2007–2017. Establishment of the Investment Division at RAKBank (Dubai) (2003 -2006). Working at Samba Capital as Saudi Equity Funds manager (1998-2002). Co-founding Bakheet Investment Company (1993- 1998).

**Abdulaziz Al-Khorayef:** The CEO of Al-Khorayef Group, lawyers and consultants. Also, A lawyer and legal consultant. A consultant at His Highness, the Minister of Defence office, and at various Banks in Saudi Arabia. Also, he is a board member in many real-estate funds of several Capital Market Institutions. He holds a Bachelor's degree in Sharia, Imam Muhammed Bin Saud Islamic University, Master's degree in International Business, Hull University, the United Kingdom and Legal Leadership in Corporate Counsel (LCC), Harvard University. In addition to the Law Firm Partner as Leader Programme, Cambridge University, the United Kingdom.

### c. Roles and responsibilities of the Fund Board

The responsibilities of the members of the fund board shall include the following:

1. Approving material contracts, decisions and reports involving the fund.
2. Approve a written policy in regards to the voting rights related to the fund assets.
3. Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified.
4. Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations.
5. Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations "IFRs" before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
6. Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance

والتشريعات المالية وشهادة في القانون من جامعة الملك عبد العزيز. كما عين في يوليو 2021م المجلس الاستشاري لشؤون الشرف.

**عمار بخيت:** يمتلك أكثر من 27 عاما من الخبرة في القطاع المالي. متخصص في تأسيس الأعمال في القطاع المالي، ووضع الاستراتيجيات، وتأمين الموافقات التنظيمية والتشريعية، وبناء البنية التحتية التشغيلية، وبناء الفرق الإدارية لإدارة تلك الأعمال. أسس شركة منصة رقمية وهي شركة تقنية مالية متخصصة بتشغيل منصة تعمل على تمويل الشركات الصغيرة والمتوسطة المملكة العربية السعودية (2017 -حتى الآن). عمل في عوده كابيتال كرئيس إدارة الأصول وتطوير المنتجات (2017-2007). أسس إدارة الاستثمار في بنك رأس الخيمة (دي) (2006-2003). عمل في سامبا المالية كمدير صناديق الأسهم السعودية (1998-2002). شارك في تأسيس شركة بخيت للاستشارات المالية (1998-1993).

**عبد العزيز الخريف:** هو الرئيس التنفيذي لـ"الخريف محامون ومستشارون" وكذلك محامي ومحكم وموثق وحارس قضائي ومصفي معتمد. والأستاذ عبد العزيز مستشار قانوني كذلك للعديد من البنوك والجهات الحكومية والشركات والصناديق العقارية بالمملكة وعضو مجلس إدارة بصناديق استثمارية أخرى. الأستاذ عبد العزيز حاصل على بكالوريوس الشريعة - مع مرتبة الشرف الأولى - من جامعة الإمام محمد بن سعود الإسلامية بالمملكة وماجستير التجارة الدولية من جامعة هل بالمملكة المتحدة والإدارة القانونية في المنظمات التجارية من جامعة هارفرد بالمملكة المتحدة وبرنامج الشركاء في مكاتب المحاماة من جامعة كامبريدج بالمملكة المتحدة. وللأستاذ عبد العزيز أيضا العديد من الأبحاث والأوراق العلمية.

### ج. أدوار مجلس إدارة الصندوق ومسؤولياته

تشمل مسؤوليات أعضاء مجلس إدارة الصندوق، على سبيل المثال لا الحصر، الآتي:

1. الموافقة على جميع العقود والقرارات والتقارير الجوهرية التي يكون الصندوق طرفاً فيها.
2. اعتماد سياسة مكتوبة فيما يتعلق بحقوق التصويت المتعلقة بأصول الصندوق.
3. الإشراف، ومتى كان ذلك مناسباً، الموافقة أو المصادقة على أي تعارض مصالح يفصح عنه مدير الصندوق وفقاً لللائحة صناديق الاستثمار.
4. الاجتماع مرتين سنوياً على الأقل مع لجنة المطابقة والالتزام لدى مدير الصندوق أو مسؤول المطابقة والالتزام لديه، للتأكد من التزام مدير الصندوق بجميع اللوائح والأنظمة المتبعة.
5. الموافقة على جميع التغييرات المنصوص عليها في المادتين (62) و (63) من لائحة صناديق الاستثمار وذلك قبل حصول مدير الصندوق على موافقة مالي الوحدات والهيئة أو إشعارهم (حيثما ينطبق).



- with the IFRs, of the Terms and Conditions and of any other document, contractual or otherwise.
7. Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the IFRs and the Fund's Terms and Conditions.
  8. Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in Paragraph (l) of Article (9) of IFRs, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the Fund's Terms and Conditions and the provisions stipulated in IFRs.
  9. Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
  10. Have a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill.
  11. Approving the appointment of the external Auditor nominated by the Fund Manager.
  12. Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.
  13. Review the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of IFRs, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund's Terms and Conditions and what contained in this Regulation.

#### d. Remuneration of fund board members

Independent Board members shall be remunerated by the Fund Manager in the case of attending two meetings per year, being the minimum amount of Board meetings, such remuneration to be paid to each independent Board member from the Fund's assets. It should be noted that this remuneration is allocated from the total expenses paid to conventional funds managed by the Fund Manager for a total amount of SR 80,000 per year to the independent board members collectively. The fees will be allocated based on the percentage of the Fund's NAV to the aggregate net asset value of these conventional funds. In addition, independent Board members are compensated for travel allowances up to a maximum of SAR 7,500 to be paid from the Fund's assets. Non-independent Board members shall not be entitled to any remuneration from the Fund Manager in consideration to their roles as Board members of the Fund.

6. التأكد من اكتمال ودقة شروط وأحكام الصندوق وأي مستند آخر (سواء أكان عقداً أم غيره) يتضمن إفصاحات تتعلق بالصندوق ومدير الصندوق وإدارته للصندوق، إضافةً إلى التأكد من توافق ما سبق مع أحكام لائحة صناديق الاستثمار.
7. التأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق، وأحكام لائحة صناديق الاستثمار.
8. الاطلاع على التقرير المتضمن تقييم أداء وجودة الخدمات المقدمة من الأطراف المعنية بتقديم الخدمات الجوهرية للصندوق المشار إليه في الفقرة (ل) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالك الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.
9. تقييم آلية تعامل مدير الصندوق مع المخاطر المتعلقة بأصول الصندوق وفقاً لسياسات وإجراءات مدير الصندوق حيال رصد المخاطر المتعلقة بالصندوق وكيفية التعامل معها.
10. العمل بأمانة وحسن نية واهتمام ومهارة وعناية وحرص وبما يحقق مصلحة مالكي الوحدات.
11. الموافقة على تعيين مراجع الحسابات بعد ترشيحه من قبل مدير الصندوق.
12. تدوين محاضر الاجتماعات التي تشتمل على جميع وقائع الاجتماعات والقرارات التي اتخذها مجلس إدارة الصندوق.
13. الاطلاع على التقرير المتضمن جميع الشكاوى والإجراءات المتخذة حيالها المشار إليه في الفقرة (م) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.

#### د. مكافآت أعضاء مجلس إدارة الصندوق

يتقاضى أعضاء المجلس المستقلين مكافأة من مدير الصندوق في حال حضور اجتماعين بالسنة وهو الحد الأدنى لعدد اجتماعات مجلس إدارة حيث يتقاضى كل عضو مستقل مكافأة تدفع من أصول الصندوق. وتجدر الإشارة إلى أن هذه المكافأة يتم تخصيصها من إجمالي المصاريف المدفوعة للصناديق التقليدية التي يديرها مدير الصندوق بمبلغ إجمالي 80,000 ريال سعودي سنوياً لأعضاء المجلس المستقلين مجتمعين. وسيتم تخصيص الرسوم بناء على نسبة قيمة صافي الأصول بالصندوق إلى إجمالي قيمة صافي الأصول في هذه الصناديق التقليدية. كما تُدفع لأعضاء المجلس المستقلين مخصصات سفر بحد أقصى 7,500 ريال سعودي تدفع من أصول الصندوق. ولا يتقاضى أعضاء مجلس الإدارة غير المستقلين أي مكافأة من مدير الصندوق مقابل دورهم كأعضاء مجلس إدارة الصندوق.

**e. A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund**

The Fund Board is composed of certain employees of the Fund Manager. However, the Fund Board members have fiduciary duties to Unitholders and will use their best efforts to resolve all conflicts by exercising their good faith judgement. Furthermore, Board members may hold Unit in the Fund, have a banking relationship with companies in which their shares are acquired, sold or maintained by the Fund or on its behalf, or with which the Fund has murabha deals. However, if any conflict of interests arises, such conflict shall be communicated to the Fund Board for approval in which case the conflicted Board member shall not be entitled to vote on any resolution taken by the Fund Board in respect of which the conflicted Board member has any direct or indirect interest.

**f. A statement showing all the funds boards that the relevant board member is participating in**

Fund's/ Member's Name	عبدالعزیز الخریف Abdulaziz AlKhorayef	عمار بخیت Ammar Bakheet	فراس حوحو Feras Houhou	علي الحواس Ali AlHawas	اسم الصندوق / العضو
SNB Capital Al-Raed GCC Fund	✓	✓	✓	✓	صندوق الأهلي الرائد الخليجي
SNB Capital Al Raed Saudi Equity Fund	✓	✓	✓	✓	صندوق الأهلي الرائد للأسهم السعودية
SNB Capital Al Ataa Saudi Equity Fund	✓	✓	✓	✓	صندوق الأهلي العطاء للأسهم السعودية
SNB Capital Al Ataa GCC Equity Fund	✓	✓	✓	✓	صندوق الأهلي العطاء للأسهم الخليجية
SNB Capital Al Jood GCC Equity Fund	✓	✓	✓	✓	صندوق الأهلي الجود للأسهم الخليجية
SNB Capital Al Musahem Saudi Equity Fund	✓	✓	✓	✓	صندوق الأهلي المساهم للأسهم السعودية
SNB Capital Al Musahem GCC Fund	✓	✓	✓	✓	صندوق الأهلي المساهم الخليجي
SNB Capital China Equity Fund	✓	✓	✓	✓	صندوق الأهلي للأسهم الصينية
SNB Capital Global Equity Fund	✓	✓	✓	✓	صندوق الأهلي للأسهم العالمية
SNB Capital Arab Markets Equity Fund	✓	✓	✓	✓	صندوق الأهلي لأسواق الأسهم العربية
SNB Capital GCC Financial Sector Fund	✓	✓	✓	✓	صندوق الأهلي للقطاع المالي الخليجي
SNB Capital Al Sunbullah USD	✓	✓	✓	✓	صندوق الأهلي السنبلة بالدولار
SNB Capital Al Sunbullah SAR	✓	✓	✓	✓	صندوق الأهلي السنبلة بالريال
SNB Capital Al Razeen USD Liquidity Fund	✓	✓	✓	✓	صندوق الأهلي الرزين بالدولار
SNB Capital Al Razeen SAR Liquidity Fund	✓	✓	✓	✓	صندوق الأهلي الرزين بالريال
SNB Capital Corporates Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي لصكوك الشركات
SNB Capital Sovereign Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي للصكوك السيادية
SNB Capital Real Estate Fund		✓			صندوق الأهلي العقاري
AlAhli REIT Fund 1			✓		صندوق الأهلي ريت(1)

**هـ. تعارض المصالح بين مصالح عضو مجلس إدارة الصندوق ومصالح الصندوق**

يتألف مجلس إدارة الصندوق من بعض موظفي مدير الصندوق. ومع ذلك، فإن أعضاء المجلس لديهم واجبات أمانة لمالكي الوحدات، وسوف يبذلون قصارى جهدهم لحل جميع حالات تعارض المصالح من خلال ممارسة الاجتهاد بنية حسنة. كما يمكن لأعضاء المجلس تملك وحدات في الصندوق أو أن يكون لديهم علاقات مصرفية مع الشركات التي يتم شراء أسهمها أو بيعها أو حفظها من قبل الصندوق أو نيابة عنه، أو التي يكون لدى الصندوق صفقات مرابحة معها. ومع ذلك، في حالة نشوء أي تعارض في المصالح، يتم إبلاغ مجلس الصندوق بهذا التعارض للموافقة عليه وفي هذه الحالة لا يجوز للعضو الذي لديه تعارض في المصالح التصويت على أي قرار يتخذه مجلس إدارة الصندوق ويكون للعضو أي مصلحة مباشرة أو غير مباشرة فيه.

**و. جدول يوضح جميع مجالس إدارة الصناديق التي يشارك فيها عضو مجلس الصندوق**

## g. Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives

The Fund's Board of Directors held three meetings during 2022. The following is a summary of the key decisions approved and the matters discussed by the Fund's Board of Directors:

- Fund's objectives achievement and performance review.
- Risks related to the funds; including: liquidity, market, and operational risks.
- Ensuring fund's compliance to all applicable rules and regulations.

## ز. الموضوعات التي تمت مناقشتها والقرارات الصادرة بشأنها بما

### في ذلك أداء الصندوق وتحقيق الصندوق لأهدافه

عقد مجلس إدارة الصندوق ثلاثة اجتماعات خلال العام 2022م، وفيما يلي ملخصاً لأهم القرارات التي تم إقرارها والمواضيع التي تمت مناقشتها من قبل مجلس إدارة الصندوق:

- مناقشة تحقيق الصندوق لأهدافه وأدائه خلال العام.
- المخاطر المتعلقة بالصندوق بما في ذلك مخاطر السيولة، السوق، والتشغيل.
- التزام الصناديق بلوائح هيئة السوق المالية مع مسؤول المطابقة والالتزام.

## C) Fund Manager

## ج) مدير الصندوق

### 1) Name and address of the Fund Manager

#### SNB Capital Company

King Saud Road, P.O. Box 22216, Riyadh 11495, Saudi Arabia  
Tel: +966 920000232

Website: [www.alahlicapital.com](http://www.alahlicapital.com)

### 1) اسم مدير الصندوق، وعنوانه

#### شركة الأهلي المالية

طريق الملك سعود، ص.ب. 22216، الرياض 11495، المملكة العربية السعودية  
هاتف: +966 920000232

الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

### 2) Names and addresses of Sub-Manager / Investment Adviser

None.

### 2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (إن وجد)

لا يوجد.

### 3) Investment Activities during the period

- During 2022, given the funds' investment objectives its' strategy continued to be conservative, focusing primarily on Murabaha placements with local banks and investment-grade GCC Counterparties.
- The liquidity and maturity profile was managed in a way that enabled it to take advantage of periods of higher rates on deposits, and retaining its short- medium term maturity profile within the fund's guidelines and CMA regulations.

### 3) أنشطة الاستثمار خلال الفترة

- خلال عام 2022م، ركز الصندوق على صفقات المrabaha مع البنوك المحلية وبنوك دول مجلس التعاون الخليجي ذات التصنيف الائتماني العالي وفقاً لاستراتيجية الصندوق المتحفظة وأهدافه الاستثمارية .
- تدار سيولة ومدة استحقاق ودائع الصندوق باستراتيجية تمكن الصندوق من الاستفادة من فترات ارتفاع أسعار الفائدة، والمحافظة على المدى القصير- المتوسط لاستحقاقات ودائع الصندوق وفقاً لضوابط إدارة الصندوق ولوائح هيئة السوق المالية.

### 4) Performance

Fund Performance	1.77%
Benchmark Performance	1.93%

### 4) تقرير الأداء خلال الفترة

أداء الصندوق	1.77%
أداء المؤشر	1.93%

The fund underperformed the benchmark by 16 bps.

انخفض أداء الصندوق عن أداء المؤشر بفارق 16 نقطة أساس.

### 5) Terms & Conditions Material Changes

1. Amending the fund's Terms & Conditions in order to comply with the requirements of annex (1) of the amended Investment Funds Regulations.
2. Non-fundamental Changes: Change the fund's English and Arabic Name (where applicable).
3. Non-fundamental Changes: as shown below:  
First: Changing the fund's Auditor (where applicable).  
Second: Amending and adding definitions.  
Third: Amending the Fund's summary.

### 5) تغييرات حدثت في شروط وأحكام الصندوق

1. تعديل شروط وأحكام الصندوق للالتزام بمتطلبات الملحق (1) من لائحة صناديق الاستثمار المعدلة.
2. تغييرات غير أساسية: تغيير اسم الصندوق باللغة العربية والإنجليزية (حيثما ينطبق).
3. تغييرات غير أساسية: كما هو موضح أدناه:  
أولاً: تغيير مراجع الحسابات (حيثما ينطبق).  
ثانياً: تحديث وإضافة بعض التعاريف.  
ثالثاً: تعديل ملخص الصندوق.

Fourth: Adding the minimum subscription and the additional subscription through the Individual Saving Program (ISP) - where applicable.

Fifth: Amending subparagraphs (g, k) in paragraph (3) "Investment Policies and Practices"

Sixth: Amending subparagraphs (a, b, c) in paragraph (9) "Fees, Charges and Expenses".

Seventh: Amending subparagraph(b,e) in paragraph (10) "Valuation and Pricing".

Eighth: Amending subparagraphs (d, f) in paragraph (24) "Fund Board".

رابعاً: إضافة فقرة الحد الأدنى للاشتراك والاشتراك الإضافي عبر برنامج الادخار (ISP) (حيثما ينطبق).

خامساً: تعديل الفقرات الفرعية (ز، ك) من الفقرة الرئيسية (3) "سياسات الاستثمار وممارساته".

سادساً: تحديث الفقرات الفرعية (أ، ب، ج) من الفقرة الرئيسية (9) "مقابل الخدمات والعمولات والأتعاب".

سابعاً: تحديث الفقرة الفرعية (ب، هـ) من الفقرة الرئيسية (10) "التقييم والتسعير".

ثامناً: تحديث الفقرات الفرعية (د، و) من الفقرة الرئيسية (24) "مجلس إدارة الصندوق".

**6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period**

**6) أي معلومة أخرى من شأنها أن تُمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة**

None.

لا يوجد.

**7) Investments in other Investment Funds**

**7) الاستثمار في صناديق استثمارية أخرى**

management fees charged by investments in the following funds have been rebated:

تم التنازل عن رسوم الإدارة للصناديق الاستثمارية التي يستثمر بها الصندوق

- SNB Capital International Trade Fund.

الموضحة أدناه:

**8) Special commission received by the fund manager during the period**

**8) العمولات الخاصة التي حصل عليها مدير الصندوق خلال الفترة**

No special commissions were received during the period.

لم يحصل مدير الصندوق على أي عمولات خاصة خلال الفترة.

**9) Any other data and other information required by Investment Fund Regulations to be included in this report**

**9) أي بيانات ومعلومات أخرى أوجبت لائحة صناديق الاستثمار تضمينها بهذا التقرير**

**a. Conflict of Interests**

**أ. تعارض في المصالح**

There is no conflict of interests.

لا يوجد تعارض مصالح.

**b. Fund Distribution During The Year**

**ب. توزيعات الصندوق خلال العام**

No income or dividends will be distributed to Unitholders.

لا يتم توزيع أي دخل وأرباح على مالكي الوحدات.

**c. Incorrect Valuation or Pricing**

**ج. خطأ في التقييم والتسعير**

None.

لا يوجد.

**d. Investment Limitation Breaches**

**د. مخالفة قيود الاستثمار**

None.

لا يوجد.

**10) Period for the management of the person registered as fund manager**

**10) مدة إدارة الشخص المسجل كمدير للصندوق**

Since August – 2021.

منذ أغسطس – 2021م.

**11) A disclosure of the expense ratio of each underlying fund at end of year and the weighted average expense ratio of all underlying funds that invested in (where applicable)**

**11) الإفصاح عن نسبة مصروفات كل صندوق بنهاية العام والمتوسط المرجح لنسبة مصروفات كل الصناديق الرئيسة المستثمر فيها (حيثما ينطبق)**

As shown in the sub-paragraph (7) of paragraph (C) in this Annual Report.

كما هو موضح في الفقرة الفرعية (7) من الفقرة (ج) من هذا التقرير السنوي.

## D) Custodian

## د) أمين الحفظ

### 1) Name and address of custodian

**HSBC Saudi Arabia**  
Olaya, P.O. Box 2255, Riyadh 12283, Saudi Arabia  
Tel: +966920005920  
Website: [www.hsbcSaudi.com](http://www.hsbcSaudi.com)

### 1) اسم أمين الحفظ، وعنوانه

شركة اتش اس بي سي العربية السعودية (HSBC)  
العليا، ص.ب. 2255، الرياض 12283، المملكة العربية السعودية  
هاتف: +966920005920  
الموقع الإلكتروني: [www.hsbcSaudi.com](http://www.hsbcSaudi.com)

### 2) Custodian's duties and responsibilities

- Notwithstanding the delegation by a custodian to one or more third parties under the provisions of Investment Funds Regulations or the Capital Market Institutions Regulations, the custodian shall remain fully responsible for compliance with its responsibilities in accordance to the provisions of Investment Funds Regulations.
- The custodian shall be held responsible to the fund manager and unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.

### 2) واجبات ومسؤوليات أمين الحفظ

- يعد أمين الحفظ مسؤولاً عن التزاماته وفقاً لأحكام لائحة صناديق الاستثمار، سواء قام بتأدية مسؤولياته بشكل مباشر أم كلف بها طرفاً ثالثاً بموجب أحكام لائحة صناديق الاستثمار أو لائحة مؤسسات السوق المالية.
- يعد أمين الحفظ مسؤولاً تجاه مدير الصندوق ومالكي الوحدات عن خسائر الصندوق الناجمة بسبب احتياله أو إهماله أو سوء تصرفه المتعمد أو تقصيره المتعمد.
- يعد أمين الحفظ مسؤولاً عن حفظ أصول الصندوق وحمايتها لصالح مالكي الوحدات، وهو مسؤول كذلك عن اتخاذ جميع الإجراءات الإدارية اللازمة فيما يتعلق بحفظ أصول الصندوق.

## E) Fund Operator

## هـ) مشغل الصندوق

### 1) Name and address of fund operator

**SNB Capital Company**  
King Saud Road, P.O. Box 22216, Riyadh 11495, Saudi Arabia  
Tel: +966 920000232  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)

### 1) اسم مشغل الصندوق، وعنوانه

شركة الأهلي المالية  
طريق الملك سعود، ص.ب. 22216، الرياض 11495، المملكة العربية السعودية  
هاتف: +966 920000232  
الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

### 2) Operator's duties and responsibilities

- In relation to investment funds, the fund operator shall be responsible for operating the investment fund.
- The fund operator must maintain the books and records related to the operation of the fund it operates.
- The fund operator must establish a register of unitholders and must maintain it in the Kingdom in accordance to the Investment Funds Regulations.
- The fund operator shall be responsible for the process of dividends distribution (if available) to unitholders.
- The fund operator must process requests for subscriptions or redemption according to the fund's Terms & Conditions.
- The fund operator shall be responsible for calculating the price of the units and valuing the assets of the fund. In so

### 2) واجبات ومسؤوليات مشغل الصندوق

- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.
- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.
- يقوم مشغل الصندوق بإعداد وتحديث سجل مالكي الوحدات وحفظه في المملكة وفقاً لمتطلبات لائحة صناديق الاستثمار.
- يُعدّ مشغل الصندوق مسؤولاً عن عملية توزيع الأرباح (إن وجدت) حسب سياسة التوزيع المنصوص عليها في شروط وأحكام الصندوق.
- يقوم مشغل الصندوق بإجراءات الاشتراك حسب المنصوص عليها في شروط وأحكام الصندوق.
- يُعدّ مشغل الصندوق مسؤولاً عن تقييم أصول الصندوق تقييماً كاملاً وعادلاً وحساب سعر وحدات الصندوق حسب ما ورد في شروط وأحكام الصندوق.

doing, the fund operator shall conduct a full and fair valuation according to the fund's Terms & Conditions.

**F) Auditor****(و) مراجع الحسابات****Name and Address of Auditor****اسم مراجع الحسابات، عنوانه****KPMG Professional Services****كي بي ام جي للخدمات المهنية**

Riyadh Front – Airport Road P.O Box. 92876, Riyadh 11663,  
Saudi Arabia

واجهة الرياض – طريق المطار ص.ب 92876، الرياض 11663 المملكة العربية  
السعودية

Tel: +966118748500

هاتف: +966118748500

Website: [www.kpmg.com/sa](http://www.kpmg.com/sa)

الموقع الإلكتروني: [www.kpmg.com/sa](http://www.kpmg.com/sa)

**G) Financial Statements****(ز) القوائم المالية**

As shown below in the financial statements section.

كما هو موضح أدناه في قسم القوائم المالية.



**SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND**  
**(formerly known as US Dollar Liquidity Fund (Al Razeen USD))**  
(Managed by the SNB Capital Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2022  
with  
**Independent Auditor's Report to the Unitholders**



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد 92876  
الرياض 11663  
المملكة العربية السعودية  
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Unitholders of SNB Capital AI Razeen USD Liquidity Fund (formerly known as US Dollar Liquidity Fund (AI Razeen USD))

## Opinion

We have audited the financial statements of **SNB Capital AI Razeen USD Liquidity Fund (the "Fund")** managed by the SNB Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in net assets attributable to the Unitholders and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (40,000,000). 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 مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبون وعاجون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي للمسئلة والتفتحة لـ كي بي إم جي العالمية المحدودة، شركة لاجيزية محدودة بضمان. جميع الحقوق محفوظة.



## Independent Auditor's Report

To the Unitholders of SNB Capital AI Razeen USD Liquidity Fund (formerly known as US Dollar Liquidity Fund (AI Razeen USD)) (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **SNB Capital AI Razeen USD Liquidity Fund** (the "Fund").

### KPMG Professional Services

**Ebrahim Oboud Baeshen**  
License No. 382

Riyadh: 01 Ramadan 1444H  
Corresponding to 23 March 2023



**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar  
Liquidity Fund (Al Razeen USD)  
(Managed by the SNB Capital Company)**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Notes</i>	<b>31 December 2022</b>	31 December 2021
<b>ASSETS</b>			
Cash and cash equivalents	8	<b>90</b>	64
Investments – net	9	<b>12,198</b>	22,149
Other receivables		<u>--</u>	<u>3</u>
<b>Total assets</b>		<u><b>12,288</b></u>	<u>22,216</u>
<b>LIABILITIES</b>			
Other payables		<u><b>25</b></u>	<u>29</u>
<b>Net assets attributable to unitholders</b>		<u><b>12,263</b></u>	<u>22,187</u>
<b>Units in issue in thousands (number)</b>	10	<u><b>437</b></u>	<u>805</u>
<b>Net assets per unit (USD)</b>		<u><b>28.0618</b></u>	<u>27.5742</u>

The accompanying notes 1 to 16 form an integral part  
of these financial statements.

**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (Al Razeen USD))**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b><u>2022</u></b>	<b><u>2021</u></b>
Special commission income on Murabah contracts		<b>359</b>	142
Realised gain on FVTPL investments – net		<b>16</b>	4
Unrealised gain on FVTPL investments – net		<b>9</b>	2
Other income		<b>8</b>	3
<b>Total income</b>		<b><u>392</u></b>	<b><u>151</u></b>
Management fees	12	<b>(39)</b>	(42)
Value added tax expense		<b>(6)</b>	(6)
Other expenses		<b>(15)</b>	(6)
Reversal of expected credit loss allowance		<b>2</b>	10
<b>Total operating expenses</b>		<b><u>(58)</u></b>	<b><u>(44)</u></b>
<b>Profit for the year</b>		<b><u>334</u></b>	<b><u>107</u></b>
<b>Other comprehensive income for the year</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income for the year</b>		<b><u>334</u></b>	<b><u>107</u></b>

The accompanying notes 1 to 16 form an integral part of these financial statements.

**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (Al Razeen USD))**  
**(Managed by SNB Capital Company)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

	<b>For the year ended 31 December</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Net Assets attributable to the Unitholders at the beginning of the year</b>	<b>22,187</b>	17,702
Total comprehensive income for the year	<b>334</b>	107
<b>(Decrease) / increase in equity from unit transactions during the year</b>		
Proceeds from units issued	<b>792</b>	7,405
Value of units redeemed	<b>(11,050)</b>	(3,027)
	<b>(10,258)</b>	4,378
<b>Net Assets attributable to unitholders at the end of the Year</b>	<b><u>12,263</u></b>	<u>22,187</u>

The accompanying notes 1 to 16 form an integral part of these financial statements.



**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (AI Razeen USD))**  
**(Managed by SNB Capital Company)**

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Cash flows from operating activities</b>			
Profit for the year		<b>334</b>	107
<i>Adjustments for:</i>			
Realised gain on FVTPL investments – net		<b>(16)</b>	(4)
Unrealised gain on FVTPL investments – net		<b>(9)</b>	(2)
Reversal of expected credit loss allowance		<b>(2)</b>	(10)
		<b>307</b>	91
<i>Net changes in operating assets and liabilities:</i>			
Investments measured at amortised cost		<b>9,139</b>	(2,785)
Investments measured at FVTPL		<b>839</b>	(1,996)
Other receivables		<b>3</b>	(3)
Other payables		<b>(4)</b>	(18)
<b>Net cash generated from / (used in) operating activities</b>		<b>10,284</b>	(4,711)
<b>Cash flows from financing activities</b>			
Proceeds from units issued		<b>792</b>	7,405
Value of units redeemed		<b>(11,050)</b>	(3,027)
<b>Net cash (used in) / generated from financing activities</b>		<b>(10,258)</b>	4,378
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>26</b>	(333)
Cash and cash equivalents at the beginning of the year	8	<b>64</b>	397
<b>Cash and cash equivalents at the end of the year</b>	8	<b>90</b>	64

The accompanying notes 1 to 16 form an integral part of these financial statements.

**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (Al Razeen USD))**  
**(Managed by SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

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**1. THE FUND AND ITS ACTIVITIES**

SNB Capital Al Razeen USD Liquidity Fund (formerly known as US Dollar Liquidity Fund (Al Razeen – USD)) (“the Fund”) is an open-ended investment fund, established under article 31 of the Investment Funds Regulations (“the Regulations”) issued by the Capital Market Authority (“CMA”), 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 objective of the Fund is to invest in short term money market instruments in SAR or USD and other funds that have similar objectives and risk.

The terms and conditions of the Fund were issued and the Fund commenced its activities on 6 Safar 1408 H (corresponding to 30 September 1987).

The Fund is governed by the Regulations published by the CMA on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006). The Regulations were further amended on 12 Rajab 1442 H (corresponding to 24 February 2021).

**2. BASIS OF ACCOUNTING**

These financial statements of the Fund have been prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority (“CMA”) and the Fund’s terms and conditions.

**3. BASIS OF MEASUREMENT**

The financial statements have been prepared on a 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 and going concern concept.

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 statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). If indicators of the primary economic environment are mixed, then Fund Manager uses judgement to determine the functional currency that most faithfully effects the economic effect of the underlying transactions, events, and conditions. Investor subscriptions and redemptions are determined based on the net asset value and received and paid in US Dollar and expenses of the Fund are also paid in US Dollar. Accordingly, Fund Manager has determined that the functional currency of the Fund is US Dollar (“USD”).

These financial statements are presented in United States Dollar (“USD”) which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

**5. CHANGES IN FUND’S TERMS AND CONDITIONS**

The Fund’s name has been changed during the year. There have been no other revisions in the terms and conditions of the Fund during the period.

**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (AI Razeen USD))**  
(Managed by the SNB Capital Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

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**6. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgments, 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

*a) Fair value estimation*

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

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 market price, because this price is assessed to be a reasonable approximation of the exit price.

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.

The fair value hierarchy has the following levels:

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

The Fund determined fair value of investments in un-listed open-ended investment funds measured at FVTPL using unadjusted net asset value and classified them as level 2 as per the fair value hierarchy. During the year, there has been no transfer in fair value hierarchy for FVTPL investments. For other financial assets and liabilities such as investments at amortised cost, cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value. 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.

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**6. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

*b) Measurement of expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL; and
- Establishing Fund of similar financial assets for the purposes of measuring ECL.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 13.1.2 (a).

**7. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**7.1 *Cash and cash equivalents***

Cash equivalents include cash at bank and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**7.2 *Financial assets and liabilities***

***Classification of financial assets***

On initial recognition, a financial asset is measured at its fair value and classified at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

***Financial assets measured at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

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**7. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7.2 *Financial assets and liabilities (continued)***

**Financial assets measured at FVOCI**

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

**Financial assets measured at FVTPL**

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

**Business model assessment**

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**Assessment whether contractual cash flows are solely payments of principal and commission**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest or commission is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example: liquidity risk and administrative costs), as well as profit margin.

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7.2 *Financial assets and liabilities (continued)***

In assessing whether the contractual cash flows are solely payments of principal and commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of the time value of money – for example, periodical reset of interest / commission rates.

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

**Impairment of financial assets**

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

**Classification of financial liabilities**

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

**Recognition and initial measurement**

Financial assets measured at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

**Subsequent measurement**

Financial assets measured at FVTPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'realized and unrealized gains / (loss) on FVTPL investments – net' in the statement of profit or loss and comprehensive income.

Financial assets and financial liabilities measured at amortised cost are subsequently measured at amortised cost using the effective interest / commission method and is recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of profit or loss and other comprehensive income. The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative commission using effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7.2 *Financial assets and liabilities (continued)***

***Derecognition***

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized. The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**7.3 *Provisions***

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

**7.4 *Net assets value per unit***

The net assets value per unit is calculated by dividing the net assets attributable to the Unitholders included in the statement of financial position by the number of units outstanding at the year end.

**7.5 *Units in issue***

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date as well as in the event of the Fund's liquidation.

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7.5 *Units in issue (continued)***

Redeemable units are classified as equity as these meet all of the following conditions:

- they entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- they are in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in net assets as a deduction from the proceeds or part of the acquisition cost.

**7.6 *Taxation / zakat***

Under the current system of zakat and income tax in the Kingdom of Saudi Arabia, the Fund is exempt from paying any zakat and income tax. Zakat and income tax are considered to be the obligation of the Unitholders and are not provided in the financial statements.

The Value Added Tax ("VAT") applicable for fees and expenses are recognized in the statement of comprehensive income.

**7.7 *Special commission income and expense***

Special commission income and expense presented in the statement of comprehensive income comprises of commission on financial assets and financial liabilities measured at amortised cost calculated on an effective interest / commission basis.

The 'effective interest / commission rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument:

- to the carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating special commission income and expense, the effective interest / commission rate is applied to the gross carrying amount of the asset (when the assets is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, special commission income is calculated by applying the effective interest / commission rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of special commission income reverts to the gross basis.

**7.8 *Management fee expense***

Management fee expense is recognized in the statement of profit or loss and other comprehensive income as the related services are performed.

**7.9 *Accrued expenses and other payables***

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7.10 *New IFRS standards, interpretations and amendments thereof, adopted by the Fund***

Below amendments to accounting standards and interpretations 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 financial statements.

**Standards / Interpretations and Amendments**

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

Annual Improvements to IFRS Standards 2018-2020

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

Reference to the Conceptual Framework (Amendments to IFRS 3)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

**7.11 *Standards, interpretations and amendments issued but not yet effective***

Standards, interpretations and amendments issued but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

<b><i>Standards / Interpretations and amendments</i></b>	<b><i>Description</i></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
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 IFRS 17	Insurance Contracts	1 January, 2023
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January, 2024
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

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

**8. CASH AND CASH EQUIVALENTS**

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

**9. INVESTMENTS – NET**

	<b><i>Notes</i></b>	<b><i>31 December 2022</i></b>	<b><i>31 December 2021</i></b>
Investments measured at amortised cost – net	<b>i)</b>	<b>11,009</b>	20,146
Investments measured at fair value through profit or loss	<b>ii)</b>	<b>1,189</b>	2,003
		<b>12,198</b>	22,149

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**9. INVESTMENTS – NET (CONTINUED)**

**i) Investments measured at amortised cost – net**

Investments measured at amortised cost under IFRS 9 include the following:

	<i>Note</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Investments in murabaha contracts	<b>a)</b>	<b>11,010</b>	20,149
Less: Allowance for expected credit loss		<b>(1)</b>	(3)
Net investments measured at amortised cost		<b>11,009</b>	20,146

a) Murabaha placements are held with local and international banks. These carry profit rates ranging from 2.00% to 5.9% (2021: 0.25% to 1.10%) with maturity up till 19 April 2023.

**ii) Investments measured at fair value through profit or loss**

Investments measured at fair value through profit or loss under IFRS 9 include the following:

	<i>31 December 2022</i>	<i>31 December 2021</i>
Units of SNB Capital International Trade Fund – a related party	<b>1,189</b>	2,003

**10. UNITS TRANSACTIONS**

Transactions in units during the year are summarized as follows:

	<b>For the year ended 31 December</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>Units' 000</u></b>	<b><u>Units' 000</u></b>
Units at the beginning of the year	<b>805</b>	645
Units issued	<b>29</b>	269
Units redeemed	<b>(397)</b>	(110)
Net (decrease) / increase in units	<b>(368)</b>	159
Units at the end of the year	<b>437</b>	805

As at 31 December 2022, the top 5 unitholders (2021: top 5) represented 63.18% (2021: 58.20%) of the Fund's units.

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**11. RECONCILIATION OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS**

As per the requirements of CMA circular dated 31 December 2017, the Fund calculates provision for impairment in respect of financial instruments 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 net assets calculated as per the CMA circular ("trading net assets") and as per requirements of IFRS 9 ("reported net assets"). The following table shows the reconciliation between the Fund's reported net assets and trading net assets:

	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
Reported net assets of the Fund	<b>12,263</b>	22,187
Add: Expected credit loss allowance	<b>1</b>	3
	<b>12,264</b>	22,190
Less: Provision for incurred credit losses	<b>--</b>	--
Traded net assets of the Fund	<b>12,264</b>	22,190
Number of units in issue	<b>437</b>	805
Traded net assets value per unit of the Fund	<b>28.0641</b>	27.5652

**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 Saudi National Bank, being parent of the Fund Manager.

***Management fee and other expenses***

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily, a management fee, at an annual rate of 0.5% (2021: 0.5%) per annum of the Fund's daily 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 net assets 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 fund manager related to management fees and other expenses:

Name of related party	Nature of transaction	Amounts of transactions for the year ended 31 December		Payable Balance as at 31 December	
		2022	2021	2022	2021
SNB Capital Company	Management fees	<b>39</b>	42	<b>9</b>	12
	Expenses paid on behalf of the Fund	<b>21</b>	13		

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**13. FINANCIAL RISK MANAGEMENT**

**13.1 *Financial risk factors***

The Fund's activities expose it to a variety of financial risks including market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

**13.1.1 *Market risk***

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates, equity prices and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

**a) *Foreign exchange risk***

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. The Fund does not have any foreign exchange risk since all the transactions are carried out in USD.

**b) *Commission rate risk***

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

At 31 December 2022, the Fund has investment in short term fixed rate Murabaha contracts only and is not exposed to commission rate risk.

**c) *Other price risk***

Other price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. Other price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager daily monitors concentration of risk for net assets based on securities and industries in line with defined limits while closely tracking the portfolio level volatilities. As of the statement of financial position date, the Fund has investments in mutual fund units which is exposed to other price risk.

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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.1 Financial risk factors (continued)**

**13.1.1 Market risk (continued)**

**c) Other price risk (continued)**

The effect on the net assets (as a result of the change in the fair value of investments) as at 31 December due to a reasonably possible notional change in market value of Investee Fund's units by 10%, with all other variables held constants is as follows:

	<u>31 December</u> <u>2022</u>	<u>31 December</u> <u>2021</u>
Effect on net assets attributable to the Unitholders	<u>±119</u>	<u>±200</u>

**13.1.2 Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its investment measured at amortised cost and bank balances. The bank balance is held with a local bank having Moody's credit rating of AA3 which is in line with globally understood definition of investment grade. Accordingly, there is no impact of expected credit loss allowance on this balance

It is the Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

**a) General approach for Expected Credit Loss (ECL) allowance**

The Fund recognizes loss allowances for ECL on the financial assets that are not measured at FVTPL.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- financial investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Fund considers a financial security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade. 12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.1 *Financial risk factors (continued)***

**13.1.2 *Credit risk (continued)***

The Fund categorizes its financial assets into following three stages in accordance with the IFRS 9 methodology:

- Stage 1: financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months PD.
- Stage 2: financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- Stage 3: financial assets that are credit impaired, the Fund recognizes the impairment allowance based on lifetime PD.

The Fund also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.

ECL represent probability-weighted estimates of credit losses. These are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The table below shows financial instruments subject to impairment:

	<b>As at 31 December 2022</b>				<b>As at 31 December 2021</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Total</b>
Investments measured at amortised cost	<b>11,010</b>	--	--	<b>11,010</b>	20,149
Expected credit loss allowance	<b>(1)</b>	--	--	<b>(1)</b>	(3)
<b>Carrying amount</b>	<b>11,009</b>	--	--	<b>11,009</b>	20,146



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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.1 *Financial risk factors (continued)***

**13.1.2 *Credit risk (continued)***

**b) *Expected credit loss allowance measurement***

The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies. As at 31 December 2022 and 31 December 2021, the Fund has investments measured at amortized cost with the following credit quality:

<b>Credit ratings</b>	<b>31 December <u>2022</u></b>	<b>31 December <u>2021</u></b>
A+	<b>21.94%</b>	--
A	<b>25.84%</b>	7.44%
A-	<b>37.69%</b>	9.93%
BBB+	<b>14.53%</b>	66.59%
BBB	--	16.04%
	<b><u>100%</u></b>	<b><u>100%</u></b>

**Investments measured at amortised cost**

The following table explains the changes in the expected credit loss allowance for Murabaha and Sukuk contracts:

	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime - credit impaired ECL</b>	<b>Total</b>
<b><u>2022</u></b>				
Expected credit loss allowance as at 1 January 2022	3	--	--	3
Reversal during the year	(2)	--	--	(2)
<b>Expected credit loss allowance as at 31 December 2022</b>	<b><u>1</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>1</u></b>
<b><u>2021</u></b>				
Expected credit loss allowance as at 1 January 2021	13	--	--	13
Reversal during the year	(10)	--	--	(10)
<b>Expected credit loss allowance as at 31 December 2021</b>	<b><u>3</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>3</u></b>

**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (Al Razeen USD))**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.1 *Financial risk factors (continued)***

**13.1.3 *Liquidity risk***

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans facilities obtained by the Fund Manager.

The contractual and expected maturity of all liabilities outstanding at the reporting date are within six months (2021: due within six months).

**13.1.4 *Operational risk***

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk to balance limiting of financial losses and damage to its reputation with achieving its investment objective of maximising returns to the Unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management Team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service level agreements with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced.
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

**14. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There was no event subsequent to the statement of financial position date which required adjustment of or disclosure in the financial statements or notes thereto.

**SNB CAPITAL AI RAZEEN USD LIQUIDITY FUND (formerly known as US Dollar Liquidity Fund (Al Razeen USD))**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

Expressed in US Dollars '000 (unless otherwise stated)

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**15. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these financial statements was 29 December 2022 (2021: 30 December 2021).

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Manager on 29 Sha'ban 1444H corresponding to 21 March 2023.