

SNB CAPITAL AL RAZEEN SAR 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 SAR Liquidity Fund

Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital Al Razeen SAR 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 SAR 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

إبراهيم عبود باشن

Ebrahim Oboud Baeshen
License No. 382



Date: 02 Safar 1446H

Corresponding to: 06 August 2024

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كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

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

	<i>Notes</i>	<i>30 June 2024</i> (Unaudited)	<i>31 December 2023</i> (Audited)
ASSETS			
Cash and cash equivalents	9	1,153	25,913
Investments – net	10	767,717	746,895
Other receivables		80	42
Total assets		<u>768,950</u>	<u>772,850</u>
LIABILITIES			
Other payables		1,083	824
Net assets attributable to the Unitholders		<u>767,867</u>	<u>772,026</u>
Units in issue in thousands (number)		<u>23,616</u>	<u>24,438</u>
Net assets value per unit (SAR)		<u>32.5147</u>	<u>31.5912</u>

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

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	<i>For the six-month period ended 30 June</i>	
		<u>2024</u>	<u>2023</u>
Special commission income on Murabaha contracts		21,173	16,858
Unrealised gain on investments measured at fair value through profit or loss (FVTPL investments) – net		1,822	1,460
Realised gain FVTPL investments – net		--	18
Rebate income		220	210
Other income		15	--
Total income		<u>23,230</u>	<u>18,546</u>
Management fees	12	(1,121)	(1,016)
Administrative expenses		(177)	(222)
Value added tax expense		(168)	(152)
Custody fee		(40)	(40)
Auditors' remuneration		(20)	(20)
Professional fee		(23)	(23)
(Charge) / reversal of expected credit loss allowance		(1)	59
Others		(22)	(22)
Total operating expenses		<u>(1,572)</u>	<u>(1,436)</u>
Profit for the period		<u>21,658</u>	<u>17,110</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>21,658</u>	<u>17,110</u>

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

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>For the six-month period ended 30 June</i>	
	<u>2024</u>	<u>2023</u>
Net assets attributable to the Unitholders at the beginning of the period (Audited)	772,026	823,005
Total comprehensive income for the period	21,658	17,110
Decrease in net assets from unit transactions during the period		
Proceeds from units issued	158,362	80,649
Value of units redeemed	(184,179)	(223,489)
	(25,817)	(142,840)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	<u>767,867</u>	<u>697,275</u>

UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	<i>For the six-month period ended 30 June</i>	
	<u>2024</u>	<u>2023</u>
	<u>-----Units in '000s-----</u>	
Units at the beginning of the period (Audited)	24,438	27,494
Units issued	4,938	2,658
Units redeemed	(5,760)	(7,416)
Net decrease in units	(822)	(4,758)
Units at the end of the period (Unaudited)	<u>23,616</u>	<u>22,736</u>

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

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (unless otherwise stated)

		<i>For the six-month period ended 30 June</i>	
	<i>Notes</i>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Profit for the period		21,658	17,110
<i>Adjustments for:</i>			
Unrealised gain on FVTPL investments – net		(1,822)	(1,460)
Realised gain on FVTPL investments – net		--	(18)
Charge / reversal of expected credit loss allowance		1	(59)
		19,837	15,573
<i>Net changes in operating assets and liabilities:</i>			
Investments measured at amortised cost		(19,001)	124,090
Investments measured at fair value through profit or loss – net		--	4,930
Other receivables		(38)	(9)
Other payables		259	(757)
Net cash generated from operating activities		1,057	143,827
Cash flows from financing activities			
Proceeds from units issued		158,362	80,649
Value of units redeemed		(184,179)	(223,489)
Net cash used in financing activities		(25,817)	(142,840)
Net (decrease) / increase in cash and cash equivalents		(24,760)	987
Cash and cash equivalents at the beginning of the period	9	25,913	109
Cash and cash equivalents at the end of the period	9	1,153	1,096

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

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

SNB Capital Al Razeen SAR 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 funds that have similar objectives and risk. The Fund may also invest in long-term Sukuk and bonds up to 20% of its net assets value. 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 on 1 Rabi-ul-Awwal 1409 H (corresponding to 13 October 1988). The Fund commenced its activities on 19 Rabi-ul-Awwal 1409 H (corresponding to 31 October 1988).

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 International Accounting Standard ("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

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

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

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 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 AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (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.

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.

<u>Standards, interpretations and amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
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 SAR 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 Saudi Arabian Riyals ‘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>
Investments measured at amortised cost – net	i)	700,012	681,012
FVTPL investments	ii)	67,705	65,883
		<u>767,717</u>	<u>746,895</u>

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>
Investments in Murabaha contracts	700,177	681,176
Less: Expected credit loss allowance	(165)	(164)
Net investments measured at amortised cost	<u>700,012</u>	<u>681,012</u>

Murabaha placements are held with local and international banks. These carry profit rates ranging from 6.00% to 6.50% (31 December 2022: 5.60% to 6.70%) with maturity up till 15 April 2025 (31 December 2023: 26 June 2024).

ii) FVTPL investments

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

	<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>		
	<u>Cost</u>	<u>Fair value</u>		<u>Cost</u> <u>Fair value</u>
SNB Capital Saudi Riyal Trade Fund – a related party	<u>62,560</u>	<u>67,705</u>		<u>62,560</u> <u>65,883</u>

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 amortised cost using the incurred loss model, whereas IFRS 9 requires provisions to be measured using the Expected Credit Loss (“ECL”) method. This results in a difference between net assets calculated as per the requirements of IFRS 9 (“reported net assets”) and as per CMA circular (“trading net assets”).

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '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:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Reported net assets of the Fund	767,867	772,026
Add: Expected credit loss allowance	165	164
	768,032	772,190
Less: Provision for incurred credit losses	--	--
	768,032	772,190
Traded net assets of the Fund	768,032	772,190
Number of units in issue	23,616	24,438
Traded net assets value per unit	32.5217	31.5979

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 as set out in the Fund's 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 rebate 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.

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

Related party	Nature of transactions	Amount of transactions for the six-month period ended		Net payable balance as at	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
SNB Capital Company	Management fees (including value added tax)	1,289	1,168	753	627
	Expenses paid on behalf of the Fund	282	327		
	Rebate income	220	210		

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (unless otherwise stated)

13. FAIR VALUE MEASUREMENT

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

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

When available, the Fund measures the fair value of a financial 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.

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>Financial assets measured at fair value</u>					
FVTPL investments	<u>67,705</u>	<u>--</u>	<u>67,705</u>	<u>--</u>	<u>67,705</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>Financial assets measured at fair value</u>					
FVTPL investments	<u>65,883</u>	<u>--</u>	<u>65,883</u>	<u>--</u>	<u>65,883</u>

SNB CAPITAL AL RAZEEN SAR 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 Saudi Arabian Riyals '000 (unless otherwise stated)

13. FAIR VALUE MEASUREMENT (CONTINUED)

Carrying amounts and fair value (continued)

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. The fair value of investments measured at amortized cost is classified as level 3 as per fair value hierarchy and has been determined using expected cash flows discounted at relevant current effective interest rate.

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 02 Safar 1446H corresponding to 06 August 2024.