

BNY Mellon Saudi Financial Company  
Annual Board Report 2022

شركة بي ان واي ميلون السعودية المالية  
تقرير مجلس الإدارة 2022م

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## Overview

The BNY Mellon Saudi Financial Company (BNYM SFC) operating under Commercial Registration number 1010699547 Dated 23/08/1442H corresponding to 06/04/2021G, and Ministry of Investment license number 10211411296279 Dated 05/12/1441H corresponding to 26/07/2020G and Capital Market Authority license number 20211-04 Dated 19/01/1442H corresponding to 07/09/2020G (the "Company") is a single shareholder closed joined stock fully owned subsidiary of The BNY International Financing Corporation, which is owned by The Bank of New York Mellon (the "Institutional Bank"), a New York State chartered bank, with its Riyadh establishment office address at Alfaisaliah Tower, 18th Floor, King Fahad Road, P.O Box 99936, Riyadh 11625, KSA.

The Institutional Bank is 100% owned by the Bank of New York Mellon Corporation and is listed on the New York Stock Exchange.

The Company is regulated by the Saudi Capital Market Authority ("CMA"), licensed to conduct Custody services, which allows the Company to provide custody arranging services for its clients. The Company was awarded a commencement of business approval by the CMA in June 2021.

The Company's purpose is to deliver the group strategy and be an integral part of the Institutional Bank's business in EMEA. It aims to protect and grow the business within the company by enhancing the client experience and delivering a superior service to both internal and external clients through a diverse, talented and skilled workforce.

BNY Mellon Saudi Financial Company has commenced its business in June 2021, the Company strategy is summarized as follows:

- Targeting new opportunities considering market entry through
  - Developing local securities' custody model: via the local alliance with SNB Capital, and broadening the alliance to include various services and asset classes.

## المقدمة

شركة بي ان واي ميلون السعودية المالية، تعمل بسجل تجاري رقم 1010699547 بتاريخ 23/08/1442 هـ الموافق 2021/04/06م، وترخيص وزارة الاستثمار رقم 10211411296279 بتاريخ 05/12/1441 هـ الموافق 2020/07/26م وترخيص هيئة السوق المالية رقم 20211-04 بتاريخ 19/01/1442 هـ الموافق 2020/09/07م و 1442/01/19 هـ الموافق 2020/09/07م ("الشركة") هي شركة شخص واحد مساهمة مغلقة، مملوكة بالكامل لـ بي ان واي إنترناشونال فاينانسينج كوربوريشن، والمملوكة لـ بنك اوف نيويورك ميلون ("البنك المؤسسي")، البنك المعتمد في ولاية نيويورك، ومقرها في مدينة الرياض، برج الفيصلية، الدور الـ 18، طريق الملك فهد، ص.ب. 99936، الرياض 11625، المملكة العربية السعودية.

يملك بنك اوف نيويورك ميلون كوربوريشن البنك المؤسسي بنسبة 100% وهو مدرج في بورصة نيويورك.

تخضع الشركة لأنظمة هيئة السوق المالية ("الهيئة")، وهي مرخصة من قبل الهيئة للقيام بأعمال الحفظ في الأوراق المالية، مما يؤهلها للقيام بأعمال ترتيب خدمات الحفظ لعملائها. حصلت الشركة على اشعار الموافقة على بدء ممارسة العمل من قبل الهيئة في يونيو 2021م.

تهدف الشركة لتقديم استراتيجية المجموعة وأن تكون جزءاً لا يتجزأ من أعمال البنك المؤسسي في أوروبا والشرق الأوسط وشمال إفريقيا. تهدف إلى حماية وتنمية الأعمال داخل الشركة من خلال تعزيز تجربة العميل وتقديم خدمة متقدمة للعملاء الداخليين والخارجيين من خلال القوى العاملة المتنوعة، الموهوبة والماهرة.

بدأت شركة بي ان واي ميلون السعودية المالية ممارسة العمل في يونيو 2021م، وتلخص خطط الشركة الاستراتيجية بالآتي:  
○ استهداف الفرص الجديدة في ضوء دخول السوق السعودي من خلال:

- تطوير نموذج حفظ الاوراق الماليه المحلي: من خلال التحالف المحلي مع شركة الاهلي المالية وتوسيع التحالف ليشمل خدمات واصول مختلفة
- تطوير العلاقات مع العملاء المؤثرين: من خلال نقل المعرفة لتعزيز وضع البنك استراتيجياً في المملكة

مرخصة من قبل هيئة السوق المالية رقم 20211 - 04

- Developing influential client relationships: via knowledge transfer which enhances the bank's strategic position locally
- Building 'One BNY Mellon' model to deepen client relationship over various of products
- Technology Capabilities: enhance data solutions driving the Kingdom's growth.
- Scale and enhance global awareness of the Kingdom, as an investment destination in line with Vision 2030 to raise foreign direct investment.

There were no decisions related to structural change or business expansions, nor operations have been discontinued.

It is governed by the Board of Directors ("BoD").

The Company appointed the following individuals during 2022

#### **Khlood Aldukheil – Non-Executive Independent Director**

Khlood joined the Company in November 2022 and received the Capital Market Authority's approval on her registration as an Independent Director in December 2022. She has 25 years of Financial Advisory and Investment Banking Experience in the Kingdom of Saudi Arabia. Ms. Aldukheil has expertise in various areas including, business formations and restructurings, debt advisory and debt restructuring, risk management and regulatory compliance and investment banking activities including IPOs, Rights Issues, M&A and Private Placements. Ms. Aldukheil graduated from Georgetown University in International Finance, MBA in Finance from the American University and a CFA Charter holder from 2003.

#### **License**

The Company is regulated by the Saudi Capital Market Authority ("CMA"), licensed to conduct Custody services, which allows the Company to provide custody arranging services for its clients. The Company was awarded a commencement of business approval by the CMA in June 2021.

#### **Subsidiaries of the Company**

BNY Mellon Saudi Financial Companies has no subsidiaries.

- بناء نموذج 'One BNY Mellon' لتعميق العلاقات وتنوع المنتجات
- القدرات التقنية: تعزيز حلول البيانات لدفع عجلة النمو في المملكة
- رفع وتعزيز الوعي عالمياً عن المملكة كوجهة استثمارية تماشياً مع رؤية 2030 لرفع الاستثمار الاجنبي المباشر
- ولم تصدر أي قرارات تجاه تغييرات هيكلية أو توسع في الأعمال أو وقف عمليات.

تخضع الشركة لمجلس الإدارة ("المجلس")

قامت الشركة بالتعيينات التالية خلال سنة 2022م

#### **خلود الدخيل - عضو مستقل**

التحقت خلود بشركة بي ان واي ميلون السعودية في نوفمبر 2022م، وتمت موافقة هيئة السوق المالية على تسجيلها كعضو مجلس إدارة مستقل في ديسمبر 2022م. تمتلك خلود خبرة تمتد إلى 25 عاماً في الاستشارات المالية والخدمات المصرفية الاستثمارية. هي المؤسس والرئيس التنفيذي في شركة إرتقاء المالية. حصلت خلود على ماجستير في إدارة الأعمال المالية من الجامعة الأميركية في واشنطن، وبكالوريوس في العلوم المالية الدولية والتجارة من جامعة جورج تاون، وشهادة محلل مالي معتمد عام 2003 من معهد المحللين الماليين المعتمدين.

#### **التراخيص**

تخضع الشركة لأنظمة هيئة السوق المالية ("الهيئة")، وهي مرخصة من قبل الهيئة للقيام بأعمال الحفظ في الأوراق المالية، مما يؤهلها للقيام بأعمال ترتيب خدمات الحفظ لعملائها. حصلت الشركة على اشعار الموافقة على بدء ممارسة العمل من قبل الهيئة في يونيو 2021م.

#### **الشركات التابعة**

لا توجد أي شركات تابعة لشركة بي ان واي ميلون السعودية المالية.

## Financials

KPMG conducted an external audit of BNY Mellon Saudi Financial Company's 2022 operations. In the auditor's opinion, the accounts taken as a whole fairly present the position of the company in all material respects and comply with the requirements of Companies Law. No significant or material matters were raised. The auditor's report did not have any reservations on the annual financial statements. The company has reported amount of SAR 994 thousand as a net income for the year 2022. Please see appendix (G) for detailed audited financial statements.

## القوائم المالية

تم تدقيق عمليات شركة بي ان واي ميلون السعودية المالية لسنة 2022م من قبل شركة كي بي ام جي. في رأي المدقق عرضت الحسابات وضع الشركة بشكل عادل من جميع النواحي الجوهرية وتتوافق مع متطلبات نظام الشركات. لم يتم طرح أي مسائل جوهرية ولم يحتوي التقرير أي تحفظات تجاه القوائم المالية السنوية. سجلت الشركة 994 ألف ريال سعودي كصافي ربح عن سنة 2022م. المرفق (خ) يحتوي على القوائم المالية المدققة.

Item (Saudi Riyal)	2021	2022	البيان (بالريال السعودي)
Total Assets	70,478,402	72,664,935	الأصول
Liabilities	1,177,201	2,202,550	الخصوم
Equity	69,301,201	70,462,385	حقوق الملكية
Revenue	4,272,640	9,731,135	الإيرادات
Expenses	3,893,385	8,250,760	المصروفات
<b>Net Profit/Loss</b>	<b>301,201</b>	<b>993,610</b>	<b>صافي ربح/خسارة</b>

## Loans on the Company

BNY Mellon Saudi Financial Companies has no loans

## القروض على الشركة

لا توجد أي قروض على شركة بي ان واي ميلون السعودية المالية

## Company's Risks

The BNYM SFC Risk Management Framework has been developed to meet regulatory requirements and BNY Mellon's governance standards and extends across all its business, support and control units and recognizes fully the substance of its risk exposures.

## المخاطر التي تواجه الشركة

تم تطوير إطار عمل إدارة المخاطر بشركة بي ان واي ميلون السعودية المالية لتلبية المتطلبات التنظيمية ومعايير الحوكمة الخاصة بالشركة والممتدة عبر جميع وحدات الشركة والدعم والرقابة، وبالإدراك الكامل لجوهر المخاطر المعرضة لها الشركة.

BNY Mellon manages Risk through a cycle of activities designed to identify, assess, monitor and manage its risks and controls to continually reduce the likelihood of, and negative results from, operational failures.

تدير بي ان واي ميلون المخاطر من خلال دورة من الأنشطة المصممة لتحديد وتقييم ومراقبة وإدارة المخاطر والضوابط باستمرار، وذلك لتقليل من احتمالية الإخفاق التشغيلي ونتائجه السلبية.

The Bank of New York Mellon has adopted a 'Three Lines of Defence Model' as an effective way to enhance risk management by clarifying essential roles and responsibilities and embedding risk as a culture within the "Company".

- 1- First Line of Defence (1LOD) is the Business Line and Business Partner Groups other than Risk, Compliance and Internal Audit. The 1LOD creates and owns risk and is therefore accountable for the identification, understanding and management of current and emerging risk associated with its business, processes, services or function.
- 2- The Second Line of Defence (2LOD) is responsible for the independent oversight and challenge to the 1LOD identification, assessment and management of risk. The 2LOD is principally made up of 4 groups, including Corporate Operational Risk Management (CORM), Line of Business Risk (LOB Risk) where Business Risk and Business Operational Risk operate as distinct collaborative teams, Technology Risk Management and the Legal Entity Risk Office (LERO)
- 3- The Third Line of Defence (3LOD) consists of Internal Audit. The 3LOD is independent from both the 1LOD and 2LOD. Internal Audit supports senior management and the Board by effectively and independently overseeing the 1LOD and 2LOD, which improves the "Company" wide risk management.

BNYM SFC utilizes multiple assessments to capture and list all risk functions:

- 1- Risk Appetite Statement (RAS): outline and describe both the nature of, and the company tolerance for, the key risks that are inherent in our business.
- 2- Risk ID summarize the risk profile of the entity through material risk categories. This assessment plays an important role and represents the lens through which the entity identifies and assesses risk in order to monitor and manage the risk profile.

اعتمد بي ان واي ميلون "نموذج خطوط الدفاع الثلاثة" كطريقة فعالة لتعزيز إدارة المخاطر من خلال توضيح الأدوار والمسؤوليات الأساسية وترسيخ المخاطر كثقافة داخل "الشركة".

1- خط الدفاع الأول: وهو خط الشركة ومجموعات شركاء الأعمال بخلاف إدارات المخاطر والامتثال والرقابة الداخلية، حيث ينشئ خط الدفاع الأول المخاطر ويمتلكها، وبالتالي فهو مسؤول عن تحديد وفهم وإدارة المخاطر الحالية والناشئة المرتبطة بأعماله أو عملياته أو خدماته أو وظائفه.

2- خط الدفاع الثاني: وهو المسؤول عن الرقابة المستقلة وتحدي المخاطر المحددة والمقيمة والمدارة من قبل خط الدفاع الأول. يتألف خط الدفاع الثاني بشكل أساسي من 4 مجموعات، بما في ذلك، إدارة المخاطر التشغيلية للشركات ومخاطر الأعمال التجارية، حيث تعمل إدارتي مخاطر الأعمال التجارية والمخاطر التشغيلية التجارية كفرق متعاونة متميزة، وإدارة المخاطر التكنولوجية ومكتب مخاطر الكيان القانوني.

3- خط الدفاع الثالث: ويتألف من الرقابة الداخلية، وهو مستقل عن كلاً من خطي الدفاع الأول والثاني. تدعم الرقابة الداخلية الإدارة العليا ومجلس الإدارة من خلال الإشراف الفعال والمستقل على خطي الدفاع الأول والثاني، مما يعزز من إدارة المخاطر على نطاق "الشركة".

تستخدم الشركة عدة تقييمات لتعريف وإدراج جميع وظائف المخاطر:

- 1- بيان تقبل المخاطر: يحدد ويصف كل من طبيعة وقابلية تحمل الشركة للمخاطر الرئيسية المتأصلة في أعمالنا
- 2- يلخص التقييم عال المستوى ملف تعريف مخاطر الكيان من خلال فئات المخاطر الجوهرية، ويلعب هذا التقييم دوراً هاماً ويمثل العين التي يحدد من خلالها الكيان المخاطر ويقيمها من أجل مراقبة وإدارة ملف تعريف المخاطر.

## Strategic Risk

BNY Mellon defines the strategic risk as the risk arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the financial industry and operating environment. Strategic and/or Business risks may also arise from the acceptance of new businesses, the introduction or modification of products.

BNYM SFC is committed to executing on its strategic priorities to strengthen its presence in the country, grow profitable business by focusing on strategic relationships and solutions. Successful realization of our strategy requires that we provide expertise and continue to develop highly skilled and talented people. Successfully executing on key strategic initiatives is essential to managing strategic risk. The BNYM SFC Board will monitor the performance and profitability quarterly.

## Credit Risk

This risk is defined as the risk of direct loss due to an obligor's default as well as the risk of indirect losses that may arise from a default event

The local credit risk assumed in Saudi Arabia is with respect to the capital deposited with local bank to be above Baa1/BBB+ by S&P & Moody's.

BNYM SFCs credit exposures is limited to the placement of regulatory capital deposited in Saudi Arabia British Bank (SABB); their credit profile is monitored quarterly.

## Operational Risk

BNY Mellon defines the Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events (including legal risk but excluding strategic and reputation risk). This is covered via many categories:

The primary risk within BNY Mellon Saudi Financial Company is Operational Risk. As the entity does not book business, the key activities conducted relate

## المخاطر الإستراتيجية

يعرّف بي ان واي ميلون المخاطر الإستراتيجية على أنها المخاطر الناشئة عن القرارات السلبية للأعمال أو سوء تنفيذ قرارات العمل أو عدم الاستجابة للتغيرات في الصناعة المالية وبيئة التشغيل، كما قد تنشأ المخاطر الإستراتيجية و/ أو التجارية من قبول الأعمال الجديدة أو إدخال منتجات جديدة أو تعديلها.

تلتزم الشركة بتنفيذ أولوياتها الإستراتيجية لتعزيز وجودها في الدولة، وتنمية الأعمال المربحة من خلال التركيز على العلاقات والحلول الإستراتيجية. ويتطلب التحقيق الناجح لإستراتيجيتنا أن نقدم الخبرة ونستمر في تطوير الأشخاص ذوي المهارات العالية والموهوبين. هذا ويعد التنفيذ الناجح للمبادرات الإستراتيجية الرئيسية أمرًا ضروريًا لإدارة المخاطر الإستراتيجية، مع مراقبة مجلس الإدارة للأداء والربحية بصفة ربع سنوية.

## المخاطر الائتمانية

تعرف المخاطر الائتمانية على أنها مخاطر الخسارة المباشرة بسبب تعسر المدين، بالإضافة إلى مخاطر الخسائر غير المباشرة التي قد تنشأ من حدث التعسر.

وتُقدر المخاطر الائتمانية المحلية المقبولة في المملكة العربية السعودية والمتعلقة برأس المال المودع لدى مصرفًا محليًا بتقييم Baa1/BBB+ من قبل ستاندرد آند بورز وموديز.

يقتصر التعرض الائتماني للشركة على توظيف رأس المال التنظيمي المودع في البنك السعودي البريطاني (ساب)، علمًا أنه يتم متابعة الملف الائتماني للبنك السعودي البريطاني بصفة ربع سنوية.

## المخاطر التشغيلية

تعرف الشركة المخاطر التشغيلية على أنها مخاطر الخسارة الناتجة عن عدم ملائمة أو إخفاق العمليات الداخلية والأفراد والأنظمة أو من الأحداث الخارجية (بما في ذلك، المخاطر القانونية، مع استثناء المخاطر الإستراتيجية ومخاطر السمعة). وقد تم تغطية المخاطر التشغيلية من خلال العديد من الفئات:

تتمثل مخاطر الشركة الرئيسية في المخاطر التشغيلية، نظرًا لأن الكيان لا يقوم بأي نشاط تجاري للعملاء، فإن الأنشطة

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to: relationship management, sales and marketing, client onboarding (KYC and AML) and the administrative operation of the office. Therefore, the material Operational Risks to the Saudi entity relate to:

### Third Party Risk

Failure to adequately identify and properly manage the risk associated with external third parties and inter-affiliates (including subcontracted services)

BNYM SFC is comfortable engaging in third party outsourcing, on the premise that all activities outsourced to third party providers are subject to appropriate upfront due diligence, risk and criticality assessment, governance body approval and on-going oversight. Additional monitoring processes will be embedded for services and vendors that are deemed critical.

### People Risk

The Risk of insufficient resource capacity, capability and/or improper supervision by managers.

Due to the regulatory requirements in Saudi, the talent/resource landscape and operating model of the Saudi entity (limited number of headcounts locally), people risk will always be relevant.

### Legal Risk

BNY Mellon defines this risk of inadequate legal advice, inadequate contractual arrangements, failing to take appropriate legal measures to protect rights or a change in laws or regulations.

BNY Mellon SFC will only sign Terms of Business that will refer the business to one of BNY Mellon's global affiliates. That said, the Terms of business was awarded by a local legal firm to clarify role of BNYM SFC.

الرئيسية المجراة من قبل الشركة هي: إدارة العلاقات والمبيعات والتسويق وإضافة العملاء (اعرف عميلك ومكافحة غسل الأموال) والعمليات الإدارية للمكتب. وعليه، تتعلق المخاطر التشغيلية الجوهرية التي يتعرض لها الكيان السعودي بما يلي:

### مخاطر الطرف الثالث:

الإخفاق في تحديد وإدارة المخاطر المرتبطة بالأطراف الثالثة الخارجية والشركات التابعة بشكل مناسب (بما في ذلك، الخدمات المتعاقد عليها من الباطن).

لا تمنع الشركة في العمل مع/ الاستعانة بمصادر خارجية، على أساس إجراء العناية الواجبة المناسبة وتقييم المخاطر وتقدير الحالة الحرجة مسبقاً، وموافقة الجهاز الإداري والرقابة المستمرة لجميع الأنشطة التي يتم الاستعانة فيها بمصادر خارجية، على أن يتم إدراج/ تضمين عمليات رقابية إضافية للخدمات والموردين الذين يعدون حرجين.

### المخاطر المتصلة بالعامل البشري

خطر عدم كفاية الموارد والإمكانات و/ أو الإشراف غير المناسب من قبل المديرين.

نظراً للمتطلبات التنظيمية في السعودية ووضع المواهب/ الموارد والنموذج التشغيلي للكيان السعودي (عدد محدود من الموظفين محلياً)، دائماً ما ستكون المخاطر المتصلة بالعامل البشري ذات أهمية.

### المخاطر القانونية

تعرف الشركة المخاطر القانونية بالمخاطر المتمثلة في المشورات القانونية غير الملائمة والترتيبات التعاقدية غير الملائمة وعدم اتخاذ التدابير القانونية المناسبة لحماية الحقوق أو تغيير القوانين أو اللوائح.

لا توقع بي ان واي ميلون السعودية المالية على شروط تقديم الخدمة إلا على تلك التي تحيل تقديم الخدمات إلى إحدى الشركات العالمية التابعة للكيان المذكور أعلاه. ومع ذلك، فقد تم صياغة اتفاقيات العمل من قبل شركة قانونية محلية لتوضيح دور الكيان المذكور أعلاه.



## Regulatory Risk

BNY Mellon defines it as to fail or inability to comply fully with regulations or codes applicable specifically to the financial services industry.

BNY Mellon Saudi Financial Company need to be in line with all government regulations assigned by all relevant government bodies. The entity added multiple control points by hiring third party to provide government/ public relationship who will be responsible to renewing the entity's license. In addition, the Operations manual gets updated by the Company to capture all international processes i.e. frequency of reports, how to submit monthly payments/ invoices, etc. and update the global procedures with BNYM SFC KYC/ AML, Chaperon and Fly in/ out business regulation. In addition, keep other line of business updated with any new CMA circulars i.e. Data privacy, Cyber Security etc. The local Compliance Manual has captured all relevant provisions to adhere to any applicable local requirements imposed by all regulators.

## Technology and Information Security Risk

BNY Mellon defines it as the failure to manage the confidentiality, integrity, and availability of technology and information resources (consisting of computers, infrastructure, networks, data stores or files, and the application systems used to process information).

BNYM SFC has low risk appetite regarding cybersecurity, technology governance and data management. However, the BNYM Group Cybersecurity and data incidents are particular areas of focus for technology and information security risk and are also part of the BNYM Group's overall resiliency strategy.

## Execution, maintenance and reporting process risk

## المخاطر التنظيمية

تعرف الشركة المخاطر التنظيمية بالإخفاق أو عدم القدرة على الامتثال الكامل للوائح أو القوانين المطبقة تحديداً على صناعة الخدمات المالية.

يتعين أن يكون الكيان السعودي متوافقاً مع جميع اللوائح الحكومية المحددة من قبل جميع الهيئات الحكومية ذات الصلة. هذا وقد أضاف الكيان نقاط تحكم متعددة من خلال تعيين طرفاً ثالثاً لتوفير علاقة حكومية/ عامة، حيث يكون مسؤولاً عن تجديد ترخيص الكيان. بالإضافة إلى ذلك، يتم تحديث دليل العمليات من قبل الشركة لتسجيل جميع العمليات الدولية، مثل معدل إصدار التقارير وكيفية أداء المدفوعات/ الفواتير الشهرية، وما إلى ذلك، وكذلك تحديث الإجراءات العالمية بلوائح بي ان واي ميلون السعودية المالية الخاصة بإجراءات اعرف عميلك ومكافحة غسل الأموال و المرافقة وإجراءات العاملين المنقولين عبر الحدود (بدون مقر ثابت)، علاوة على إطلاع مجالات العمل الأخرى على المستجدات بشكل دائم بأي تعميمات جديدة لهيئة السوق المالية، أي خصوصية البيانات والأمن السيبراني وما إلى ذلك. وقد جمع دليل الامتثال المحلي جميع الأحكام ذات الصلة للالتزام بأي متطلبات محلية سارية والمفروضة من قبل جميع الجهات التنظيمية.

## مخاطر التكنولوجيا وأمن المعلومات

تعرف الشركة مخاطر التكنولوجيا وأمن المعلومات بأنها الإخفاق في إدارة سرية وسلامة وتوافر التكنولوجيا وموارد المعلومات (وتتألف من أجهزة الحاسوب والبنية التحتية والشبكات ومخازن البيانات أو الملفات وأنظمة التطبيقات المستخدمة في معالجة المعلومات).

يعد تقبل الشركة للمخاطر المتعلقة بالأمن السيبراني وحوكمة التكنولوجيا وإدارة البيانات منخفضاً. ومع ذلك، فإن الأمن السيبراني لمجموعة بي ان واي ميلون وحوادث البيانات هي مجالات تركيز خاصة لمخاطر التكنولوجيا وأمن المعلومات وهي أيضاً جزء من استراتيجية المرونة الشاملة للمجموعة.

## مخاطر التنفيذ والاستمرارية و تقارير العمليات

At a group level, It's failure to design, execute or maintain processes and meet reporting requirements in an accurate, timely or complete manner.

The Saudi entity will have limited activities locally in regarding to client's business booking. As the Saudi entity will not be a booking centre, the risks applicable to the Saudi entity mainly related to records retention, maintenance and upkeep of business plan and operating model, implementation and execution of business continuity plan, financial reporting, onboarding and off boarding of clients and complete regulatory reporting on time. However, we have a robust Risk Governance Framework (SFC Risk Framework) in place, that comprises of 1st LoD controls with oversight from 2nd LoD, Audit and Risk Committee and SFC Board.

### Fraud Risk

It's the Risk of unauthorized activity by employees or external parties to profit or to cause a loss to others

There is no risk associated as we don't book any client business locally. With regards to managing the companies accounts, authorities; due to small number of employees, extra measures have been added locally to prevent any fraud event.

### Board Members & Meetings

The Company's BoD is composed of six members, including independent members. Independent members are compensated for their services as members of the board.

The Board approved the resignation of Dr. Abdullah Hassan AlAbdulqader from his position as Independent Director, in addition to his position as Audit and Risk Committee Member, and Chairman of Nomination and Remuneration Committee, Due to his appointment as a Board Member in the Saudi Central Bank (SAMA).

The Board have also approved appointing Mrs. Khlood Abdulaziz Mohammed Aldukheil, for the following positions: Independent Director, Audit and Risk Committee Member, and Chair of Nomination and Remuneration Committee

وهي مخاطر الإخفاق في تصميم العمليات أو تنفيذها أو الحفاظ على استمراريته وتلبية متطلبات إعداد التقارير بطريقة دقيقة أو كاملة وفي الوقت المناسب، وذلك على مستوى المجموعة.

سيكون للكيان السعودي أنشطة محدودة محليًا فيما يتعلق بالقيام بالأنشطة التجارية للعملاء، حيث أن الكيان السعودي لن يقوم بتسجيل اصول العملاء محليًا، وبالتالي فإن المخاطر المطبقة على الكيان السعودي تتعلق بشكل أساسي بالاحتفاظ بالسجلات وتنفيذ واستمرارية خطة العمل ونموذج التشغيل وتنفيذ خطة استمرارية الأعمال وإعداد التقارير المالية وضم العملاء الجدد وإغلاق الحسابات، وإنجاز عمليات الإبلاغ التنظيمي الكامل في الوقت المحدد. ومع ذلك، فنحن لدينا إطار عمل قوي لإدارة المخاطر (إطار عمل الكيان السعودي)، ويتألف من رقابة خط الدفاع الأول مع إشراف خط الدفاع الثاني ولجنة المراجعة والمخاطر ومجلس إدارة الكيان السعودي)

### مخاطر الاحتيال

وهي مخاطر النشاط غير المصرح به من قبل الموظفين أو الأطراف الخارجية لتحقيق الربح أو التسبب في خسارة للآخرين.

لا توجد مخاطر مرتبطة بذلك، حيث أننا لا نقوم بحجز أي نشاط تجاري للعملاء محليًا. أما فيما يتعلق بإدارة حسابات الشركات والهيئات، فقد تم اتخاذ إجراءات إضافية محليًا لمنع أي حدث احتيالي، نظرًا لقلّة عدد الموظفين.

### أعضاء مجلس الإدارة واجتماعات المجلس

يتكون مجلس إدارة الشركة من ستة أعضاء، بما فيهم أعضاء مستقلين. يستلم الأعضاء المستقلين مبلغ مقابل خدمتهم كأعضاء في المجلس.

قرر مجلس الإدارة الموافقة على استقالة الدكتور عبدالله بن حسن العبدالقادر من منصبه كعضو مجلس إدارة مستقل، إضافة إلى منصبه كعضو في لجنة المراجعة والمخاطر، ورئيس لجنة الترشيحات والمكافآت بسبب تعيينه كعضو مجلس إدارة لدى البنك المركزي السعودي (ساما).

كما تمت الموافقة من قبل المجلس على تعيين الأستاذة/ خلود بنت عبدالعزيز بن محمد الدخيل بأن تشغل المناصب التالية: عضو مجلس إدارة مستقل، عضو في لجنة المراجعة والمخاطر ورئيس لجنة الترشيحات والمكافآت

There was a total of four board meetings held in the 2022 fiscal year. Details of the Board Members, their classification, together with their attendance of the Board Meetings is listed at Appendix (A).

As a matter of BNY Mellon's ("BNYM") global policy, BNYM employees serving on BNYM boards do not receive additional remuneration for their role as a director.

Details of the remuneration and compensation paid to the Board of Directors and the most senior executives who have received the highest remunerations and compensations (in addition to the Chief Executive Officer and Chief Financial Officer) are included at Appendix 3.

## Board Member Interests

Details of Board member's appointments as a board member in other companies inside and outside the Kingdom of Saudi Arabia are listed in Appendix (B).

Neither the board members, senior executives nor relatives thereof have any interest, contractual securities or subscription rights in the shares or debt instruments of the Company or its affiliates thereof.

Also, neither the board of directors nor any senior executives or any person related to them had any interest in any business or contracts to which the Company was a party of in the financial year ending 31 December 2022.

## Board Member Committees

The Company has two committees due to its size and nature of business.

- 1- Audit and Risk Committee
- 2- Nomination and Remuneration Committee

### 1- Audit and Risk Committee

Members	Name
Non-Executive Director (Chair)	Hani Kablawi
Non-Executive Director - Vice Chair	Senthil Kumar
Independent Director	Khlood Aldukheil

اجتمع المجلس أربع مرات خلال سنة 2022م. تفاصيل تشكيل المجلس، وتصنيف أعضائه، إضافة لجدول حضور الاجتماعات مدرجة في المرفق (أ).

بناء على سياسة بي ان واي ميلون ("بي ان واي ام") العالمية، لا يتم دفع مكافآت إضافية لموظفي بي ان واي ام الذين يخدمون كأعضاء لمجالس إدارة في أي من شركات بي ان واي ام.

تفاصيل التعويضات والمكافآت المدفوعة لأعضاء مجلس الإدارة وكبار التنفيذيين من ضمنهم الرئيس التنفيذي والرئيس التنفيذي للمالية المذكورة في المرفق 3.

## مصالح أعضاء مجلس الإدارة

تفاصيل أسماء الشركات داخل المملكة وخارجها التي عينت أعضاء من مجلس إدارة الشركة في مجالس إدارتها مدرجة في المرفق (ب).

ليس لمجلس الإدارة، كبار التنفيذيين أو الأقارب أي مصلحة، أوراق مالية تعاقدية أو حقوق اكتتاب في أسهم أو أدوات دين في الشركة أو الشركات التابعة بها.

كما ليس لمجلس الإدارة، كبار التنفيذيين أو الأقارب أي مصلحة تجاه الأعمال أو عقود تكون الشركة جزء منها خلال السنة المالية المنتهية في 31 ديسمبر 2022م.

## اللجان التابعة لمجلس الإدارة

لدى الشركة لجنتين نظرا لحجم وطبيعة عملها.

- 1- لجنة المراجعة والمخاطر
- 2- لجنة الترشيحات والمكافآت

### 1- لجنة المراجعة والمخاطر

الاسم	الصفة
هاني قبلاوي	عضو غير تنفيذي (رئيس اللجنة)
سينثيل كومار	عضو غير تنفيذي (نائب رئيس اللجنة)
خلود الدخيل	عضو مستقل

The responsibilities of the Audit and Risk Committee includes but not limited to:

#### Internal Controls:

- Monitoring the integrity of the financial statements and reviewing significant financial reporting judgements contained therein;
- Reviewing the Company's procedures for detecting fraud and whistleblowing, and ensuring arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matter;
- Discussing policies with respect to the assessment and management of risk, including "conduct" risk, as well as the Company's major financial risk exposures and the steps management has undertaken to control them;
- Understanding the scope of the internal and independent auditor's review of internal control over financial reporting and obtaining reports on significant findings and recommendations, together with management responses;
- Reviewing, with management, the Company's Finance Function, including its budget, organization and quality of personnel.

#### Statutory Audit:

- Report on aspects of the statutory audit to the Board;
- Responsible for the procedure for the selection of statutory auditor;
- Holding timely discussions with the statutory auditors regarding critical accounting policies and practices;
- Reviewing the report of the statutory auditor on key matters arising from the statutory audit of the annual accounts, and in particular on material weaknesses in internal control in relation to the financial reporting process;
- Reviewing and confirming the statutory auditor's annual audit plan. The Committee shall discuss with the statutory auditor the overall scope and plans for its audit, including the adequacy of staffing;
- Reviewing the content of the statutory auditor's management letter in order to assess whether it is based on a good understanding of the Company's business, and monitoring the

تشمل مسؤوليات لجنة المراجعة والمخاطر – ليس على سبيل الحصر:

#### الرقابة الداخلية:

- مراقبة سلامة البيانات المالية ومراجعة أحكام التقارير المالية الهامة الواردة فيها.
- مراجعة إجراءات الشركة لاكتشاف الاحتيال والإبلاغ عن المخالفات وضمان وجود الترتيبات التي يمكن للموظفين من خلالها الإبلاغ، بثقة/ دون قلق، عن مخاوفهم بشأن المخالفات المحتملة في مسائل التقارير المالية والرقابة المالية أو أي مسألة أخرى.
- مناقشة السياسات المتعلقة بتقييم وإدارة المخاطر، بما في ذلك مخاطر "السلوك"، بالإضافة إلى المخاطر المالية الرئيسية المعرضة لها الشركة والخطوات المتخذة من قبل الإدارة للسيطرة عليها.
- فهم نطاق تدقيق المراجع الداخلي والمستقل للرقابة الداخلية على التقارير المالية والحصول على تقارير حول النتائج والتوصيات الهامة، جنباً إلى جنب مع ردود الإدارة.
- مراجعة العمليات المالية للشركة مع الإدارة، بما في ذلك ميزانيتها وتنظيمها ونوعية كفاءة الموظفين.

#### المراجعة الخارجية

- الإبلاغ عن جوانب التدقيق القانوني إلى مجلس الإدارة.
- مسؤولية عن إجراءات اختيار المراجع الخارجي.
- عقد مناقشات مع المراجعين الخارجيين فيما يتعلق بالسياسات والممارسات المحاسبية الهامة، في التوقيعات المناسبة.
- مراجعة تقرير المراجع الخارجي حول الأمور الرئيسية الناشئة عن التدقيق القانوني للحسابات السنوية، وعلى الأخص فيما يتعلق بنقاط الضعف الجوهرية في الرقابة الداخلية فيما يتعلق بعملية إعداد التقارير المالية.
- مراجعة والمصادقة على خطة التدقيق السنوية للمراجع الخارجي، على أن تناقش اللجنة النطاق العام وخطط التدقيق مع المراجع الخارجي، بما في ذلك كفاية الموظفين.
- مراجعة محتوى خطاب المراجع الخارجي إلى الإدارة، بغرض تقييم ما إذا كان يستند إلى فهم جيد لأعمال

- responsiveness of management to the recommendations made (or the reasons why they have not been acted upon);
- Reviewing and monitoring the statutory auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements in the Kingdom of Saudi Arabia;
  - Reviewing, approving, and recommending for approval to the Board the BNY Mellon Saudi Financial Company Audit and Permitted Non-Audit Services Pre-Approval Policy;

- الشركة ومراقبة استجابة الإدارة للتوصيات المقدمة (أو أسباب عدم اتخاذ إجراء بشأنها).
- مراجعة ومراقبة استقلالية المراجع الخارجي وموضوعيته وفعالية عملية المراجعة، مع الأخذ في الاعتبار المتطلبات المهنية والتنظيمية ذات الصلة في المملكة العربية السعودية.
  - مراجعة واعتماد والتوصية بالموافقة لمجلس الإدارة لعملية مراجعة الكيان السعودي (بي ان واي ميلون السعودية المالية) والخدمات غير المتعلقة بالتدقيق وسياسة الاعتماد المسبق.

#### Internal Audit:

#### المراجعة الداخلية:

- Reviewing significant issues identified by internal auditors and monitoring the follow up and management's responsiveness to such issues;
- Approving Internal Audit plans and material changes to any plan. Each plan should have the flexibility to deal with unplanned events to allow Internal Audit to deal with emerging risks;
- Monitoring and reviewing the effectiveness of the Company's Internal Audit Function, including regular assessment of skills required to conduct the work needed;
- Reviewing the results of Internal Audit Quality Assessment at least annually, and obtaining an independent and objective external assessment at appropriate intervals;
- Periodically reviewing, with the Internal Audit director, any significant difficulties, disagreement with management, or scope restrictions encountered in the course of the function's work.

- مراجعة المسائل الهامة المحددة من قبل المراجعين الداخليين ومراقبة متابعة واستجابة الإدارة لهذه المسائل.
- اعتماد خطط المراجعة الداخلية والتغييرات الجوهرية على أي خطة، على أن تتمتع كل خطة بالمرونة للتعامل مع الأحداث غير المخطط لها للسماح للتدقيق الداخلي بالتعامل مع المخاطر الناشئة.
- مراقبة ومراجعة فعالية وظيفة المراجعة الداخلية للشركة، بما في ذلك التقييم المنتظم للمهارات المطلوبة لأداء العمل المطلوب.
- مراجعة نتائج تقييم جودة المراجعة الداخلية سنويًا على الأقل، والحصول على تقييم خارجي مستقل وموضوعي على فترات مناسبة.
- المراجعة الدورية، مع مدير إدارة المراجعة الداخلية، لأي صعوبات كبيرة أو خلاف مع الإدارة أو قيود على النطاق، التي تمت مواجهتها في سياق أداء المهام الوظيفية.

#### Compliance:

#### الامتثال:

- Reviewing the effectiveness of the Compliance function in respect of its monitoring program for the Company;
- Reviewing significant issues identified by the Compliance function, and monitoring management's responsiveness to such issues;
- Approving Compliance Monitoring Plans and any material changes to plans.

- مراجعة فعالية وظيفة الامتثال تجاه برنامج المراقبة للشركة
- مراجعة المسائل الهامة التي حددتها وظيفة الامتثال، ومراقبة استجابة الإدارة للمسائل المذكورة.
- اعتماد خطط مراقبة الامتثال وأي تغييرات جوهرية على الخطط.

## Risk:

- Setting and reviewing risk appetite and recommending it for approval by the Board.
- Reviewing the quality and effectiveness of the Company's risk management framework;
- Reviewing the Company's risk exposures (including operational, liquidity, fiduciary, compliance, legal, strategic, group risks) and making recommendations to the Board where further actions are required;
- Making recommendations to the Board for the approval of risk policies, code of conduct and procedures for managing conflicts of interests;
- Reviewing the effectiveness of the Risk function;
- Reviewing the results of all significant regulatory examination reports, if any and Executive Management's responses thereto. Consideration to be given to potential significant legal, risk or regulatory sanctions;
- Escalating material risks, issues and/or trends requiring attention to the Board.
- To review the risk aspects of the following:

- The capital impacts and risk exposure of the change initiatives (including strategic projects, non-standard business acceptance decisions, materially modified products and potential off-boarding of non-systemically significant products of the Company);
- Significant legal changes;
- Significant litigation and investigations in relation to the Company;
- Significant regulatory changes

## Capital and Liquidity:

- Advising the Board on the capital adequacy position of the Company, including reviewing, challenging, and if deemed appropriate, recommending for approval to the Board, certain key items related to capital, and liquidity.

## Recovery and Resolution:

- Reviewing the recovery and resolution plans as applicable to the Company;

While not a responsibility of the Committee itself, each member is also responsible individually and must be alert to the potential for conflicts of interest

## المخاطر:

- تحديد و مراجعة مقدار تقبل المخاطر وتوصيتها للموافقة من قبل المجلس
- مراجعة جودة وفعالية إطار عمل إدارة المخاطر للشركة
- مراجعة مخاطر الشركة وتشمل (العمليات، السيولة، القانونية، الالتزام، الاتسراتيجية، مخاطر المجموعة) وعمل التوصيات لاتخاذ الاجراءات من قبل المجلس
- عمل التوصيات للمجلس للموافقة على السياسات و الاجراءات المرتبطة بالمخاطر وتضارب المصالح
- مراجعة فعالية إدارة المخاطر
- مراجعة نتائج التقارير التفتيشية من قبل الجهة الاشرافية إن وجدت وردود الإدارة التنفيذية. والنظر في المخاطر القانونية المحتملة أو العقوبات التنظيمية
- تصعيد المخاطر المادية، المشكلات أو/و الاتجاهات التي تطلب اهتمام المجلس
- مراجعة جوانب المخاطر للتالي:

- تأثيرات رأس المال والتعرض للمخاطر لمبادرات التغيير (بما في ذلك مشاريع استراتيجية، قبول أعمال غير تقليدية، التعديلات الجوهرية للمنتجات وإمكانية الغاء المنتجات الهامة الغير المنتظمة للشركة)
- التغييرات القانونية الجوهرية
- الدعاوى والتحقيقات المرتبطة بالشركة
- التغييرات التنظيمية الجوهرية

## رأس المال والسيولة

- تقديم المشورة للمجلس تجاه كفاية رأس مال الشركة، إضافة الى مراجعة وتقديم التوصيات فيما يخص السيولة ورأس المال.

## خطط الحل والاستعادة

- مراجعة خطط الحل والاستعادة، بما ينطبق على الشركة؛

في حين أن ذلك ليس من مسؤولية اللجنة، فإن كل عضو من أعضاء اللجنة مسؤول بشكل فردي ويتعين عليه أن يكون حذرًا لاحتمال حدوث تضارب في المصالح أثناء أداء أنشطة اللجنة. ويتعين إخطار رئيس اللجنة حال حدوث أي تضارب في المصالح، وعلى الأعضاء

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to arise during the course of the Committee's activities. Any such conflicts should be notified to the Chair and impacted members should act in accordance with Corporate Policy in such instances. In some cases, individual members may be required to recuse themselves from the relevant part of the meeting in order to avoid and mitigate any conflicts of interest identified.

المتأثرين التصرف وفقاً لسياسات الشركة، وفي بعض الحالات، قد يطلب من الأعضاء التنحي من الجزء ذي الصلة خلال الاجتماع من أجل تجنب والحد من تضارب المصالح.

## 2- Nomination and Remuneration Committee

## 2- لجنة الترشيحات والمكافآت

Members	Name
Independent Director (Chair)	Khlood Aldukheil
Non-Executive Director (Vice Chair)	Hani Kablawi
Independent Director	Abdullah Alsuwailmy

الاسم	الصفة
خلود الدخيل	عضو مستقل (رئيس اللجنة)
هاني قبلاوي	عضو غير تنفيذي (نائب رئيس اللجنة)
عبدالله السويلمي	عضو مستقل

The responsibilities of the Nomination and Remuneration Committee includes but not limited to:

تشمل مسؤوليات لجنة الترشيحات والمكافآت – على سبيل المثال وليس الحصر:

- Approving prepared policy for membership of the Board and the Executive Management;
- annually reviewing the skills and expertise required of the Board members and the Executive Management;
- annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- Approving prepared policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;
- clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy;
- periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- providing recommendations to the Board in respect of the remunerations of its members, the committees members and Senior Executives, in accordance with the approved policy.

- اعتماد السياسة المعدة لعضوية مجلس الإدارة والإدارة التنفيذية.
- المراجعة السنوية للمهارات والخبرات المطلوبة من أعضاء مجلس الإدارة والإدارة التنفيذية.
- ضمان استقلالية أعضاء مجلس الإدارة المستقلين وعدم وجود أي تضارب في المصالح في حال كان عضو مجلس الإدارة يعمل أيضاً كعضو في مجلس إدارة شركة أخرى، وذلك بصفة سنوية.
- اعتماد السياسة المعدة لأجور أعضاء مجلس الإدارة ولجانته والإدارة التنفيذية، وعرض هذه السياسة على مجلس الإدارة تمهيداً لاعتمادها بالجمعية العمومية، على أن تتبع هذه السياسة المعايير المرتبطة بالأداء، والإفصاح وضمن تطبيق هذه السياسة.
- توضيح العلاقة بين الأجور المدفوعة والسياسة المتبعة للأجور، وإبراز أي انحراف جوهري عن هذه السياسة.
- إجراء مراجعة دورية لسياسة الأجور وتقييم مدى فعاليتها في تحقيق أهدافها.
- تقديم التوصيات إلى مجلس الإدارة فيما يتعلق بمكافآت أعضائه وأعضاء اللجان وكبار التنفيذيين، وفقاً للسياسة المعتمدة.

While not a responsibility of the Committee itself, each member is also responsible individually and must be alert to the potential for conflicts of interest to arise during the course of the Committee's activities. Any such conflicts should be notified to the Chair and impacted members should act in accordance with Corporate Policy in such instances. In some cases, individual members may be required to recuse themselves from the relevant part of the meeting in order to avoid and mitigate any conflicts of interest identified.

Committee meetings attendance record is stipulated in appendix (D).

## Violations

No violations were imposed by the CMA or any other regulatory body during 2022.

## Company's Securities

No Securities were issued by the Company. And no interest, contractual securities and rights issue belonging to the members of the board of directors of the Company, or the senior executives and their relatives in the shares or debt instruments of the Company or any of its affiliates

## Transactions between the Company and related parties

No transactions between the Company and any related party were conducted during 2022.

## Company Business & Contracts

No Business nor related company contracts have been conducted during 2022.

## Internal Audit Reviews

No Audits were conducted in 2022 as BNYM's Internal Audit completed an audit on the Company using Agile Auditing principles in 2021. Overall, the internal control environment is rated as Satisfactory but Needs Improvement. Noting that the Company had successfully closed all internal audit observations by June 2022.

في حين أنه ليس من مسؤولية اللجنة، فإن كل عضو من أعضاء اللجنة مسؤول أيضا بشكل فردي ويجب التيقظ لاحتمال حدوث تضارب في المصالح أثناء أنشطة اللجنة. يجب إخطار الرئيس حال حدوث أي حالة وعلى الأعضاء المتأثرين التصرف وفقا لسياسات الشركة. في بعض الحالات، قد يطلب من الأعضاء تنحي أنفسهم من الجزء ذي الصلة خلال الاجتماع من أجل تجنب والتغلب على تضارب المصالح

جدول حضور اجتماعات اللجان المذكورة في الملحق (ث)

## المخالفات

لا توجد أي مخالفات مفروضة على الشركة من قبل الهيئة أو الجهة التنظيمية خلال 2022.

## الأوراق المالية الخاصة بالشركة

لا توجد أي أوراق مالية مصدرة من قبل الشركة. ولا توجد أي مصلحة وأوراق مالية تعاقدية وحقوق اكتتاب تعود لأعضاء مجلس إدارة الشركة وكبار التنفيذيين وأقربائهم في أسهم أو أدوات دين الشركة أو أي من شركاتها التابعة

## صفقات أبرمت بين الشركة والأشخاص ذو صلة

لا توجد أي صفقات أبرمت بين الشركة وأي من الأشخاص ذو صلة خلال 2022م

## أعمال و عقود مرتبطة بالشركة

لا توجد أي أعمال أو عقود مرتبطة بالشركة أبرمت خلال 2022م

## تقرير المراجع الداخلي

لم ينفذ قسم المراجعة الداخلية في بي ان واي ميلون أي تدقيق على الشركة في 2022م، حيث أنهى القسم تدقيقاً على الشركة في 2021م باستخدام مبادئ التدقيق المرنة، وقد صنفت بيئة الرقابة الداخلية على أنها مرضية بشكل عام ولكنها بحاجة إلى تحسين. مع العلم بأنه تم إقفال جميع الملاحظات المذكورة من قبل المراجعة الداخلية في يونيو 2022م.





Abdullah Alsuweilmy  
Chairman, BNY Mellon Saudi Financial Company

عبدالله السويلمي  
رئيس مجلس إدارة شركة بي ان واي ميلون السعودية المالية

Mona Alhussain  
Chief Executive Officer



منى الحسين  
الرئيس التنفيذي

Rasheed Alrasheed  
Chief Finance Officer



رشيد الرشيد  
الرئيس التنفيذي للمالية

## Appendices

### A) Board Members Membership in Other Companies

Name	Organization	Position	Country
Abdullah Alsuweilmy	DirectFN	Chairman of the Board	KSA
	Saudi Payments	Board member	KSA
	Muscat Stock Exchange	Board member	Oman
	Instinctif Partners	Strategic Advisor	UK
	KABI Technologies	Board member	KSA

Name	Organization	Position	Country
Hani Kablawi	BNY Mellon (International) Limited	Director and Chairman	UK
	BNY Mellon SA/NV	Director	Belgium
	BNY Mellon London Branch	Head of Branch Management Committee	UK
	Arab Bankers Association	Non-Executive Director	UK
	OMFIF Advisory Council	Deputy Chairman	UK
	Breaking Barriers	Board of Trustees	UK

Name	Organization	Position	Country
Senthil Kumar	BNY Mellon SA/NV	Non-executive Director	Belgium
	BNY Mellon Government Securities Services Corp.	Non-executive Director	USA

Name	Organization	Position	Country
Khlood Aldukheil	Arabian Drilling Company	Director	KSA
	Ta'ameed Fintech	Board Member	KSA
	Erteqa Financial Company	CEO	KSA
	Riyadh Chamber of Commerce	Board Member, Member of the Investment Committee, Chair of the Financial Sector Committee and	KSA

الاسم	الشركة	المنصب	البلد
عبدالله السويلمي	دايركت إف إن	رئيس مجلس الإدارة	المملكة العربية السعودية
	المدفوعات السعودية	عضو مجلس إدارة	المملكة العربية السعودية
	بورصة مسقط	عضو مجلس إدارة	عمان
	انستيتيف بارتنرز	مستشار استراتيجي	المملكة المتحدة
	كابي للتقنيات	عضو مجلس إدارة	المملكة العربية السعودية

الاسم	الشركة	المنصب	البلد
هانى قبلواي	بي ان واي ميلون (انترناشيونال) ليميتد	عضو ورئيس مجلس إدارة	المملكة المتحدة
	بي ان واي ميلون SA/NV	عضو	بلجيكا
	بي ان واي ميلون فرع لندن	رئيس لجنة الإدارة	المملكة المتحدة
	جمعية المصرفيين العرب	عضو غير تنفيذي	المملكة المتحدة
	المنتدى الرسمي للمؤسسات المالية والنقدية	نائب رئيس المجلس	المملكة المتحدة
	بريكنج باريرز	عضو بمجلس الأمناء	المملكة المتحدة

الاسم	الشركة	المنصب	البلد
سينثيل كومار	بي ان واي ميلون SA/NV	عضو غير تنفيذي	بلجيكا
	بي ان واي ميلون Government Securities Services Corp.	عضو غير تنفيذي	أمريكا

الاسم	الشركة	المنصب	البلد
خلود الدخيل	شركة الحفر العربية	عضو	المملكة العربية السعودية
	شركة تعמיד للتقنية المالية	عضو مجلس إدارة	المملكة العربية السعودية
	شركة ارتقاء المالية	رئيس تنفيذي	المملكة العربية السعودية
	الغرفة التجارية في الرياض	عضو مجلس إدارة، عضو في لجنة الاستثمار، رئيس لجنة القطاع المالي	المملكة العربية السعودية

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	Chair of the Audit Committee	
The Federation of Saudi Chambers	Chair of the National Committee for the Financial Sector and Insurance and Chairman of the Women Council	KSA
King Salman Park	Audit Committee Member	KSA
Sports Boulevard	Audit Committee Member	KSA
SPIMACO	Audit Committee Member	KSA
Board Member	Safa Industrial Company	KSA
Audit Committee Member	Riyadh Cables Group	KSA

	ورئيس لجنة المراجعة	
المملكة العربية السعودية	رئيس اللجنة الوطنية للقطاع المالي والتأمين ورئيس لجنة السيدات	اتحاد الغرف السعودية
المملكة العربية السعودية	عضو في لجنة المراجعة	حديقة الملك سلمان
المملكة العربية السعودية	عضو في لجنة المراجعة	مؤسسة المسار الرياضي
المملكة العربية السعودية	عضو في لجنة المراجعة	شركة سببماكو الدوائية
المملكة العربية السعودية	عضو مجلس إدارة	شركة الصفا الصناعية
المملكة العربية السعودية	عضو في لجنة المراجعة	مجموعة كابلات الرياض

Note: Mona Alhussain & Akash Shah don't sit on any other Boards

ملاحظة: منى الحسين و أكاش شاه ليسوا أعضاء بأي مجالس أخرى

**B) Board Members Interests**  
No Board Members Interests to be shared

**ب) مصالح مجلس الإدارة**  
لا توجد أي مصالح لمجلس الإدارة تذكر

**C) 2022 Board Member Classification and Board Meetings Attendance Records**

**ت) أعضاء مجلس الإدارة وجدول حضور اجتماعات المجلس لسنة 2022**

Name	Position	المنصب	الاسم
Abdullah Alsuweilmy	Chairman of the Board	رئيس مجلس الإدارة	عبدالله السويلمي
Hani Kablawi	Vice Chairman	نائب الرئيس	هاني قبلاوي
Mona Alhussain	CEO and Board member	عضو مجلس إدارة والرئيس التنفيذي	منى الحسين
Akash Shah	Non-Executive Board member	عضو مجلس إدارة غير تنفيذي	أكاش شاه
Senthil Kumar	Non-Executive Board member	عضو مجلس إدارة غير تنفيذي	سينثيل كومار
Khlood Aldukheil	Independent Board member	عضو مجلس إدارة مستقل	خلود الدخيل

	21/3	5/7	14/9	14/12	
Abdullah Alsuweilmy	✓	✓	✓	✓	عبدالله السويلمي
Hani Kablawi	✓	✓	✓	✓	هاني قبلاوي
Mona Alhussain	✓	✓	✓	✓	منى الحسين
Akash Shah	x	✓	x	✓	أكاش شاه
Senthil Kumar	x	✓	✓	✓	سينثيل كومار
Khlood Aldukheil	-	-	-	✓	خلود الدخيل

Note: Dr. Abdullah AlAbdulqader- Independent Board Director- attended the Board meeting on 21/03/2022 prior to his resignation on 10/06/2022

ملاحظة: د. عبدالله العبدالقادر-عضو مجلس ادارة مستقل - حضر اجتماع مجلس الادارة في تاريخ 2022\03\21 قبل ان يقدم استقالته في تاريخ 2022\06\10

D) 2022 Committee Meetings Attendance  
Records  
Audit And Risk Committee

ث) جدول حضور اجتماعات لجان مجلس الإدارة لسنة  
2022  
لجنة المراجعة والمخاطر

Name	Position	المنصب	الاسم
Hani Kablawi	Chairman	رئيس اللجنة	هاني قبلاوي
Senthil Kumar	Vice Chairman	نائب الرئيس	سينثيل كومار
Khlood Aldukheil	Independent member	عضو مستقل	خلود الدخيل

	14/3	27/6	14/9	6/12	
Hani Kablawi	✓	✓	✓	✓	هاني قبلاوي
Senthil Kumar	✓	✓	✓	✓	سينثيل كومار
Khlood Aldukheil	-	-	-	-	خلود الدخيل

Note: Dr. Abdullah AlAbdulqader- Independent Board Director- attended the Audit and Risk Committee meeting on 14/03/2022 prior to his resignation on 10/06/2022

ملاحظة: د. عبدالله العبدالقادر- عضو مجلس ادارة مستقل - حضر اجتماع لجنة المراجعة والمخاطر في تاريخ 2022\03\14 قبل ان يقدم استقالته في تاريخ 2022\06\10

Nomination and Remuneration

لجنة الترشيحات والمكافآت

Name	Position	المنصب	الاسم
Khlood Aldukheil	Chairman	رئيس اللجنة	خلود الدخيل
Hani Kablawi	Vice Chairman	نائب الرئيس	هاني قبلاوي
Abdullah Alsuweilmy	Independent member	عضو مستقل	عبدالله السويلمي

	8/11	
Khlood Aldukheil	-	خلود الدخيل
Hani Kablawi	✓	هاني قبلاوي
Abdullah Alsuweilmy	✓	عبدالله السويلمي

E) Main Audit & Risk Management  
Committee Results

ج) أهم نتائج لجنة المراجعة والمخاطر

- 14<sup>th</sup> March 2022, the committee approved the company's Risk Appetite statement and recommended it to be approved by the Company's Board.
- 27<sup>th</sup> June 2022, the committee was briefed about the High-Level Assessment (HLA) which provides a comprehensive assessment of the risk profile of BNY Mellon Saudi Financial Company (SFC). The Committee members approved the updated High-Level Assessment.

- 14 مارس 2022، أبدت اللجنة موافقتها على بيان تقبل المخاطر للشركة ورفعت توصيتها للموافقة من قبل مجلس إدارة الشركة.
- 27 يونيو 2022، اطلعت اللجنة على التقييم عال المستوى الذي يوفر تقييماً شاملاً لمخاطر شركة بي ان واي ميلون السعودية المالية. وقد وافق أعضاء اللجنة على التقييم المحدث.

- 6<sup>th</sup> December 2022, the committee approved both 2023 Compliance Annual Plan and 2023 Compliance Testing Plan and recommended it to be approved by the Company's Board. In addition to approving the Company's Standard Operating Procedure and recommended it to be approved by the Company's Board.
- 6 ديسمبر 2022، أبدت اللجنة موافقتها على خطة الالتزام لسنة 2023م وخطة اختبارات الالتزام لسنة 2023م، ورفعت توصيتها للموافقة من قبل مجلس إدارة الشركة. كما أبدت موافقتها على الدليل التشغيلي للعمليات ورفعت توصيتها للموافقة على الدليل التشغيلي للعمليات من قبل مجلس إدارة الشركة.

## F) Remuneration and Compensation

## ح) الحوافز والمكافآت

لا يتم دفع مكافآت إضافية لموظفي بي ان واي ام الذين يخدمون كأعضاء لمجالس إدارة بي ان واي ام، ويتم دفع مبالغ للأعضاء المستقلين فقط. كما لم يتم تنازل أي مع أعضاء مجلس إدارة الشركة أو أي من كبار التنفيذيين عن أي مكافآت أو تعويضات

BNYM employees serving on BNYM boards do not receive additional remuneration for their role as a director. Only Independent directors get remunerated for serving as independent directors. Also, none of the board members or senior executives waived any remuneration or compensation

Item (Saudi Riyal)	الأعضاء المستقلين Independent Board Members	أعضاء المجلس غير التنفيذيين Non-Executive Board Members	أعضاء المجلس التنفيذيين Executive Board Members	البيان (ريال السعودي)
Attending Board Meeting Allowance	462,500	--	--	بدل حضور جلسات المجلس
Attending Committee Meeting Allowance	44,791.67	--	--	بدل حضور جلسات اللجان
Periodic & Annual Remunerations	--	--	--	المكافآت الدورية والسنوية
Incentive Plans	--	--	--	الخطط التحفيزية
Other In-Kind Benefits or Reimbursements paid monthly or annually	--	--	--	أي تعويضات أو مزايا عينية أخرى تدفع بشكل شهري أو سنوي
<b>Total</b>	<b>507,291.7</b>	<b>--</b>	<b>--</b>	<b>المجموع</b>

Item (Saudi Riyal)	كبار التنفيذيين ممن تلقوا أعلى المكافآت والتعويضات بما فيهم الرئيس التنفيذي والمدير المالي	البيان (ريال السعودي)
	Company Executives including CEO and CFO	
Salary and Comp Allowances	3,231,129	الرواتب والأجور البدلات
Bonuses paid annually/ yearly	--	المكافآت الدورية والسنوية
Incentive Plan	818,257	الخطط التحفيزية
Commissions	--	العمولات
Other compensations or benefits paid monthly/annually	--	أي تعويضات أو مزايا عينية أخرى تدفع بشكل شهري أو سنوي
<b>Total</b>	<b>4,049,386</b>	<b>المجموع</b>

G) 2022 Audited Financial Statements

خ) القوائم المالية المدققة لسنة 2022



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of BNY Mellon Saudi Financial Company

## Opinion

We have audited the financial statements of BNY Mellon Saudi Financial Company ("the Company"), which comprise the Statement of Financial Position as at 31 December 2022, the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the for the year ended 31 December 2022, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.



# Independent Auditor's Report

To the Shareholders of BNY Mellon Saudi Financial Company (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of the Company.

### KPMG Professional Services



**Fahad Mubark Aldossari**  
License No: 469

Riyadh, 28 March, 2023  
Corresponding to: 6 Ramadan, 1444





**BNY Mellon Saudi Financial Company**  
**(A Saudi Closed Joint Stock Company)**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
together with the  
**INDEPENDENT AUDITOR'S REPORT**

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
Financial Statements and Independent Auditor's Report  
For the year ended 31 December 2022

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**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**  
*(Amount in Saudi Riyals)*

	<i>Notes</i>	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>			
Right of use asset	4	<b>410,700</b>	405,679
Deferred tax asset	5.3	<b>76,529</b>	25,551
Amounts due from a related party	17	<b>722,049</b>	973,883
Advances and other receivables	6	<b>335,223</b>	8,783
Cash and cash equivalents	7	<b>71,120,434</b>	69,064,506
<b>Total Assets</b>		<b>72,664,935</b>	70,478,402
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital	8	<b>50,000,000</b>	50,000,000
Additional capital	9	<b>19,000,000</b>	19,000,000
Statutory reserve	8	<b>129,481</b>	30,120
Retained earnings		<b>1,332,904</b>	271,081
<b>Total Equity</b>		<b>70,462,385</b>	69,301,201
<b><u>Liabilities</u></b>			
Employees' end of service benefits	10	<b>363,863</b>	125,003
Lease liability	4	<b>416,621</b>	407,471
Income tax payable	5.2	<b>485,078</b>	100,852
Amounts due to a related party	17	<b>18,556</b>	438,734
Accounts payable and accruals	11	<b>918,432</b>	105,141
<b>Total Liabilities</b>		<b>2,202,550</b>	1,177,201
<b>Total Equity and Liabilities</b>		<b>72,664,935</b>	70,478,402



**Mona Alhussain**  
Chief Executive Officer



**Rasheed Alrasheed**  
Chief Financial Officer

The accompanying notes 1 to 21 form part of these financial statements

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF PROFIT OR LOSS**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

	<i>Notes</i>	<b>For the year 31 December 2022</b>	For the period from 5 April to 31 December 2021
<b>Revenue</b>			
Revenue from service charges	12	<b>8,873,426</b>	4,272,640
<b>Expenses</b>			
Salaries and employee related expenses	13	<b>(6,449,873)</b>	(2,652,808)
General and administrative expenses	14	<b>(1,800,887)</b>	(1,240,577)
<b>Total operating profit</b>		<b>622,666</b>	379,255
<b>Other income / (expense)</b>			
Special commission income from term deposit		<b>857,709</b>	-
Foreign exchange loss		<b>(12,857)</b>	(2,754)
<b>Net profit before tax</b>		<b>1,467,518</b>	376,501
Income tax expense	5.1	<b>(473,908)</b>	(75,300)
<b>Net profit after tax for the year / period</b>		<b>993,610</b>	301,201



**Mona Alhussain**  
Chief Executive Officer



**Rasheed Alrasheed**  
Chief Financial Officer

The accompanying notes 1 to 21 form part of these financial statements

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

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	<i>Notes</i>		For the period from 5 April to 31 December 2021
		<b>For the year 31 December 2022</b>	
<b>Net profit after tax for the year / period</b>		<b>993,610</b>	<b>301,201</b>
<b>Other comprehensive income</b>			
<i>Items that cannot be reclassified to the statement of profit or loss in subsequent years:</i>			
Actuarial gain on defined benefit plan	<i>10.c</i>	<b>164,247</b>	-
<b>Total other comprehensive income</b>		<b>164,247</b>	-
<b>Total comprehensive income for the year / period</b>		<b>1,157,857</b>	<b>301,201</b>




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**Mona Alhussain**  
Chief Executive Officer




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**Rasheed Alrasheed**  
Chief Financial Officer

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The accompanying notes 1 to 21 form part of these financial statements


**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

	<i>Notes</i>	<u>Share capital</u>	<u>Additional Capital</u>	<u>Statutory Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Balance at 1 January 2022</b>		<b>50,000,000</b>	<b>19,000,000</b>	<b>30,120</b>	<b>271,081</b>	<b>69,301,201</b>
Net profit for the year		-	-	-	<b>993,610</b>	<b>993,610</b>
Other comprehensive gain		-	-	-	<b>164,247</b>	<b>164,247</b>
Total comprehensive income		-	-	-	<b>1,157,857</b>	<b>1,157,857</b>
Transfer to Statutory reserve	8	-	-	<b>99,361</b>	<b>(99,361)</b>	-
Equity-settled share-based payment		-	-	-	<b>3,327</b>	<b>3,327</b>
<b>Balance at 31 December 2022</b>		<b>50,000,000</b>	<b>19,000,000</b>	<b>129,481</b>	<b>1,332,904</b>	<b>70,462,385</b>
Balance at 5 April 2021		-	-	-	-	-
Net profit for the period		-	-	-	<b>301,201</b>	<b>301,201</b>
Other comprehensive loss		-	-	-	-	-
Total comprehensive income		-	-	-	<b>301,201</b>	<b>301,201</b>
Shares issued during the period		<b>50,000,000</b>	-	-	-	<b>50,000,000</b>
Additional capital received	9	-	<b>19,000,000</b>	-	-	<b>19,000,000</b>
Transfer to Statutory reserve	8	-	-	<b>30,120</b>	<b>(30,120)</b>	-
Balance at 31 December 2021		<b>50,000,000</b>	<b>19,000,000</b>	<b>30,120</b>	<b>271,081</b>	<b>69,301,201</b>


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**Mona Alhussain**  
Chief Executive Officer


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**Rasheed Alrasheed**  
Chief Financial Officer

The accompanying notes 1 to 21 form part of these financial statements

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF CASHFLOWS**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

	<i>Notes</i>	<b>For the year 31 December 2022</b>	For the period from 5 April to 31 December 2021
<b>Cash flows from operating activities</b>			
Net profit before tax		<b>1,467,518</b>	376,501
<i>Adjustments for:</i>			
Depreciation on right of use asset	<i>4</i>	<b>982,667</b>	567,951
Unwinding of special commission of lease liability	<i>4</i>	<b>15,827</b>	5,742
Provision for employees' end of service benefits	<i>10</i>	<b>403,107</b>	125,003
Equity-settled share-based payment		<b>3,327</b>	-
<b>Changes in operating assets and liabilities:</b>			
Advances and other receivable	<i>6</i>	<b>(326,440)</b>	(8,783)
Accounts payable and accruals	<i>11</i>	<b>813,290</b>	105,141
Due to a related party	<i>17</i>	<b>(420,178)</b>	438,734
Due from a related party	<i>17</i>	<b>251,834</b>	(973,883)
Income tax paid		<b>(140,659)</b>	-
<i>Cash generated from / (used in) operating activities</i>		<b>177,847</b>	(438,791)
<b>Net cash generated from operating activities</b>		<b>3,050,293</b>	636,406
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital	<i>8</i>	-	50,000,000
Proceeds from issuance of additional capital	<i>9</i>	-	19,000,000
Settlement of lease liability	<i>4</i>	<b>(994,365)</b>	(571,900)
Net cash (used in) / generated from financing activities		<b>(994,365)</b>	68,428,100
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,055,928</b>	69,064,506
Cash and cash equivalents at beginning of the year		<b>69,064,506</b>	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<i>7</i>	<b>71,120,434</b>	69,064,506



**Mona Alhussain**  
Chief Executive Officer



**Rasheed Alrasheed**  
Chief Financial Officer

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

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## **1 ACTIVITIES**

BNY Mellon Saudi Financial Company (the “Company”) is a Saudi Closed Joint Stock Company incorporated in the Kingdom of Saudi Arabia (‘KSA’). The Company operates under commercial registration No. 1010699547 issued in Riyadh on 7 September 2020. The registered head office of the Company is P. O. Box 99936, Riyadh 11625, Kingdom of Saudi Arabia. The Company started its operations on 5 April 2021.

The Company is licensed by the Capital Market Authority (CMA) to engage in custody activity. The Company is a wholly owned subsidiary of BNY International Financing Corporation (“the Parent Company”) which is a wholly owned subsidiary of The Bank of New York Mellon Corporation (“the Ultimate Parent Company”).

## **2 BASIS OF PREPARATION**

### **2.1 *Statement of compliance***

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (“IFRS” as endorsed in KSA”) and the By-laws of the Company.

The preparation of financial statements in conformity with the IFRS as endorsed in KSA requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2.4 to these financial statements.

### **2.2 *Basis of measurement***

The financial statements have been prepared on a going concern basis under historical cost convention except for the defined benefit obligations which are measured at present value of future obligations using the Projected Unit Credit Method.

### **2.3 *Functional and presentation currency***

The financial statements are prepared under the historical cost convention and are presented in Saudi Riyals (“SAR”) which is the functional and presentation currency of the Company.

### **2.4 *Use of judgements, estimates and assumptions***

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

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**2 BASIS OF PREPARATION (CONTINUED)**

**2.4 Use of judgements, estimates and assumptions (continued)**

Significant areas where management has used judgments, estimates and assumptions are as follows:

- Employees' end of service benefits (Note 2.4.1)
- Going concern (Note 2.4.2)

**2.4.1 Employees' end of service benefits**

The Company operates a defined benefit plan under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the date of the statement of financial position. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method as per IAS 19 using actuarial assumptions based on market expectations at the date of statement of financial position.

**2.4.2 Going concern**

These financial statements have been prepared on a going concern basis. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern.

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 *New standards, interpretations and amendments adopted by the Company***

Following standard, interpretation or amendment are effective from the current year and are adopted by the Company, however, these does not have any significant impact on the financial statements of the year:

<b><i>Standard, interpretation, amendments</i></b>	<b><i>Description</i></b>	<b><i>Effective date</i></b>
Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.  Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.  Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.	Annual periods beginning on or after 1 January 2022
Amendment to IFRS 16, ‘Leases’ – COVID-19 related rent concessions	Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.  As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021

**3.2 *Accounting standards issued but not yet effective***

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company’s accounting year beginning after 1 January 2023 are listed below. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements.

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
*(Amount in Saudi Riyals)*

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Accounting standards issued but not yet effective (continued)**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing changes to this amendment.</p>	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	<p>The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17.</p> <p>IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time.</p> <p>The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.</p>	Annual periods beginning on or after 1 January 2023.

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
(Amount in Saudi Riyals)

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Significant accounting policies**

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements, which are consistent with those used in the preparation of the annual financial statements for the period from 5 April to 31 December 2021:

***Cash and cash equivalents***

For the purposes of the statement of cash flows, Cash and cash equivalents consists of bank balances bank over drafts and short term investments with original maturities of three months or less, if any

***Receivables***

Receivables are originated by the Company and are initially measured at fair value – which is the cash consideration to originate the receivable including transaction costs. Following initial recognition, the receivables are stated at amortised cost. As at the reporting date the receivables of the Company comprise of amounts due to a related party and other receivable

***Accounts payable, accruals and other current liabilities***

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

***Leases***

***Initial recognition***

Assets and liabilities arising from a lease are initially measured on a present value basis.

i) Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

ii) Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

***Subsequent measurement***

***Right-of-use asset***

The Company applies the cost model, and measures right-of-use assets at initial recognition value:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications.

***Lease liability***

After the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

**BNY Mellon Saudi Financial Company**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**  
(Amount in Saudi Riyals)

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Significant accounting policies (continued)**

***Provisions***

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

***Income tax and deferred tax***

***Income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions considered in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted for the changes in deferred tax assets and liabilities attributable to the temporary differences and to the unused tax losses, if any.

***Deferred tax***

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in the statement of changes in shareholders' equity. In this case, the tax is also recognised.

***Employees' end of service benefits***

The Company operates a defined benefit plan for employees in accordance with Saudi Arabian Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding adjustment to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to comprehensive income in subsequent periods.

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Significant accounting policies (continued)**

Past service cost is recognised in the statement of profit or loss at the earlier of:

- The date of the plan amendment or curtailment, and
- The date the Company recognises related restructuring costs

Net special commission income is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation in the statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements (under general and administrative expenses) in
- Net special commission expense or income (under borrowing facility cost and charges).

***Financial instruments***

***Classification and measurement of financial assets***

On initial recognition, a financial asset is classified and measured at amortized cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL). Financial assets held by the Company, classified under 'Amortised Cost' are cash and cash equivalents and amounts due from a related party. There are no other financial assets held by the Company as at the reporting date or at the date of the comparable period.

***Financial asset at amortized cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

***Financial asset at fair value through other comprehensive income ("FVOCI")***

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

***Financial asset at Fair value through profit or loss ("FVTPL")***

All financial assets not classified as measured at amortized cost or FVOCI as described above are measure at FVTPL.

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Significant accounting policies (continued)**

Business model assessment

The business model assessment reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit and loss.

Factors considered by the Company in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- how managers are compensated.

Assessment whether contractual cash flows are solely payments of principal and commission

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Classification of financial liabilities

The Company classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL. Financial liabilities held by the Company, classified under 'Amortised Cost' are Accounts payable and accruals, Amounts due to a related party and Lease liabilities. There are no other financial liabilities held by the Company as at the reporting date or at the date of the comparable period.

Expected credit losses on debt financial instruments

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument carried at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

Stage 1: (Initial recognition) 12-month expected credit losses

Stage 2: (Significant increase in credit risk since initial recognition) Lifetime expected credit losses

Stage 3: (Credit impaired assets) Lifetime expected credit losses

The financial instruments of the Company that are subjected to ECL include cash and cash equivalents and due from related parties. The impact on ECL is not considered material to the financial statements.

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Significant accounting policies (continued)**

***De-recognition***

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Any cumulative gain / loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

***Foreign currencies***

The financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency. Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of profit or loss.

***Revenue recognition***

The Company recognizes revenue at a point in time once the performance obligation has been fulfilled and the amount of revenue can be reliably measured, regardless of when the payment is received and it is probable that future economic benefits will flow to the company.

***Expenses***

Salaries and employee related expenses and General and administrative expenses are those that specifically relate to the company. All expenses are expensed as incurred.

***Contingent liabilities***

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at reporting date and disclosed under contingent liabilities in the financial statements.

***Statutory reserve***

In accordance with the Company's By-Laws and the new Saudi Arabian Regulations for Companies which came into effect on 25 Rajab 1437H (corresponding to 2 May 2016), the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital.



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**4 RIGHT OF USE ASSET AND LEASE LIABILITY**

The Company operates in a leased premises having a lease term of 12 months (2021: 12 months). The Company has recognized a right of use asset and corresponding lease liability in relation to the said premises, the detail of which are as follows:

*Amounts recognised in the statements of financial position and profit or loss:*

	<i>Right of use Asset</i>	<i>Lease liabilities</i>
	<b>SAR</b>	<b>SAR</b>
<b><u>2022</u></b>		
Balance as at 1 January	405,679	407,471
Additions	987,688	987,688
Depreciation charge for the year	(982,667)	-
Special commission expense	-	15,827
Payments made during the year	-	(994,365)
<i>Balance as at 31 December</i>	<b>410,700</b>	<b>416,621</b>
<b><u>2021</u></b>		
Additions	973,629	973,629
Depreciation charge for the period	(567,950)	-
Special commission expense	-	5,742
Payments made during the year	-	(571,900)
<i>Balance as at 31 December</i>	405,679	407,471

**4.1 Amounts recognized in profit and loss**

	<i>For the year 31 December 2022</i>	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<b>SAR</b>	<b>SAR</b>
Depreciation charge for the year / period	982,667	528,204
Special commission expense for the year / period	15,827	5,742

**4.2 Amount recognized in statement of cashflows**

	<i>For the year 31 December 2022</i>	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<b>SAR</b>	<b>SAR</b>
Total cash outflow for leases	994,365	571,900

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**5 INCOME TAXES**

The Company is 100% owned by non-Saudi shareholders, and hence is subject to income tax. The income tax for the year 31 December 2022 has been calculated on the basis of the Income Tax Law in the Kingdom of Saudi Arabia.

**5.1 Details of tax charge in the statement of profit or loss is given below:**

	<i>Notes</i>	<b>For the year 31 December 2022</b>	<i>For the period from 5 April 2021 to 31 December 2021</i>
		SAR	SAR
Current year income tax charge	5.2	485,078	100,851
Prior period income tax charge		39,808	-
Deferred tax relating to origination of temporary differences	5.3	(50,978)	(25,551)
<i>Charged to the statement of profit or loss</i>		<b>473,908</b>	75,300

**5.2 Movement in income tax payable is set out below:**

	<i>Notes</i>	<b>For the year 31 December 2022</b>	<i>For the period from 5 April 2021 to 31 December 2021</i>
		SAR	SAR
Balance as at the beginning of the year / period		100,851	-
Charge for the year / period	5.4	524,886	100,851
Payment made during the year / period		(140,659)	-
Balance as at the end of the year / period		<b>485,078</b>	100,851

**5.3 Deferred tax assets**

	<b>For the year 31 December 2022</b>		
	<b>Opening deferred tax asset</b>	<b>Recognized in profit or loss account</b>	<b>Closing deferred tax assets</b>
	SAR		
Employees' end of services benefits	25,000	47,774	72,774
Others	551	3,204	3,755
	<b>25,551</b>	<b>50,978</b>	<b>76,529</b>

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**31 INCOME TAXES (continued)**

**5.3 Deferred tax assets (continued)**

	<i>For the period from 5 April 2021 to 31 December 2021</i>		
	Opening deferred tax asset	Recognized in profit or loss account	Closing deferred tax assets
	SAR		
Employees' end of services benefits	-	25,000	25,000
Others	-	551	551
	-	25,551	25,551
	-	25,551	25,551

**5.4 Reconciliation of tax expense and the accounting profit multiplied by the applicable tax rate:**

	<i>For the year 31 December 2022</i>	<i>For the period from 5 April 2021 to 31 December 2021</i>
	SAR	SAR
Accounting profit before income tax	<b>1,467,518</b>	376,501
Accounting profit related to non-Saudi shareholders @ 100%	<b>1,467,518</b>	376,501
At statutory income tax rate of 20%	<b>293,504</b>	75,300
Tax effect of other items	<b>191,574</b>	25,551
Effective income tax @ 20%	<b>485,078</b>	100,851

**5.5** The Company has filed its first income tax return for the period from 5 April 2021 to 31 December 2021 with Zakat, Tax and Customs Authority (ZATCA). As of the year end the Company has not received any assessment from the ZATCA.

**6 ADVANCES AND OTHER RECEIVABLES**

	<i>31 December 2022</i>	<i>31 December 2021</i>
	SAR	SAR
Advances to employees	<b>131,860</b>	-
Value added tax receivable	<b>203,363</b>	8,783
	<b>335,223</b>	8,783
	<b>335,223</b>	8,783

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**7 CASH AND CASH EQUIVALENTS**

	<i>31 December</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>SAR</i>	<i>SAR</i>
Bank balances – current accounts	<b>20,946,059</b>	69,064,506
Term deposit	7.1 <b>50,000,000</b>	-
Accrued special commission income on term deposit	<b>174,375</b>	-
	<b>71,120,434</b>	69,064,506

**7.1** This represents term deposit with Saudi British Bank (SAAB) carrying special commission rate of 4.05% per annum with maturity date of 01 January 2023.

All bank balances and term deposits are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Company's bank balances. Accordingly, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

**8 SHARE CAPITAL AND STATUTORY RESERVE**

Share capital

The authorised, issued and fully paid share capital of the Company consists of 5,000,000 shares of SR 10 each. The shareholding of the Company is fully owned by BNY International Financing Corporation.

Statutory reserve

In accordance with the Company's By-Laws and the new Saudi Arabian Regulations for Companies which came into effect on 25 Rajab 1437H (corresponding to 2 May 2016), the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital.

As at 31 December 2022, the Company has set aside the 10% of the net profit earned under statutory reserve hence the statutory reserve was in compliance with the above specified threshold.

**9 ADDITIONAL CAPITAL**

This represents long-term contribution by the shareholder of the Company. The said balance has been classified as an equity component as there are no financial charges / other returns attached to it and the Company has an unconditional right to avoid settlement of the balance.

**10 EMPLOYEES' END OF SERVICE BENEFITS**

The following tables summarise the components of employees' end of service benefits recognised in the statements of financial position, profit or loss and other comprehensive income.

**a) Amount recognised in the statement of financial position:**

	<i>31 December</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>SAR</i>	<i>SAR</i>
Present value of defined benefit obligation	<b>363,863</b>	125,003
	<b>363,863</b>	125,003

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**10 EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)**

**b) Benefit expense (recognised in statement of profit or loss):**

	<i>For the year 31 December 2022</i>	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<u>SAR</u>	<u>SAR</u>
Current service cost	400,954	125,003
Special commission cost	2,153	-
	<u>403,107</u>	<u>125,003</u>

**c) Movement in the present value of defined benefit obligation:**

	<i>For the year 31 December 2022</i>	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<u>SAR</u>	<u>SAR</u>
Present value of defined benefit obligation at beginning of the year	125,003	-
<i>Charge recognised in statement of profit or loss:</i>		
- Current service cost	400,954	125,003
- Special commission cost	2,153	-
	403,107	125,003
Actuarial gain on defined benefit plan recognized in the statement of other comprehensive income	(164,247)	-
	<u>363,863</u>	<u>125,003</u>

**d) Principal actuarial assumptions:**

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<u>Notes</u>	<u></u>
Discount rate	(i) 5.15%	1.65%
Salary increase rate	(ii) 4.50%	3.95%

**(i) Discount rate**

Discount rates are based on yields on US corporate bonds as the Saudi Riyal is pegged to the US Dollar. The actuarial has used spot rate of the Standard Buck AAA/AA US Corporate Bond Curve at a term equal to the average duration of the liabilities for determining discount rate.

**(ii) Salary increase rate**

The assumption for future salary increases has been determined by the Company based on its long term expectations, reflecting both inflationary and promotional increases.

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**10 EMPLOYEES' END OF SERVICE BENEFITS (continued)**

*e) Sensitivity analysis*

The table below shows the change in end of service liability based on a reasonable possible change in the base assumption value for discount and salary increment rates:

<u>2022</u>	Impact on defined benefit obligation – Increase / (Decrease)		
<u>Base Scenario</u>	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	+0.25%	(346,981)	-
	-0.25%	-	381,699
Expected rate of salary increase	+0.25%	381,420	-
	-0.25%	-	(347,157)
<u>2021</u>	Impact on defined benefit obligation – Increase / (Decrease)		
<u>Base Scenario</u>	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	+0.25%	(118,477)	-
	-0.25%	-	131,937
Expected rate of salary increase	+0.25%	131,935	-
	-0.25%	-	(118,947)

**11 ACCOUNTS PAYABLE AND ACCURALS**

	<i>31 December</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<b>SAR</b>	<b>SAR</b>
Employee incentives payable	<b>868,022</b>	-
Payable to General organization of social insurance (GOSI)	<b>37,815</b>	36,068
Accrued expenses	<b>12,595</b>	69,073
	<b>918,432</b>	105,141

**12 REVENUE FROM SERVICE CHARGES**

This represents service charges for the provision of services provided by the Company in accordance with the Service Agreement signed between the Ultimate Parent Company and the Company at the rate of 'Reimbursable Costs' plus 10%. 'Reimbursable Costs' means all direct and indirect costs incurred by the Company solely in connection with the provision of services on behalf of the Ultimate Parent Company.

**13 SALARIES AND EMPLOYEE RELATED EXPENSES**

	<i>For the year</i>	<i>For the period</i>
	<i>31 December</i>	<i>from 5 April</i>
	<i>2022</i>	<i>2021 to 31</i>
	<b>SAR</b>	<b>SAR</b>
Salaries and employment related benefits	<b>4,252,068</b>	1,939,096
Board of directors fee expense	<b>526,043</b>	199,998
General organization for social insurance	<b>233,374</b>	131,685
Employees' end of service benefits	<b>403,107</b>	125,003
Employees' bonus	<b>711,054</b>	-
Other staff expenses	<b>324,227</b>	257,026
	<b>6,449,873</b>	2,652,808

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**14 GENERAL AND ADMINISTRATIVE EXPENSES**

		<i>For the year 31</i>	<i>For the period</i>
	<i>Notes</i>	<i>December 2022</i>	<i>from 5 April</i>
		<i>2022</i>	<i>2021 to</i>
		<i>SAR</i>	<i>31 December</i>
			<i>2021</i>
			<i>SAR</i>
Depreciation on right of use asset	4.1	<b>982,667</b>	567,951
License fee		<b>101,195</b>	342,720
Bank charges		<b>191,621</b>	67,421
Intragroup shared services cost	17.1	<b>219,821</b>	51,790
Professional and consulting		<b>252,992</b>	171,234
Unwinding of special commission of lease liability	4.1	<b>15,827</b>	5,742
Others		<b>36,764</b>	33,719
		<b>1,800,887</b>	1,240,577

**15 FINANCIAL INSTRUMENTS AND FAIR VALUE**

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

The principal or the most advantageous market must be accessible to by the Company.

Financial instruments comprise financial asset and financial liabilities.

Financial assets consist of bank balances, term deposit and due from a related party. Financial liabilities consist of Accounts payable and accruals, Amounts due to a related party and Lease liabilities.

***Fair value hierarchy***

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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**15 FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)**

	<i>31 December 2022</i>	
	<i>Carrying</i>	<i>Fair</i>
	<i>value</i>	<i>value</i>
	<i>SAR</i>	<i>SAR</i>
<i>Financial assets</i>		
Cash and cash equivalents	<b>71,120,434</b>	<b>71,120,434</b>
Amounts due from a related party	<b>722,049</b>	<b>722,049</b>
	<b>71,842,483</b>	<b>71,842,483</b>
<i>Financial liabilities</i>		
Accounts payable and accruals	<b>918,432</b>	<b>918,432</b>
Amounts due to a related party	<b>18,556</b>	<b>18,556</b>
	<b>936,988</b>	<b>936,988</b>
<i>31 December 2021</i>		
	<i>Carrying</i>	<i>Fair</i>
	<i>value</i>	<i>Value</i>
	<i>SAR</i>	<i>SAR</i>
<i>Financial assets</i>		
Cash and cash equivalents	69,064,506	69,064,506
Amounts due from a related party	975,288	975,288
	<b>70,039,794</b>	<b>70,039,794</b>
<i>Financial liabilities</i>		
Accounts payable and accruals	105,141	105,141
Amounts due to a related party	438,734	438,734
	<b>543,875</b>	<b>543,875</b>

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company's management determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement, such as assets held for distribution in a discontinued operation.

Due to the short-term nature of the financial assets and liabilities; the fair values of the financial assets and liabilities are not materially different from their carrying values. These would qualify for level 3 disclosure under IFRS except for Cash and cash equivalents which are classified under level 1. There have been no transfers to and from Level 3 during the year.



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**16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Audit and Risk Management Committee, which has the responsibility to monitor the overall risk process within the Company.

The Audit and Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on cash at bank, term deposits, and due from related party as follows:

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>SAR</i>	<i>SAR</i>
Cash and cash equivalents	<b>71,120,434</b>	69,064,506
Amounts due from a related party	<b>722,049</b>	975,288
	<b>71,842,483</b>	70,039,794
	<b>71,842,483</b>	70,039,794

Cash and cash equivalent and due from related parties are with counterparties that have investment grade credit ratings. Investment grade refers to the quality of the counterparty's credit. In order to be considered investment grade, the counterparty must be rated at 'BBB' or higher by Standard and Poor's or Moody's. These balances are assessed to have low credit risk as they are held with reputable and high credit rating institutions and hence the impact of expected credit loss is negligible.

***Market risk***

Market risk is measured, monitored and managed with a blend of quantitative and qualitative approach along with experienced talent and quantitative tools including sensitivity analysis and Value at Risk approach. In addition, exposure limits for individual transactions, concentration, maturities and other risk parameters captures the risk timely.

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**16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**a) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyals is on a fixed parity to the US Dollar, management believes that the Company is not subject to any significant currency risk.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its net financing requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of financing to dry up immediately. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

**i) Analysis of financial liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2022 based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

<u>2022</u>	<i>Fixed maturity</i>				<i>No fixed maturity</i>	<i>Total</i>
	<i>Within 3 months</i>	<i>3 months and above</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>		
	<i>SAR</i>					
Lease liability	251,085	167,390	-	-	-	418,475
Accounts payable and accrual	918,432	-	-	-	-	918,432
Amounts due to a related party	18,556	-	-	-	-	18,556
Employees' end of service benefits	-	-	-	-	363,863	363,863
<b>Total</b>	<b>1,188,073</b>	<b>167,390</b>	<b>-</b>	<b>-</b>	<b>363,863</b>	<b>1,719,326</b>

<u>2021</u>	<i>Fixed maturity</i>				<i>No fixed maturity</i>	<i>Total</i>
	<i>Within 3 months</i>	<i>3 months and above</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>		
	<i>SAR</i>					
Lease liability	245,100	163,400	-	-	-	408,500
Accounts payable and accrual	105,141	-	-	-	-	105,141
Amounts due to a related party	-	438,734	-	-	-	438,734
Employees' end of service benefits	-	-	-	-	125,003	125,003
<b>Total</b>	<b>350,241</b>	<b>602,134</b>	<b>-</b>	<b>-</b>	<b>125,003</b>	<b>1,077,378</b>

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**16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**  
*(continued)*

**b) Analysis of financial assets and liabilities according to when they are expected to be recovered or settled**

The table shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled:

<u>2022</u>	<i>Fixed maturity</i>				<i>No fixed maturity</i>	<i>Total</i>
	<i>Within 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>		
	SAR					
<b>Assets</b>						
Cash and cash equivalents	50,000,000	-	-	-	21,120,434	71,120,434
Amounts due from a related party	722,049	-	-	-	-	722,049
<b>Financial assets</b>	<b>50,722,049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,120,434</b>	<b>71,842,483</b>
<b>Liabilities</b>						
Lease liability	-	(416,621)	-	-	-	(416,621)
Accounts payable and accruals	(918,431)	-	-	-	-	(918,431)
Amounts due to a related party	(18,556)	-	-	-	-	(18,556)
<b>Financial liabilities</b>	<b>(936,987)</b>	<b>(416,621)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,353,608)</b>
<b>Net financial assets (liabilities)</b>	<b>49,785,062</b>	<b>(416,621)</b>	<b>-</b>	<b>-</b>	<b>21,120,434</b>	<b>70,488,875</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>2021</u>	<i>Fixed maturity</i>				<i>No fixed maturity</i>	<i>Total</i>
	<i>Within 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>		
	SAR					
<b>Assets</b>						
Cash and cash equivalents	-	-	-	-	69,064,506	69,064,506
Amounts due from a related party	973,883	-	-	-	-	973,883
<b>Financial assets</b>	<b>973,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,064,506</b>	<b>70,038,389</b>
<b>Liabilities</b>						
Lease liability	-	(408,500)	-	-	-	(408,500)
Accounts payable and accrual	(105,141)	-	-	-	-	(105,141)
Amounts due to a related party	(438,734)	-	-	-	-	(438,734)
<b>Financial liabilities</b>	<b>(543,875)</b>	<b>(408,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(952,375)</b>
<b>Net financial assets (liabilities)</b>	<b>430,008</b>	<b>(408,500)</b>	<b>-</b>	<b>-</b>	<b>69,064,506</b>	<b>69,086,014</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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**17 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties of the Company include the Ultimate Parent Company, the Parent Company, affiliate branches of the Ultimate Parent Company, directors and key management personnel of the Company. These transactions are carried out on mutually agreed terms and approved by the management of the Company.

During the year, the Company transacted with related parties in the normal course of business. The significant transactions with related parties and the related amounts other than those disclosed elsewhere in these financial statements are as follows:

a) Significant transactions arising from transactions with related parties are as follows:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>For the year 31 December 2022</u> SAR	<u>For the period from 5 April 2021 to 31 December 2021</u> SAR
The Bank of New York Mellon Corporation – London Branch	Affiliate	- Service charges <i>(note 12)</i>	<b>8,873,426</b>	4,272,640
The Bank of New York Mellon Corporation	Ultimate Parent	- Shared services <i>(note 17.1 &amp; 14)</i> - Equity-settled share-based payment	<b>(219,821)</b> <b>(3,327)</b>	(51,790) -
Board of Directors	Board members	- Board of Director's fee	<b>526,043</b>	199,998

**17.1** These represent various services received by the Company from The Bank of New York Mellon Corporation under a mutual agreement. These services include internal audit, human resource, information technology, bookkeeping and other services.

b) Key management personnel are those having authority and responsibility for planning, directing, and controlling the Company's activities either directly or indirectly. The compensation summary of key management personnel is set out below:

	<u>For the year 31 December 2022</u> SAR	<u>For the period from 5 April 2021 to 31 December 2021</u> SAR
Salaries and allowances	<b>2,815,919</b>	1,562,746
Employee incentives - Bonus	<b>699,390</b>	-

c) The following receivable/ (payable) balances arose as a result of transactions with related parties:

<u>Name of Related party</u>	<u>Relationship</u>	<u>31 December 2022</u> SAR	<u>31 December 2021</u> SAR
<i>The Bank of New York Mellon Corporation</i>	Ultimate Parent Company	<b>(18,556)</b>	(438,734)
<i>The Bank of New York Mellon – London Branch</i>	Affiliate	<b>722,049</b>	973,883

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**18 REGULATORY REQUIREMENTS FOR CAPITAL AND CAPITAL ADEQUACY**

The Company's objectives when managing capital are, to comply with the minimum capital requirements set forth by the CMA; to safeguard the Company's ability to continue as a going concern and to maintain an adequate capital base throughout the year.

The Company monitors the capital adequacy and related ratios using the framework established by CMA effective 1 January 2014. Accordingly, the Company's Pillar 1 requirement related to Tier capital base, minimum capital requirement and capital adequacy ratio are as follows.

	<b>31 December 2022 SAR</b>	31 December 2021 SAR
<b>Capital Base:</b>		
Tier-1 Capital	<b>51,385,856</b>	50,275,650
Tier-2 Capital	-	-
<b>Total Capital Base</b>	<b>51,385,856</b>	50,275,650
<b>Minimum Capital:</b>		
Market Risk	-	-
Credit Risk	<b>2,718,921</b>	2,181,143
Operational Risk	<b>2,062,690</b>	973,346
<b>Total Minimum Capital</b>	<b>4,781,611</b>	3,154,489
<b>Surplus Capital</b>	<b>46,604,245</b>	47,121,161
<b>Capital Adequacy Ratio (times)</b>	<b>10.75</b>	15.94

**Tier-1 Capital:** Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves as per Article 4 of the Rules.

**Tier-2 Capital:** Tier-2 capital consists of revaluation reserves as per Article 4 of the Rules.

**Credit Risk:** Credit exposures from non-trading activities of the Company is from bank current accounts, due from a related party, other receivables and right of use asset.

**Operational Risk:** Operational risk arises from inadequate internal processes, people and systems or from external events. The management has computed the operational risk based on the Basic Indicator approach.

**Capital Adequacy Ratio:** As per the CMA guidelines, the Company is required to maintain a capital base not less than the total minimum capital of the Company. However, the Company is adequately capitalized with surplus capital over and above the minimum capital requirement of the Company.

**19 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments to be disclosed in the notes to the financial statements as at 31 December 2022.

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**20 SUBSEQUENT EVENTS**

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Bye-laws if required. Consequently, the Company shall present the amended Articles of Association to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

There are no other material events subsequent to the reporting date that requires adjustment or disclosure in these financial statements.

**21 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on 27 March 2023