

AGREED-UPON PROCEDURES REPORT ON the Schedule of Capital Adequacy (the “Return”) of Yaqeen Capital (formerly Falcom Financial Services) (Single Person Saudi Closed Joint Stock Company) (the “Company”) as at 31 December 2021

To: The Board of Directors of Yaqeen Capital (formerly Falcom Financial Services)
Riyadh, Kingdom of Saudi Arabia

16 March 2022

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report has been prepared solely upon the request of the management of the Company, to assist the Company in fulfilling its reporting obligations to Capital Market Authority (CMA) in accordance with the Prudential Rules (the “Rules”) and may not be suitable for another purpose. This report is intended solely for the Company and CMA, and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party

Yaqeen Capital (formerly Falcom Financial Services) has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The management of Yaqeen Capital (formerly Falcom Financial Services) (also the “Responsible Party”) is responsible for the subject matter on which the agreed upon procedures are performed. Specifically, the Company’s management is responsible for preparing and presenting the Return in compliance with the general principles and guidelines issued in the Rules. The information contained in the Return should be prepared by the management in accordance with the Rules and extracted from the audited financial statements of the Company and where applicable from Company’s financial records.

Practitioner’s Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the *International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures engagements*. An agreed upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical and the independence requirements in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with its requirements.

Our firm applies *International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of engagement dated 15 March 2022, on the attached Schedule of Capital Adequacy as at 31 December 2021 stamped for identification purposes.

Procedures	Findings																														
1. Compare the financial information included in the Return to the audited financial statements of the Company as of and for the year ended 31 December 2021 and where applicable to the Company's financial records.	<p>We compared the financial information included in Capital Adequacy Return to the audited financial statements of the Company and where applicable to the Company's financial records.</p> <p>We found the following differences as at and for the year ended 31 December 2021:</p> <table border="1"> <thead> <tr> <th></th> <th>As per the Schedule of Capital Adequacy</th> <th>As per the financial statements</th> </tr> </thead> <tbody> <tr> <td>Minimum capital requirement:</td> <td>SAR '000</td> <td>SAR '000</td> </tr> <tr> <td>Credit risk</td> <td>106,949</td> <td>106,949</td> </tr> <tr> <td>Market risk</td> <td>1,040</td> <td>1,040</td> </tr> <tr> <td>Operational risk</td> <td>15,662</td> <td>14,111</td> </tr> <tr> <td>Total minimum capital requirement</td> <td>123,651</td> <td>122,100</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Total capital ratio:</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Tier-1 capital ratio (time)</td> <td>1.78</td> <td>1.80</td> </tr> <tr> <td>Total capital ratio (time)</td> <td>1.78</td> <td>1.80</td> </tr> <tr> <td>Surplus in capital (SAR '000)</td> <td>96,215</td> <td>97,766</td> </tr> </tbody> </table> <p>Management represented to us that these differences were due to a one-time clerical error.</p>		As per the Schedule of Capital Adequacy	As per the financial statements	Minimum capital requirement:	SAR '000	SAR '000	Credit risk	106,949	106,949	Market risk	1,040	1,040	Operational risk	15,662	14,111	Total minimum capital requirement	123,651	122,100	Total capital ratio:			Tier-1 capital ratio (time)	1.78	1.80	Total capital ratio (time)	1.78	1.80	Surplus in capital (SAR '000)	96,215	97,766
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2.	Check the arithmetical accuracy and classification of the financial information included in the Return.	We checked the arithmetical accuracy and classification of the financial information included in the Return. No exceptions were noted.
3.	Make inquiries with the management over their process of compliance with the Rules in completing the Return.	We made inquiries with the management and obtained management representation regarding the management process that the Return was completed and in compliance with the Rules. Further, management represented to us that the exceptions described in Procedure 1 above were due to a one-time clerical error.
4.	Check that the amounts of capital base, minimum capital requirements and large exposures computed in the Return are in accordance with the Rules.	We checked that the amounts of capital base, minimum capital requirements and large exposures computed in the Return are in accordance with the Rules. No exceptions were noted.

For BDO - Dr. Mohamed Al-Amri & Co.
Certified Public Accountants

Gihad Al-Amri
License No. 362
Riyadh on: 13 Shaban 1443 (H)
Corresponding to: 16 March 2022 (G)



**YAQEEN CAPITAL (formerly Falcom Financial Services)
(Single Person Saudi Closed Joint Stock Company)**

**SCHEDULE OF CAPITAL ADEQUACY
AS AT 31 DECEMBER 2021**

Minimum capital and the total capital ratio

In accordance with Article 74(b) of the Prudential Rules issued by CMA (the “Rules”), given below are the capital base, minimum capital requirement and total capital ratio as at 31 December 2021 and 2020:

	31 December 2021	31 December 2020
	SAR ‘000	SAR ‘000
Capital base:		
Tier-1 capital	219,866	170,053
Total capital base	219,866	170,053
Minimum capital requirement:		
Credit risk	106,949	105,385
Market risk	1,040	897
Operational risk	15,662	14,111
Total minimum capital requirement	123,651	120,393
Total capital ratio:		
Tier-1 capital ratio (time)	1.78	1.41
Total capital ratio (time)	1.78	1.41
Surplus in capital (SAR ‘000)	96,215	49,660

- a) The above information has been extracted from the annual Capital Adequacy Models as prescribed by CMA for 31 December 2021 and 2020.
- b) The capital base consists of Tier 1 capital and Tier 2 capital calculated as per Article 4 and 5 of the Rules respectively. The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in Part 3 of the Rules.
- c) The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.
- d) The Company is required to disclose the prescribed information as required under Pillar III of the Rules on the Company website (www.falcom.com.sa and www.yaqeen.sa), however that information is not subject to review or audit by the independent auditor of the Company.

