



Natixis Saudi Arabia Investment Company (NSAIC)  
**Board of Directors Annual Report  
for 2022**

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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, 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 € 5.89 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 financial services industry witnessed many geopolitical and economic challenges during 2022. Starting with the conflict in Ukraine, rising inflation, elevated cost of USD funding for European banks and increased asset price volatility in global markets.

The IMF revised its global inflation forecast from 4.7 to 8.8% while predicting Global growth to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis.

On the other hand, in 2022, Saudi Arabia's gross domestic product (GDP) hit the SAR 4 trillion mark (\$1.06 trillion). The IMF is forecasting KSA to Grow at Fastest Pace in a Decade in 2022, outpacing the dynamic Asian giants of China, India, Indonesia and South Korea, as well as the struggling G7 and other major emerging economies.

NSAIC continued to develop its Saudi Investment Banking franchise during 2022, with several flagship and high-profile transactions across various business lines.

NSAIC is focused on developing its strategy and footprint in the Kingdom over the coming years, 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.

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 2022, the Board of Directors held two meetings. The attendance reports for these meetings are as follows:

<b>Members</b>	<b>N.1/2022 Meeting (held on 29 March 2022)</b>	<b>N.2/2022 Meeting (held on 26 October 2022)</b>
Mr. Khalid Algahtani	attended	attended
Mr. Simon Eedle	attended	attended
Mr. Alain Gallois	attended	attended
Mr. Guillaume De Saint-Seine	attended	attended
Mrs. Barbara Riccardi	attended	attended
Dr. Adnan Soufi	attended	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.

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The ARC is 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                              Vicechair Member
- Mr. Alain Gallois                             Member
- Dr. Adnan Soufi                               Member

During 2022, the Audit & Risk Committee held two meetings. The attendance report for these meetings is as follows:

<b>Members</b>	<b>N.1/2022 Meeting (held on 22 March 2022)</b>	<b>N.2/2022 Meeting (held on 13 October 2022)</b>
Mrs. Barbara Riccardi	attended	attended
Mr. Simon Eedle	attended	attended
Mr. Alain Gallois	attended	attended
Dr. Adnan Soufi	attended	attended

Permanent invitees to the Audit & Risk Committee meetings are the Company's CEO, the Head of Compliance & MLRO, the Chief Finance Officer, Head of EMEA Internal Audit, and the ME General Secretary. 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.

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

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

During 2022, the Nomination & Remuneration Committee held one meeting. The attendance report for the meeting is as follows:

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<b>Member</b>	N.1/2022 Meeting (held on 19 January 2023)
Mrs. Barbara Riccardi	attended
Mr. Simon Eedle	attended
Mr. Alain Gallois	attended

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

<b>Board Member</b>	<b>Company Name</b>	<b>Country</b>	<b>Director / Manager</b>
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 Opportunités (LIO) Holding S.A.L.	Lebanon	Chairman

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Mr. Simon Eedle	Natixis SA	UK	Senior Country Manager
	Connected Asset Management	UK	Independent Board Member
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, Caucasus and Central Asia
Mr. Guillaume De Saint-Seine	Natixis CIB	France	Global Head of Financial & Sovereign Institutions
	Fenchurch Advisory	UK	Senior Adviser
	Natixis Pfandbriefbank AG	Frankfort	Chairman of the Supervisory Board
Dr. Adnan Soufi	Savola Group	KSA	Non-Executive Board Member and a Member of the Investment Committee
	Panda	KSA	Non-Executive Board Member and Chairman of the Investment Committee
	Fitaihi Group Holding Company	KSA	Independent Board Member and Chairman of the Audit Committee
	Saudi Industrial Services Co. (SISCO)	KSA	Non-Executive Independent Vice-Chairman and Chairman of the Investment Committee
	DAS Partners	KSA	Founder and Managing Partner
	Wadi Jeddah	KSA	Member of the Board and Chairman of the Investment Committee
	General Authority for Awqaf	KSA	Chairman of the Advisory Committee



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	The Environment Fund	KSA	Member of the Investment Committee
	State Street Saudi Arabia Financial Solution Company	KSA	Advisory Board Member (Non-Executive)

## 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	-	-	625,000
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
<b>Total</b>	-	-	<b>625,000</b>

### 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	3,259,753
Allowances	-
Periodic and annual remunerations	585,053
Incentive plans	-
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
<b>Total</b>	<b>3,844,806</b>

## 6. Annual Audited Financials

**Al-Kharashi Co. Mazars conducted an external audit of NSAIC'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 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)

	<b>As at December 31, 2022</b>	<b>As at December 31, 2021</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	43,470,266	50,205,958
Due from a related party	4,211,396	3,204,433
Prepayments and other receivables	<u>559,071</u>	<u>341,027</u>
<b>Total current assets</b>	<b><u>48,240,733</u></b>	<b><u>53,751,418</u></b>
<b>Non-current assets</b>		
Property, and equipment, net	2,262,372	2,309,050
Right-of-use assets, net	<u>1,277,027</u>	<u>1,702,702</u>
<b>Total Non-current assets</b>	<b><u>3,539,399</u></b>	<b><u>4,011,752</u></b>
<b>Total assets</b>	<b><u>51,780,132</u></b>	<b><u>57,763,170</u></b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accrued and other current liabilities	3,017,267	1,868,425
Due to a related party	113,876	5,837,893
Lease liabilities	430,445	424,781
Provision for income tax	<u>139,597</u>	<u>-</u>
<b>Total current liabilities</b>	<b><u>3,701,185</u></b>	<b><u>8,131,099</u></b>
<b>Non-current liability</b>		
Employees end of service benefits ("EOSB")	266,895	143,232
Lease liabilities	<u>860,890</u>	<u>1,291,335</u>
<b>Total non-current liability</b>	<b><u>1,127,785</u></b>	<b><u>1,434,567</u></b>
<b>Total liabilities</b>	<b><u>4,828,970</u></b>	<b><u>9,565,666</u></b>
<b>Shareholder's equity</b>		
Share capital	50,000,000	50,000,000
Accumulated losses	<u>(3,048,838)</u>	<u>(1,802,496)</u>
<b>Total shareholder's equity</b>	<b><u>46,951,162</u></b>	<b><u>48,197,504</u></b>
<b>Total liabilities and shareholder's equity</b>	<b><u>51,780,132</u></b>	<b><u>57,763,170</u></b>
<b>Contingencies and commitments</b>	-	-

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

	For the period ended December 31, 2022	For the period ended December 31, 2021
<b>Revenue</b>		
Income from service support fee	8,709,248	7,448,245
Income from underwriting services	-	949,354
<b>Operating expenses</b>		
Salaries and employee related benefits	4,267,347	4,209,612
Expense related to Master Service Agreement	1,366,500	1,366,501
General and administrative expenses	3,615,006	3,065,898
Depreciation	1,026,213	377,512
	<b>(10,275,066)</b>	<b>(9,019,523)</b>
<b>Operating loss</b>	<b>(1,565,818)</b>	<b>(621,924)</b>
<b>Other income</b>		
Special commission income on term deposits	460,222	167,006
Loss from disposal of asset	(1,149)	-
<b>Loss before income tax</b>	<b>(1,106,745)</b>	<b>(454,918)</b>
Income tax charge	(139,597)	-
<b>Net loss for the year/ period</b>	<b>(1,246,342)</b>	<b>(454,918)</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive loss for the year / period</b>	<b>(1,246,342)</b>	<b>(454,918)</b>

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 2021, the Company entered into an IPO transaction with ACWA Power which was finalized and recognised during the same 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, 2022

	<b>Saudi Riyals in thousands</b>
	<b>As at December 31, 2022</b>
Capital base	
Tier-I Capital	46,951
Tier-II Capital	-
<b>Total capital base</b>	<b>46,951</b>
<b>Minimum capital requirement</b>	
Market Risk	-
Credit Risk	7,298
Operational Risk	2,255
<b>Total minimum capital requirement</b>	<b>9,553</b>
<b>Capital Adequacy Ratio</b>	
Total capital ratio (times)	4.91
Surplus in capital	<b>37,398</b>

- a) The above information has been extracted from the Company's Capital Adequacy Model for the period from January 1, 2022 to December 31, 2022 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 single late fee penalty imposed on NSAIC in 2022 amounting to SAR 715.24 during the August WHT submission and was resolved and paid to ZATCA.

## **10. Annual Audit (Internal)**

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.

A full-scope Internal Audit assignment started in November 2022. The final results of the review will be presented to the ARC and Board during 2023.

## **11. Risk Management**

NSAIC did not have any market risks exposures and credit risks at minimum during 2022.

Credit risks during the year 2022 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 Head of Compliance and MLRO assumes responsibility for the implementation of the operational risk framework and is the designated Operational Risk Correspondent for the Company.

## **12. Additional disclosures for 2022 as per CMA requirement**

The Board of Directors for NSAIC confirm that:

- a) Neither it nor the Company's employees including the CEO, the Head of Compliance & MLRO, Chief Financial 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, the Head of Compliance & MLRO, Chief Financial 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 was one General Assembly meetings held during 2022
- 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 2022.
- 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 2022.

## **13. Implemented Provisions of CMA Regulations**

As far as we are aware, there have been no departures from applicable regulatory requirements during 2022.