

SNB CAPITAL CORPORATE SUKUK 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



KPMG Professional Services

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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 Corporate Sukuk Fund

Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital Corporate Sukuk 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 the 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 Corporate Sukuk 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: 04 Safar 1446H

Corresponding to: 08 August 2024



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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، 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 الجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL CORPORATE SUKUK 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	83	11
FVTPL investments	10	7,691	8,780
Other receivables		--	53
Total assets		7,774	8,844
LIABILITIES			
Other payables		207	219
Net assets attributable to the Unitholders (Class A)		5,626	5,486
Net assets attributable to the Unitholders (Class B)		1,941	3,139
Units in issue in thousands (number) (Class A)		530	530
Units in issue in thousands (number) (Class B)		185	306
Net assets value per unit (USD) (Class A)		10.6151	10.3509
Net assets value per unit (USD) (Class B)		10.4919	10.2582

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

SNB CAPITAL CORPORATE SUKUK 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 Sukuk		257	194
Unrealised (loss) / gain on investments measured at fair value through profit or loss (FVTPL investments) – net		(30)	160
Realised gain / (loss) on FVTPL investments – net		21	(160)
Other income		<u>3</u>	<u>5</u>
Total income		<u>251</u>	<u>199</u>
Management fees	<i>11</i>	(24)	(27)
Auditors' remuneration		(13)	(4)
Shariah audit fees		(6)	(2)
Value added tax expense		(4)	(4)
Administrative expenses		(2)	(32)
Custody fees		(2)	(3)
Capital market authority fees		(1)	(1)
Tadawul fees		<u>(1)</u>	<u>(1)</u>
Total operating expenses		<u>(53)</u>	<u>(74)</u>
Profit for the period		<u>198</u>	<u>125</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u><u>198</u></u>	<u><u>125</u></u>

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

SNB CAPITAL CORPORATE SUKUK 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)	8,625	10,291
Total comprehensive income for the period	198	125
Net decrease in net assets from unit transactions during the period		
Proceeds from units issued	43	38
Value of units redeemed	(1,299)	(1,111)
	(1,256)	(1,073)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	<u>7,567</u>	<u>9,343</u>
of which:		
Class – A	5,626	5,336
Class – B	<u>1,941</u>	<u>4,007</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>
	<u>Units '000</u>	<u>Units'000</u>
Units at the beginning of the period (Audited)	836	1,040
Units issued	4	4
Units redeemed	(125)	(113)
Net decrease in units	<u>(121)</u>	<u>(109)</u>
Units at the end of the period (Unaudited)	<u>715</u>	<u>931</u>
of which:		
Class – A	530	530
Class – B	<u>185</u>	<u>401</u>

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

SNB CAPITAL CORPORATE SUKUK 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>Note</i>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Profit for the period		198	125
<i>Adjustments for:</i>			
Unrealised loss / (gain) on FVTPL investments – net		30	(160)
Realised (gain) / loss on FVTPL investments – net		(21)	160
		<u>207</u>	<u>125</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		1,084	1,030
Investments measured at amortised cost		(4)	
Other receivables		53	(50)
Other payables		(12)	22
		<u>1,328</u>	<u>1,127</u>
Cash flows from financing activities			
Proceeds from units issued		43	38
Value of units redeemed		(1,299)	(1,111)
		<u>(1,256)</u>	<u>(1,073)</u>
Net cash used in financing activities			
		72	54
Net increase in cash and cash equivalents		72	54
Cash and cash equivalents at the beginning of the period	9	<u>11</u>	<u>17</u>
Cash and cash equivalents at the end of the period	9	<u>83</u>	<u>71</u>

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

SNB CAPITAL CORPORATE SUKUK 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 Corporate Sukuk Fund (the "Fund") is an Shariah compliant open-ended investment fund, established under article 31 of the Investment Funds Regulations (the "Regulations") issued by the Capital Market Authority ("CMA"), 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 assets of the Fund are invested in Corporate Sukuks issued by the corporates in the Kingdom of Saudi Arabia and GCC markets. All income is reinvested in the Fund and reflected in the unit price. The Fund started its operations on August 31, 2020.

The Fund has two classes of redeemable units – Class A and Class B. The Fund Manager charges the Fund a management fee of 0.50% and 0.75% of the net assets value of Class A and Class B units respectively at each valuation day. In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund's terms and conditions.

2. REGULATING AUTHORITY

The Fund is governed by the Regulations 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 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 to comply with the applicable provisions of the Regulations and the Fund's terms and conditions.

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

4. BASIS OF MEASUREMENT AND PRESENTATION

These condensed interim 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 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 US Dollars ("USD") which is the Fund's functional and presentation currency and we have rounded off to the nearest thousand unless otherwise stated.

SNB CAPITAL CORPORATE SUKUK 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)

6. CHANGES IN FUND'S TERMS AND CONDITIONS

During the period, there have been no changes in 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 principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements of the fund for the year ended 31 December 2023.

a. New 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 significant impact on the Fund's condensed interim financial statements.

SNB CAPITAL CORPORATE SUKUK 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

		30 June 2024	31 December 2023
	Notes	(Unaudited)	(Audited)
FVTPL investments	i)	3,339	4,432
Investments measured at amortised cost – net	ii)	4,352	4,348
		7,691	8,780

i) FVTPL investments

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

	30 June 2024		31 December 2023	
	Cost	Fair value	Cost	Fair value
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Funds managed by the Fund Manager				
(related parties)				
Units of SNB Capital Diversified US Dollar Fund	5	5	43	45
Units of SNB Capital International Trade Fund	287	298	1,155	1,167
Investment in Sukuk				
Corporate Sukuk – note (a)	2,997	3,036	3,154	3,220
	3,289	3,339	4,352	4,432

- a) Investments measured at FVTPL include investment made in Sukuk issued in the Kingdom of Saudi Arabia and GCC markets with yields ranging from 4.00% to 9.50% (2023 2.25% to 8.00%) per annum and having maturities up till 11 April 2053.

ii) Investments measured at amortised cost – net

Debt investments measured at amortised cost include the following:

		30 June 2024	31 December 2023
	Notes	(Unaudited)	(Audited)
Investments in Sukuk	a)	4,354	4,350
Less: expected credit loss allowance		(2)	(2)
		4,352	4,348

- a) Investments in Sukuk carry profit rates ranging from 7.51% to 7.72% (2023 7.51% to 7.71%) per annum and having maturities up till 8 December 2031.

SNB CAPITAL CORPORATE SUKUK 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)

11. 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, which should not be more than the maximum annual rate of 0.5% (2023: 0.5%) per annum for class A and 0.75% (2023: 0.75%) per annum for class B of the Fund's daily net assets as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 0.5% (2023: 0.5%) per annum of the Fund's equity at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis.

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

<i>Name of 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)	28	31	207	217
	Expenses paid on behalf of the Fund	25	47		

12. 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.

SNB CAPITAL CORPORATE SUKUK 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. FAIR VALUE MEASUREMENT (CONTINUED)

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting year during which the change has occurred.

The fair value hierarchy has the following levels:

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

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 where the carrying amount is assessed to be 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>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
<u>Financial assets measured at fair value</u>					
FVTPL investments	3,339	--	3,339	--	3,339

<i>As at 31 December 2023 (Audited)</i>					
<i>Carrying amount</i>	<i>Fair value</i>				<i>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
<u>Financial assets measured at fair value</u>					
FVTPL investments	4,432	--	4,432	--	4,432

The Fund has classified FVTPL investments as level 2 as per the fair value hierarchy. The Fund determines fair value of investments in un-listed open-ended investment funds measured at FVTPL using unadjusted net assets value and Fair value of investment in Sukuk is determined using observable input parameters derived from comparable markets.

During the period, there has been no transfer in fair value hierarchy for any financial assets or liabilities. For financial assets and liabilities such as cash and cash equivalents, investments measured at amortized cost (except for those mentioned in the fair value hierarchy), other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

SNB CAPITAL CORPORATE SUKUK 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)

13. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these condensed interim financial statements was 25 June 2024 (2023: 31 December 2023).

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

15. APPROVAL OF THE CONDENSED INTERIN FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 03 Safar 1446 H corresponding to 07 August 2024.