

**SNB CAPITAL ARAB MARKETS EQUITY 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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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 on review of condensed interim financial statements

To the Unitholders of the SNB Capital Arab Markets Equity Fund

## Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital Arab Markets Equity 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 Arab Markets Equity 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: 02 Safar 1446H  
Corresponding to: 06 August 2024



**SNB CAPITAL ARAB MARKETS EQUITY 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>	<b>30 June 2024 (Unaudited)</b>	31 December 2023 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	9	<b>2,092</b>	2,648
Investments measured at fair value through profit or loss (FVTPL investments)	10	<b>71,217</b>	72,468
Other receivables		<b>82</b>	22
<b>Total assets</b>		<b><u>73,391</u></b>	<u>75,138</u>
<b>LIABILITIES</b>			
Other payables		<b><u>508</u></b>	<u>503</u>
<b>Net assets attributable to the Unitholders</b>		<b><u>72,883</u></b>	<u>74,635</u>
<b>Units in issue in thousand (number)</b>		<b><u>1,552</u></b>	<u>1,540</u>
<b>Net assets value per unit (SAR)</b>		<b><u>46.9607</u></b>	<u>48.4643</u>

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

**SNB CAPITAL ARAB MARKETS EQUITY 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>	<b>For the six-month period ended 30 June</b>	
		<b><u>2024</u></b>	<b><u>2023</u></b>
Realised gain on FVTPL investments – net		<b>2,639</b>	12,258
Unrealised loss on FVTPL investments – net		<b>(5,282)</b>	(6,198)
Dividend income		<b>1,313</b>	1,089
<b>Total (loss) / income</b>		<b><u>(1,330)</u></b>	<u>7,149</u>
Management fees	<i>11</i>	<b>(743)</b>	(597)
Value added tax expense		<b>(111)</b>	(90)
Custody fees		<b>(63)</b>	(141)
Administrative expenses		<b>(40)</b>	(5)
Auditors' remuneration		<b>(30)</b>	(15)
Capital market authority fees		<b>(4)</b>	(4)
Fund Board remuneration		<b>(3)</b>	(3)
Tadawul fees		<b>(3)</b>	(2)
Shariah audit fees		<b>(2)</b>	(3)
<b>Total operating expenses</b>		<b><u>(999)</u></b>	<u>(860)</u>
<b>(Loss) / profit for the period</b>		<b><u>(2,329)</u></b>	<u>6,289</u>
<b>Other comprehensive income for the period</b>		<b><u>--</u></b>	<u>--</u>
<b>Total comprehensive (loss) / income for the period</b>		<b><u><u>(2,329)</u></u></b>	<u><u>6,289</u></u>

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

**SNB CAPITAL ARAB MARKETS EQUITY 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)

	<b>For the six-month period ended 30 June</b>	
	<u>2024</u>	<u>2023</u>
<b>Net assets attributable to the Unitholders at the beginning of the period (Audited)</b>	<b>74,635</b>	63,281
Total comprehensive (loss) / income for the period	<b>(2,329)</b>	6,289
<b>Net increase / (decrease) in net assets from unit transactions during the period</b>		
Proceeds from units issued	<b>1,818</b>	176
Value of units redeemed	<b>(1,241)</b>	(1,195)
	<b>577</b>	(1,019)
<b>Net assets attributable to the Unitholders at the end of the period (Unaudited)</b>	<b><u>72,883</u></b>	<u>68,551</u>

**UNITS TRANSACTIONS**

Transactions in units during the period are summarised as follows:

	<b>For the six-month period ended 30 June</b>	
	<u>2024</u>	<u>2023</u>
	-----Units' in 000-----	
<b>Units at the beginning of the period (Audited)</b>	<b>1,540</b>	1,584
Units issued	<b>37</b>	4
Units redeemed	<b>(25)</b>	(28)
<b>Net increase / (decrease) in units during the period</b>	<b>12</b>	(24)
<b>Units at the end of the period (Unaudited)</b>	<b><u>1,552</u></b>	<u>1,560</u>

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

**SNB CAPITAL ARAB MARKETS EQUITY 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)

		<b>For the six-month period ended 30 June</b>	
	<i>Note</i>	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>			
(Loss) / profit for the period		(2,329)	6,289
<i>Adjustments for:</i>			
Realised gain on FVTPL investments – net		(2,639)	(12,258)
Unrealised loss on FVTPL investments – net		<u>5,282</u>	<u>6,198</u>
		314	229
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		(1,392)	471
Other receivables		(60)	(2)
Other payables		5	(89)
<b>Net cash (used in) / generated from operating activities</b>		<u>(1,133)</u>	<u>609</u>
<b>Cash flows from financing activities</b>			
Proceeds from units issued		1,818	176
Value of units redeemed		(1,241)	(1,195)
<b>Net cash generated from / (used in) financing activities</b>		<u>577</u>	<u>(1,019)</u>
<b>Net decrease in cash and cash equivalents</b>		(556)	(410)
Cash and cash equivalents at the beginning of the period	9	<u>2,648</u>	<u>3,545</u>
<b>Cash and cash equivalents at the end of the period</b>	9	<u><u>2,092</u></u>	<u><u>3,135</u></u>

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

**SNB CAPITAL ARAB MARKETS EQUITY 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)

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**1. THE FUND AND ITS ACTIVITIES**

SNB Capital Arab Markets Equity 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 invest in the shares of companies listed in the Arab stock markets.

The terms and conditions of the Fund were issued on 12 Saffar 1439H (corresponding to 15 December 2003). The Fund commenced its activities on 21 Shawwal 1424H (corresponding to 15 December 2003).

**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 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 interim 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"). If indicators of the primary economic environment are mixed, then the Fund Manager uses judgement to determine the functional currency that most faithfully impacts the economic effect of the underlying transactions, events, and conditions. The Fund's investments transactions are denominated in Saudi Arabian Riyal ("SAR"), Emirati Dirham, Kuwaiti Dinar and Qatari Riyal. Investor subscriptions and redemptions are determined based on the net assets value and received and paid in SAR and expenses of the Fund are also paid in SAR. Accordingly, the Fund Manager has determined that the functional currency of the Fund is SAR.

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

**SNB CAPITAL ARAB MARKETS EQUITY 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)

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**6. CHANGES IN THE FUND'S TERMS AND CONDITIONS**

During the period, there have been no significant 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 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. 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 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 significant impact on the Fund's condensed interim financial statements.

**SNB CAPITAL ARAB MARKETS EQUITY 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. FVTPL INVESTMENTS**

The composition of equity investments measured at FVTPL by currency is summarised below:

		<b>30 June 2024 (Unaudited)</b>		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Saudi Arabian Riyal	Saudi Arabia	74.48	47,446	53,043
Emirate Dirham	United Arab Emirates	13.00	8,127	9,256
Qatari Riyal	Qatar	9.74	6,680	6,938
Kuwaiti Dinar	Kuwait	2.78	2,322	1,980
		<u>100</u>	<u>64,575</u>	<u>71,217</u>
		<b>31 December 2023 (Audited)</b>		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Saudi Arabian Riyal	Saudi Arabia	78.81	46,411	57,111
Emirate Dirham	United Arab Emirates	13.94	9,172	10,104
Qatari Riyal	Qatar	7.25	4,961	5,253
		<u>100</u>	<u>60,544</u>	<u>72,468</u>

The composition of investments measured at FVTPL by industry sector is summarised below:

		<b>30 June 2024 (Unaudited)</b>		
<u>Industry Sector</u>		<u>% of total investment (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Banks*		26.54	16,039	18,901
Real Estate		16.49	10,364	11,747
Materials		14.57	11,468	10,378
Energy		9.75	5,149	6,945
Healthcare Equipment and Service		6.19	2,707	4,410
Food Beverage and Tobacco		5.09	3,873	3,624
Retailing		4.11	3,363	2,924
Capital Goods		3.94	2,977	2,803
Software and Services		3.91	2,390	2,785
Insurance		3.26	1,041	2,322
Consumer Services		3.14	3,030	2,238
Transportation		3.01	2,174	2,140
		<u>100</u>	<u>64,575</u>	<u>71,217</u>

**SNB CAPITAL ARAB MARKETS EQUITY 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)

**10. FVTPL INVESTMENTS (CONTINUED)**

<u>Industry Sector</u>	<u>31 December 2023 (Audited)</u>		
	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Banks*	35.82	21,160	25,957
Energy	21.19	11,675	15,358
Healthcare Equipment and Services	10.26	6,383	7,430
Transportation	6.95	4,802	5,036
Telecommunication Services	5.10	3,494	3,697
Materials	5.05	4,287	3,662
Real Estate Management and Development	4.52	2,752	3,273
Industrials	4.09	2,815	2,967
Capital Goods	3.87	2,082	2,806
Insurance	3.15	1,094	2,282
	<u>100</u>	<u>60,544</u>	<u>72,468</u>

\*Investment at FVTPL includes investment in the shares of the Saudi National Bank (a related party) amounting to SAR 4.17 million (2023: 4.67 million).

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

The related party of the Fund includes Fund Manager, 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 1.95% (2023:1.95%) per annum of the Fund's daily net assets value 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 1.5% (2023:1.5%) per annum of the Fund's net assets value at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis.

**SNB CAPITAL ARAB MARKETS EQUITY 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. 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>Amount of transactions during the period ended</i>		<i>Net balance payable 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)	854	687	508	414
	Expenses paid on behalf of the fund	145	173		

Other transactions with related parties not disclosed elsewhere include dividend income amounting to SAR 0.11 million (2023: SAR 0.15 million) received from the Saudi National Bank – a related party.

**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.

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 minimize 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.



**SNB CAPITAL ARAB MARKETS EQUITY FUND**  
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**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)

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**13. 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).

**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 condensed interim financial statements or notes thereto.

**15. 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.