

Annual Board Report

BNY Mellon Saudi Financial
Company

2021

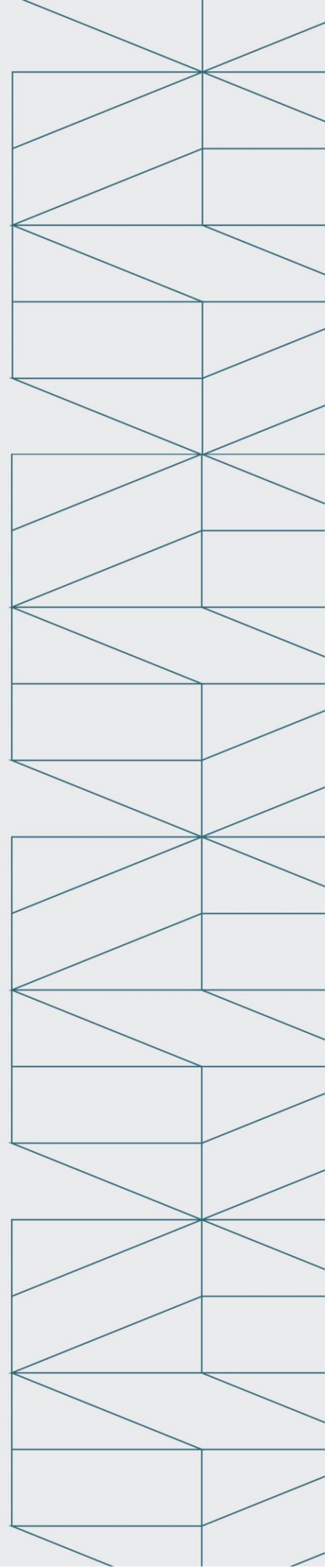


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Overview

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.

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

The Company appointed the following individuals

Mona Alhussain – Chief Executive Officer

Mona Al Hussain joined BNY Mellon in March 2020 to establish BNY Mellon Saudi Financial Company and lead the Asset Servicing business in Saudi Arabia. This role requires Mona to manage day-to-day service delivery to our clients, set the strategic direction for the business and ensure businesses adhere to all relevant risk, compliance and regulatory guidelines. Prior to BNY Mellon, Mona worked at number of international banks in Saudi

المقدمة

شركة بي ان واي ميلون السعودية المالية، تعمل بسجل تجاري رقم 1010699547 بتاريخ 23/08/1442 هـ الموافق 06/04/2021م، وترخيص وزارة الاستثمار رقم 10211411296279 بتاريخ 05/12/1441 هـ الموافق 26/07/2020م وترخيص هيئة السوق المالية رقم 20211-04 بتاريخ 19/01/1442 هـ الموافق 07/09/2020م (الشركة) هي شركة شخص واحد مساهمة مغلقة، مملوكة بالكامل لـ بي ان واي إنترناشونال فاينانسنج كوربوريشن، والمملوكة لـ بنك اوف نيويورك ميلون ("البنك المؤسسي")، البنك المعتمد لولاية 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 حفظ الأوراق المالية، مما يؤهلها للقيام بأعمال ترتيب خدمات الحفظ لعملائها. قامت الشركة باستلام 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 وإفريقيا. تهدف إلى حماية وتنمية الأعمال داخل الشركة من خلال تعزيز تجربة العميل وتقديم خدمات متقدمة للعملاء الداخليين والخارجيين من خلال القوى العاملة المتنوعة، الموهوبة والماهرة.

تخضع الشركة لمجلس إدارة ("المجلس")

قامت الشركة بالتعيينات التالية

منى الحسين – الرئيس التنفيذي

التحقت منى الحسين بـ بي ان واي ميلون في مارس 2020م لقيادة الشركة السعودية وأعمال خدمة الأصول في المملكة. يتطلب هذا الدور من منى ادارة خدمات العملاء، وتجهيز الاستراتيجيات لتتوافق مع متطلبات المخاطر، الالتزام، و المتطلبات التنظيمية. قبل التحاقها في بي ان واي ميلون، عملت منى في عدد من المؤسسات المالية العالمية في المملكة، والتي تشمل شركة نورذن ترست السعودية، جي بي مورغان وإتش

Arabia including Northern Trust, JP Morgan and HSBC, and has over 13 years of experience in Asset Servicing covering operations, middle and front office and business development. In her previous role at Northern Trust, she was part of the local management team and, as the Head of Clients for Northern Trust Saudi, she had oversight responsibility for all Saudi client relationships. Mona also held a number of additional responsibilities including Saudi Philanthropy leader and the Marketing and Communication leader of the Women's Interactive Network (WIN-MENA). Mona earned her MBA from Prince Sultan University School of Business with a specialisation in Finance. She gained her B.A. in Accounting from King Saud University.

Farid Tawfik - Chief Compliance and MLRO

Farid is Chief Compliance and Money Laundering Reporting Officer (MLRO) for BNY Mellon Saudi Financial Company. He has worked in the investment banking industry since 2007 and started his career in a local investment bank as a research analyst, moving on to join Mizuho Saudi Arabia as the business was being established in the Kingdom. In 2019, Farid joined Natixis Saudi Arabia Investment Company and helped with licensing the business in Saudi Arabia. Farid holds a Bsc. in Quantitative Methods and a Msc. of Science in Finance, both from King Saud University. He is a Certified Compliance Professional and a Certified Governance Risk & Compliance Officer.

Rasheed Alrasheed, Chief Finance Officer

Rasheed joined BNY Mellon in June 2020 and brings more than 20 years of experience in Finance and Accounting. Prior to joining BNY Mellon, he was Chief Financial Officer (CFO) and Head of Risk at Ashmore Investment in Saudi Arabia. He also worked as a CFO at Deutsche Bank & Deutsche Securities in Saudi Arabia. Previously he worked at Albilad Capital, Saudi Arabia, as a CFO, and as the Head of Financial Reporting and MIS for the Corporate Banking Group at Samba Financial Group. In addition, Rasheed worked as a Consultant for the KSA Vision2030 VRO office, a Senior Financial Analyst at the Arab National Bank, and Accountant at Alrajhi Bank. Rasheed holds a BA in Accounting from King Saud University.

إس بي سي، لتحمل أكثر من 13 سنة خبرة في مجال خدمة الأصول وتطوير الأعمال. أثناء عملها في نورذن ترست، كانت عضواً في الفريق الإداري كرئيس إدارة العملاء وقامت بالإشراف على جميع علاقات العملاء في المملكة العربية السعودية. كما أنها غطت مسؤوليات جانبية للأعمال الخيرية، والتسويق والاتصال لشبكة تفاعل المرآه في السابق. حصلت منى على ماجستير إدارة الأعمال تخصص الإدارة المالية من جامعة الأمير سلطان، وبكالوريوس المحاسبة من جامعة الملك سعود.

فريد توفيق – الرئيس التنفيذي للمطابقة والالتزام ومكافحة غسل الأموال وتمويل الإرهاب

التحق فريد ب بي ان واي ميلون ليرأس قسم المطابقة والالتزام ومكافحة غسل الأموال وتمويل الإرهاب. بدأ العمل في مجال المصرفية الاستثمارية سنة 2007م، حيث بدأ كمحلل بحوث لدى أحد البنوك الاستثمارية المحلية، ثم التحق بشركة ميزوهو العربية السعودية ليكون من ضمن فريق التأسيس الى أن أدار قسم المطابقة والالتزام ومكافحة غسل الأموال. في 2019م التحق فريد بشركة ناتيكسيس العربية السعودية للاستثمار، حيث عمل على ترخيص المنشأة لأعمال الأوراق المالية. يحمل فريد بكالوريوس في الأساليب الكمية، وماجستير العلوم المالية؛ من جامعة الملك سعود، وهو مسؤول التزام و حوكمة معتمد.

رشيد الرشيد – الرئيس التنفيذي للمالية

التحق رشيد ب بي ان واي ميلون في يونيو 2020م، وهو يحمل خبرة أكثر من 20 عام في مجال المالية والمحاسبة. قبل التحاقه، عمل رشيد في عدد من المؤسسات كالرئيس التنفيذي للمالية وإدارة المخاطر في شركة أشمور السعودية للاستثمار، الرئيس التنفيذي للمالية في دويتشه المالية و بنك دويتشه، كما عمل كرئيس تنفيذي للمالية في شركة البلاد المالية، ورئيس التقارير المالية في مجموعة سامبا المالية، محلل مالي أول في البنك العربي الوطني ومحاسب في بنك الراجحي. إضافة لعمله سابقاً كمستشار في مكتب تحقيق الرؤية 2030. يحمل رشيد شهادة بكالوريوس محاسبة من جامعة الملك سعود.

Noura Alshemaisy – Senior Analyst

Noura Alshemaisy joined BNY Mellon Saudi Financial Company in July 2021 as a Senior Analyst and Board Secretary. Prior to joining she worked as a Business Analyst at Boston Consulting Group and interned at Sanabil Investment and Ernst & Young. Noura hold a Bachelor of Finance degree from Alfaisal University.

نورة الشميسي – محلل أول

التحقت نورة الشميسي بشركة بي ان واي ميلون السعودية المالية في يوليو 2021م كمحلل أول و أمين مجلس الإدارة. قبل التحاقها عملت كمحلل أعمال في مجموعة بوسطن الاستشارية وتدربت في شركتي سنابل للاستثمار و ارنيست و يونغ. تحمل نورة شهادة بكالوريوس إدارة مالية من جامعة الفيصل.

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.

التراخيص

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

Financials

KPMG conducted an external audit of BNY Mellon Saudi Financial Company'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 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 301k as a net income for the year 2021. Please see appendix (G) for detailed audited financial statements.

القوائم المالية

تم تدقيق عمليات شركة بي ان واي ميلون السعودية المالية لسنة 2021م من قبل 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 301 ألف ريال سعودي كصافي ربح عن سنة 2021م. المرفق (خ) يحتوي على القوائم المالية المدققة.

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 للتقليل 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".

اعتمدت 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- First Line of Defence (1LOD) includes senior management, businesses and corporate staff, excluding management and employees in Risk Management, Compliance and Internal Audit. The 1LOD Maintains and implements an effective risk management framework; ensures that BNY Mellon appropriately manages risk consistent with its strategy and risk tolerance; and establishes clear responsibilities and accountability for the identification, measurement, management and control of risk, and embedding risk considerations into decisions and actions.

1- خط الدفاع الأول: ويشمل الإدارة العليا و شركاء الأعمال بخلاف إدارات المخاطر والالتزام والرقابة الداخلية. يحافظ خط الدفاع الأول وينفذ إطارا فعالا لإدارة المخاطر؛ يضمن أن بي ان واي ميلون يدير المخاطر بشكل مناسب بما يتوافق مع استراتيجية البنك وتحمل المخاطر؛ وتحدد مسؤوليات ومساءلة واضحة لتحديد المخاطر وقياسها وإدارتها ومراقبتها، وتضمن النظر في المخاطر في القرارات والإجراءات.

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 responsible for the framework, policies and tools for managing risk and compliance; Provides independent review and challenge to the first line's risk decisions and activities throughout the risk management lifecycle.

2- خط الدفاع الثاني: وهو المسؤول عن الرقابة المستقلة وتحدي المخاطر المحددة والمقيمة والمدارة من قبل خط الدفاع الأول. خط الدفاع الثاني مسؤول بشكل أساسي عن إطار، سياسات وأدوات الالتزام وإدارة المخاطر؛ تقديم مراجعة مستقلة وتحدي قرارات المخاطر وأنشطة خط الدفاع الأول طوال دورة إدارة المخاطر.

3- The Third Line of Defence (3LOD) consists of Internal Audit. The 3LOD is independent from both the 1LOD and 2LOD. Internal Audit brings a systematic, disciplined, risk-based approach to evaluate and improve the effectiveness of the company's risk management, control and governance processes and Reviews and evaluates the adequacy, effectiveness and sustainability of risk management procedures, internal control systems, information systems and governance processes.

3- خط الدفاع الثالث: ويتألف من المراجعة الداخلية، وهو مستقل عن كلاً من خطي الدفاع الأول والثاني. تقدم المراجعة الداخلية نهجا منظما ومنضبطا قائما على المخاطر لتقييم وتحسين فعالية إدارة مخاطر الشركة وعمليات الرقابة والحوكمة ومراجعة وتقييم مدى كفاية وفعالية استدامة الإجراءات وأنظمة المراجعة الداخلية ونظم المعلومات وعمليات الحوكمة.

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

تستخدم الشركة عدة تقييمات لتعريف وإدراج جميع وظائف المخاطر:

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.

1- بيان تقبل المخاطر: يحدد ويصف كل من طبيعة وقابلية تحمل الشركة للمخاطر الرئيسية المتأصلة في أعمالنا

2- High-Level Assessment (HLA) 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.

2- يلخص التقييم عال المستوى صورة شاملة للمخاطر من خلال فئات المخاطر الجوهرية، ويلعب هذا التقييم دورًا هامًا ويمثل الاداة التي يحدد من خلالها الكيان المخاطر و يقيمها من أجل مراقبة وإدارة 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.

BNYM SFC is a newly established entity. The primary risk within BNY Mellon Saudi Financial

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 والحوال الإستراتيجية. ويتطلب التحقيق الناجح لإستراتيجيتنا أن نقدم ذوي الخبرة ونستمر في تطوير الأشخاص ذوي المهارات العالية والموهوبين. هذا ويعد التنفيذ الناجح للمبادرات الإستراتيجية الرئيسية أمراً ضرورياً 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 التعسر.

وتُقدر المخاطر الائتمانية المحلية المقبولة في المملكة العربية السعودية والمتعلقة برأس المال المودع لدى مصرف محلي بتقييم بما لا يقل عن Baa1/BBB+ من قبل ستاندرد آند بورز وموديز.

يقتصر التعرض الائتماني للشركة على توظيف رأس المال التنظيمي المودع في البنك السعودي البريطاني (ساب)، علماً 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.

بي ان واي ميلون السعودية المالية هي كيان منشأ حديثاً في السعودية، وتتمثل مخاطرها الرئيسية في المخاطر التشغيلية،

Company is Operational Risk. As the entity does not book business, the key activities conducted relate 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.

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.

نظرًا لأن الكيان لا يقوم بأي نشاط تجاري للعملاء، فإن الأنشطة الرئيسية المجرأة 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 تمانع الشركة في العمل مع/ الاستعانة بمصادر خارجية، على أساس إجراء العناية الواجبة المناسبة وتقييم المخاطر وتقدير الحالة الحرجة مسبقًا، 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.

نظرًا للمتطلبات التنظيمية في السعودية ووضع المواهب/ الموارد والنموذج التشغيلي للكيان السعودي (عدد محدود من الموظفين محليًا)، دائمًا 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 اتفاقية العمل 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.

المخاطر التنظيمية

تعرف الشركة الخطر النظامي بالإخفاق أو عدم القدرة على الالتزام الكامل للوائح أو الانظمة المطبقة تحديدًا على صناعة الخدمات المالية.

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, Update the Operations manual 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.

يتعين أن يكون الكيان السعودي متوافقاً مع جميع اللوائح الحكومية المحددة من قبل جميع الهيئات الحكومية ذات الصلة. هذا وقد أضاف الكيان عدد من نقاط الرقابة من خلال تعيين طرفاً ثالثاً مسؤولاً عن العلاقات الحكومية/ العامة، حيث يكون مسؤولاً عن تجديد ترخيص الكيان. ويتم تحديث دليل العمليات 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 مرافقة الموظفين القادمين من خارج المملكة وإجراءات العاملين المنقولين عبر الحدود (بدون مقر ثابت)، علاوة على ذلك، إطلاع مجالات العمل الأخرى على المستجدات بشكل دائم بأي تعميمات جديدة لهيئة السوق المالية، خصوصية البيانات والأمن السيبراني وما إلى ذلك. وقد جمع دليل الالتزام المحلي جميع الأحكام ذات الصلة للالتزام بأي متطلبات محلية سارية والمفروضة من قبل جميع الجهات التنظيمية.

Technology and Information Security Risk

مخاطر التكنولوجيا وأمن المعلومات

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).

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).

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.

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.

Execution, maintenance and reporting process risk

مخاطر التنفيذ والاستمرارية و تقارير العمليات

At a group level, this is defined as the failure to design, execute or maintain processes and meet reporting requirements in an accurate, timely or complete manner.

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

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

سيكون للكيان السعودي أنشطة محدودة محلياً فيما يتعلق بالقيام بالأنشطة التجارية للعملاء، حيث أن الكيان السعودي لن يقوم بتسجيل اصول العملاء محلياً، 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 او انتهاء علاقاتهم، استكمال التقارير الرقابية في الوقت المحدد. ومع ذلك، فنحن لدينا إطار عمل قوي لإدارة المخاطر (إطار

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

Is 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 do not book any client business locally. With regards to managing the companies accounts, authorities; due to the 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.

There was a total of four board meetings held in the 2021 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 F.

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

عمل الكيان السعودي)، ويتألف من رقابة خط الدفاع الأول مع إشراف خط الدفاع الثاني ولجنة التدقيق 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 بهذا النوع، حيث أننا لا نقوم بتسجيل أي نشاط تجاري للعملاء محلياً. أما فيما يتعلق بإدارة حسابات الشركات والهيئات، نظراً لقلّة عدد الموظفين، فقد تم اتخاذ إجراءات إضافية محلياً لمنع أي حدث احتيالي.

أعضاء مجلس الإدارة واجتماعات المجلس

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

اجتمع المجلس أربع مرات خلال سنة 2021م. تفاصيل تشكيل المجلس، وتصنيف أعضائه، إضافة لجدول حضور الاجتماعات مدرجة في المرفق (أ).

بناءً 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 بي ان واي ام.

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

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

interest in any business or contracts to which the Company was a party of in the financial year ending 31 December 2021.

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 2021م.

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	Abdullah AlAbdulgader

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:

اللجان التابعة لمجلس الإدارة

لدى الشركة لجنتان 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)
عبدالله العبدالقادر	عضو مستقل

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 وضمن 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 الموظفين.

المراجعة الخارجية:

- 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 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 KSA professional and regulatory requirements;
- Reviewing, approving, and recommending for approval to the Board the BNY Mellon Saudi Financial Company Audit and Permitted Non-Audit Services Pre-Approval Policy;

- الإبلاغ عن جوانب المراجعة الخارجية إلى مجلس الإدارة.
- مسؤول عن إجراءات اختيار المراجع الخارجي.
- عقد مناقشات مع المراجعين الخارجيين فيما يتعلق بالسياسات والممارسات المحاسبية الهامة، في التوقيت المناسب.
- مراجعة تقرير المراجع الخارجي حول الأمور الرئيسية الناشئة عن المراجعة الخارجية للحسابات السنوية، وعلى الأخص فيما يتعلق بنقاط الضعف الجوهرية في المراجعة الداخلية فيما يتعلق بعملية إعداد التقارير المالية.
- المراجعة 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 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 شركة بي ان واي ميلون السعودية المالية والخدمات غير المتعلقة بالمراجعة وسياسة الاعتماد المسبق.

Internal Audit:

- 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.

المراجعة الداخلية:

- مراجعة المسائل الهامة المحددة من قبل المراجعين الداخليين ومراقبة المتابعة واستجابة الإدارة لهذه المسائل.
- اعتماد خطط المراجع الداخلي والتغييرات الجوهرية على أي خطة، على أن تتمتع كل خطة بالمرونة للتعامل مع الأحداث غير المخطط لها للسماح للمراجع الداخلي بالتعامل مع المخاطر الناشئة.
- مراقبة ومراجعة فعالية وظيفة المراجع الداخلي 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:**الالتزام:**

- 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 الالتزام تجاه رقابة الشركة
- مراجعة المسائل الهامة التي حددتها وظيفة الالتزام، ومراقبة استجابة الإدارة للمسائل المذكورة.
- اعتماد خطط مراقبة الالتزام وأي تغييرات جوهرية على الخطط.

Risk:**المخاطر:**

- 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

- 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، الاستراتيجية، مخاطر المجموعة) وعمل التوصيات لاتخاذ الاجراءات من قبل المجلس
- عمل التوصيات للمجلس للموافقة على السياسات والإجراءات المرتبطة بالمخاطر وتضارب المصالح
- مراجعة فعالية إدارة المخاطر
- مراجعة نتائج التقارير التفتيشية من قبل الجهة الإشرافية 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 للآتي:

- 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 الرقابية الجوهرية

Capital and Liquidity:**رأس المال والسيولة**

- 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.

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

Recovery and Resolution:**خطط الحل والاستعادة**

- 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 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.

2- Nomination and Remuneration Committee

Members	Name
Non-Executive Director (Chair)	Akash Shah
Non-Executive Director (Vice Chair)	Hani Kablawi
Independent Director	Abdullah Alsuwailmy

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

- 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

- 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 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 لجنة الترشيحات والمكافآت

الاسم	الصفة
أكاش شاه	عضو غير تنفيذي (رئيس اللجنة)
هاني قبالوي	عضو غير تنفيذي (نائب رئيس اللجنة)
عبدالله السويلمي	عضو مستقل

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

- 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.

committees members and Senior Executives, in accordance with the approved policy.

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 fines were imposed by the CMA or any other regulatory body during 2021.

Internal Audit Reviews

BNYM's Internal Audit completed an audit on the Company using Agile Auditing principles. Overall, the internal control environment is rated as Satisfactory but Needs Improvement.

The review summarized three medium issues and one low issue.

Although Internal Audit acknowledged that most key controls are acceptable and are operating effectively, areas were identified for enhancement in order to reduce any risk of exposure.

Abdullah Alsuweilmy
Chairman, BNY Mellon Saudi Financial Company

Mona Alhussain
Chief Executive Officer


Rasheed Alrasheed
Chief Finance Officer

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)

العقوبات

لا توجد أي عقوبات مفروضة على الشركة من قبل الهيئة أو أي جهة اشرافية أخرى خلال 2021.

تقرير المراجع الداخلي

أنهى قسم التدقيق الداخلي في بي ان واي ميلون تدقيقاً على الشركة باستخدام مبادئ التدقيق المرنة، وقد صنفت بيئة الرقابة الداخلية على أنها مرضية بشكل عام ولكنها بحاجة إلى تحسين.

لخصت عملية التدقيق ثلاثة مشكلات متوسطة وواحدة منخفضة.

على الرغم من أن معظم الضوابط الرئيسية مقبولة وتعمل بشكل فعال، إلا أنه تم تحديد المشكلات المطلوب تعزيزها لتقليل أي تعرض للمخاطر.



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



منى الحسين
الرئيس التنفيذي

رشيد الرشيد
الرئيس التنفيذي للمالية

Appendices

مرفقات

A) Board Members Membership in Other Companies

(أ) عضوية مجلس الإدارة في الشركات الأخرى

Name	Organization	Position	Country
Abdullah Alsuweilmy	DirectFN	Chairman of the Board	KSA
	Saudi Payments	Board member	KSA
	Muscat Stock Exchange	Board member	Oman

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

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

الاسم	الشركة	المنصب	البلد
هانى قبلاوي	بي ان واي ميلون (انترناتيونال) 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

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

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

Name	Organization	Position	Country
Abdullah Alabdulgader	Saudi Arabian Investment Company (Sanabil)	Director	KSA
	Saudi Arabian Railroads Company (SAR)	Director	KSA
	The General Organization for Social Insurance (GOSI)	Director	KSA
	Al Faisaliah Group	Director	KSA
	Gulf International Bank KSA	Director	KSA
	Gulf International Bank UK	Director	United Kingdom
	STC	Director	Bahrain

الاسم	الشركة	المنصب	البلد
عبدالله العبدالقادر	سنابل للاستثمار	عضو	المملكة العربية السعودية
	الشركة السعودية للخطوط الحديدية (سار)	عضو	المملكة العربية السعودية
	المؤسسة العامة للتأمينات الاجتماعية	عضو	المملكة العربية السعودية
	مجموعة الفيصلية	عضو	المملكة العربية السعودية
	بنك الخليج الدولي (السعودية)	عضو	المملكة العربية السعودية
	بنك الخليج الدولي (المملكة المتحدة)	عضو	المملكة المتحدة
	اس تي سي	عضو	البحرين

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) 2021 Board Members & Attendance Records

(ت) الأعضاء وجدول حضور الاجتماعات لسنة 2021

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
Abdullah Alabdulgader	Independent Board member	عضو مجلس إدارة مستقل	عبدالله العبدالقادر

	09/12	30/09	24/06	26/04	
Abdullah Alsuweilmy	✓	✓	✓	✓	عبدالله السويلمي
Hani Kablawi	✓	✓	✓	✓	هاني قبلاوي
Mona Alhussain	x	✓	✓	✓	منى الحسين
Akash Shah	✓	✓	✓	✓	أكاش شاه
Senthil Kumar	✓	✓	✓	✓	سينثيل كومار
Abdullah Alabdulgader	✓	✓	✓	✓	عبدالله العبدالقادر

D) 2021 Committee Meetings Attendance Records
Audit And Risk Committee

(ث) جدول حضور اجتماعات لجان المجلس لسنة 2021

لجنة المراجعة والمخاطر

Name	Position	المنصب	الاسم
Hani Kablawi	Chairman	رئيس اللجنة	هاني قبلاوي
Senthil Kumar	Vice Chairman	نائب الرئيس	سينثيل كومار
Abdullah Alabdulgader	member	عضو	عبدالله العبدالقادر

	09/12	08/09	16/06	
Hani Kablawi	✓	✓	✓	هاني قبلاوي
Senthil Kumar	✓	✓	✓	سينثيل كومار
Abdullah Alabdulgader	✓	✓	✓	عبدالله العبدالقادر

Nomination and Remuneration

لجنة الترشيحات والمكافآت

Name	Position	المنصب	الاسم
Akash Shah	Chairman	رئيس اللجنة	أكاش شاه
Hani Kablawi	Vice Chairman	نائب الرئيس	هاني قبلاوي
Abdullah Alsuweilmy	member	عضو	عبدالله السويلمي

	28/09	
Akash Shah	✓	أكاش شاه
Hani Kablawi	✓	هاني قبلاوي
Abdullah Alsuweilmy	✓	عبدالله السويلمي

E) Main Audit & Risk Management Committee Results

ج) أهم نتائج لجنة المراجعة والمخاطر

- 16th June 2021, the committee approved the company's Risk Appetite statement and recommended it to be approved by the Company's Board. In addition, the committee approved the Company's Compliance Monitoring Program to cover the remainder of 2021 and early 2022 and recommended it to be approved by the Company's Board.
- 16 يونيو 2021، أبدت اللجنة موافقتها على بيان تقبل المخاطر للشركة ورفعت توصيتها للموافقة من قبل مجلس إدارة الشركة. إضافة إلى موافقة اللجنة على برنامج الالتزام للمراقبة بما يغطي المتبقي من سنة 2021 و بداية 2022 ورفعت توصيتها للموافقة من قبل مجلس إدارة الشركة.
- 08th December 2021, 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). This is the first HLA to be completed for the SFC entity. The HLA is a qualitative assessment of the risk profile for the SFC entity, used to identify the material risks the entity faces, spanning the enterprise risk taxonomy, enabling current and emerging risks to be identified, discussed, and addressed. The HLA is in line with the BNY Mellon SFC Risk Appetite Statement which defines the risk profile that is appropriate for the business, it is consistent with the EMEA Asset Servicing HLA, pertaining to the SFC entity, and has been completed in line with the Legal Entity HLA Policy. The Committee members approved the High-Level Assessment with the condition that the business team will change the rating of the Strategic Risk (for both Strategy Definition Risk and Business Strategy Implementation) of the entity for the Inherent Risk from High to Medium, and eventually the Residual Risk from moderate to low, since the assessment was based on the Risk Appetite Statement (RAS), which was drafted beginning of the year.
- 8 ديسمبر 2021، اطلعت اللجنة على التقييم عال المستوى الذي يوفر تقييمًا شاملاً لملف مخاطر شركة بي ان واي ميلون السعودية المالية، وهو البيان الأول المنجز للكيان. ويعد البيان تقييمًا نوعيًا لملف بيانات المخاطر ويستخدم لتحديد المخاطر الجوهرية التي يواجهها الكيان، ويشمل تصنيف مخاطر المؤسسة، بما يتيح تحديد المخاطر الحالية والناشئة ومناقشتها ومخاطبتها. ويتمشى التقييم عال المستوى من بيان تقبل المخاطر لبي ان واي ميلون السعودية المالية، الذي يحدد ملف تعريف المخاطر المناسب للشركة، وهو متوافق مع التقييم عال المستوى لخدمة الأصول في أوروبا والشرق الأوسط وإفريقيا، فيما يتعلق بالكيان السعودي، وقد تم إنجازه بما يتماشى مع سياسة الكيان القانوني للتقييم عال المستوى. وقد وافق أعضاء اللجنة على التقييم، شريطة أن يقوم فريق العمل بتغيير تصنيف المخاطر الإستراتيجية (لكل من مخاطر تعريف الإستراتيجية وتنفيذ إستراتيجية الشركة) للكيان بالنسبة للمخاطر المتأصلة من عالية إلى متوسطة، وفي المخاطر المتبقية من معتدلة إلى منخفضة، حيث أن التقييم استند إلى بيان تقبل المخاطر المصاغ في بداية العام.

F) Remuneration and Compensation

ح) الحوافز والمكافآت

All amounts are in SAR			جميع المبالغ بالريال السعودي		
Item	Executive Board Members أعضاء المجلس التنفيذي	Non-Executive Board Members أعضاء المجلس الغير تنفيذيين	Independent Board Members أعضاء المجلس المستقلين	Company Executives including CEO and CFO كبار التنفيذيين من ضمنهم الرئيس التنفيذي والمدير المالي	البيان
Attending Board Meeting Allowance	--	--	600,000	--	بدل حضور جلسات المجلس
Attending Committee Meeting Allowance	--	--	50,000	--	بدل حضور جلسات اللجان
Wages & Salaries	--	--	--	3,125,492	الرواتب والأجور
Allowances	--	--	--	--	البدلات
Periodic & Annual Remunerations	--	--	--	--	المكافآت الدورية والسنوية
Incentive Plans	--	--	--	840,072	الخطط التحفيزية
Commissions	--	--	--	--	العمولات
Other In-Kind Benefits or Reimbursements paid monthly or annually	--	--	--	--	تعويضات أو مزايا عينية أخرى تدفع بشكل شهري أو سنوي
Total	--	--	650,000	3,965,564	المجموع

G) 2021 Audited Financial Statements

خ) القوائم المالية المدققة لسنة 2021

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the period from 5 April 2021 (date of commercial registration)
to 31 December 2021
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 period from 5 April 2021 (date of commercial registration) to 31 December 2021

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Statement of Other Comprehensive Income	6
Statement of Changes in Shareholders' Equity	7
Statement of Cash Flows	8
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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 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the for the period from 5 April 2021 (date of commercial registration) to 31 December 2021, 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 2021, and its financial performance and its cash flows for the period from 5 April 2021 (date of commercial registration) to 31 December 2021 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 professional code of conduct and ethics that are 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 these 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 generally accepted accounting standards as issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's Articles of Association 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 BNY Mellon Saudi Financial Company ("the Company").

KPMG Professional Services



Fahad Mubark Aldossari
License No: 469

Riyadh, 28 March, 2022
Corresponding to: 25 Shabaan, 1443



BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Amount in Saudi Riyals)

	<u>Notes</u>	<u>2021</u>
<u>ASSETS</u>		
Right of use asset	4	405,679
Deferred tax asset	5	25,551
Amounts due from a related party	17	973,883
Other receivable	6	8,783
Cash and cash equivalents	7	69,064,506
Total Assets		70,478,402
<u>EQUITY AND LIABILITIES</u>		
Share capital	8	50,000,000
Additional capital	9	19,000,000
Statutory reserve	8	30,120
Retained earnings		271,081
Total Equity		69,301,201
<u>Liabilities</u>		
Employees' end of service benefits	10	125,003
Lease liability	4	407,471
Income tax payable	5	100,852
Amounts due to a related party	17	438,734
Accounts payable and accruals	11	105,141
Total Liabilities		1,177,201
Total Equity and Liabilities		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 period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

	<i>Notes</i>	<u>2021</u>
Revenue		
Revenue from service charges	12	4,272,640
Expenses		
Salaries and employee related expenses	13	(2,652,808)
General and administrative expenses	14	(1,240,577)
Total operating profit		<u>379,255</u>
Foreign exchange loss		(2,754)
Net profit before tax		<u>376,501</u>
Income tax expense	5	(75,300)
Net profit after tax		<u><u>301,201</u></u>



Mona Alhussain
Chief Executive Officer



Rasheed Alrasheed
Chief Financial Officer

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

	<u>2021</u>
Net profit after tax	301,201
Other comprehensive income	-
Total other comprehensive income	<u>301,201</u>
Total comprehensive income	<u><u>301,201</u></u>



Mona Alhussain
Chief Executive Officer



Rasheed Alrasheed
Chief Financial Officer

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(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>
Balance at 5 April 2021		-	-	-	-	-
Net profit for the period		-	-	-	301,201	301,201
Other comprehensive loss		-	-	-	-	-
Total comprehensive income		-	-	-	301,201	301,201
Shares issued during the period		50,000,000	-	-	-	50,000,000
Additional capital received	9	-	19,000,000	-	-	19,000,000
Transfer to Statutory reserve	8	-	-	30,120	(30,120)	-
Balance at 31 December 2021		<u>50,000,000</u>	<u>19,000,000</u>	<u>30,120</u>	<u>271,081</u>	<u>69,301,201</u>



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 CASHFLOWS
For the period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

	<i>Notes</i>	<u><i>31 December</i></u> <u><i>2021</i></u>
Cash flows from operating activities		
Net profit before tax		376,501
<i>Adjustments for:</i>		
Depreciation on right of use asset	4	567,951
Unwinding of special commission of lease liability	4	5,742
Provision for employees' end of service benefits	10	125,003
Changes in operating assets and liabilities:		
Other receivable	6	(8,783)
Accounts payable and accruals	11	105,141
Due to a related party	17	438,734
Due from a related party	17	(973,883)
		(438,791)
<i>Cash used in operating activities</i>		(438,791)
Net cash generated from operating activities		636,406
Cash flows from financing activities		
Proceeds from issuance of share capital	8	50,000,000
Proceeds from issuance of additional capital	9	19,000,000
Settlement of lease liability	4	(571,900)
		68,428,100
Net cash generated from financing activities		68,428,100
INCREASE IN CASH AND CASH EQUIVALENTS		69,064,506
Cash and cash equivalents at beginning of the period		-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	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 period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

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 2 June 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.

Since these are first set of financial statements of the Company, accordingly no comparative information has been presented in these financial statements. These financial statements cover the results from 5 April 2021 to 31 December 2021.

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 period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of judgements, estimates and assumptions (continued)

The Coronavirus (“COVID-19”) pandemic continues to disrupt global markets as many geographies are experiencing issues due to identification of multiple new variants of this infections. despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia (the “Government”), however, managed to successfully control the outbreak to date.

The Government has also approved vaccines which is now being made available to the masses in general during 2021. Despite the fact that there are certain uncertainties around the COVID-19 vaccine, the Company continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed and is closely monitoring its exposures at a granular level. The impact of the COVID-19 pandemic on each of these estimates is discussed further in the relevant note of these financial statements.

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 period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

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 impact on the financial statements of the period:

<i>Standard, interpretation, amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform –Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform Whilst adoption is not mandatory for September 2021 year ends, earlier application is permitted.	Annual periods beginning on or after 1 January 2021
Amendment to IFRS 16, ‘Leases’ – COVID-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect 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 June 2020

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 5 April 2021 (date of commercial registration)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 2021 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.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	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
A number of narrow-scope 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 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'.	Annual periods beginning on or after 1 January 2022.

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting standards issued but not yet effective (continued)

Standard, interpretation, amendments	Description	Effective date
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 period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

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:

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 period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

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.

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 5 April 2021 (date of commercial registration)
to 31 December 2021
(Amount in Saudi Riyals)

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 other receivable, 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.

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 5 April 2021 (date of commercial registration)
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(Amount in Saudi Riyals)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Commission / Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

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.

BNY Mellon Saudi Financial Company
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 5 April 2021 (date of commercial registration)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

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.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its receivable balances carried at amortised cost. The Company recognises 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.
- Loss allowance for account receivables are always measured at an amount equal to life time ECLs. Life time ECL are the ECLs that results from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any).

ECL are discounted at the effective interest rate of the financial asset.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

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 when 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. The following specific recognition criteria must also be met before revenue is recognized

- Fee from managing assets (including mutual funds) is recognized over time as the services are rendered.
- Subscription fee is recognized net of related expenses, upon subscription to the fund.
- Income from advisory services includes transaction fee and retainer fee;
- Transaction fee is recognized when the Company has rendered all services, based on milestones set under the contract for delivery of service, to the customer and is entitled to collect the fee from the customer with no contingencies associated with the fee.
- Retainer fee is recognized over time as the services are rendered.
- Custody fee is recognized over time as the services are rendered.
- Dividend from investments is recognized when earned or publicly declared by the investee.
- Income from murabaha investments are recognized on accrual basis.
- Realized gain on financial assets at fair value through profit and loss is recognized on sale and calculated using average cost.

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 with 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 in relation to which the Company has recognized a right of use asset and corresponding lease liability 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>
	<i>SAR</i>	<i>SAR</i>
Balance as at 5 April 2021	-	-
Additions	973,629	973,629
Depreciation charge for the period	(567,951)	-
Special commission expense	-	5,742
Payments	-	(571,900)
	405,679	407,471
<i>As at 31 December 2021</i>	405,679	407,471

4.1 Amounts recognized in profit and loss

	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<i>SAR</i>
Depreciation charge for the period	528,204
Special commission expense	5,742

4.2 Amount recognized in statement of cashflows

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

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5 INCOME TAX PAYABLE

The Company is owned by non-Saudi shareholders, and hence is subject to income tax. The income tax for the period from 5 April 2021 to 31 December 2021 amounting to SAR 100,851 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>	<i>For the period from 5 April 2021 to 31 December 2021</i>
		<i>SAR</i>
Current period charge	5.2	100,851
Deferred tax relating to origination of temporary difference	5.3	(25,551)
		75,300
<i>Charged to the statement of profit or loss</i>		75,300

5.2 Movement in provision for income tax is set out below:

	<i>Notes</i>	<i>For the period from 5 April 2021 to 31 December 2021</i>
		<i>SAR</i>
Balance payable at the beginning of the period		-
Charge for the period	5.4	100,851
		100,851
Balance payable at the end of the period		100,851

5.3 Deferred tax assets

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

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5 INCOME TAX PAYABLE (continued)

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

	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<i>SAR</i>
Accounting profit before income tax	504,258
Accounting profit related to non-Saudi shareholders @ 100%	504,258
At statutory income tax rate of 20%	100,851
Tax effect of other items	-
Effective income tax @ 20%	100,851

5.5 Since it is the first year of the operations, the Company is yet to file its first income tax return for the period from 5 April 2021 to 31 December 2021 with Zakat, Tax and Customs Authority (ZTCA).

6 OTHER RECEIVABLE

	<i>31 December 2021</i>
	<i>SAR</i>
Value added tax receivable	8,783

7 CASH AND CASH EQUIVALENTS

	<i>31 December 2021</i>
	<i>SAR</i>
Bank balances – current accounts	69,064,506

All bank balances 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.

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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 2021, 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 2021</i>
	SAR
Present value of defined benefit obligation	125,003
	125,003

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

	<i>For the period from 5 April 2021 to 31 December 2021</i>
	SAR
Current service cost	125,003
Special commission cost	-
Past service cost	-
Benefit expense	125,003
	125,003

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10 EMPLOYEES' END OF SERVICE BENEFITS (continued)

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

	<i>For the period from 5 April 2021 to 31 December 2021</i>
	SAR
Present value of defined benefit obligation at beginning of the period	-
<i>Charge recognised in statement of profit or loss:</i>	
- Current service cost	125,003
- Special commission cost	-
- Past service cost	-
	125,003
Actuarial (loss) / gain on defined benefit plan recognized in the statement of other comprehensive income	-
Benefits paid	-
	125,003
Present value of defined benefit obligation at end of the period	125,003

d) Principal actuarial assumptions:

	<i>31 December 2021</i>
Discount rate	1.65%
Salary increase rate	3.95%

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS 19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

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:

	<i>31 December 2021</i>	
	<i><u>Increase</u></i>	<i><u>Decrease</u></i>
Discount rate (0.25% movement)	(118,477)	131,937
Future salary growth (0.25% movement)	131,935	(118,947)

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11 ACCOUNTS PAYABLE AND ACCURALS

	<i>31 December 2021</i>
	SAR
Trade creditors	69,073
Payable to General organization of social insurance	36,068
	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 period from 5 April 2021 to 31 December 2021</i>
	SAR
Salaries and employment related benefits	1,939,096
Board of directors fee expense	199,998
General organization for social insurance	131,685
Employees' end of service benefits	125,003
Other staff expenses	257,086
	2,652,808

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14 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the period from 5 April 2021 to 31 December 2021</i>
	<i>SAR</i>
Depreciation on right of use asset	567,951
License fee	342,720
Occupancy expense	151,703
Bank charges	67,421
Intragroup shared services cost	51,790
Others	33,719
Professional and consulting	19,531
Unwinding of special commission of lease liability	5,742
	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, other receivable 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

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15 FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

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.

	<i>31 December 2021</i>	
	<i>Carrying value</i>	<i>Fair value</i>
	<i>SAR</i>	<i>SAR</i>
<i>Financial assets</i>		
Cash and cash equivalents	69,064,506	69,064,506
Other receivable	8,783	8,783
Amounts due from a related party	975,288	975,288
	70,048,577	70,048,577
<i>Financial liabilities</i>		
Accounts payable and accruals	105,141	105,141
Amounts due to a related party	438,734	438,734
Lease liability	407,471	407,471
	951,346	951,346

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. During the period, there were no transfers between the levels.

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 period.

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

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16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)

Credit risk

The Company manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company assesses the probability of default of counterparties using internal rating mechanism. This is done for corporate and high net worth individuals only.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Company's risk management policies are designed to identify, to set appropriate risk limits, and to monitor the risks and adherence to limits. Actual exposures against limits are monitored on regularly basis.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Management monitors the market value of collateral obtained during its review of the adequacy of the impairment allowance for credit losses. The Company regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

	<i>31 December</i> <i>2021</i>
	<i>SAR</i>
Cash and cash equivalents	69,064,506
Amounts due from a related party	975,288
Other receivable	8,783
	70,048,577

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.

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

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16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)

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 2021 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>Fixed maturity</u>				<u>No fixed maturity</u>	<u>Total</u>
	<u>Within 3 months</u>	<u>3 months and above</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>		
	<i>SAR</i>					
Lease liability	-	408,500	-	-	-	408,500
Accounts payable and other liabilities	105,141	-	-	-	-	105,141
Amounts due to a related party	438,734	-	-	-	-	438,734
Income tax payable	100,852	-	-	-	-	100,852
Employees' end of service benefits	-	-	-	-	125,003	125,003
Total	644,727	408,500	-	-	125,003	1,178,230

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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:

	<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					
<i>Assets</i>						
Cash and cash equivalents	-	-	-	-	69,064,506	69,064,506
Other receivable	8,783	-	-	-	-	8,783
Amounts due from a related party	973,883	-	-	-	-	973,883
<i>Financial assets</i>	982,666	-	-	-	69,064,506	70,047,172
<i>Liabilities</i>						
Lease liability	-	(408,500)	-	-	-	(408,500)
Accounts payable and other liabilities	(105,141)	-	-	-	-	(105,141)
Amounts due to a related party	(438,734)	-	-	-	-	(438,734)
<i>Financial liabilities</i>	(543,875)	(408,500)	-	-	-	(952,375)
<i>Net financial assets (liabilities)</i>	438,791	(408,500)	-	-	69,064,506	69,094,797

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17 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include its major shareholders, associated and affiliated companies, funds under management, 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>	<i>For the period from 5 April 2021 to 31 December 2021</i> SAR
The Bank of New York Mellon Corporation – London branch	Affiliate	- Service Charges (note 6)	4,272,640
The Bank of New York Mellon Corporation	Ultimate Parent	- Shared services (note 17.1 & 6)	(51,790)
Board of Directors	Board members	- Board of Director's fee	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 Company's activities either directly or indirectly. The compensation summary of key management personnel during the year ended 31 December 2021 is set out below:

	<i>For the period from 5 April 2021 to 31 December 2021</i> SAR
Remuneration	1,562,746

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

<u>Name of Related party</u>	<u>Relationship</u>	<i>31 December 2021</i> SAR
The Bank of New York Mellon Corporation	Parent Company	(438,734)
The Bank of New York Mellon – London branch	Affiliate	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.

	<u>31 December 2021 SAR</u>
Capital Base:	
Tier-1 Capital	50,275,650
Tier-2 Capital	-
Total Capital Base	<u>50,275,650</u>
Minimum Capital:	
Market Risk	-
Credit Risk	2,181,143
Operational Risk	973,346
Total Minimum Capital	<u>3,154,489</u>
Surplus Capital	<u>47,121,161</u>
Capital Adequacy Ratio (times)	<u>15.94</u>

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 2021.

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20 SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date which require adjustments to / or disclosure in the financial statements.

21 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 21 March 2022



Mona Alhussain
Chief Executive Officer



Rasheed Alrasheed
Chief Financial Officer

ABOUT BNY MELLON

BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries. As of Dec. 31, 2019, BNY Mellon had \$37.1 trillion in assets under custody and/or administration, and \$1.9 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com. Follow us on Twitter @BNYMellon or visit our newsroom at www.bnymellon.com/newsroom for the latest company news.

BNY Mellon Saudi Financial Company, Regulated by the Capital Market Authority 20211-04, CR number 1010699547, paid up capital SR 50 Million P.O. Box 99936 Riyadh 11625, Kingdom of Saudi Arabia, Tel. (966)11 490 3842 contact email info.ksa@bnymellon.com