

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2024
together with the
Independent Auditor's Review Report to the Unitholders



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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 on review of condensed interim financial statements

To the Unitholders of the SNB Capital Al Razeen USD Liquidity Fund

Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital Al Razeen USD Liquidity Fund** (the "Fund"), managed by the SNB Capital Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2024;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2024;
- the condensed statement of changes in net assets attributable to the Unitholders for the six-month period ended 30 June 2024;
- the condensed statement of cash flows for the six-month period ended 30 June 2024; and
- the notes to the condensed interim financial statements.

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital Al Razeen USD Liquidity Fund** are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382



Date: 26 Muharram 1446 H
Corresponding to: 1 August 2024

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Notes</i>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	9	90	20
Investments – net	10	11,423	11,500
Other receivables		<u>4</u>	<u>--</u>
Total assets		<u>11,517</u>	<u>11,520</u>
LIABILITIES			
Other payables		<u>300</u>	<u>47</u>
Net assets attributable to the Unitholders		<u>11,217</u>	<u>11,473</u>
Units in issue in thousands (number)		<u>372</u>	<u>390</u>
Net assets value per unit (USD)		<u>30.1532</u>	<u>29.4179</u>

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

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

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

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2024</u>	<u>2023</u>
Special commission income on Murabaha contracts		291	256
Unrealised gain on investments measured at fair value through profit or loss (FVTPL investments) – net		28	20
Realised gain FVTPL investments – net		--	3
Rebate income		<u>2</u>	<u>3</u>
Total income		<u>321</u>	<u>282</u>
Management fees	12	(11)	(11)
Professional fees		(6)	(6)
Auditors' remuneration		(5)	(5)
Administrative expenses		(3)	(3)
Value added tax expense		(2)	(2)
Charge of expected credit loss allowance		(1)	--
Other expenses		<u>(6)</u>	<u>(8)</u>
Total operating expenses		<u>(34)</u>	<u>(35)</u>
Profit for the period		<u>287</u>	<u>247</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>287</u>	<u>247</u>

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

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
Net assets attributable to the Unitholders at the beginning of the period (Audited)	11,473	12,263
Total comprehensive income for the period	287	247
Decrease in net assets from unit transactions during the period		
Proceeds from units issued	684	1,093
Value of units redeemed	(1,227)	(2,448)
	(543)	(1,355)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	<u>11,217</u>	<u>11,155</u>

UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
	-----Units in '000s-----	
Units at the beginning of the period (Audited)	390	437
Units issued	23	39
Units redeemed	(41)	(87)
Net decrease in units	(18)	(48)
Units at the end of the period (Unaudited)	<u>372</u>	<u>389</u>

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

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Profit for the period		287	247
<i>Adjustments for:</i>			
Unrealised gain on FVTPL investments – net		(28)	(20)
Realised gain on FVTPL investments – net		--	(3)
Charge of expected credit loss allowance		1	--
		260	224
<i>Net changes in operating assets and liabilities:</i>			
Investments measured at amortised cost		104	1,267
Investments measured at fair value through profit or loss – net		--	198
Other receivables		(4)	--
Other payables		253	(3)
Net cash generated from operating activities		613	1,686
Cash flows from financing activities			
Proceeds from units issued		684	1,093
Value of units redeemed		(1,227)	(2,448)
Net cash used in financing activities		(543)	(1,355)
Net increase in cash and cash equivalents		70	331
Cash and cash equivalents at the beginning of the period	9	20	90
Cash and cash equivalents at the end of the period	9	90	421

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

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

SNB Capital Al Razeen USD Liquidity Fund (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"), 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 invest in short-term money market instruments in SAR or USD and other investment funds that have similar objectives and risk. The Fund does not make any distribution to the Unitholders. Instead, capital gains and dividends are reinvested.

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).

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulation") published 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 condensed interim financial statements of the Fund have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and comply with the applicable provisions of the Regulations and the Fund's terms and conditions.

These condensed interim financial statements do not include all information and disclosures required for a complete set financial statements and should be read in conjunction with the annual audited financial statements of the Fund as at and for the year ended 31 December 2023.

4. BASIS OF MEASUREMENT AND PRESENTATION

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

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

5. FUNCTIONAL AND PRESENTATION CURRENCY

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

6. CHANGES IN THE FUND'S TERMS AND CONDITIONS

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

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

7. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements requires the Fund Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The basis and the methods used for critical accounting judgements, estimates and assumptions adopted are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2023.

8. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2023.

a. Standards, interpretations and amendments effective during the period

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2024. The Fund Manager has assessed that the amendments have no significant impact on the Fund's condensed interim financial statements.

Amendments to IAS 1 - Classification of liabilities as current or non-current and non-current liabilities with covenants

Amendments to IAS 7 and IFRS 7 - Supplier finance agreements

Amendments to IFRS 16 - Lease liability in a sale and leaseback

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

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

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 18	Presentation and disclosure in financial statements	1 January 2027
Amendments to IFRS 19	Reducing disclosures for subsidiaries	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Available for optional adoption / effective date deferred indefinitely

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

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

9. CASH AND CASH EQUIVALENTS

This comprises of balances held with a local bank having Moody's credit rating of A3 which is in line with globally understood definition of investment grade.

10. INVESTMENTS - NET

		<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
	<i>Notes</i>		
Investments measured at amortised cost – net	i)	10,353	10,458
Investments measured at FVTPL	ii)	1,070	1,042
		11,423	11,500

i) Investments measured at amortised cost – net

Investments measured at amortised cost include the following:

		<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
	<i>Note</i>		
Investments in Murabaha contracts	a)	10,356	10,460
Less: Expected credit loss allowance		(3)	(2)
Net investments measured at amortised cost		10,353	10,458

- a) Murabaha placements are held with local and international banks. These carry profit rates ranging from 5.40% to 6.20% (2023: 5.50% to 6.20%) per annum with maturity up till 27 August 2024 (2023: 17 July 2024). All investments are denominated in USD.

ii) Investments measured at fair value through profit or loss

Investments measured at fair value through profit or loss comprised of:

	<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>		
	<i>Cost</i>	<i>Fair value</i>	<i>Cost</i>	<i>Fair value</i>
SNB Capital International Trade Fund – a related party	982	1,070	982	1,042

11. RECONCILIATION OF CHANGE 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 amortized 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”).

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

11. RECONCILIATION OF CHANGE IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS (CONTINUED)

The following table shows the reconciliation between the Fund's reported net assets and trading net assets:

	<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
Reported net assets of the Fund	11,217	11,473
Add: Expected credit loss allowance	<u>3</u>	<u>1</u>
	11,220	--
Less: Provision for incurred credit losses	<u>--</u>	<u>--</u>
Traded net assets of the Fund	<u>11,220</u>	<u>11,474</u>
Number of units in issue	<u>372</u>	<u>390</u>
Traded net assets value per unit of the Fund	<u>30.1612</u>	<u>29.4205</u>

12. RELATED PARTY TRANSACTIONS AND BALANCES

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

Following are the details of transactions and balances with related parties not disclosed elsewhere in these financial statements as at and for the six-month period ended 30 June 2024.

Management fees and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues daily, a management fee up to 0.5% (2023: 0.5%) per annum of the Fund's daily assets terms and conditions. The Fund Manager may waive management fees to the extent of the Fund's investments in other Funds managed by the Fund Manager. This is included in other income in the statement of profit or loss.

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% (2023: 0.5%) per annum of the Fund's net assets value at the respective valuation days. These expenses are recovered by the Fund Manager on an actual basis.

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Management fees and other expenses (continued)

Following are the details of transactions and balances with Fund Manager related to management fees and other expenses.

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of transactions for the six-month period ended</i>		<i>Net payable balance as at</i>	
		<i>30 June 2024 (Unaudited)</i>	<i>30 June 2023 (Unaudited)</i>	<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
SNB Capital Company	Management fees (including value added tax)	13	13	45	46
	Expenses paid on behalf of the Fund	20	22		
	Rebate income	2	3		

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 period 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.

SNB CAPITAL AL RAZEEN USD LIQUIDITY FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2024

Expressed in US Dollars '000 (unless otherwise stated)

13. FAIR VALUE MEASUREMENT (CONTINUED)

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.

	<i>As at 30 June 2024 (Unaudited)</i>				
	<i>Carrying amount</i>	<i>Fair value</i>			
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<u><i>Financial assets measured at fair value</i></u>					
FVTPL investments	<u>1,070</u>	<u>--</u>	<u>1,070</u>	<u>--</u>	<u>1,070</u>

	<i>As at 31 December 2023 (Audited)</i>				
	<i>Carrying amount</i>	<i>Fair value</i>			
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<u><i>Financial assets measured at fair value</i></u>					
FVTPL investments	<u>1,042</u>	<u>--</u>	<u>1,042</u>	<u>--</u>	<u>1,042</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 period, 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 for the purpose of preparation of these condensed interim financial statements was 30 June 2024 (2023: 31 December 2023).

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 condensed interim financial statements or notes thereto.

16. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 26 Muharram 1446 H corresponding to 1 August 2024.