



Ehata
Ehata Financial Company

EHATA FINANCIAL YEARBOOK

2022

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01

EHATA IN NUMBERS

Highlights for the 5 Years 2017-2022

EHATA IN NUMBERS

HIGHLIGHTS FOR THE 5 YEARS 2017-2022

More than SAR



50

BN

exposures assessed
over the last **5 years**

Enabled clients from



15+

business segments located
across Saudi Arabia

Coordinated with



20+

indirect stakeholders

Training programs
offered to more than



1,000

fresh graduates

Exponential bottom
line growth for



3

years in a row

0



client complaints received
since inception

02

We have
PROUDLY SERVED

WE HAVE PROUDLY SERVED



Arab Supply & Trading Company



Saudi Arabia Military Industries



Al Muhaidib



المطاحن
التوليد

First Mills



Zawaya Real Estate Co



Saudi Water Partnership Company



Saudi Finance Company



The Arabian Petroleum Supply Company

The Arabian petroleum Supply Company



MASIC



McDonalds Saudi Arabia



Nadec



Vision Invest



Dur Hospitality Co.



MASCO



ORASCOM Construction



SASCO



Nesma and Partners



Almutlaq Real Estate Investment



Al Rajhi Seventh



Thaker Investment & Real Estate Development Co. Ltd



Mulkia Investment



Al Fanar



Air Products Qudra



AWJ Holding Co.



Al Khorayef Group



Al Akaria



The Helicopter Co.



Sultan Holding



Saudi Agricultural & Livestock Investment Co.



Al Nahla Group



AbuNayyan Trading

03

CELEBRATING OUR 5TH ANNIVERSARY

Five Years of passion & social impact,
above all



- We are delighted and honored to present our **2022** Yearbook, which marked our **5th anniversary** ●

Muadh Alhusaini
Partner

FIVE YEARS OF PASSION & SOCIAL IMPACT, ABOVE ALL

We are delighted and honored to present our 2022 Yearbook, which marked our 5th anniversary. Before anything else, we are genuinely proud of Ehata Financials' impact on the Saudi market. Stemming from our obligation to uplift the expertise within our area and bridge the knowledge gap, we relentlessly sponsored and pushed for local education programs across various platforms and channels.

For five years, Ehata Financial continued sharing cutting-edge financial risk management papers, articles, and webinars. We also designed training programs for trainees who are interested in financial risk management.

Our experienced staff took the initiative to participate in key events and seminars in the Kingdom to demonstrate the importance of prioritizing financial risk management and how to tackle common challenges. To put things into perspective, Ehata has contributed to more than 100 events to spread awareness and advocate for the highest standards within its field.

We are proud to witness the knowledge gap getting narrower relative to where we were in 2017. Receiving zero number of complaints through these five years assures that our clients got the excellence of the advice and the satisfaction, and we aim to continue providing the high-quality services.

We remain committed to our people, clients, and partners to locally cultivate the highest best practices in financial risk management. Another chapter of excitement is yet to be written by Ehata, where technology would play an essential role in undertaking the next leap.

The journey continues in building a credible and trustworthy reputation by delivering first-class independent advice and service to our clients in the utmost transparent manner.

Conducted more than



50 tailored
workshops

Published more than



40 bulletins

Offered training programs to



+1,000

fresh graduates

Maintained an average workforce of



90%
Saudization

04

ENHANCING RISK MANAGEMENT WITHIN THE KINGDOM



- Having established ourselves firmly over the course of the last **five years** as leaders in the discipline of financial risk management, we stand prepared and eager to assist our clients with their requirements ●

Aditya Baijal
Associate Director

ENHANCING RISK MANAGEMENT WITHIN THE KINGDOM

Year 2022 was one of heightened volatilities and concerns. While the year saw interest rates and commodity prices rising to levels not observed in years, the ensuing chaos led to a rise in awareness within firms in the Kingdom for the adoption of best market practices to assess the sources and impact of these risks to their operations and earnings. Having established ourselves firmly over the course of the last five years as leaders in the discipline of financial risk management, we stand prepared and eager to assist our clients with their requirements. The year saw us being engaged increasingly by private and public sector firms located across Saudi Arabia, as they sought to understand the risks to their business and protect themselves against them.

Our clients benefited from the expertise of our advisory team, which assisted them gladly to recognize and quantify the impact of unfavorable movements in interest rates and foreign exchange pairs to their profitability and provided guidance on the use of derivatives to minimize this impact. The team also enabled our clients to incorporate these mechanisms into their business by establishing internal hedging policies designed to set up an organized process to identify the requirement and details of a hedge.

The use of financial derivatives, if not conducted with thorough knowledge, can lead to significantly negative outcomes, especially in stressed conditions as seen throughout 2022. Our team aided multiple firms in their endeavors to restructure those derivatives that no longer served their purpose in line with a wider risk management strategy. Our services in hedge execution aided several of our clients to ensure a transparent and competitive environment to place the hedge. The Kingdom leads the way in the region when it comes to public-private partnership (PPP) projects, and we take pride in the fact that we assisted numerous entities last year through our hedge advisory services. The Kingdom of Saudi Arabia is taking great strides

to enhance the financial sector, whether it be through the launch of single stock futures in July last year, or the launch of the “Global Supply Chain Resilience Initiative” in October, with the latter being geared towards strengthening business resilience and positioning the Kingdom as an investment powerhouse. We wish the best to the Kingdom for the fruition of these initiatives in the coming years and are honored to play our part in the augmentation of Saudi Arabia’s financial sector.



Market Risk Assessment services covered **more than**

SAR 50BN

over the last 5 years.



Enabled clients from

15+ business segments

located across Saudi Arabia to navigate through the volatile 2020-2022 period.



Increase of

52% on average

in number of clients served per year since our inception.



Provided advisory services on handling project finance transactions spanning over

20 years

across multiple sectors within the Kingdom.

05

DELIVERING SIMPLICITY TO EXTERNAL STAKEHOLDERS



Nowadays, most banks are delighted to see **Ehata supporting** their clients in financial risk management.

Abdullah Alali
Associate Director

DELIVERING SIMPLICITY TO EXTERNAL STAKEHOLDERS

The success of a mandate is often conditional to clarifying and aligning the objectives amongst stakeholders; internally and externally. To grant such alignment and clarity, our hedge advisors are always keen to bring simplicity to the table. As we continue to define and clarify the role of a Hedge Advisor to the relevant counterparties in the local ecosystem, we noticed a significant improvement in stakeholders' awareness around the role we play, and the methods we deploy to grant favorable outputs to our clients and satisfactory partnerships with stakeholders. Having dealt with numerous banks locally and internationally, we are happy to see our derivatives dealing methodologies prevail in familiarity amongst banks. Initially, we were challenged in clarifying the role of a Hedge Advisor, which was new to the local market back when Ehata was established.

Nowadays, most banks are delighted to see Ehata supporting their clients in financial risk management. Having a sound financial risk management framework is as comforting to lenders as it is to the entity's management and shareholders. We believe that hedge execution

is both scientific and artistic; scientific in the sense that it requires deploying the appropriate mathematical models to accurately capture every building block of a derivative structure and artistic in negotiation with hedge providers. As we transfer knowledge to our clients, we take pride in seeing our clients independently deploying a full-rounded market risk management cycle; from identification through execution to monitoring and performance assessment. Once hedges are successfully placed, the successful implementation of hedge accounting as per IFRS requirements is sometimes found burdensome.

As we implemented over SAR 7 billion worth of hedge accounting relationships, we found that understanding what financial auditors seek to investigate and transparently showcasing the IFRS standards in self-explanatory templates are key contributors to successful hedge accounting implementation. Building the appropriate infrastructure for hedge accounting mandates helped our clients avoid the IFRS implementation burden and led their financial auditors to timely conclude their inspections.



+20

indirect stakeholders
coordinated with Ehata



4.00x times

faster delivery in hedge
accounting mandates



SAR 7BN+
of hedge accounting
exposures treated



Covered more than
SAR 12BN
in notional in hedge
executions, restructuring,
reprofiling & unwinding

06

TESTIMONIALS

TESTIMONIALS

DUR HOSPITALITY



We worked closely with the Ehata Financial team for one of our projects, and we found them to be knowledgeable, professional, and reliable. They have helped us significantly to achieve the desired goals of this project in terms of planning, preparation, adherence to the implementation plan, and rapid response to any change in the project's aspects.

ALSALEH LAW FIRM



We, Dr. Ahmed Al-Saleh Law Firm, have been pleased to deal with distinguished colleagues in Ehata Financial. We have seen from them good manners and high dealings. We also value them for the quality of the financial advice provided, which reflects the breadth of knowledge and the unique ability of the founders of the company to deal with various issues and financial products.

AL NAHLA



In addition to deep market analysis, Ehata team members are very supportive and well-organized. Thank you for being such a professional team to work with.

MAAAL NEWS



Knowledge is the primary driver of economic growth and aids in reading the future and preparing for expected risks. Our friends at Ehata Financial provided, through Maaal, rich and intellectual knowledge content that focuses on raising awareness, specifically in the field of financial risk management. We look forward to increasing cooperation and working with them in the future in a way that contributes to enriching the community.

SAUDI TADAWUL GROUP



Our team at Saudi Tadawul Group has worked with Ehata on multiple projects, including the development and publication of the Saudi Futures Guide and the Single Stock Futures Bulletin, among others, both crucial projects to our long-term strategy. We have also partnered with Ehata to raise financial literacy awareness through our Invest Wisely initiative. We value our partnership and look forward to future collaboration.

07

LOOKING FORWARD WITH OPTIMISM



- We have proudly managed to serve our clients constructively in a year that can easily be described as unpredictable ●

Faisal Aljasir
Partner

LOOKING FORWARD WITH OPTIMISM

Amidst all the challenges we came across in 2022, it has still been an exceptional and transitional year for us. We have proudly managed to serve our clients constructively in a year that can easily be described as unpredictable. In 2023, we take it upon ourselves to resume our role in assisting our clients as they navigate an economic landscape that is fraught with uncertainty, tightened financial conditions, slow global economic growth, and a looming worldwide recession.

In the last five years, Ehata has been pioneering in the field of market risk. We intend to anchor this privileged position by broadening our reach to different industries, regions, and asset classes. To this end, we are looking to more than double our team of qualified risk consultants, enhance our training that includes internship programs, and improve the work environment that would make going to work each day exciting, fulfilling, and challenging.

As we enter our fifth anniversary, we have taken material steps to expand our business model to complement and diversify our offering. Debt financing is one of the most rapidly developing industries locally. It is expected that the debt finance market will keep on supporting the development of Saudi's economy in the next few years. For that reason, Ehata had successfully

managed to obtain an arranging license from the Capital Market Authority to strategically include specialized debt services to our offer mix in 2023. Strategically speaking as well, we embarked on a journey to selectively automate our hedge advisory services and started to develop a one-of-kind technology solution. Given our expertise in this area, we strongly believe in the value addition that this solution will bring to our clients and the entire ecosystem surrounding our field. We take our clients' needs very seriously, and because they trusted our services, we have improved our business financial position considerably.

We have gradually increased our top line in the last three years by a compounded annual growth rate (CAGR) of around 20%. On the other hand, we have been more efficient in managing our cost structure drastically improving our bottom line with a CAGR of around 154% for the same period. With the new initiatives we have in mind and by leveraging our unique position in the financial sector, we firmly believe that the best is yet to come. Our utmost accomplishment is the continuous recognition we receive from our clients and the different stakeholders we usually engage, which what actually motivates us to push forward and achieve our objectives. We wish you a prosperous year ahead!

More than 100% increase in the size of the hedge advisory team

State-of-the-art Tech solution rollout that will include wide-ranging hedge supporting modules

Successfully securing a new **debt arranging license** & to offer diverse essential debt advisory services

Achieved exponential bottom line growth for **3 years** in a row

WE ARE HERE TO HELP



King Fahad Road,
Avenue Building, 5th Floor



+966 11 2255543



Info@Ehata.com.sa



Ehata Financial



@EhataFinancial



www.Ehata.com.sa

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