

Audi Capital Company
(A Saudi Closed Joint Stock Company)

Special Purpose Report on the Schedule of Capital Adequacy

31 DECEMBER 2015



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INDEPENDENT AUDITORS' SPECIAL PURPOSE REPORT TO THE BOARD OF DIRECTORS OF AUDI CAPITAL COMPANY ON THE SCHEDULE OF CAPITAL ADEQUACY

Scope of Audit

We have audited the accompanying schedule of capital adequacy (the "Schedule") setting out the calculation of minimum capital required and capital adequacy ratios of Audi Capital Company (the "Company") as at 31 December 2015. The Schedule is the responsibility of the Company's management and has been prepared by them in accordance with the Prudential Rules issued by the Capital Market Authority ("CMA") on capital adequacy (the "Rules") and submitted to us with all necessary information and explanations, which we required.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia and included such tests of the accounting records and other procedures as we considered necessary to obtain a reasonable degree of assurance to enable us to express an opinion on the Schedule.

Unqualified Opinion

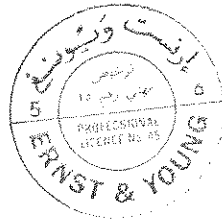
In our opinion, the accompanying Schedule, presents fairly, in all material respects, the calculation of minimum capital required and capital adequacy ratios of the Company as at 31 December 2015, in accordance with the Rules issued by the CMA.

Emphasis of a Matter

This report is issued solely for the Company's compliance with the requirements of the Rules issued by the CMA, and is not intended to be, and should not be used for any other purposes or to be distributed to any other parties.

For Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437



Riyadh: 1 Jumad Al Thani 1437 H
(10 March 2016)

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Schedule of Capital Regulatory Requirements and Capital Adequacy Ratio
For the year ended 31 December 2015

The Capital Market Authority has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H) pursuant to Royal Decree No. M/30 dated 2/6/1424H. According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I.

In accordance with this methodology, Audi Capital Company (the "Company") has calculated its minimum capital required and capital adequacy ratios as follows:

	2015 SR '000	2014 SR '000
Capital Base:		
Tier 1 Capital	137,271	120,399
Tier 2 Capital	1,757	9,653
Total Capital Base	139,028	130,052
Minimum Capital Requirement:		
Market Risk	7,149	10,198
Credit Risk	54,725	72,304
Operational Risk	10,958	11,122
Total Minimum Capital Required	72,832	93,624
Capital Adequacy Ratio:		
Total Capital Ratio	1.91	1.39
Tier 1 Capital Ratio	1.88	1.29
Surplus in the capital	66,196	36,428

- a) Capital base of the Company comprises:
 - **Tier-1 capital** which consists of paid-up share capital, statutory reserve and audited retained earnings, reserves excluding revaluation reserves.
 - **Tier-2 capital** which consists of revaluation reserves.
- b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in part 3 of the Rules.
- c) As specified in the Rules, the Company is required to maintain a capital adequacy ratio not less than the capital base.
- d) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.
- e) The Company discloses on annual basis certain information as per Pillar III of the Rules for public on the Company's website (www.audicapital.com). However, these are not subject to review or audit by the external auditors of the Company.