



Natixis Saudi Arabia Investment Company (NSAIC)
**Board of Directors Annual Report
for 2021**

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1. Overview

Natixis Saudi Arabia Investment Company (“NSAIC” or “the Company”), is a closed joint stock company (single shareholder company) registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010616683 dated 14 Rabi II 1441H corresponding to 12 December 2019.

NSAIC offers tailor-made capital markets products and investment banking services to our local clients, which include financial institutions, corporates, family offices and SWFs.

The Company obtained CMA license No. 19205-31 dated Muharam 25, 1441H (corresponding to September 24, 2019) and approval to commence business on Ramadan 13, 1441H (corresponding to 6 May 2020) to engage in Arranging, Advising and Dealing as Underwriter. In light of the revised strategy drawn up by the CEO mid-year, Executive Management and the Board concluded that the Advising license would no longer be necessary in pursuing the Company’s ambitions in the Kingdom. The Company therefore decided that an application for cancellation of the Advising license be made which the CMA approved on September 20, 2021.

NSAIC is wholly owned subsidiary by Natixis SA with a paid-up share capital of SAR 50,000,000. Natixis SA is a French multinational financial services firm with a share capital of SAR 20.69 billion, specialized in asset & wealth management, corporate & investment banking, insurance and payments. Natixis SA in turn is a subsidiary of Groupe BPCE, the second-largest banking group in France.

NSAIC is located on the 16th floor of the Al Faisaliah Tower on King Fahad Road, in Riyadh and its business is limited to the Kingdom of Saudi Arabia.

2. Statement of Board of Directors

The Kingdom experienced a rapid recovery from the initial economical impact of COVID-19. This was helped by resilient local consumption and robust global oil demand.

2021 was a landmark year for our Saudi Investment Banking franchise, whereby NSAIC lead as a Joint Financial Advisor, Joint Global Coordinator and Joint Bookrunner the SAR 4.6 billion public listing of ACWA Power, the largest IPO in the kingdom in 2021, and one of the largest ever in the Saudi Market. The IPO was a resounding success, with the offer getting oversubscribed by more than 281 times, and the stock price surging significantly in the first month of its listing.

NSAIC focused on developing its 2021-2024 strategy, in line with that of Natixis, deepening existing clients' relationships, developing new ones and actively contributing to the Kingdom transition's journey being key elements to this strategy.

3. Corporate Governance

Board of Directors

NSAIC's Board of Directors believe that a strong corporate governance framework is essential for effective corporate management and oversight. To ensure this, it pays utmost attention to corporate governance standards and best practices as it strives to enhance transparency and protect the interests of owners and clients.

During the first of half of 2021, the Company's Board of Directors was composed of six members, two of which were vacant, including two representing its shareholder, Natixis SA and two independent members:

- Mr. Khalid Algahtani Independent Chairman
- Mr. Simon Eedle Vice Chairman & Non-Executive Board Member
- Dr Florence Eid-Oakden Independent Board Member
- Mr. Guillaume De Saint-Seine Non-Executive Board Member

The Company's Board of Directors is currently composed of six members including four representing its shareholder, Natixis SA. and two independent members:

- Mr. Khalid Algahtani Independent Chairman
- Mr. Simon Eedle Vice Chairman & Non-Executive Board Member
- Mr. Alain Gallois Non-Executive Board Member
- Mr. Guillaume De Saint-Seine Non-Executive Board Member
- Mrs. Barbara Riccardi Non-Executive Board Member
- Dr. Adnan Soufi Independent Board Member

During 2021, the Board of Directors held two meetings. The attendance reports for these meetings are as follows:

Members	N.1/2021 Meeting (held on 23 March 2021)
Mr. Khalid Algahtani	attended
Mr. Simon Eedle	attended
Dr Florence Eid-Oakden	attended
Mr. Guillaume De Saint-Seine	attended

Members	N.3/2021 Meeting (held on 26 October 2021)
Mr. Khalid Algahtani	attended
Mr. Simon Eedle	attended
Mr. Alain Gallois	attended

Mr. Guillaume De Saint-Seine	attended
Mrs. Barbara Riccardi	attended

Audit & Risk Committee (ARC)

The ARC reports directly to the Board of Directors and meets a minimum of twice during the year. It is responsible for monitoring the integrity of the NSAIC's financial statements, reviewing significant financial reporting issues and evaluating whether the Company has followed appropriate accounting standards. It reviews the effectiveness of NSAIC's internal control and financial control systems and oversees its performance. The ARC also oversees the relationship with the external auditor, which includes making recommendations about their appointment, re-appointment, removal and remuneration, assessing their independence, monitoring their effectiveness, approving the audit plan and reviewing the findings.

As at the end of the first half of 2021, the ARC was composed of three members including, one vacant position, and one member representing the shareholder, Natixis SA and one independent member:

- Dr Florence Eid-Oakden Chair
- Mr. Simon Eedle Member

The ARC is currently composed of four members, three representing the shareholder as non-executive board members and one independent board member as follows:

- Mrs. Barbara Riccardi Chair
- Mr. Simon Eedle Member
- Mr. Alain Gallois Member
- Dr. Adnan Soufi Member

During 2021, the Audit & Risk Committee held three meetings. The attendance report for these meetings is as follows:

Members	N.1/2021 Meeting (held on 22 March 2021)	N.2/2021 Meeting (held on 8 June 2021)
Dr Florence Eid-Oakden	attended	attended
Mr. Simon Eedle	attended	attended

Members	N.3/2021 Meeting (held on 4 October 2021)
Mrs. Barbara Riccardi	attended
Mr. Simon Eedle	attended
Mr. Alain Gallois	attended

Permanent invitees to the Audit & Risk Committee meetings are the Company’s CEO, the Head of Compliance Officer & MLRO, Chief Finance Officer, Head of EMEA Internal Audit, and Head of MEA Risk Management. From time-to-time individual members from the shareholder is invited to attend.

Nomination & Remuneration Committee (NRC)

The Nomination & Remuneration Committee is a sub-committee of the Board which meets at least once a year to ensure the suitability of the Board’s structure, which includes nominating and re-appointing directors and committee members, formulating succession plans and reviewing the Board’s performance. It keeps under review the Company’s leadership needs and any related strategic issues that may affect the Company. It sets the overarching principles, parameters and governance framework of the Company’s remuneration policy and the remuneration of executive directors and other senior company employees. Further, it periodically reviews the effectiveness of the remuneration policy in the context of a prudent risk management framework.

As at the end of the first half of 2021, the NRC was composed of three members including, one vacant position, and one member representing the shareholder, Natixis SA and one independent member:

- Dr Florence Eid-Oakden Chair
- Mr. Simon Eedle Member

The NRC is currently composed of three members representing its shareholder, Natixis SA.:

- Mrs. Barbara Riccardi Chair
- Mr. Simon Eedle Member
- Mr. Alain Gallois Member

During 2021, the Nomination & Remuneration Committee held one meeting. The attendance report for the meeting is as follows:

Member	N.1/2021 Meeting (held on 4 January 2021)
Dr Florence Eid-Oakden	attended
Mr. Simon Eedle	attended

4. Directorships and Managerial roles held by NSAIC Board of Directors

Board Member	Company Name	Country	Director / Manager
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Mr. Khalid Algahtani	Hassan Abdulkarim Al-Qatani Holding Group of Companies (HAKA GROUP)	KSA	Chairman & CEO
	Saudi Services and Re-Export Company	KSA	Member of the Board of Directors
	Rikaz Properties	KSA	Chairman
	Adeem Capital	KSA	Chairman
	Radian Oil & Gas Services Co	KSA	Chairman
	Salayel Arabia Group	KSA	Chairman
	Edutacs	KSA	Chairman
	Ajnadien Properties S.A.L	Lebanon	Chairman
	Ajwad Holding S.A.L.	Lebanon	Chairman
Lebanese Investment Opportunities (LIO) Holding S.A.L.	Lebanon	Chairman	
Mr. Simon Eedle	Natixis SA	UK	Senior Country Manager
Mr. Alain Gallois	Natixis SA	France	Global Head of Coverage and Head of EMEA
Mrs. Barbara Riccardi	Natixis SA	Dubai	Regional Head of Middle East

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<p>Mr. Guillaume De Saint-Seine</p>	<p>Natixis CIB Fenchurch Advisory Natixis Pfandbriefbank AG Palais de Tokyo</p>	<p>France UK Francfort France</p>	<p>Global Head, FIs Senior Adviser Chairman of the Supervisory Board Non-executive Board member</p>
<p>Dr. Adnan Soufi</p>	<p>Savola Group Panda Fitaihi Group Holding Company Saudi Industrial Services Co. (SISCO) DAS Partners Wadi Jeddah General Authority for Awqaf The Environment Fund</p>	<p>KSA KSA KSA KSA KSA KSA KSA KSA</p>	<p>Non-Executive Board Member and a Member of the Investment Committee Non-Executive Board Member and Chairman of the Investment Committee Independent Board Member and Chairman of the Audit Committee Non-Executive Independent Vice-Chairman and Chairman of the Investment Committee Founder and Managing Partner Member of the Board and Chairman of the Investment Committee Chairman of the Advisory Committee Member of the Investment Committee</p>

5. Remunerations**5.1 Board Members Remuneration in Saudi Riyals**

Statement	Executive Board Members	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions	-	-	-
Allowance for attendance of the committees' sessions	-	-	-
Periodic and annual remunerations	-	-	648,920
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
Total	-	-	648,920

5.2 Senior Executives remuneration in Saudi Riyals

Statement	Five of the senior executives who received the highest remunerations and compensations in addition to the CEO and CFO, if they are not among them
Salaries and wages	2,773,858
Allowances	-
Periodic and annual remunerations	900,000
Incentive plans	-
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
Total	3,673,858

6. Annual Audited Financials

PricewaterhouseCoopers (PwC) conducted an external audit of NSAIC's 2021 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 regulations for companies. No significant or material matters were raised.

The auditor's report did not have any reservations on the annual financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of financial position
 (All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at December 31, 2021	As at December 31, 2020
Assets			
Current assets			
Cash at bank	3	50,205,958	44,876,034
Due from related party	13	3,204,433	5,287,319
Prepayments and other receivables	4	341,027	383,415
Total current assets		53,751,418	50,546,768
Non-current asset			
Fixtures, furniture and right-of-use assets, net	5	4,011,752	36,487
Total assets		57,763,170	50,583,255
Liabilities and shareholder's equity			
Liabilities			
Current liabilities			
Accrued and other current liabilities	6	3,584,541	379,580
Due to a related party	13	5,837,893	1,465,798
Income tax provision	7	-	-
Total current liabilities		9,422,434	1,845,378
Non-current liability			
Employees end of service benefits ("EOSB")	8	143,232	85,455
Total non-current liability		143,232	85,455
Total liabilities		9,565,666	1,930,833
Shareholder's equity			
Share capital	9	50,000,000	50,000,000
Statutory reserve	10	-	-
Accumulated losses		(1,802,496)	(1,347,578)
Total shareholder's equity		48,197,504	48,652,422
Total liabilities and shareholder's equity		57,763,170	50,583,255
Contingencies and commitments	11	-	-

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of income and other comprehensive income
 (All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the period ended December 31, 2021	For the period from December 12, 2019 to December 31, 2020
Revenue			
Income from service support fee	13	7,448,245	5,287,319
Income from underwriting services		949,354	-
Operating expenses			
Salaries and employee related benefits		4,209,612	3,092,250
Expense related to Master Service Agreement	13	1,366,501	1,366,501
General and administrative expenses	12	3,065,897	2,298,133
Depreciation	5	377,513	18,638
		(9,019,523)	(6,775,522)
Operating loss		(621,924)	(1,488,203)
Other income			
Special commission income on term deposits		167,006	140,625
Loss before income tax		(454,918)	(1,347,578)
Income tax charge	7	-	-
Net loss for the year/ period		(454,918)	(1,347,578)
Other comprehensive income for the period		-	-
Total comprehensive loss for the year / period		454,918	1,347,578

Underwriting fees are recognised when the Company has rendered all services to the issues and is entitled to collect the fee from the issues with no contingencies associated with the fees. Underwriting revenues are presented net of transaction related expenses.

During the year, the Company entered into an IPO transaction with ACWA Power which was finalized and recognised during the year.

7. Capital Adequacy Disclosures

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

	Saudi Riyals in thousands
	As at December 31, 2021
Capital base	
Tier-I Capital	48,197
Tier-II Capital	-
Total capital base	48,197
Minimum capital requirement	
Market Risk	-
Credit Risk	6,461
Operational Risk	2,255
Total minimum capital requirement	8,716
Capital Adequacy Ratio	
Total capital ratio (times)	5.53
Surplus in capital	39,481

- a) The above information has been extracted from the Company's Capital Adequacy Model for the period from January 1, 2021 to December 31, 2021 and submitted to CMA.
- b) The Capital Base consists of Tier 1 Capital and Tier 2 Capital calculated as per Article 4 and 5 of the Rules respectively. The Minimum Capital Requirements for Market, Credit and Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.
- c) The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.

8. Transactions between NSAIC, Natixis SA and Natixis Dubai Branch

The entity enters into transactions with another company that falls within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise of companies/entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

Within its ordinary course of business, the Company may enter into commercial transactions with its parent Natixis SA.

NSAIC concluded agreements with its Parent Company's Dubai branch which set out the principles governing the sharing of revenues and the recovery of expenses incurred in generating such revenues.

The Company has entered into a Service Level Agreement with a related party, the conditions upon which it agrees to provide the related party client relationship management services in relation to Global Market activities. In consideration of services provided to related party, the Company will recharge an amount equal to the total amount of costs and expenses incurred in the performance of service plus a 15% margin.

Additionally, the Company has outsourced certain support function services to a related party as per the master service agreement between the two entities. The outsourced services include finance, information technology, human resources, operations and other support services. The costs are agreed and allocated based on terms of the said agreements and are payable annually in arrears.

9. Penalty, Sanction and Precautionary Measures

There was a late fees payment imposed by GOSI in 2021 due to “delay of payments” of 2 months. While the company paid the contributions exactly on the due date, GOSI’s system reflected it one day post the due date. The company addressed this by submitting GOSI payment ahead of the deadline to avoid any potential technical issues.

10. Annual Audit (Internal)

Following the audit assignment on Natixis Saudi Arabia Investment Company (completed in March 2021), Internal Audit conducted a review of the issues raised and validated the implementation of all the remediation actions at the end of the year.

Internal Audit provides an independent assurance on the adequacy and effectiveness of the governance, process, controls, and risk management. The team uses a risk-based audit approach in line with the Group charter and the Capital Market Authority (CMA)’s expectations. The Internal Audit Function attends the Audit & Risk Committee where audit plans and reports are discussed and reported.

11. Risk Management

NSAIC did not have any market risks exposures and credit risks at minimum during 2021.

Credit risks during the year 2021 pertained to exposure to banks due to the Company’s current account / short term deposit held in a local SAMA bank. Additionally, Exposure to Corporates which was due to the receivable balances from Natixis Dubai Branch.

The company manages operational risks based on the framework adopted in Natixis SA to determine the operational risk profile and identify appropriate risk mitigation measures and priorities. Information collected during the risk control and self-assessment process is used to identify demand on operational risk capital. The NSAIC Compliance Officer assumes responsibility for the implementation of the operational risk framework and is the designated Operational Risk Correspondent for the Company.

12. Additional disclosures for 2021 as per CMA requirement

The Board of Directors for NSAIC confirm that:

- a) Neither it nor the Company's employees including the CEO, Compliance Officer & MLRO, Finance Officer, nor any associated or related person to them, held any interest in business or contracts where NSAIC is counterparty.
- b) Neither it nor the Company's employees including the CEO, Compliance Officer & MLRO, Finance Officer, nor any associated or related person to them, held any interest, contractual securities, or subscription rights in the shares or debt instruments of NSAIC or any of its affiliates.
- c) None of the board members have waived any compensation, allowance or any type of remuneration
- d) There were two General Assembly meetings held during 2021
- e) NSAIC does not have any ownership interest in any company inside or outside the Kingdom of Saudi Arabia.
- f) There were no arrangements or agreements under which Natixis SA as shareholder of NSAIC has waived any rights to dividends.
- g) There were no requests made by or of the Company in relation to shareholder's records.
- h) There were no outstanding statutory payments on account of any zakat, taxes, fees or any other charges for the fiscal year 2021.
- i) There were no investments made or any reserves set up for the benefit of the employees of the company.
- j) NSAIC did not have any loans in fiscal year 2021.

13. Implemented Provisions of CMA Regulations

As far as we are aware, there have been no departures from applicable regulatory requirements during 2021.