

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

18 رمضان 1445

28 مارس 2024

تقرير اللجنة الشرعية

تقرير اللجنة الشرعية إلى مساهمي شركة إتقان كابيتال حول توافق أنشطة الشركة مع الضوابط والمعايير الشرعية خلال السنة المالية المنتهية في 31 ديسمبر 2023.

1. المقدمة:

الحمد لله رب العالمين والصلاة والسلام على أكرم الأنبياء والمرسلين سيدنا محمد وعلى آله وصحبه أجمعين، أما بعد:
بصفتنا اللجنة الشرعية الخاصة بشركة إتقان كابيتال ("اللجنة") يسرنا أن نقدم لكم التقرير السنوي الخاص باللجنة عن أعمال وأنشطة شركة إتقان كابيتال ("الشركة") عن السنة المالية المنتهية في 31 ديسمبر 2023، وفق نطاق العمل المتفق عليه.

2. الرأي:

- الرأي العام:

هذا التقرير وما يتضمنه من رأي مستند على إشرافنا على أعمال الشركة المتعلقة بالالتزام بالضوابط والمعايير الشرعية أولاً، ومراجعة عملياته وأنشطته للفترة المحددة ثانياً، وعليه فإننا نؤكد على أن الترتيبات المالية الخاصة بالشركة والعقود والمعاملات المنفذة مع عملائه والأطراف الأخرى التي أُجريت في السنة المالية المنتهية في 31 ديسمبر 2023 قد تمت وفق الضوابط والمعايير الشرعية المعتمدة.

3. مسؤوليتنا:

تشمل مسؤولياتنا فيما يتعلق بالتزام الشركة بالمعايير والضوابط الشرعية في الإشراف على تطبيق هذه المعايير والضوابط على منتجات وخدمات وعمليات الشركة، لا سيما فيما يتعلق بتصميم المعاملات (بما في ذلك الموافقة على العقود والوثائق ذات الصلة، إلخ.). كما أننا مسؤولون أيضاً عن الإشراف وتقديم آرائنا عند الحاجة حول كيفية تنفيذ مثل هذه المعاملات وتوضيح الإجراءات اللازمة لتنفيذ قراراتنا. ونحن مطالبون أيضاً بإجراء تدقيق دوري لحالة التزام الشركة بالمعايير والضوابط الشرعية.

4. المبادئ والمعايير الشرعية المطبقة:

التزمت الشركة بالمعايير والضوابط الشرعية خلال تنفيذها للعقود والمعاملات المالية للسنة المنتهية في 31 ديسمبر 2023 للمبادئ والقواعد والمعايير، على النحو المحدد وبما يتماشى مع الترتيب المنصوص عليه أدناه (أو كما هو محدد من قبل الجهات التنظيمية المعنية):

أ. المعايير الشرعية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية (الأبوفي) والمتطلبات المالية ذات العلاقة الواردة في معايير المحاسبة المالية المعمول بها والصادرة عن الأبوفي.

ب. متطلبات الحوكمة الشرعية الملزمة والصادرة عن الجهات التنظيمية (هيئة السوق المالية السعودية).

5. الاستقلالية والاعتبارات الأخلاقية:

نؤكد التزامنا بالاستقلالية وبجميع المتطلبات الأخلاقية خلال فترة التعاقد. وتشمل هذه المتطلبات تلك المحددة في معايير الحوكمة الصادرة عن الجهات التنظيمية وبالإضافة إلى المعايير الصادرة عن الأيو في إضافة قواعد أخلاقيات المهنيين في التمويل الإسلامي الصادرة عن نفس الجهة.

6. مسؤوليات الإدارة ومجلس الإدارة:

مسؤوليات مجلس الإدارة

يتحمل مجلس إدارة الشركة مسؤولية الإشراف على ضمان وجود بيئة وثقافة فعالة للالتزام بالمعايير والضوابط الشرعية، كما يتولى مجلس الإدارة مسؤولية إيجاد إطار عمل جيد للحوكمة والرقابة الشرعية للشركة، ووضع استراتيجية للالتزام بالمعايير والضوابط الشرعية، والإشراف على الإدارة في تنفيذها وتحقيق الأهداف المرجوة.

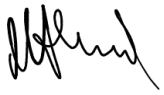
مسؤوليات الإدارة

تتحمل الإدارة مسؤولية تنفيذ إطار الحوكمة الشرعية والتأكد من أن الالتزام بالمعايير والضوابط الشرعية جزء لا يتجزأ من الأداء اليومي للشركة، كما أن الإدارة مسؤولة عن ضمان أن الترتيبات المالية والعقود والمعاملات المالية ذات الأثر الشرعية والمبرمة مع عملاء الشركة والأطراف الأخرى والسياسات والإجراءات ذات الصلة، في جوهرها وفي شكلها القانوني، متوافقة مع مقتضيات المعايير والضوابط الشرعية. هذا وإن الإدارة مسؤولة أيضاً عن تصميم وتنفيذ ومتابعة إجراءات الرقابة الداخلية المناسبة فيما يتعلق بالآليات المحاسبية ذات الصلة.

7. المصادقة:

تمت الموافقة على هذا التقرير وتوقيعه من قبل اللجنة الشرعية.

نسأل الله تعالى التوفيق والسداد،،،

رقم	الاسم	المنصب	التوقيع
1	الشيخ محمد أحمد	رئيس اللجنة الشرعية	





SHARIYAH
REVIEW BUREAU

Itqan Capital

SHARI'A AUDIT REPORT


1st January 2023 – 31st December 2023

SHARIA ADVISOR LICENSED BY
THE CENTRAL BANK OF BAHRAIN



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Part 1: Preface

1. Introduction

This report has been prepared after conducting Shari'a Audit ("Audit") for Itqan Capital ("The Company"), covering the period from 1st January 2023 till 31st December 2023. In accordance with the agreed-upon scope of work, our responsibility as Shari'a Auditors on behalf of The Company's Shari'a Committee ("SC") includes carrying out Audit on the Company's relevant departments, pertinent activities, systematic controls, and operations in place at The Company based on the Shari'a directives and guidelines issued by The Company's SC.

2. Standards and Guidelines

The Audit was conducted in light of the Shari'a guidelines issued by The Company's SC while taking in consideration the Shari'a standards issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

3. Responsibility

The Management of The Company is responsible for ensuring that the financial arrangements, contracts, and transactions having Shari'a implications, entered into with its customers, other financial institutions, and stakeholders and related policies, procedures, and systems are, in substance and their legal form, in compliance with the requirements of Shari'a rules and principles laid down by the SC. The management of the Company is also responsible for:

- > Design, implementation, and maintenance of appropriate internal Shari'a control procedures with respect to such compliance and maintenance of relevant product documents approved by the SC, internal control manuals, and Islamic accounting records;
- > Prevention and detection of fraud and breaches in Shari'a Compliance for identifying and ensuring that The Company complies with SC requirements, laws, and regulations applicable to its activities;
- > Arranging training and/or orientation programs on Islamic banking and finance for the staff and appropriate training programs for senior executives to improve their understanding and general acumen in Islamic finance;
- > Arranging programs on a regular basis for orienting and sensitizing the key executives about the business utility and importance of enabling Shari'a compliance environment and the key distinguishing features of Islamic finance products vis-à-vis conventional banking products; and
- > Providing us with access to all information of which you are aware that is relevant to The Company's compliance with the Shari'a rules and principles such as records, source documentation, and other matters, additional information that we may request for the purpose of the engagement; and unrestricted access to persons within The Company from whom we determine it necessary to obtain evidence.

4. Procedures Performed

The procedures selected by us for the Shari'a Audit and the factual findings resulting therefrom with respect to each of the aspects covered in this report were dependent upon our judgment, based on risk assessments of the products and services with the Shari'a standards and guidelines, audit planning sampling and documentation. In making those Shari'a risk assessments, we considered and tested the internal Shari'a controls on a sample of transactions relevant to The Company's compliance with the laid down SC rules and principles and designed procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Company's internal control on Shari'a rules and principles.

Because of the inherent limitations in any control environment, misstatements due to error or fraud may occur and not be detected. Our engagement cannot ensure that errors, fraud, or other illegal acts, if present, will be detected; in the case where we detect any fraud or red flags, we will escalate the issue to the audit committee. Our procedures have not been planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party have not been specifically addressed, and matters may exist that would be assessed differently by a third party. Accordingly, our report should not be provided to a third party without our prior written consent. Such consent will be granted on the basis that such reports are not prepared for the use or benefit of anyone other than The Company.

5. Scope of Work

The Shari'a Audit was carried out in accordance with the professional Auditing standards laid down by AAOIFI Governance Standards [GSIFI 2] and in accord to the guidelines laid down by the SC. Our review covered the following scope:

- > Ensuring that the Company's two accounts namely the shareholder and the Policyholders account are segregated.
- > Analyzing the Company's Deals and transactions related processes.
- > Testing to confirm if the projects dealings and transactions are operating as intended by each deal SC's approved directives and guidelines.
- > Reviewing the completeness of documentation required to execute transactions.
- > Reviewing and confirming any outstanding purification balances and ensuring all amounts are distributed to SC approved recipients in a timely manner.
- > Checking to confirm if the projects dealings and transactions are operating as intended by each deal SC's approved directives and guidelines.
- > Reviewing the financial statements to verify the Company's activities with the Shari'a standards and SC guidelines.
- > Reviewing the administrative contracts executed by the Company's management to ensure their compliance with the Shari'a standards.
- > Activities performed by the departments.
- > Administration of the documentation and their execution.
- > Follow up on the observations noted in the last Audit cycle

6. Sampling Methodology

Our sampling methodology is based on the likelihood and Shari'a risk involved in a particular product; where likelihood and Shari'a risk are high, the sampling will be increased accordingly.

Population	Likelihood	Shari'a Risk	Samples Percentage
1 to 100	High	High	100%
	High	Medium	75%
	Medium	High	50%
	Medium	Medium	25%
	Low	Low	10%
101 to 300	High	High	50%
	High	Medium	50%
	Medium	High	25%
	Medium	Medium	20%
	Low	Low	10%
301 to 1000	High	High	25%
	High	Medium	25%
	Medium	High	20%
	Medium	Medium	15%
	Low	Low	10%
1001 and above	High	High	10%
	High	Medium	10%
	Medium	High	5%
	Medium	Medium	1%
	Low	Low	0.10%

7. Objectives And Notes

The report's main objective is to evaluate the Company and its control procedures relating to Shari'a compliance and governance structure and operations in light of the Shari'a directives and guidelines issued by the SC. This work is not primarily directed towards the discovery of weaknesses (other than those which would influence us in forming such a view) or the detection of fraud and should not, therefore, be relied upon to show that no other weaknesses exist. Accordingly, our Shari'a Audit would not necessarily allow us to identify all possible improvements that a more exhaustive systems review might develop. Our observations contained herein are of three types:

Observations on the Shari'a compliance environment of the Company

These observations aim to assess the internal Shari'a supervisory system of The Company and to improve the level of compliance in accord with the Shari'a standards and guidelines of the SC and to ensure that policies and procedures were designed in line with SC and other regulatory directives.

Observations on the different departments of the Company

The purpose of these observations is to review the Shari'a control systems of the departments making up The Company, which aims to ensure work within these departments is in accordance with the policies and procedures that govern its activities and that the different departments complement each other to better comply with the approved Shari'a standards and guidelines.

Observations on the executed transactions of the Company

These observations are a result of the Audit procedures carried out on the Shari'a compliant deals and investments. They exhibit shortcomings in executing such transactions in light of the directives approved by the SC.

8. Ratings

The issues identified have been graded based on our assessment of possible risks on the Shari'a Compliance of The Company. The ratings used in this Audit report are explained in the table below:

Observation Category	Risk Rating
High/serious impact on Shari'a compliance, the achievement of its objectives or serious implications on general/controls or adherence to internal Shari'a directives or applicable external Shari'a compliance requirements (such as AAOIFI, IFSB etc.).	High
Moderate impact on the overall position of Shari'a compliance or significant implications on general/ controls or adherence to internal Shari'a directives or applicable external Shari'a compliance requirements (such as AAOIFI, IFSB etc.).	Moderate
When an absence, weakness or deficiency in Shari'a controls exists, that has or could have a limited/low impact on the immediate or future performance of Shari'a compliance but still requires attention.	Low

9. Confidentiality

This report's contents are strictly confidential and are being submitted to the management of The Company and are not to be distributed to the departments not involved in the Audit process or which do not have the authority to respond to the observations made hereunder.

Part 2: Observations

I. Observations On the Environment of The Shari'a Compliance

The Shari'a control environment requires The Company to ensure that key organs must maintain and administer Shari'a compliance, including the oversight mechanism, internal Shari'a audit, and enforcement of Shari'a committee directives by executive management are operative and effectively undertaking their respective functions. Taking into consideration the internal make-up of The Company, we do not have any observations in this regard.

II.Observations On the Different Departments

During the audit the following observations on the departments were noted by the Shari'a Audit team:

Finance Department

We have reviewed the Draft Financial Statements for The Company for the period from 1st January 2023 to 31st December 2023 in accordance with agreed upon Shari'a Guidelines, and the below points were verified by the Shari'a Audit team.

- > The Company did not apply for any non-compliant financing/loan.
- > In reference to Zakah calculation and payment, the 2023 certificate from Zakat, Tax and Customs Authority KSA has been provided.
- > The investments of the Company do not contradict the guidelines of the SC. They include Investments in Funds owned by the Company and Investments in Subsidiaries.

Compliance Department

We have requested internal audit reports of the compliance department as well as any amendments made to the Articles of Association or the Policies and Procedures of the departments of the Company during the year 2023 and we do not have any observations to report.

H.R. Department

The audit process consisted of reviewing the products being offered by the Company (**please see Appendix II**), and verifying the relevant Shari'a approvals, to ensure that the activities were in accordance with the guidelines and controls approved by the SC, and the below points were verified by the Shari'a Audit team:

1. Unapproved Legal Agreement

Observation	Risk Rating: Moderate	
	Impact	Recommendation
<p>During the audit of the sample taken of the Department's operations, there was an agreement that was not reviewed and approved by the SC. The name of the agreement is listed below:</p> <p>- Legal Services Agreement with AlSalateen Lawyers and legal advisors (Dated 2023/10/ 01)</p>	<p>This is not compliant with the Shari'a rules and guidelines approved by the SC as all the documentation being used in relation to the activities of the Company must be reviewed and approved by the SC prior to execution. The Company is facing the risk of the Agreements containing terms and conditions that are not in line with the SC guidelines, which may result in purifying the profit generated from the investment or considering the transaction as void.</p>	<p>The management must share the un-approved documents with the SC for their review and approval.</p> <p>A control system must be developed which requires the management to obtain the SC approval for all agreements prior to execution.</p>

Reference

> In accordance with AAOIFI GSIFI Standard 2

Management Response	Responsibility	Target Date
We will share all documents with the SC for their review and approval.	H.R. Department	Immediately

Investment Banking Department

2. Unapproved Agreements

Observation	Risk Rating: Moderate	
	Impact	Recommendation
<p>Upon reviewing the Agreements executed by the department, it was found among the executed documents taken in the sample that the management executed versions of the agreement template which were not approved by the SC. The agreements were with the following clients:</p> <ul style="list-style-type: none"> - Advisory Services Agreement for Capital offering and listing in the parallel Market (Arabic) Dated (2023/02/15) - Advisory Services Agreement for an investment round (Arabic) Dated (2023/12/18) - Advisory Services Agreement for investment opportunity offer (Arabic) Dated (2023/06/14) - Advisory Services Agreement for Capital offering and listing in the parallel Market (Arabic) Dated (2023/09/07) - Agreement to provide financial evaluation management services (Arabic) Dated (2023/12/31) 	<p>This is not compliant with the Shari’a rules and guidelines approved by the SC as all the documentation related to the Company being used must be reviewed and approved by the SC prior execution.</p> <p>The Company is facing the risk of the Agreements containing terms and conditions that are not in line with the SC guidelines, which may result in purifying the profit generated from the investment.</p>	<p>The management must share the un-approved documents with the SC for their review and approval.</p> <p>A control system must be developed which requires the management to obtain the SC approval for all agreements prior to execution.</p> <p>Additionally, if any new documents are drafted, or any changes are made to the approved documents, they should be submitted to the SC for review and approval before implementation.</p>
Reference		

3. In accordance with AAOIFI GSIFI Standard 2

Management Response	Responsibility	Target Date
<ul style="list-style-type: none">- The standard operating procedures of the department will be adjusted to assure all agreements are getting the CS approval prior to the signature of the agreements.- An internal circular will be issued to all IB department personnel with the changes in the SOP.- One employee from IB department will be designated to take care of the coordination between IB department and the CS Bureau.	Firas Anjrini- Investment bnking senior manager.	4 th of April 2024

Custody Services Department

We have requested the executed Custody agreements of the department as well as any amendments made to the approved version during the year 2023 and we do not have any observations.

Asset Management Department

The primary activity of the Asset Management Department is managing and supervising a number of investment funds. These funds will be reviewed separately and an individual Shari’ah report will be issued for each one.

1. Itqan Tahaluf Real Estate Fund	2. Itqan Joint Veture Fund
3. REIF 3	4. Health Alliance Fund
5. Itqan Real Estates Assets Fund(liquidated 30/04/2023)	6. Itqan Multi Asset Fund
7. Itqan Residential Fund	8. Saudi Equity Fund
9. Makkah Center Fund	10. Itqan Murabaha and Sukuk Fund
11. Masar Alzamil Fund	12. Alrmal Alnarjes Fund
13. Masharef Hills Fund	14. Madaen Village Fund
15. Medicare Fund (liquidated 30/06/2023)	

III.Observations On the Executed Transactions of the Company

The audit process consisted of reviewing the investments of the Company to ensure that the activities were in accordance with the Shari’a guidelines. The Company had one new investment during the year 2023 which was the Itqan Venture Capital Fund which was approved by the SC, and there were no observations on the activities of the previous existing investments. Based upon the above, we do not have any observations in this regard.



Appendix I

Assumptions

- > Our Shari'a Audit is based upon the assumption that:
- > All signatures and seals on all documents reviewed by us are genuine, all documents provided to us as certified copy or copy documents (whether provided in hard copy or electronically) are complete and conform to the originals approved by the Shari'a Committee, and all documents submitted to us as originals are genuine and complete and all translations are accurate translations of the original text thereof;
- > All documents examined by us are and remain up-to-date and effective and have not been amended or supplemented;
- > Neither The Company nor its division is carrying out activities that breach guidelines issued by the relevant central authority or other competent authority in the country;
- > The documents which we have examined and audited, and on which we base this report, are in the form in which the documents were executed;
- > Any translated document that we have reviewed is an accurate translation of the original text thereof;
- > Each statement of fact made to us by or on behalf of The Company or any of its employees or otherwise contained in the audited documents remains true, complete, and accurate in all material respects;