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A) Investment Fund Information
أ) معلومات صندوق الاستثمار

1) Name of the Investment Fund SNB Capital Sadaqqat Fund	1) اسم صندوق الاستثمار صندوق الأهلي للصدقات
2) Investment Objectives and Policies <ul style="list-style-type: none"> Fund's Objectives: The fund is classified as a specialized feeder fund which aims to achieve capital preservation, monthly liquidity and distributing monthly dividends to officially registered local charities. Investment Policies and Practices: The fund primarily invests in SNB Capital Saudi Riyal Trade Fund which itself mainly invests in shariah compliant money market transactions and short term financial instruments. 	2) أهداف وسياسات الاستثمار وممارساته <ul style="list-style-type: none"> أهداف الصندوق: يصنف الصندوق الأهلي للصدقات كصندوق مغذي استثماري متخصص يهدف إلى المحافظة على رأس المال، والسيولة الشهرية، وتوزيع العوائد شهرياً على المؤسسات الخيرية المحلية المسجلة رسمياً. سياسات الاستثمار وممارساته: يستثمر الصندوق بشكل أساسي في وحدات صندوق الأهلي للمتاجرة بالريال السعودي، والذي يستثمر بدوره في صفقات أسواق النقد والأدوات المالية قصيرة الأجل المتوافقة مع ضوابط اللجنة الشرعية.
3) Distribution of Income & Gain Policy Income and dividends will be distributed in support of official local charities.	3) سياسة توزيع الدخل والأرباح يوزع الصندوق عوائد استثماراته شهرياً على المؤسسات الخيرية المحلية المسجلة رسمياً.
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) 30-day Rolling Average of the 1-Month SAIBID. For more information, please visit service provider website Thomson Reuters.	5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد) المعدل المتحرك لآخر 30 يوم لنسبة العوائد بين البنوك على الريال السعودي (سايبيد) لمدة شهر واحد. ولمزيد من المعلومات، يرجى زيارة موقع مزود الخدمة شركة تومسون رويترز.

B) Fund Performance
أداء الصندوق

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

السنة	2021	2022	2023	Year
صافي قيمة أصول الصندوق*	23,182,091	23,174,488	23,182,713	NAV*
صافي قيمة أصول الصندوق لكل وحدة*	1	1	1	NAV per Unit*
أعلى سعر وحدة*	1	1	1	Highest Price per Unit*
أقل سعر وحدة*	1	1	1	Lowest Price per Unit *
عدد الوحدات	23,182,091	23,174,488	23,182,713	Number of Units
قيمة الأرباح الموزعة لكل وحدة	N/A	N/A	N/A	Income Distribution Per Unit
نسبة الرسوم والمصروفات	0.02%	0.02%	0.02%	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

- 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:

الفترة	1 Year سنة	3 Years 3 سنوات	5 Years 5 سنوات	Since Inception منذ التأسيس	Period
عائد الصندوق %	5.59	2.66	2.53	1.83	Return %
عائد المؤشر %	5.54	2.78	2.33	1.87	Benchmark %

- 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:

السنة	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Year
عائد الصندوق %	0.39	0.42	1.87	1.05	2.03	3.02	1.67	0.90	1.55	5.59	Return %
عائد المؤشر %	0.51	0.50	1.70	1.35	2.13	2.43	0.9	0.52	2.35	5.54	Benchmark %

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 ريال SAR '000	النسبة المئوية %	الرسوم والمصروفات
Management Fees	5	0.02%	أتعب الإدارة
VAT on Management Fees	0.42	0	ضريبة القيمة المضافة على أتعب الإدارة
Custodian Fees	0.29	0	رسوم الحفظ
Auditor Fees	0	0	أتعب مراجع الحسابات
Fund Admin Expenses	0	0	مصاريف العمليات الإدارية
CMA Fees	0	0	رسوم هيئة السوق المالية
Tadawul Fees	0	0	رسوم نشر معلومات الصندوق على موقع تداول
Shariah Committee Fees	0	0	أتعب خدمات اللجنة الشرعية
Independent Fund Board Remunerations	0	0	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
Total Fees and Expenses	5.71	0.02%	مجموع الرسوم والمصاريف

3) Material Changes

- The U.S Federal Open Market Committee (FOMC) maintained a contractionary monetary policy stance going into 2023, raising the short-term fed fund policy rate (FFR) by a total of 100 Bps during the year, however, in a more disperse and steady series of rate hikes in comparison to 2022, reaching a target range of 5.25-5.50% by year-end. Their actions came at the back of higher than target inflation levels – although subduing - and supportive labor market conditions.
- Tightening Monetary policy by central banks continued worldwide 2023, the Saudi Central Bank (SAMA) hiked its policy rates by a total of 100 Bps, taking the Repo and Reverse Repo to 6.00% and 5.50% respectively.
- The U.S treasury yield-curve steepened slightly YoY with short-term yields decreasing while long-term bond yields held steady ;2-year treasury yield decreased by 18 bps to 4.25%, 5-Year treasury yield decreased by 16 bps to 3.85%, while the 10-Year treasury yield remained flat at 3.88%.
- The SAR Sovereign Sukuk broadly shifted upward YoY; 2-year Sukuk yield increased by approximately 66 bps to 5.2%, 5-Year Sukuk yield increased by 38 bps to 4.5%, while the 10-Year Sukuk yield increased by 18 bps to 4.7%.
- The USD LIBOR cessation and market transition to the alternative Secured Overnight Financing Rate (SOFR)

3) تغيرات جوهرية حدثت خلال الفترة

- واصلت اللجنة الفيدرالية الأمريكية للسوق المفتوحة (FOMC) بتطبيق سياسة نقدية متشددة خلال العام 2023م، بحيث قامت برفع سعر الفائدة الفيدرالي بإجمالي 100 نقطة أساس ليصل نطاق سعر الفائدة بين 5.25% و 5.50%، إلا أنها أتت بوتيرة أكثر ثباتاً وتشتتاً مقارنة بالعام السابق. وعلى خلفية ارتفاع مستويات التضخم عن المستوى المستهدف -على الرغم من انخفاضها خلال العام- ومدعومة بالمستويات القوية لسوق العمل.
- استمرت البنوك المركزية عالمياً بتشديد السياسة النقدية خلال العام، حيث قام البنك المركزي السعودي (ساما) أيضاً برفع معدلات اتفاقيات إعادة الشراء ("الريبو") ومعدلات اتفاقيات إعادة الشراء المعاكس ("الريبو العكسي") بإجمالي 100 نقطة أساس، حيث استقر معدل الريبو عند 6.00%، ومعدل الريبو العكسي عند 5.50%.
- كما انخفض منحى عوائد سندات الخزينة الأمريكية بشكل طفيف مقارنة بإغلاق العام السابق مع انخفاض عوائد السندات قصيرة الأجل وثبات عوائد السندات طويلة الأجل؛ انخفض عائد سندات الخزينة لسنتين بمقدار 18 نقطة أساس إلى 4.25%، وانخفض عائد سندات الخزينة لـ 5 سنوات بمقدار 16 نقطة أساس إلى 3.85%، بينما ظلت عوائد سندات الخزينة لأجل 10 سنوات ثابتة عند مستوى 3.88%.
- شهد منحى عائد الصكوك السيادية السعودية بالريال السعودي تحولاً تصاعدياً عند نهاية العام مقارنة بالعام السابق؛ حيث ارتفع عائد الصكوك لأجل سنتين بما يقارب 66 نقطة أساس ليصل إلى 5.2%، وارتفع عائد الصكوك لأجل 5 سنوات بما يقارب 38 نقطة أساس إلى 4.5%، بينما ارتفع عائد الصكوك لأجل 10 سنوات بمقدار 18 نقطة أساس لتصل إلى 4.7%.
- اكتمل إيقاف نشر واستخدام مؤشر معدل الإقراض بين البنوك بالدولار الأمريكي ("الايبور")، وانتقال السوق لاستخدام معدل التمويل المضمون لليوم الواحد ("السوفر") (البديل في يونيو 2023م. أتى التغيير استجابةً للمخاوف المتعلقة باستدامة ودقة المؤشر مما أدى إلى تحفيز إيجاد بديل

completed in June 2023. The transition came as a response to concerns regarding the sustainability and strength of the benchmark triggering the development of an alternative. The primary differences between the LIBOR and SOFR is while the LIBOR represented the bank lending, forward-looking, uncollateralized, and survey-based rates, the SOFR represents the risk free, backward looking, collateralized, and transaction-based rate.

- Saudi Riyal Interbank Average Offered Rate (SAIBOR) increased across all tenors; 1-Month, 3-Month, and 12-Month SAIBOR increased by 118 Bps, 89 Bps, and 12 Bps reaching levels of 5.9%, 6.2%, and 6.0% respectively.
- The 1-Month, 3-Month, and 12-Month Term SOFR rates - which are the forward-looking measurement of the SOFR, based on market expectations implied by the derivatives markets- stood at levels of 4.6%, 4.6%, and 4.9% respectively by year-end.
- Saudi Sovereign new debt issuances amounted to SAR 189 Bln, taking the total outstanding government indebtedness to SAR 1,050 Bln by year-end (25% of GDP).
- Excess Saudi Riyal liquidity in the banking sector - measured by the net daily average reverse repo volumes - averaged SAR 27 Bln for the year, a decrease of 37% compared to 2022. Broader money supply (M3) steadily increased during the year reaching SAR 2.7 Tln (+7.8% YoY).
- Brent crude oil prices decreased from an average of \$99 per barrel in 2022 to \$82 per barrel in 2023 (-10% YoY) as crude oil demand fell short of expectation, despite voluntary production cuts and geopolitical tensions in the second half of the year.

له، وتشكل الفروقات الأساسية بين المؤشر وبديلة السوفر؛ حيث يعكس اليبور معدل الإقراض المصرفي الغير المضمون لفترات مستقبلية تطلعية وقائم على آراء الخبراء، بينما يعكس السوفر المعدل الحالي من المخاطر، والقائم على المعاملات المضمونة المنعقدة في السوق.

- شهدت معدلات الإقراض بين البنوك السعودية ("سايبور") ارتفاعاً خلال عام 2023م، حيث ارتفع معدل سايبور لمدة شهر واحد بمقدار 118 نقطة أساس ليصل إلى مستوى 5.9%، وارتفع معدل سايبور لمدة ثلاثة أشهر بمقدار 89 نقطة أساس ليصل إلى مستوى 6.2%، كما ارتفع سايبور لمدة اثنا عشر شهر بمقدار 12 نقطة أساس ليحقق مستوى 6.0%.
- بلغت معدلات السوفر لشهر واحد، وثلاثة أشهر، واثنا عشر شهراً (ممثلة المعدل التطلعي لمعدل السوفر المبنية على التوقعات المنعكسة في أسواق المشتقات)، مستوى 4.6% و 4.6% و 4.9% على التوالي بنهاية العام.
- بلغت إصدارات الدين السيادية السعودية الجديدة 189 مليار ريال سعودي، ليصل إجمالي الديون الحكومية القائمة إلى 1,050 مليار ريال سعودي بنهاية العام (25% من الناتج المحلي الإجمالي).
- بلغت مستويات سيولة الريال السعودي الفائضة في القطاع المصرفي المتمثلة بصافي المتوسط اليومي لعمليات إعادة الشراء والشراء المعاكس متوسط 27 مليار ريال سعودي خلال العام، بانخفاض قدره 37% مقارنة بمتوسط العام السابق. كما شهد معدل عرض النقود (M3) ارتفاعاً ثابتاً خلال العام ليصل إلى 2.7 ترليون ريال سعودي أو ما يعادل ارتفاعاً بنسبة 8% خلال العام.
- انخفض متوسط سعر خام برنت من 99 دولاراً للبرميل في عام 2022م إلى 82 دولاراً للبرميل في عام 2023م (ما يعادل -10%)؛ على خلفية انخفاض الطلب دون التوقعات بالرغم من تخفيضات الإنتاج الطوعية والتوترات الجيوسياسية خلال النصف الثاني 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

- Mohammad AlSaggaf – Chairman – Non-Independent Member
- Lloyd Kawara - Non-Independent Member
- Dr. Basmah Al-Tuwaijri - Independent Member
- Abdulaziz Abalkhail - Independent Member

أ. أسماء أعضاء مجلس إدارة الصندوق

- محمد السقاف - رئيس مجلس إدارة الصندوق - عضو غير مستقل
- لويد كورا - عضو غير مستقل
- د. بسمه التويجري - عضو مستقل
- عبدالعزيز أبا الخيل - عضو مستقل

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

Mohammad AlSaggaf: Head of Wealth Management Division at SNB Capital Company. He has 25 years of experience in the banking and financial institutions sector. Muhammad joined Saudi National Group in 1994 G in the Retail Banking Services Department, then he joined the Investment Department in 2004 G. He was also a part of the establishment team of SNB Capital Company in 2007 G as a Head of the Elite Clients and

ب. نبذة عن مؤهلات أعضاء مجلس إدارة الصندوق

محمد السقاف: رئيس إدارة الثروات في شركة الأهلي المالية. يتمتع بخبرة 25 سنة في قطاع البنوك والمؤسسات المالية. التحق محمد بمجموعة الأهلي السعودي عام 1994 م في إدارة الخدمات المصرفية للأفراد ومن ثم التحق بإدارة الاستثمار عام 2004، كما كان من فريق العمل المؤسس لشركة الأهلي المالية عام 2007 كرئيس لعملاء النخبة والأفراد للمنطقة الوسطى وخلال فترة رئاسته للإدارة شغل

Individuals for the Central Region. During his presidency of the division, he held several positions as a member and chairman in some internal committees and in the board of directors of some investment funds before assuming the position of Head of Wealth Management Division in 2021G.

Lloyd Kawara: Chief Risk Officer at SNB Capital and he was hired as Vice President of Market Risk at SNB Capital in February 2015. Prior to that he worked at the African Development Bank where he was Principal Treasury Risk Officer, managing counterparty risk, market risk, investment and asset liability risks, and he has over (13) years of banking experience, of which (9) years were spent in senior risk management roles within the region, including as Chief Risk Officer for Bank Alkhair BSC Bahrain and Head of Risk for Bahrain Middle East Bank and Risk Management Officer with Riyadh Bank. Lloyd is a CFA charter holder, a Certified Financial Risk Manager (FRM) with Global Association of Risk Professionals (USA), a Chartered Alternative Investment Analyst with CAIA (USA) and an Associate Chartered Management Accountant with CIMA (UK).

Basmah Al-Tuwaijri: Retired from academic work at King Saud University, independent researcher, member of the Financial Sector and Finance Committee in the Riyadh Chamber, a Member in the SBWA – Saudi Business Women Association (A private association), member of the supervisory board of the Think Tank Forum. Dr. Basmah worked as a faculty member in the Finance Department of the College of Business Administration in King Saudi University for more than (20); during which, she taught different courses in the topics of corporate finance, investment, portfolio management and financial markets. In addition, she held several leadership positions in academics and administration, and contributed in developing the strategic plan for King Saud University and conducting the internal studies for academic accreditation. She holds a PhD in finance from King Saud University. She has several publications in the field of corporate governance and financial markets.

Abdulaziz Abalkhail: General Director of the Internal Audit Department at Arabian Internet and Communications Services Co. (Solutions by STC). He was the Chief Audit Executive of the National Industrialization Co. “TASNEE” and serves as an independent member of the Audit Committee of the Arabian Cement Company. Prior to TASNEE, he held several managerial positions at CMA’s Continuous Disclosure Department and Market Institutions Compliance, the Industrial Development Fund, and the Arab Petroleum Investment Company. Eng. Abdulaziz has joined specialized programs in recognized international institutions such as U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority and Chase Manhattan Bank. He has more than (20) years of experience in financial institutions

عدة مناصب كعضو ورئيس في بعض اللجان الداخلية ومجالس إدارات الصناديق الاستثمارية قبل توليه منصب مدير إدارة الثروات في 2021.

لويد كورا: رئيس إدارة المخاطر وتم تعيينه بمنصب نائب رئيس إدارة مخاطر السوق بشركة الأهلي المالية في فبراير 2015م. وعمل قبل ذلك في البنك الإفريقي للتنمية بوظيفة مسؤول إدارة المخاطر المالية، حيث تولى مهام وإدارة مخاطر الغير والسوق والاستثمار والموجودات والمطلوبات، ولديه أكثر من (13) سنة من الخبرة المصرفية أمضى (9) منها في أدوار عليا في إدارة المخاطر في المنطقة، ومنها رئيس إدارة المخاطر في بنك الخير، البحرين، ورئيس إدارة المخاطر في بنك البحرين والشرق الأوسط، ومسؤول إدارة المخاطر في بنك الرياض. يحمل لويد شهادات محلل مالي معتمد (CFA)، مدير مخاطر مالية معتمد (FRM)، زمالة الرابطة العالمية لمحترفي إدارة المخاطر (الولايات المتحدة الأمريكية)، محلل استثمارات بديلة معتمد، (الولايات المتحدة الأمريكية)، وزميل محاسب إداري معتمد من معهد المحاسبين الإداريين (القانونيين) (CIMA) المملكة المتحدة.

بسمة التويجري: متقاعدة من العمل الأكاديمي في جامعة الملك سعود، باحثة مستقلة، عضو لجنة القطاع المالي والتمويل في غرفة الرياض، عضو مجلس إدارة الجمعية السعودية لسيدات الأعمال وتمكين المنشآت النسائية (جمعية أهلية)، عضو الهيئة الإشرافية بملتقى أسبار (Think Tank). عملت الدكتوراة بسمة كعضو هيئة تدريس في قسم المالية بكلية إدارة الأعمال، بجامعة الملك سعود لأكثر من (20) عاماً، قامت خلالها بتدريس العديد من المواد في مالية الشركات، الاستثمار، إدارة المحافظ الاستثمارية والأسواق المالية. إضافة إلى ذلك، تقلدت العديد من المناصب القيادية الأكاديمية والإدارية، وشاركت في وضع الخطة الاستراتيجية للجامعة وإعداد الدراسات الذاتية للاعتماد الأكاديمي. حصلت على درجة الدكتوراه في المالية من جامعة الملك سعود. لديها عدة أبحاث منشورة في مجال حوكمة الشركات والأسواق المالية.

عبد العزيز أبا الخيل: مدير عام المراجعة الداخلية في الشركة العربية لخدمات الإنترنت والاتصالات. عمل كمدير المراجعة الداخلية في شركة التصنيع الوطنية، بالإضافة إلى كونه عضو مستقل في لجنة المراجعة الخاصة بشركة أسمنت العربية. عمل قبل ذلك في هيئة السوق المالية متقلداً عدة مناصب إدارية في إدارة الإفصاح المستمر، وإدارة الإشراف على مؤسسات السوق المالية، كما عمل في صندوق التنمية الصناعية والشركة العربية للاستثمارات البترولية. التحق المهندس عبد العزيز في برامج متخصصة في مؤسسات عالمية مرموقة مثل هيئة الأوراق المالية الأمريكية، وهيئة تنظيم الصناعة المالية، وبنك تشيس مانهاتن. لديه أكثر من (20) عاماً من الخبرة في المؤسسات والأسواق المالية، حصل على الماجستير في إدارة الأعمال من جامعة نوتنغهام في بريطانيا.

and markets. He holds an MBA from University of Nottingham in Britain.

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 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 (I) 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

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 للائحة 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 مالكي الوحدات والهيئة أو إشعارهم (حيثما ينطبق).
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.

(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

The fund will not be charged for fund board services.

د. مكافآت أعضاء مجلس إدارة الصندوق

لا يتم تحميل الصندوق بالمكافآت الخاصة بخدمات المجلس.

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

Members of the Fund Board may be members of other funds that may seek investment objectives similar to those of the Fund. Therefore, in the exercise of its business, a member of the Fund Board may find himself in a situation of potential conflict of duties or interests with one or more funds. However, in such cases, the member shall take into account his obligations to act in the best interests of the Unitholders to the maximum practicable extent and not to overlook his obligations to his other clients when he considers any investment that may involve a potential conflict of interest, and in situations requiring voting, that Member shall refrain from doing so. To the date of issuing the Terms and Conditions, there is no significant business or other interest to the members of the Fund Board, which is likely to conflict with the interests of the Fund.

هـ. تعارض المصالح بين مصالح عضو مجلس إدارة الصندوق

ومصالح الصندوق

يجوز لأعضاء مجلس إدارة الصندوق أن يكونوا أعضاء من حين لآخر لصناديق أخرى قد تنشأ أهدافاً استثمارية مماثلة لتلك الخاصة بالصندوق. ولذلك، فمن الممكن أن يجد أحد أعضاء مجلس إدارة الصندوق، في نطاق ممارسته لأعماله، أنه في موقف ينطوي على تعارض محتمل في الواجبات أو المصالح مع واحد أو أكثر من الصناديق. وعلى أي حال، ففي تلك الحالات سوف يراعي عضو مجلس الإدارة التزاماته بالتصرف بما يحقق أقصى مصالح مالكي الوحدات المعنيين إلى أقصى درجة ممكنة عملياً، وعدم إغفال التزاماته تجاه عملائه الآخرين عند الاطلاع بأي استثمار قد ينطوي على تعارض محتمل في المصالح، وفي الحالات التي تتطلب التصويت سوف يمتنع ذلك العضو عن ذلك. علماً أنه إلى تاريخ إعداد الشروط والأحكام، لا يوجد أي نشاط عمل أو مصلحة أخرى مهمة لأعضاء مجلس إدارة الصندوق أو أعضاء مجلس إدارة الصندوق يُحتمل تعارضها مع مصالح الصندوق.

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

و. جدول يوضح جميع مجالس إدارة الصناديق التي يشارك فيها

عضو مجلس الصندوق

Fund's/ Member's Name	عبدالعزیز أبأ الخيل Abdulaziz Abalkhail	د. بسمة التويجيري Dr.Basmah AlTuwaijri	لويد كورا Lloyd Kawara	محمد السقاف Mohammad AlSaggaf	اسم الصندوق / العضو
SNB Capital Saudi Riyal Trade Fund	✓	✓	✓	✓	صندوق الأهلي للمتاجرة بالريال السعودي
SNB Capital Sadaqqat Fund	✓	✓	✓	✓	صندوق الأهلي للصدقات
SNB Capital Diversified Saudi Riyal Fund	✓	✓	✓	✓	صندوق الأهلي المتنوع بالريال السعودي
SNB Capital Multi-Asset Conservative Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول المتحفظ
SNB Capital Multi-Asset Income Plus Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول للدخل الإضافي
SNB Capital Multi-Asset Moderate Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول المتوازن
SNB Capital Multi-Asset Growth Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول للنمو
SNB Capital International Trade Fund	✓	✓	✓	✓	صندوق الأهلي للمتاجرة العالمية
SNB Capital Diversified US Dollar Fund	✓	✓	✓	✓	صندوق الأهلي المتنوع بالدولار الأمريكي
SNB Capital Global Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي للصكوك العالمية

Fund's/ Member's Name	عبدالعزیز أبا الخیل Abdulaziz Abalkhail	د. بسمة التویجری Dr.Basmah AlTuwaijri	لوید کورا Lloyd Kawara	محمد السقاغف Mohammad AlSaggaf	اسم الصندوق / العضو
SNB Capital - King Saud University Waqf Fund	✓	✓	✓	✓	صندوق الأهلي وجامعة الملك سعود الوقفي
AlAhli Sedco Residential Development Fund				✓	صندوق الأهلي سدكو للتطوير السكني
AlAhli REIT Fund 1				✓	صندوق الأهلي ريت (1)
AlAhli Makkah Hospitality Fund				✓	صندوق الأهلي للضيافة بمكة المكرمة
SNB Capital Real Estate Opportunistic Fund				✓	صندوق الأهلي العقاري للفرص
SNB Capital Tier One Sukuk Fund III				✓	صندوق الأهلي للصكوك ذات الفئة (1) الثالث
SNB Capital Real Estate Income Fund				✓	صندوق الأهلي العقاري للدخل
SNB Capital Danat Aljanob Real Estate Fund				✓	صندوق الأهلي دانة الجنوب العقاري
SNB Capital AlJawhara Real Estate Fund				✓	صندوق الأهلي الجوهرة العقاري
SNB Capital AlJawhara Real Estate Fund II				✓	صندوق الأهلي الجوهرة العقاري الثاني
SNB Capital Logistic Fund				✓	صندوق الأهلي اللوجستي
Nusaned Fund II				✓	صندوق نساند 2
SNB Capital Real Estate Fund				✓	صندوق الأهلي العقاري

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 2023. 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 2023م، 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

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

2) Names and addresses of Sub-Manager / Investment Adviser	2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (إن وجد)
None.	لا يوجد.
3) Investment Activities during the period	3) أنشطة الاستثمار خلال الفترة
The fund is classified as a feeder fund (since April – 2019) with SNB Capital Saudi Riyal Trade Fund set as its' target investment fund.	تصنف فئة الصندوق كصندوق مغذي (اعتباراً من أبريل – 2019)، ويقوم الصندوق باستثمار أصوله في الصندوق المستهدف: صندوق الأهلي للمتاجرة بالريال السعودي.
4) Report of investment fund's performance during the period	4) تقرير الأداء خلال الفترة
Fund Performance 5.59% Benchmark Performance 5.54%	أداء الصندوق 5.59% أداء المؤشر 5.54%
The fund outperformed the benchmark by 5 bps.	تفوق أداء الصندوق عن أداء المؤشر بفارق 5 نقطة أساس.
5) Terms & Conditions Material Changes	5) تغيرات حدثت في شروط وأحكام الصندوق
<ol style="list-style-type: none"> Non-fundamental Changes: as shown below: First: Amending subparagraph (n) of paragraph (3) "Investment Policies and Practices". Second: Amending subparagraph (a) of paragraph (9) "Fees, Charges and Expenses". Third: Amending subparagraph (b, f) of paragraph (24) "Fund Board". Fourth: Amending subparagraph (a) of paragraph (25) "Shariah Committee". Fifth: Updating subparagraph (a) of paragraph (28) "Auditor" (Where applicable)." Non-fundamental Changes: as shown below: First: Amending the Fund's summary. Second: Appointing Tax adviser and Adding his information. Third: Amending subparagraphs (f) in paragraph (9) "Fees, Charges and Expenses". Forth: Amending subparagraph (a) in paragraph (21) "Fund Manager". 	<ol style="list-style-type: none"> تغييرات غير أساسية: كما هو موضح أدناه: أولاً: تعديل الفقرة الفرعية (ن) من الفقرة الرئيسية (3) "سياسات الاستثمار وممارساته" (وحيثما ينطبق). ثانياً: تعديل الفقرة الفرعية (أ) من الفقرة الرئيسية (9) "مقابل الخدمات والعمولات والأتعاب". ثالثاً: تعديل الفقرات الفرعية (ب، و) من الفقرة الرئيسية (24) "مجلس إدارة الصندوق". رابعاً: تحديث الفقرة الفرعية (أ) من الفقرة الرئيسية (25) "اللجنة الشرعية". خامساً: تحديث الفقرة الفرعية (أ) "اسم مراجع الحسابات" من الفقرة الرئيسية (28) "مراجع الحسابات" (وحيثما ينطبق). تغييرات غير أساسية: كما هو موضح أدناه: أولاً: تحديث ملخص الصندوق. ثانياً: تعيين مستشار ضريبي وإضافة المعلومات اللازمة له. ثالثاً: تحديث الفقرات الفرعية (و) من الفقرة الرئيسية (9) "مقابل الخدمات والعمولات والأتعاب". رابعاً: تحديث الفقرة الفرعية (أ) من الفقرة الرئيسية (21) "اسم مدير الصندوق وواجباته ومسؤولياته".
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
The fund management fee is 0.02% of NAV. Management fees charged by investments in the following fund have been rebated: - SNB Capital Saudi Riyal Trade Fund.	رسوم الإدارة المحسبة على الصندوق هي 0.02% سنوياً من صافي قيمة أصول الصندوق. وقد تم التنازل عن رسوم الإدارة للصناديق الاستثمارية التي يستثمر بها الصندوق الموضحة أدناه: - صندوق الأهلي للمتاجرة بالريال السعودي.
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 There is no conflict of interests.	أ. تعارض في المصالح لا يوجد تعارض مصالح.
b. Fund Distribution During The Year No income or dividends will be distributed to Unitholders.	ب. توزيعات الصندوق خلال العام لا يتم توزيع أي دخل وأرباح على مالكي الوحدات.
c. Incorrect Valuation or Pricing None.	ج. خطأ في التقويم والتسعير لا يوجد.
d. Investment Limitation Breaches None.	د. مخالفة قيود الاستثمار لا يوجد.
10) Period for the management of the person registered as fund manager Since August – 2021.	10) مدة إدارة الشخص المسجل كمدير للصندوق منذ أغسطس – 2021.
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) As shown in the sub-paragraph (7) of paragraph (C) in this Annual Report.	11) الإفصاح عن نسبة مصروفات كل صندوق بنهاية العام والمتوسط المرجح لنسبة مصروفات كل الصناديق الرئيسة المستثمر فيها (حيثما ينطبق) كما هو موضح في الفقرة الفرعية (7) من الفقرة (ج) من هذا التقرير السنوي.

D) أمين الحفظ

1) Name and address of custodian Albilad Investment Company King Fahad Road, P.O. Box 140, Riyadh 11411, Kingdom of Saudi Arabia. Tel: +966 92000 3636 Website: www.albilad-capital.com	1) اسم أمين الحفظ، وعنوانه شركة البلاد للاستثمار طريق الملك فهد، ص.ب. 140، الرياض 11411، المملكة العربية السعودية هاتف: +966 92000 3636 الموقع الإلكتروني: www.albilad-capital.com
2) Custodian's duties and responsibilities <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> - 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

د) مشغل الصندوق

1) Name and address of fund operator

1) اسم مشغل الصندوق، وعنوانه

SNB Capital Company
King Saud Road, P.O. Box 22216, Riyadh 11495,
Saudi Arabia
Tel: +966 920000232
Website: www.alahlicapital.com

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

2) Operator's duties and responsibilities

2) واجبات ومسؤوليات مشغل الصندوق

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

- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.
- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.
- يقوم مشغل الصندوق بإعداد وتحديث سجلّ بالكي 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 والاسترداد والتحويل 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.

F) Auditor

و) مراجع الحسابات

Name and Address of Auditor

اسم مراجع الحسابات، عنوانه

KPMG Professional Services
Riyadh Front – Airport Road P.O. Box. 92876, Riyadh 11663,
Saudi Arabia
Tel: +966118748500
Website: www.kpmg.com/sa

كي بي إم جي للخدمات المهنية
واجهة الرياض – طريق المطار ص.ب. 92876، الرياض 11663 المملكة العربية
السعودية
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G) Financial Statements

ز) القوائم المالية

As shown below in the financial statements section.

كما هو موضح أدناه في قسم القوائم المالية.

H) Zakat Calculations

ح) حساب الزكاة

New regulations effective during the year

"The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Funds permitted by the CMA.

اللوائح الجديدة سارية المفعول خلال العام

"وافق وزير المالية بموجب القرار الوزاري رقم (29791) وتاريخ 9 جمادى الأولى 1444هـ (الموافق 3 ديسمبر 2022م) على قواعد الزكاة لصناديق الاستثمار المسموح بها من قبل هيئة السوق المالية. تسري القواعد اعتباراً من 1 يناير 2023 وتتطلب من صناديق الاستثمار التسجيل لدى هيئة الزكاة والضرائب والجمارك (الهيئة). كما تلزم القواعد أيضاً من صناديق

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Unitholders are obliged to pay due ZAKAT based on their unit owned.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and submitted information declaration on time and the due ZAKAT amount for the year ended 31 December 2023 for the fund units was amounted to 0.0246 Saudi Riyal per unit".

الاستثمار تقديم إقرار معلومات إلى (الهيئة) خلال 120 يومًا من نهاية سنتها المالية، بما في ذلك القوائم المالية المدققة وسجلات المعاملات الأطراف ذات العلاقة وأي بيانات أخرى تطلبها الهيئة بموجب القواعد، لا تخضع صناديق الاستثمار للزكاة بشرط ألا تمارس أنشطة اقتصادية أو استثمارية غير مشروطة وفقًا للشروط والأحكام المعتمدة من هيئة أسواق المال. سيتحمل كل مالك في حدود ملكيته سداد الزكاة عن تلك الوحدات.

خلال العام الحالي، أكمل مدير الصندوق عملية تسجيل الصندوق لدى الهيئة وتم تقديم إعلان المعلومات في الوقت المناسب وكان مبلغ الزكاة الواجب أدائه للعام المالي المنتهي في 31 ديسمبر 2023 عن وحدات الصندوق 0.0246 ريال سعودي عن كل وحدة".

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)
FINANCIAL STATEMENTS

For the year ended 31 December 2023
with

Independent Auditor's Report to the Unitholders



KPMG Professional Services

Roshn 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 روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Unitholders of the SNB Capital Sadaqqat Fund

Opinion

We have audited the financial statements of the **SNB Capital Sadaqqat Fund** (the "Fund") managed by the SNB Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, 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 material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the 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, 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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the 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.

Independent Auditor's Report

To the Unitholders of the SNB Capital Sadaqqat Fund (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

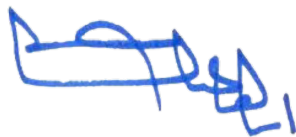
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee 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 the **SNB Capital Sadaqqat Fund** (the "Fund").

KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382



Riyadh: 23 Rajab 1445H
Corresponding to 04 February 2024

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

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

	<i><u>Notes</u></i>	31 December <u>2023</u>	31 December <u>2022</u>
ASSETS			
Cash and cash equivalents	9	121	129
Investments measured at fair value through profit or loss (FVTPL investments) – net	10	23,074	23,018
Other receivables		<u>18</u>	<u>43</u>
Total assets		<u>23,213</u>	<u>23,190</u>
LIABILITIES			
Other payables		<u>30</u>	<u>16</u>
Net assets attributable to the Unitholders		<u>23,183</u>	<u>23,174</u>
Units in issue in thousands (number)		<u>23,183</u>	<u>23,174</u>
Nets assets value per unit (SAR)		<u>1.0000</u>	<u>1.0000</u>

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

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

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

		For the year ended	
		31 December	
	<i>Note</i>	<u>2023</u>	<u>2022</u>
Unrealised gain on FVTPL investments		1,065	185
Realised gain on FVTPL investments		72	29
Other income		<u>152</u>	<u>151</u>
Total income		<u>1,289</u>	<u>365</u>
Management fees	11	(5)	(5)
Total operating expense		<u>(5)</u>	<u>(5)</u>
Profit for the year		<u><u>1,284</u></u>	<u><u>360</u></u>
Other comprehensive income for the year		<u>--</u>	<u>--</u>
Total comprehensive income for the year		<u><u>1,284</u></u>	<u><u>360</u></u>

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

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the year ended 31 December 2023

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

	For the year ended 31 December	
	<u>2023</u>	<u>2022</u>
Net assets attributable to the Unitholders at the beginning of the year	23,174	23,182
Total comprehensive income for the year	1,284	360
Net increase / (decrease) in net assets from unit transactions during the year		
Proceeds from units issued	825	1,089
Value of units redeemed	(816)	(1,097)
	9	(8)
Distribution of income to charities	(1,284)	(360)
Net assets attributable to the Unitholders at the end of the year	<u>23,183</u>	<u>23,174</u>

UNITS TRANSACTIONS

Transactions in units during the year are summarized as follows:

	For the year ended 31 December	
	<u>2023</u>	<u>2022</u>
	<u>Units in 000</u>	<u>Units in 000</u>
Units at the beginning of the year	23,174	23,182
Units issued	825	1,089
Units redeemed	(816)	(1,097)
Net increase / (decrease) in units during the year	<u>9</u>	<u>(8)</u>
Units at the end of the year	<u>23,183</u>	<u>23,174</u>

As at 31 December 2023, the top 5 unitholders represented 95.54% (2022: 94.73%) of the Fund's units.

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

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

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

	<i>Note</i>	For the year ended	
		31 December	
		2023	2022
Cash flows from operating activities			
Profit for the year		1,284	360
<i>Adjustments for:</i>			
Unrealised gain on FVTPL investments – net		(1,065)	(185)
Realised gain on FVTPL investments – net		(72)	(29)
		147	146
<i>Net changes in operating assets and liabilities:</i>			
Investments measured at fair value through profit or loss (FVTPL investments) – net		1,081	176
Other receivables		25	21
Other payables		14	(123)
Net cash (used in) / generated from operating activities		1,267	220
Cash flows from financing activities			
Proceeds from units issued		825	1,089
Value of units redeemed		(816)	(1,097)
Distributions of income to charities		(1,284)	(360)
Net cash used in financing activities		(1,275)	(368)
Net decrease in cash and cash equivalents		(8)	(148)
Cash and cash equivalents at the beginning of the year	9	129	277
Cash and cash equivalents at the end of the year	9	121	129

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

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

1. THE FUND AND ITS ACTIVITIES

SNB Capital Sadaqqat Fund (the "Fund") is an open-ended investment fund, established under article 31 of the Investment Fund Regulations (the "Regulations") issued by the Capital Market Authority ("CMA") and managed by the 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 offer investors the opportunity to participate in trade transactions, which conform to Shariah principles and to contribute income from their investments to officially recognized local charities meeting strict criteria set by the Fund, in support of the following local charitable causes:

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

The terms and conditions of the Fund were issued by the Saudi Central Bank ("SAMA") and subsequently endorsed by the CMA through their letter dated 18 Dhul Hijja 1429H (corresponding to 16 December 2008). The Fund commenced its activities on 17 Dhul Qidah 1422H (corresponding to 31 January 2002).

2. REGULATING AUTHORITY

The Fund is governed by the Regulation issued by the CMA's Board Resolution no. (1-219-2006) dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA's Board Resolution no. (2-22-2021) dated 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF ACCOUNTING

These financial statements of the Fund have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and comply with the applicable provisions of the Investment Funds Regulations issued by the CMA and the Fund's terms and conditions.

4. BASIS OF MEASUREMENT AND PRESENTATION

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

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

5. 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"). These condensed interim financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Fund's functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

6. CHANGES IN THE FUND'S TERMS AND CONDITIONS

During the year, there have been no significant changes to the terms and conditions of the Fund.

7. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the Fund Manager 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.

Information about assumptions and estimation techniques used in measuring fair value at the reporting date is included in Note 13 Fair value measurement.

8. MATERIAL ACCOUNTING POLICIES

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. In addition, the Fund adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. The amendments require the disclosure of material, rather than significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

The material accounting policies applied in the preparation of these financial statements are set out below.

8.1 *Financial assets and liabilities*

Classification of financial assets

On initial recognition, a financial asset is measured at its fair value and classified as measured at amortized 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 interest / commission on the principal amount outstanding.

Financial assets measured at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as measured 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 interest / commission on the principal amount outstanding.

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

8. MATERIAL ACCOUNTING POLICIES (CONTINUED)

8.1 *Financial assets and liabilities (continued)*

Classification of financial assets (continued)

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 the Fund Manager. 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 interest / 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.

In assessing whether the contractual cash flows are solely payments of principal and interest / 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.

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

8. MATERIAL ACCOUNTING POLICIES (CONTINUED)

8.1 *Financial assets and liabilities (continued)*

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 and liabilities 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 recognize 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 measured at FVTPL, transaction costs that are directly attributable to its acquisition.

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 the statement of profit or loss and other comprehensive income in 'realized and unrealized gains / (loss) on FVTPL investments – net'.

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.

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 and the consideration received is recognized in the statement of profit or loss and other comprehensive income.

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 derecognize 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 realise 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.

SNB CAPITAL SADAQQAT FUND
(Managed by the SNB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

8. MATERIAL ACCOUNTING POLICIES (CONTINUED)

8.2 *Net Assets Value per unit*

The net asset 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.

8.3 *Distributions to the Unitholders*

Distribution to the Unitholders is accounted for as a deduction from net assets attributable to the Unitholders.

8.4 *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.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is 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.

8.5 *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.

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8. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2023. 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 1 and IFRS practice statement 2 - *Disclosure of accounting policies*

Amendments to IAS 8 - *Definition of accounting estimates*

Amendments to IAS 12 - *Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to IAS 12 - *International tax reform – Pillar Two Model Rules*

Amendments to IFRS 17 - *Insurance Contracts*

New regulations effective during the year

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund’s Unitholders.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting information declaration in due course.

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8. MATERIAL ACCOUNTING POLICIES (CONTINUED)

8.7 Standards, interpretations and amendments issued but not yet effective

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

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IAS 1	Classification of liabilities as current or non-current and non current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associates 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.

9. CASH AND CASH EQUIVALENTS

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

10. FVTPL INVESTMENTS

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

	31 December 2023		31 December 2022	
	<i><u>Cost</u></i>	<i><u>Fair value</u></i>	<i><u>Cost</u></i>	<i><u>Fair value</u></i>
Units of SNB Capital Saudi Riyal Trade Fund – a related party	21,160	23,074	22,169	23,018

Units purchased during the year amounted to SAR 0.24 million (2022: SAR 0.73 million) and units redeemed during the year amounted to SAR 1.32 million (2022: SAR 0.91 million).

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11. RELATED PARTY TRANSACTIONS AND BALANCES

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

Management fee and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund Manager charges, on every subscription day, a maximum of one-twelfth of the annual management expense of 0.25% of the Fund's net assets. The Fund Manager reserves the right to waive part or all of the above-mentioned management fees at any time at its absolute discretion, provided that all unit holders of all categories enjoy equal rights and are treated equally by the Fund Manager.

Following are the details of transactions and balances with the Fund Manager:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions for the year ended</i>		<i>Net balance payable as at</i>	
		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
SNB Capital Company	Management fee	<u>5</u>	<u>5</u>	<u>12</u>	<u>--</u>

12. FINANCIAL RISK MANAGEMENT

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 are primarily set up to be performed based on the limits established in the terms and conditions document which sets out the Fund's overall business strategies, tolerance of risks and general risk management philosophy. Compliance with the limits are monitored by the Fund Board on a quarterly basis. In instances where portfolio has diverged from limits prescribed in the terms and conditions of the Fund, the Fund Manager is obliged to take actions to re-balance the portfolio in line with the investment guidelines within prescribed timelines.

12.1 *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) *Currency risk*

Currency 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 of its transactions are carried out in SAR.

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12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 *Market risk (continued)*

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.

All the assets and liabilities of the Fund are non-commission bearing therefore the Fund 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. The 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, Fund has investments in SNB Capital Saudi Riyal Trade Fund ("Investee Fund").

The effect on the net assets value 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 FVPL investments by 10%, with all other variables held constants is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Effect on net assets attributable to the Unitholders	$\pm 10\%$ <u><u>2,307</u></u>	$\pm 10\%$ <u><u>2,302</u></u>

12.2 *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Fund Manager seeks to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

As at the statement of financial position date, the Fund's maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, which represent balances with a local Bank having Moody's credit rating of A3. There is no ECL impact on these financial assets.

12.3 *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 not being able to meet the 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, through new subscriptions or liquidation of the investment portfolio and by investing predominantly in securities that it expects to be able to liquidate within a short period of time.

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12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.4 *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.

13. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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.

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13. FAIR VALUE MEASUREMENT (CONTINUED)

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.

Carrying amounts and fair value

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. All fair value measurements below are recurring.

	As at 31 December 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
FVTPL investments	<u>23,074</u>	<u>--</u>	<u>23,074</u>	<u>--</u>	<u>23,074</u>
	As at 31 December 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
FVTPL investments	<u>23,018</u>	<u>--</u>	<u>23,018</u>	<u>--</u>	<u>23,018</u>

The Fund determines fair value of investments in un-listed open-ended investment funds measured at FVTPL using unadjusted net assets 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 any financial assets or liabilities. For other financial assets and liabilities such as cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

14. LAST VALUATION DAY

The last valuation day of the year was 31 December 2023 (2022: 29 December 2022).

15. 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.

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16. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board on 23 Rajab 1445H corresponding to 04 February 2024.