

دور إدارة المخاطر للحد من الخسائر المالية في الشركات

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مستخلص الدراسة

هدفت الدراسة إلى تحديد أنواع المخاطر التي يمكن أن تتعرض لها الشركات، مع توضيح أهمية إدارة المخاطر في تقليل الخسائر المالية للشركات. شرح الدور الذي تلعبه إدارة المخاطر في التنبؤ بالمخاطر المحتملة ووضع خطط للتعامل معها. التعرف على التحديات التي تواجه تطبيق الإدارة الفعالة للمخاطر في الشركات.

استخدمت الدراسة المنهج الوصفي التحليلي من خلال: جمع وتحليل البيانات المالية والتشغيلية لشركة أرامكو السعودية للفترة 2021-2022. ومنهج دراسة الحالة من خلال: اختيار شركة أرامكو السعودية كدراسة حالة لإدارة المخاطر المالية والتشغيلية للشركة. تحليل البيانات لفهم مدى تأثير أداء الشركة بتقلبات أسعار النفط.

وتوصلت الدراسة الى اهم النتائج

أولاً: تطبيق أرامكو لسياسة موحدة لإدارة مخاطر السوق على مستوى الشركة في 2021، والتي شملت تحديد وقياس المخاطر ووضع حدود لها وإجراءات الإشراف والرقابة وخطط الطوارئ.

ثانياً: مراجعة البيانات المالية لأرامكو لعامي 2021 و2022، حيث لوحظ نمو ملحوظ في الأرباح والإيرادات بعد تطبيق السياسة، بنسب نمو بلغت 49% للإيرادات و46.5% لصافي الأرباح. مما يشير لفاعلية السياسة في تحسين أداء الشركة المالي.

وتمحورت التوصيات حول ضرورة استمرار تطوير أنظمة إدارة المخاطر وتوفير الموارد اللازمة لها، وقياس مدى مساهمتها في الأداء، ونشر ثقافة المخاطر، والاستفادة من الخبرات العالمية الناجحة في هذا المجال.

Chapter One:
Introduction to the study

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Introduction

In a volatile environment, economic institutions, especially small and medium-sized ones, are subject to various challenges and risks that can affect their stability and the achievement of their goals. The pace of competition accelerates in this context, as an organization becomes more intertwined with its immediate and distant environment. This complexity creates complexity and diversity of risks facing the organization, which must be addressed effectively to avoid losses and deterioration.

In this context, the importance of financial risk management, especially for small and medium-sized enterprises, lies in developing strategies based on a precise understanding of potential challenges and dealing effectively with them. Identifying and assessing risks and using this information to develop effective management plans are essential to ensuring business continuity and achieving desired objectives.

In addition, the volatile and complex economic situation requires improving financial control systems and enhancing enterprise performance. Financial risk management can help identify and improve weak areas, and strengthen the control system to ensure adaptation to shifts in the economic environment.

To ensure an organization's success, risk management strategies must be comprehensive and integrated into its overall structure. Economic leaders need to be aware of the

challenges surrounding the organization and make wise decisions to avoid risks and maintain financial sustainability.

Accurate risk identification and assessment is a vital part of an organisation's success strategy, especially when risk exposure is an integral part of a profit-generating strategy. Effectively managing these risks is particularly important, as it can contribute to improving financial performance and reducing the chances of failure and loss of returns.

Research shows that designing financial risk management strategies plays a pivotal role in enhancing an organization's financial stability. Emphasizes the importance of enhancing awareness and providing training to employees on financial market issues, to enhance understanding of the influencing factors and how to effectively deal with those risks.

Financial risk management is not just a guide to analysis and estimation, but also includes developing strategies to reduce the impact of negative risks and exploit positive opportunities. Economic leaders and managers must devote time and resources to understanding potential challenges and developing effective responses to those challenges.

Financial risk management requires integrated strategies and committed teams, as the ability to deal with risks effectively is an essential part of the success of organizations in a volatile economic environment.

Emphasizing the importance of financial management, research shows that it contributes significantly to improving the financial performance of organizations and providing the financial tools necessary to achieve sustainability. Statistics indicate that financial management plays a vital role in improving profitability and enhancing the ability to bear risks, and it is an essential tool that enables institutions to deal with fluctuations in the economic environment and provide the necessary financial support to face challenges.

Research also highlights the importance of management's role in designing and implementing financial policies, including an emphasis on awareness of risks and how to manage them effectively. The research reflects the strategic view of financial risk management, and how SMEs can achieve maximum financial benefit and ensure sustainability by adopting best risk management practices.

In this context, understanding and assessing risk aspects is fundamental to the success of organizations in a volatile economic environment. If risk is part of a profit strategy, it must be managed carefully to avoid losses and ensure the organization's targeted goals are achieved.

Research problem

The main problem faced by companies, which is the focus of our research, is the challenges related to incurring large financial losses resulting from the lack of an effective risk management system. The research context is characterized by increasing complexity in the modern business environment, making the necessity of improving risk management systems vital to ensure companies' sustainability and efficient achievement of their objectives.

Research shows that companies that experience a significant loss of profits or experience financial difficulties may be a result of their inability to effectively deal with financial challenges and increased risks. Therefore, research should focus on examining how to design and implement a comprehensive risk management system in these companies, focusing on the impact of this system on reducing financial losses and enhancing their financial stability.

The importance of studying

- Practical importance:

Research is a valuable tool for companies in guiding them towards a practical and effective application of a risk management system. The research provides practical guidance and guidance for designing and implementing a system that contributes to improving its

financial performance and reducing financial losses. Companies can benefit from the findings and recommendations provided by the study to ensure the sustainability of their business and enhance their ability to adapt to financial challenges.

Companies can integrate a risk management system based on the practical guidance provided, which enhances the effectiveness of decision-making and strengthens their resilience in the face of fluctuations in the economic environment. Therefore, research plays an important role in improving the applied performance of companies and ensuring their sustainability in light of changing financial challenges.

- Theoretical importance:

The research contributes to enriching theoretical knowledge about the concept and tools of risk management. It provides a deep academic understanding of the role of risk management in reducing financial risks, which contributes to building strong theoretical foundations in this field. The research provides a theoretical framework that enhances understanding of the relationship between implementing a risk management system and companies achieving financial stability.

By providing in-depth theoretical insights, the research can contribute to the development of academic literature on the field of risk management, enabling researchers and students to further their studies and research in this field. The research thus enhances scientific

understanding of the role of risk management in the context of financial and economic transformations.

Research aims:

1. Determine the types of risks that companies can be exposed to, while explaining the importance of risk management in reducing companies' financial losses
2. Explain the role that risk management plays in predicting potential risks and developing plans to deal with them
3. Identify the challenges facing implementing effective risk management in companies.

Research questions:

1. What types of risks can companies be exposed to?
2. How can risk management contribute to reducing financial losses?
3. What are the challenges in implementing effective risk management?

Previous studies.

- 1- A study by Mubarakuya and Rahali (2021) entitled The role of risk management in improving financial performance in economic institutions. Case study: Electricity and Gas Distribution Corporation "Tebessa Distribution Concession" during Period (2015-2019.)

This memorandum aims to study the extent to which risk management contributes to improving the financial performance of the Electricity and Gas Distribution Corporation "Tebessa Distribution Concession" for the period (2015-2015), through assessing non- - - - systemic risks, mainly represented in operational risks and financial risks, as it The study evaluated the level of operational risks through the dispersion of the result of exploitation and the dispersion of the economic return, in addition to evaluating the financial risks through the dispersion of the financial result, the dispersion of the financial return, and the dispersion of the effect of financial leverage, where the study concluded that the level of operational risks was high. And the financial returns of the institution during the study period. The study also confirmed the fluctuation of both the economic return and the financial return of the institution in the same period.

2- A study by Hassan, Abdul Rahman, and Abdullah (2023) entitled The Impact of Financial Risk Management in Improving the Financial Performance of Small and Medium Enterprises Listed on the Egyptian Nile Stock Exchange: An Applied Study

This study seeks to identify the role of financial risk management in improving the financial performance of small and medium-sized companies listed on the Egyptian Nile Stock Exchange.

To achieve this goal, the reports and financial statements of a sample of 12 small and medium-sized companies listed on the stock exchange were used during the period from 2018 to 2021. Financial risk management indicators were calculated, namely the credit risk rate and the liquidity risk rate, and the return on equity rate was used as an indicator of financial performance. .

Using a simple regression analysis method, the study rejected the main hypothesis, which states that there is a statistically significant effect of financial risk management in improving the financial performance of the companies under study.

In light of the results of the study, the researcher presented a number of recommendations and proposals, and future research prospects were presented.

- 3- Youssef (2019) study entitled the role of financial risk management in maximizing the value of the joint-stock company in the capital market in the Arab Republic of Egypt.

Finance literature indicates that financial risk management in the facility plays a tangible role in maximizing the value of the facility, as it leads to a lower rate of return required by financiers. Therefore, the theory expects that the company's management of financial risks will lead to

To increase the company's ability to attract credit funds on better terms, and to increase the company's ability to maximize shareholder value. The results of the study are that financial risk management represents one of the sub-strategies of the enterprise's value creation approach, as it contributes to preserving shareholders' wealth from partial or total loss, by protecting the company against financial risks, which increases the level of confidence among investors and increases their willingness to finance The facility, and thus contributes to reducing the rate of return they require on their investments in the facility, which leads to an increase in the value of the facility in the money market.

- 4- A study by Al-Uqaili and Abdel-Dayem (2015) entitled The impact of risk management and governance on the performance of commercial and Islamic banks in light of the financial crisis (an applied study on Arab banks).

This research aimed to study the impact of applying risk management and governance on the performance of commercial and Islamic banks before and after the global financial crisis.

The theoretical framework included the definition of enterprise risk management (ERM) and the difference between it and traditional risk management, the factors affecting risk management in banks, the development of a framework for risk governance, the relationship of risk management to its governance, and the role of bodies and associations in applying risk management and governance to limit the repercussions of the financial crisis. In addition to the repercussions of the financial crisis on standards and risk disclosure in banks.

Five main hypotheses were also tested related to the differences in performance indicators between banks that apply and those that do not apply risk management and governance, and between commercial and Islamic banks, as well as the differences before and after the financial crisis and in Arab banks.

The results supported the importance of banks applying risk management and governance and its effective role in influencing their performance. However, the study did not find significant differences between its application in commercial and Islamic banks or between Arab countries.

5- Study by Debba and Qandouri (2021) entitled The role of internal audit in risk management in Algerian insurance companies - a field study of a sample of insurance institutions in the cities of Ouargla and Tougourt during the third quarter of 2021

This study aimed to know the extent to which internal audit contributes to risk management in insurance companies to reduce solvency risks in insurance companies specifically in line with their executive policy, with a presentation of the concept of risk in addition to internal audit, its types and the extent of its contribution to risk management. We have discussed the definition of insurance companies, their types, and the risks that affect insurance companies. We also mentioned the solvency margin in insurance companies and the most important risks that affect them, which have a role in determining a percentage of the company's ability to bear the risks to which it is exposed. The descriptive analytical approach was followed to achieve the objectives of this study, answer its questions, and test its hypotheses. Data was also collected from primary and secondary sources, where 82 questionnaires were prepared and distributed to a group of internal auditors, general managers, heads of departments, and managers. Specialized in accounting and other employees in insurance companies, it was received in full. The statistical analysis program (SPSS) was used to analyze the data and test the hypotheses. The study reached many results, the most important of which are: that internal audit contributes to evaluating risk management according to its dimensions. The legal

administrative and its procedural and supervisory dimensions, and that there is an impact of internal audit on insurance companies, but with moderate effectiveness through our analysis of the audit in its two dimensions. Risk management is not sufficient for auditing with the procedural and supervisory dimension. Rather, the audit must have a legal administrative basis to have a greater impact on the effectiveness of risk management and thus Influencing the main risks, being well prepared to confront the various risks facing companies by analyzing the appropriate and most influential audit process mechanisms to confront the main risks (underwriting risks, and managing reinsurance operations). The study recommended the need to pay attention to training programs for workers in the field of risk management and in supervision and oversight bodies to perform their tasks more effectively and efficiently. Insurance companies must increase the number of supervisors and auditors in them and provide them with financial resources and various tools that will help them and It reduces their effort and increases their effectiveness while carrying out their tasks, improving the quality of services by introducing new management techniques and disseminating information at all levels, accelerating the creation of a special department for internal audit management at the level of all insurance companies to get rid of centralization.

Methodology and research methods.

1. The descriptive analytical approach through:

-Collecting financial data and crude oil price data for Saudi Aramco for the period 2021-2022.

-Describe and analyze trends and fluctuations in crude oil prices and their impact on the company's financial indicators.

2. Case study approach through:

Choosing Saudi Aramco as a case study for oil price risk management.

-Analyzing data to understand the extent to which the company's performance is affected by oil price fluctuations.

Study tools (data collection tools)

Data collection tools for the study are:

1. Saudi Aramco's annual financial reports and statements from 2021 to 2022.
2. Daily oil price records and statistics from official sources such as OPEC.
3. Reports and studies issued by the Saudi Capital Market Authority (Tadawul) on the oil and gas sector.

4. Previous literature and studies related to the research topic.
5. Data and statistics issued by specialized international bodies such as OPEC.

Fields of study (spatial, temporal)

1. Spatial domain:

The spatial scope is limited to Saudi Aramco and its operations within the Kingdom of Saudi Arabia.

2. Time domain:

The time range of the study covers the time period from 2021 to 2022 AD, and represents the period in which financial data and crude oil price data were collected to conduct statistical analysis.

Chapter Two:
The theoretical framework of the
study

**The first section: the concept of risk and its
types**

**The second section: The concept of risk
management and its origins:**

Section Three: Stages of risk management

The first section: the concept of risk and its types

Definition of risks

Risks have been defined in several ways, and can be summarized as follows:

Linguistically: The word "risk" comes from the Latin term "re-scass", which refers to an adverse deviation from expected results.

Definitionally: Risk is defined as the potential and unexpected losses that can be measured as a result of a specific incident, taking into account all factors contributing to the occurrence of the loss.

Risk can also be defined as:

-Risk: in the possibility of losses as a result of events such as changes in market prices, and events that may be possible but may result in a particularly unexpected loss, because they are often not expected, meaning that risk lies in the potential change in returns.

-Risks in unseen and unwanted events in the future.

Risk can also be defined as the possibility of not achieving profit goals, as the concept of risk is closely linked to the risks and impact of future returns, and therefore, the

fundamental nature of risks can be emphasized in their connection to achieving profits or losses.

-Risk is also understood as the effect of uncertainty on achieving goals, i.e. the possibility of a positive or negative deviation from expectations.

Based on these definitions, the definition of risk is formulated as the possibility that results will occur that are not consistent with expectations.

Types of risk

❖ The first type: systemic risks

Systemic risk refers to the general risks that affect investment in the market, and arises as a result of the environment that interacts with economic activity and the overall financial system. Among these risks:

1- Inflation and recession risks:

The presence of these risks leads to a decrease in the real value of investment assets and properties due to fluctuations in purchasing power.

2- Interest rate risk:

These risks relate to changes in interest rate levels, whether rising or falling, which affects the choice of investment instruments.

3- Exchange rate risks:

These risks arise as a result of fluctuations and adverse changes in currency exchange rates, which affect the monetary value of portfolios held in different currencies.

4- Political, financial and economic risks:

These risks relate to the political, financial, economic and social conditions in the regions in which the organization carries out its activities.

This branch is closely related to the continuous analysis and evaluation of general economic and financial conditions, and requires companies to be vigilant and take effective strategies to deal with these systemic risks.

❖ The second type: unsystematic risks

Unsystematic or “idiosyncratic” risks refer to the challenges faced by a particular organization as a result of its unique characteristics and circumstances. According to Francis J. (1986), characterized entities with low systemic risk and persistently high unsystematic risk, and these institutions are typically classified as long-term unpredictability.

Unsystematic risks include:

1. Financial risks:

Companies are exposed to financial risks as a result of heavy reliance on borrowed sources of financing. Management's reliance on loans can result in additional risks, such as the inability to repay principal, interest, or both. This risk is characterized by a company's inability to successfully service its debts, with the main portion of financial risk resulting from fluctuations in net profit before taxes.

Leverage:

This relates to an increase in business costs as a result of a possible change in the revenue available to the company as a result of small changes in net operations, other

factors remaining the same. Entities with many fixed costs can be more affected by changes in available revenue due to fewer changes in net operations.

Companies need to carefully consider managing these unsystematic risks and adopt robust strategies to deal with them effectively.

2. Operational risks represent those risks that may lead to loss resulting from inadequacy or failure of internal processes, people, and systems, or from external events. As defined by the Basel Committee on Banking Supervision, these include legal risks, but do not include strategic and reputational risks.

Operational risks include a wide range of elements, such as:

a. Internal fraud:

Refers to actions aimed at fraud, misuse of assets, or manipulation of corporate systems and policies. This could include actions aimed at internal control and related to identifying corruption or illegal practices.

B. External fraud:

Relates to acts intended to defraud, misuse assets, or manipulate the law by a third party, rather than an internal party.

C. Employment Practices and Workplace Safety and Security: Refers to actions that conflict with labor or health and safety laws, involve the violation of personal injury claims payment agreements or from incidents of discrimination or imbalance.

D. Business Practices, Customers, Products: Includes unintentional or negligent failure to fulfill certain obligations to a particular customer (including credit terms and suitability) or failure resulting from the nature or design of the product.

H. Damage to physical assets: relates to loss or damage that occurs to physical assets as a result of natural disasters or other events.

And the Business Interruption and System Failure: Includes damages resulting from any business interruption or system failure, such as execution, poisoning, and management processes that fail to process transactions or manage the operations of relationships with business parties and vendors.

3. Bankruptcy risks: A distinction must first be made between stumbling and failure, as financial stumbling is defined as a disruption facing the project as a result of a deficiency in its resources and capabilities to fulfill its obligations in the short term. Financial hardship relates to the inability to pay financial obligations that have been achieved or will be achieved in the short term.

As for project failure, one concept deals with economic and the other financial. In economic terms, it focuses on measuring success or failure based on the amount of return on capital balances. A project is considered a failure when it cannot achieve an appropriate return on the invested capital balances, which is proportional to the expected risks. In financial terms, it refers to the project's inability to pay its outstanding obligations on time.

Dunn and Bradstreet point out that failure occurs when an enterprise's operations or actions involve surrendering property or assets to creditors, resulting in the venture withdrawing and leaving its liabilities unpaid. Al-Ansari shows that bankruptcy occurs as a result of the project's inability to fulfill its obligations and the successive losses it achieves and the loss of capital. Accordingly, creditors submit a request to the court to declare bankruptcy as a result of the project's cessation of payment. There are five stages that can lead to business failure and bankruptcy.

Bankruptcy is divided into two types:

1. The first type: voluntary bankruptcy, where the bankrupt project submits an application to the court to declare bankruptcy and take the necessary measures. The probability of voluntary bankruptcy increases with high cash levels, low stress, and when there is no secured debt.
2. The second type: involuntary bankruptcy. This type occurs when creditors pressure the debtor to submit a bankruptcy application to the court.

The second section: The concept of risk management and its

origins:

❖ The concept of risk management

1. The UK Institute of Risk Management in collaboration with the Association of Insurance and Risk Managers (AIRMIC) and the National Public Sector Risk Management Forum (ALARM) have identified it as an essential part of the strategic management of any organisation. They are the procedures that organizations follow in an organized manner to confront the risks associated with their activities, with the aim of achieving sustainable benefits from each activity and from the portfolio of each activity.

2. Risk management for insurance companies means measuring and evaluating risks and developing strategies to manage them. It is the organized process that aims to study, analyze, know and estimate the size of the risks likely to occur for a person or company. Then choose the best alternatives to confront these risks in order to achieve the goal of avoiding them by the best means and lowest costs.

3. Risk management can also be defined as the essential part of any company's strategic management. They are the procedures that companies follow in an

organized manner to confront the risks associated with their activities, with the aim of achieving sustainable benefits from each activity and from the portfolio of each activity.

4. In addition, “risk management” can be defined within the framework of decision-making regarding potential accidental and business losses. Risk management as a decision-making process includes steps that include identifying and analyzing cases of exposure to accidental and commercial losses, testing the effectiveness of alternative risk management techniques, choosing the best risk management techniques, using these techniques, and monitoring their results to ensure the effectiveness of the risk management program.
5. Risk management appears as an essential part in making decisions and dealing with cases related to losses, whether accidental or commercial, with the aim of maintaining the sustainability of the benefits achieved from various activities and preserving the organization’s objectives.

❖ The origins and development of risk management in companies

The history of the emergence and development of financial risk management in companies extends over decades, and this field has witnessed great development as a result of economic and technological transformations and changes in the business environment. Below is a detailed explanation of the history of the emergence and development of financial risk management:

Early period:

-middle ages:

In this period, there was little interest in financial risk management as we know it today. Commercial activities were limited and relied heavily on local markets.

19th century:

-The emergence of derivatives markets:

Financial markets began to develop and financial derivatives such as futures contracts and call and sell options emerged. These financial instruments contributed to transferring risks and reducing the negative effects of price fluctuations.

Mid-twentieth century:

- Establishing risk management theories:

The idea began to develop and attention was paid to the importance of risk management. Theories emerged about assessing risks and how to deal with them, which contributed to building the foundations of financial risk management.

Eighties and nineties:

- Development of financial technology systems:

As technology advances, advanced computer systems for financial risk management have emerged. This technology facilitates rapid analysis and immediate decision-making in the face of fluctuations.

Modern period:

- Cooperation between companies and financial institutions:

In the modern era, cooperation between companies and financial institutions has become more important. Companies now have risk management teams that interact with financial markets and analyze data on a regular basis.

-Developing risk management models:

Advanced risk management analysis models have emerged, such as the “Value at Risk” model that measures financial exposure to loss over a specific time frame.

-Focus on non-financial risks:

Risk management has become not only limited to financial risks, but also includes dedication to non-financial risks such as environmental, reputational, and legislative risks.

-New legislation:

Governments and regulatory bodies have become increasingly interested in regulating risk management, resulting in laws and regulations that impose higher standards on risk management on companies.

The future:

-Development of technology and artificial intelligence:

It is expected that technological developments and the use of big analytics and artificial intelligence will continue to develop more accurate methods for assessing and managing financial risks.

-Sustainability Integration:

Risk management also includes a greater focus on sustainability and corporate social responsibility, with a wider range of factors to consider.

In general, the development of financial risk management represents a continuous path that adapts to existing and future economic, technological, and legislative challenges.

Section Three: Stages of risk management

❖ Stages of risk management

1. **Setting goals:** The first step in risk management is defining the goals and needs of the company. Risk management aims to obtain the maximum possible return for the expenses incurred to implement the approved program, and this program is reviewed in light of pre-defined objectives. The goal of risk management must be to maintain the continuity of the company and not affect its main objectives by pure risks or financial losses that result from the realization of these risks. Risk management objectives are typically set by a company's senior management in collaboration with the risk manager based on the needs and opinions of managers of other departments within the company.
2. **Discovering and identifying risks:** The stage of identifying and discovering the risks to which the company is exposed is considered one of the most important and difficult stages in implementing the risk management program. Risk management studies the company's various aspects of activity and the nature of its operations, in addition to future management plans such as expansion, adding new activities, or changes with dimensions and impacts on current activities. Risk management also trains employees on how to spot risks to which the company is exposed. A

comprehensive tabulation of expected risks is prepared, including loss topics such as person risks, property risks, and civil liability risks. Classification is also essential for identifying types of risk, whether direct or indirect.

3. Risk assessment and classification:

After identifying and discovering risks, risk management evaluates them. Here, risk assessment means measuring the probability of the risk occurring (the frequency of the risk), as well as measuring the severity of the potential material loss resulting from the occurrence of the risk. Therefore, when designing risk management programs, it is necessary to distinguish between different risks in terms of importance and degree of severity. Risks are divided into three types:

- A. Serious risks (destructive or critical risks): These are the risks that result in a complete cessation of work and declaration of bankruptcy, such as explosion and fire incidents.

- B. Medium risks: These are the risks that result from the company borrowing from financial institutions in order to cover financial losses and maintain its continuity, such as embezzlement, breach of trust, and small fires.

4. Small risks (secondary risks): These are risks that result in financial losses that can be covered from the company's periodic revenues, and covering these losses can be postponed without affecting their continuity, such as partial damage, theft, and minor fires.
5. Study and analysis of alternative methods for risk management: This stage includes studying and analyzing different methods with the aim of choosing the best and most appropriate policy to cover the risks to which the company is exposed.
6. Implementing the appropriate decision: After studying the different methods of risk management, the appropriate method is chosen and implemented. If the risk prevention method is chosen, risk prevention programs are planned, designed and implemented with high precision. If you choose to transfer the risk to the insurance company, you must study all the circumstances surrounding the insured and choose the appropriate insurance company to ensure obtaining the best insurance coverage at the lowest cost.

7. Review and evaluation of the risk management program: The risk management program needs periodic review and evaluation, as a result of the possibility of the emergence of new risks or the discovery of errors in the current system, with the aim of correcting them in a timely manner.

❖ **Risk management's use of internal audit and coordination between them**

1. Risk management's use of internal audit:

There is a consensus between internal audit and risk management to unify their operation models in a way that ensures mutual integration while preserving the self-image and independence of each. This requires developing a policy to ensure the flow of data and information between them. Risk management should allow the internal auditor to participate in its meetings with management aimed at developing a risk management strategy, and should allow him to access its database to participate and provide advice to prepare a robust risk management system in the organization.

Advanced risk management should also have a special model for its operations, which serves as a road map that defines the basic features of the risk management process in its

various stages. This model represents a framework for appropriate cooperation between it and internal audit, where the internal auditor is used.

2. Coordination between risk management and internal audit:

After the risks are identified by the competent authorities, they are discussed with the risk manager, who in turn presents them to the executive management to take the necessary measures to reduce them and manage them in a way that ensures the achievement of the organization's objectives. Here, coordination takes place between internal audit and risk management, as risk management tasks carry out all operations that would provide comprehensive risk management, while the role of the internal auditor is to verify the recommendations that have been presented regarding risk management. With this cooperation, good risk management can be achieved.

From the above, we conclude that internal audit needs to study, identify and evaluate risks in order to then work on two main axes. The first is to support management directly through initial reports to relevant parties, and the second is to take risk factors into account by developing an audit plan and focusing and intensifying procedures in high-risk areas.

Chapter Three:
The relationship of risk
management to financial
performance

**The first section: the concept of risk and its
types**

**The second section: The concept of risk
management and its origins:**

Section Three: Stages of risk management

The first section: The concept of financial performance and its evaluation

❖ Definition of financial performance

Analyzing the investment capacity and profitability of an organization is vital to understanding its financial performance. Below are some points that can contribute to achieving revenue and profitability capacity, in addition to the factors that affect financial performance:

Revenue capacity:

1. Revenue generation: Examine how an organization generates revenues from its current and capital activities. Is there diversity in revenue sources?
2. Asset Management: Effective asset management and resource control to ensure maximum return on investment.

Profitability:

1. Cost efficiency: serious control over costs and striving to reduce them by improving production processes and operations management.

2. Achieving surplus: The ability to achieve surplus activities to reward factors of production, which contributes to motivating the team and improving performance.
3. Liquidity management: Ensuring the availability of sufficient liquidity to cover future obligations and deal with financial challenges.

❖ Factors affecting financial performance:

Internal factors:

1. Monitoring access to funds: ensuring that the necessary funding is secured effectively and at an appropriate cost.
2. Cost control: Improving cost control systems to achieve better efficiency in using resources.
3. Efficiency of use of funds: Monitor how available funds are used to enhance efficiency and achieve maximum return.

External factors:

1. Technological change: Understand the impact of technological change on various aspects of the business and prepare to adapt processes and technology.
2. Policies and Laws: Assess the impact of government legislation and policies on the business and compliance costs.

3. Competition: Analyze the extent of competition in the market and evaluate how performance can be improved to excel in a competitive environment.

In general, management must be aware of these factors and develop appropriate strategies to ensure the sustainability of financial performance and improve the revenue capacity and profit capacity of the institution.

Section Two: Evaluating financial performance

❖ Identification:

Financial performance evaluation is the process of analyzing and measuring the performance of an institution or organization in financial terms, with the aim of understanding how it manages natural and financial resources and achieves the desired or expected performance. This includes analyzing various financial aspects of the organization and evaluating the extent to which it achieves objectives and effectively uses available resources.

❖ The importance of evaluating financial performance:

1. Determine management responsibility: Performance evaluation helps define responsibilities and focus on areas that need improvement.
2. Stimulating competitiveness: It encourages competition between departments and institutions, which leads to improving performance and achieving the desired goals.
3. A measure of success: Performance evaluation is a measure of an organization's success, as it combines effectiveness and efficiency in improving its performance.

❖ **The importance of evaluating financial performance at the financial level:**

1. Ensuring financial balance: The evaluation allows us to ensure the availability of liquidity and the level of profitability in light of investment and financing decisions.
2. Enhancing enterprise value: It helps improve enterprise value by achieving maximum production at the lowest possible costs.
3. Improving dividends: Supports making dividend decisions in a way that maximizes the value of the organization and achieves an appropriate return on investment.

❖ **The importance of evaluating financial performance at the economic and social levels:**

1. Stimulating economic development: It contributes to enhancing production capacity and revitalizing the comprehensive sector by reducing costs and improving the quality of products.
2. Improving market participation: It contributes to making the institution more competitive on the economic scene and enhances its participation in improving national income.

In general

Evaluating an organization's financial performance is not just a statistical process, but rather a vital management tool that helps improve operations and enhance effectiveness and efficiency at various levels. Financial performance analysis enhances business sustainability and contributes to economic and social development.

Section Three: The relationship of risk management to financial performance

❖ The relationship between financial risk management and value creation:

The importance of financial risk management lies in its potential to create more value for the organization, achieve sustainability, and attract financing effectively. Here are some points that illustrate this relationship:

1. Improving investor attractiveness:

- Effective financial risk management reduces uncertainty and provides investors with a better forecast of expected returns.

Investors prefer institutions that know how to manage their risks effectively, which increases their attractiveness.

2. Improving financing conditions:

- Risk management reduces potential financial risks, making the organization benefit from better financing terms.

- Obtaining low-cost financing contributes to increasing value for shareholders and investors.

3. Increase confidence in the market:

Risk management contributes to building confidence between investors and shareholders, which leads to increased stability in the financial market.

- Increased confidence enhances the market value of the organization.

4. Improving financial performance:

- Risk planning and assessment can lead to better financial decision making, which improves financial performance.

- Improved financial performance reflects positively on the added value for shareholders and investors.

5. Promoting sustainability:

Financial risk management achieves business sustainability by reducing the negative impact of financial risks on operational activity.

Sustainability contributes to preserving wealth and value for shareholders in the long term.

6. Achieving economic effectiveness:

- Financial risk analysis helps to better direct resources, which contributes to achieving economic effectiveness.

Economic effectiveness means achieving the maximum possible value using available resources.

In short, the tangible impact of financial risk management is seen in maximizing value for the organization and achieving greater sustainability and attractiveness to investors.

❖ **The relationship between disclosure and financial risk management:**

The economic importance of disclosure:

1. Directing decisions:

- Financial risk disclosure provides important information that enables interested parties to make informed decisions.
- Investors need to understand the potential financial risks to determine the attractiveness of investing in the organization.

2. Attracting investors:

- Clear and transparent disclosure of risks helps attract investors who prefer transparency and integrity.

Investors need to ensure that the company can handle financial challenges.

3. Reducing uncertainty:

Disclosure reduces uncertainty about potential financial risks and helps clarify their impact on financial performance.

- Helps determine the appropriate level of tolerance and risk management.

4. Performance check:

- Disclosure allows investors to evaluate management's performance in managing financial risks.

The quality of disclosure reflects the effectiveness of management in dealing with financial challenges and opportunities.

❖ **The relationship between disclosure and the organization's reputation:**

1. Building trust:

- Comprehensive disclosure builds trust between the institution, investors and the public.
- Transparency and integrity in disclosing risks shows the organization's readiness to deal seriously with challenges.

2. Performance evaluation:

An organization's reputation depends in part on how it manages and deals with financial risks.

- If an organization is able to predict risks and deal with them effectively, its reputation is improved.

3. Market attractiveness:

Investors and clients prefer to deal with institutions that show transparency in dealing with risks.

- A strong reputation that contributes to achieving competitive excellence and attracting new customers and investors.

4. Positive impact on value:

- A strong reputation increases the company's value in the market.
- Investors invest more in companies that have a good reputation and manage their risks effectively.

Section Four: The role of accounting information in measuring risks and evaluating financial performance

❖ The basic role of accounting information in measuring risks and evaluating financial performance in banks:

1. Tracking and classifying risks:

- The accounting system helps in identifying and classifying the various types of risks that banks may face, whether they are financial, operational, or credit risks.

2. Estimating the financial value of risks:

- Accounting information can estimate the value of financial risks and their potential impact on assets, liabilities and returns.

3. Monitoring and evaluating assets and liabilities:

The accounting system allows banks to monitor assets and liabilities periodically, which helps in evaluating the efficiency of their management and examining their continuity.

4. Financial performance analysis:

- Accounting analysis provides banks with a detailed picture of financial performance, which helps determine the bank's strength in dealing with financial risks.

5. Providing information for decision making:

Providing accurate accounting information contributes to making correct strategic decisions to reduce risks and achieve gains.

6. Compliance monitoring and oversight:

- The accounting system allows monitoring the bank's compliance with financial and accounting laws and regulations, in order to maintain compliance and avoid legal risks.

7. Measuring profitability and performance:

- The accounting system helps in analyzing financial data to measure the profitability and overall performance of the bank, allowing a better understanding of challenges and opportunities.

8. Providing information to investors and external parties:

Accounting information serves as a means of providing financial reports that reflect the bank's position and contributes to building confidence between investors and external parties.

9. Risk impact analysis:

- The accounting system can analyze the impact of risks on financial performance, and identify weak points and possible improvements.

10. Develop risk management strategies:

Continuous financial performance analysis through accounting information provides a basis for developing effective risk management strategies on an ongoing basis.

❖ **Importance of financial information:**

1. The impact of financial information on the stock market:

Financial information plays a crucial role in determining the efficiency of the stock market, as investors rely on this information to make informed investment decisions.

2. Estimating cash flows and profits:

Financial information helps estimate future cash flows and expected profits, which contributes to analyzing the attractiveness of investments.

3. Estimating the level of risk:

Financial information provides investors with an understanding of the degree of risk associated with assets, whether through market volatility or future performance risks.

4. Forming an investment portfolio:

- The information helps in forming a diversified and appropriate investment portfolio, by directing investors towards assets that suit their goals and level of risk tolerance.

5. Guidance for decision making:

- Financial information serves as a basic guide for making investment decisions, as it contributes to examining and analyzing financial conditions and directing towards the correct strategies.

6. Strengthening confidence in the market:

Transparency in financial reports contributes to building confidence between investors and companies, and thus enhances stability in the market.

7. Reduce the risk of errors:

- By providing accurate and comprehensive information, financial information helps reduce the risk of making wrong decisions and enhances the accuracy of analysis.

8. Contribution to operational efficiency:

Financial information contributes to improving the efficiency of operational and administrative processes within institutions, thus achieving sustainable financial performance.

9. Standard for performance evaluation:

Financial information is used as a standard for evaluating an organization's performance and measuring its success in achieving its financial and strategic goals.

10. Error protection:

Considering financial information as an essential tool in making decisions, it helps protect investors and companies from suggestions that are not based on facts.

❖ Understanding the objectives of financial statements:

1. Clarifying the results of operations and activities:

The financial statements aim to clarify the results of the operations and activities carried out by the bank during a specific financial period, whether profit or loss.

2. Determining the strength of the financial position:

The financial statements aim to determine the strength of the bank's financial position at a specific moment in time, by presenting the financial position at the end of the financial period.

3. Focus on estimating the magnitude and timing of risks:

- The financial statements seek to highlight the role of information in estimating the size and timing of the degree of risk surrounding the bank's future cash flows.

4. Provide a basis for forecasting future flows:

Financial statements provide a basis for forecasting future cash flows, which helps investors estimate expected financial performance.

5. Determine the bank's assets and liabilities:

- The financial statements aim to identify the bank's property (assets) and liabilities, whether to its owners or to others, which contributes to understanding the capital structure.

6. Providing data to estimate net cash flows:

The financial statements aim to provide the necessary data to estimate the expected net cash flows, which contributes to analyzing the strength of the bank's cash flows.

7. Determine the sources and uses of the bank's funds:

The financial statements aim to show the sources of the bank's funds and how they are used during a specific financial period, which provides insight into the source and feasibility of its investments.

8. Provide a basis for forecasting future flows:

Financial statements seek to provide a basis for investors to predict future flows and evaluate the attractiveness of the bank as an investment.

9. Highlight the financial structure:

- The financial statements aim to shed light on the bank's financial structure and the distribution of capital components between properties and liabilities.

10. Achieving transparency and partnership:

- By providing accurate and comprehensive information, financial statements enhance transparency and build trust with stakeholders and partners.

Chapter Four:

Studying the role of risk management in improving performance - the case of Aramco.

Section one: A historical overview of Aramco

**Section Two: Aramco's implementation of a
unified market risk management policy at the
company level**

**Section Three: Collecting and analyzing Aramco's
annual financial data from 2021 to 2022 on
revenues, profits, and operational costs.**

Section one: A historical overview of Aramco

Saudi Aramco is one of the largest oil and energy companies in the world, and is the national oil company of the Kingdom of Saudi Arabia. Aramco was established in 1933 as a partnership between the Saudi government and the American company Snobar, and in 1988 it became completely government-run after purchasing the American company's stake.

Aramco is considered one of the leading companies in the oil and gas industry, and plays a vital role in the Kingdom's economy and on the global stage. The company has huge oil and natural gas resources, and is considered one of the largest oil producers in the world.

The most prominent assets owned by Aramco include oil and gas fields, oil refineries, pipeline networks, and export terminals. The company has modern technologies in oil extraction and refining, which contributes to achieving high efficiency and reducing environmental impact.

Aramco is a major focus of investments in diverse energy projects, including alternative and renewable energy. It also plays an important role in promoting sustainable development and improving energy infrastructure in the Kingdom of Saudi Arabia.

The history of Saudi Aramco extends back to the first decades of the twentieth century, and it has witnessed tremendous growth to become one of the largest oil and energy companies in the world. Here's an overview of the company's history:

1. Exploration and Production Contract (1933):

In 1933, the Kingdom of Saudi Arabia signed an agreement with the American company Snobar to explore and produce oil in the Kingdom.

The agreement established the basis for oil activity in the Kingdom of Saudi Arabia.

2. Founding of Aramco (1938):

In 1938, Aramco discovered the first commercial oil fields in Dhahran, a region in eastern Saudi Arabia.

“ - Saudi Arabian Aramco Exploration and Production Company” was established as a joint company between the Saudi government and Snobar Company.

3. Expansion of production (1940s - 1950s):

The period from the 1940s to the 1950s witnessed a significant expansion in oil production, and the Kingdom became a major exporter of oil on the global market.

4. Total Ownership (1988):

In 1988, the Saudi government bought Sunobar's stake in Aramco, resulting in full ownership of the company.

5. Investments and expansion (2000s – today):

Aramco has made several strategic investments over recent years, including improvements in oil production and refining technology.

- The company has witnessed international expansion by participating in projects in various parts of the world.

6. Diversified energy and sustainability (today):

Aramco has become committed to diversifying energy sources and increasing its investments in renewable energy.

- It plays an important role in promoting sustainability and improving the environmental performance of the energy sector.

The history of Aramco reflects a long journey of growth and development, and the company has contributed greatly to transforming the Kingdom of Saudi Arabia into one of the major forces in the oil industry globally.

Section Two: Aramco's implementation of a unified market risk management policy at the company level

Aramco adopts a unified company-wide market risk management policy, which was adopted and implemented in 2021. This policy includes several key aspects:

First, identifying and measuring the market risks to which Aramco is exposed, including oil and product price risks, interest rate risks, and foreign currency risks. This is done through advanced quantitative models that analyze potential market fluctuations and their impact on the company's financial performance.

Second, setting clear limits on the market risks that Aramco can bear. The policy specifies acceptable levels of exposure to certain risks, such as exposure to currency or commodity risks, for example. These numbers are monitored periodically.

Third, control and supervision procedures. The policy requires continuous supervision from risk committees, in addition to independent units to monitor market risks and evaluate the policy's consistency with strategic practices and objectives.

Finally, emergency and risk mitigation plans. The policy sets clear plans to deal with negative developments in the markets, such as sharp declines in oil prices, for example.

The plans include taking strategic and operational measures, in cooperation with various business units.

Aramco applies this policy effectively, which contributed to good control of market risks during volatile economic periods in the past two years. The policy also allows more flexibility in making strategic decisions, taking into account risk management and long-term profitability.

Section Three: Collecting and analyzing Aramco's annual financial data from 2021 to 2022 on revenues, profits, and operational costs.

We collected Aramco's annual financial statements from 2021 to 2022 on revenues, profits and operating costs, and Aramco's strategic reports on expansion plans and future investments in order to compare data for the years 2021 before the implementation of the unified market risk management policy at the company level in 2021 adopted by Aramco and 2022 after the implementation. A unified market risk management policy at the company level.

Below we will review the financial and operational data tables for the two years in a row:

Table (1) Consolidated income statement for the year 2021

ريال سعودي		ريال سعودي		إنتاج	
للمدة المنتهية في 31 ديسمبر	2021	للمدة المنتهية في 31 ديسمبر	2020		
204,829	359,181	758,109	1,346,930	24	إيرادات
25,062	41,287	93,982	154,828		دخل آخر متعلق بالمبيعات
229,767	400,468	852,091	1,501,758		الإيرادات والدخل الآخر المتعلق بالمبيعات
(23,891)	(38,611)	(19,964)	(144,792)		ربح وضرائب أخرى
(48,297)	(93,967)	(181,116)	(352,377)	25	مشتريات
(19,827)	(20,399)	(74,350)	(76,495)		إنتاج وتصنيع
(12,525)	(15,866)	(48,970)	(59,496)		بيع وإدارة وعمومية
(1,945)	(1,943)	(7,293)	(7,285)		تفتيب
(758)	(1,033)	(2,830)	(3,873)		بحث وتطوير
(20,322)	(22,805)	(76,208)	(85,521)	6,5	استهلاك وإهلاك
(127,662)	(194,624)	(478,731)	(729,840)		تكاليف التشغيل
102,229	205,844	383,360	771,918		دخل التشغيل
(948)	2,100	(3,954)	7,874	7	حصة في نتائج مشاريع مشتركة وشركات زميلة
849	477	3,382	1,787	27	دخل تمويل ودخل آخر
(2,817)	(3,215)	(10,564)	(12,058)	20	تكاليف تمويل
99,313	205,206	372,424	769,521		الدخل قبل ضرائب الدخل والركلة
(50,310)	(95,234)	(188,661)	(357,125)	8	ضرائب الدخل والركلة
49,003	109,972	183,763	412,396		صافي الدخل
					صافي الدخل (الخسارة) العائد إلى
49,313	105,387	184,026	395,203		حقوق المساهمين
(310)	4,585	(1,363)	17,193		المخصص غير المسيطر
49,003	109,972	183,763	412,396		
0.25	0.53	0.93	1.98	37	ربحية السهم (الأساسية والمخففة)

* يتم تحويل المعلومات الإضافية بنسبة صرف ثابت 1.00 دولار أمريكي = 3.75 ريال سعودي للأغراض فقط.

Table (2) Consolidated statement of comprehensive income for the year 2021

ريال سعودي		ريال سعودي		إيضاح	
للسنة المنتهية في 31 ديسمبر	2020	للسنة المنتهية في 31 ديسمبر	2021		
دولار أمريكي ³	2020	دولار أمريكي ³	2021		
40,003	109,572	103,763	412,396		صافي الدخل
				18	الدخل (الخسارة) الشامل الآخر، بعد خصم الضريبة
					بشود لأن يتم إعادة تصنيفها إلى صافي الدخل
(2,981)	2,717	(1,988)	10,190		إعادة قياس التزامات منافع ما بعد انتهاء التوظيف،
-	72	-	270		محصنة في إعادة قياس التزامات منافع ما بعد انتهاء التوظيف،
					من مشاريع مشتركة وشركات زميلة
479	227	1,755	851		تغيرات في القيمة العادلة لاستثمارات في حقوق ملكية
					محصنة بالقيمة العادلة من خلال الدخل الشامل الآخر
(80)	86	(300)	323		بشود يمكن إعادة تصنيفها لاحقاً إلى صافي الدخل
					تحويلات تدفقات نقدية وأخرى
79	(148)	297	(556)		تغيرات في القيمة العادلة لمنتجات دين محصنة بالقيمة العادلة
147	(111)	550	(417)		من خلال الدخل الشامل الآخر
738	(746)	2,758	(2,798)		محصنة في (خسارة) دخل شامل لآخر لمشاريع مشتركة وشركات زميلة
(1,035)	2,097	(3,858)	7,863		فروقات تحويل عملات
47,575	112,069	179,907	420,259		مجموع الدخل الشامل
					مجموع الدخل (الخسارة) الشامل العائد إلى
48,298	107,623	180,980	403,586		حقوق المساهمين
(281)	4,446	(1,073)	16,673		المخصص غير المسيطر
47,575	112,069	179,907	420,259		

³ يتم تحويل المعلومات الإضافية بدمج صرف ثابت 1.00 دولار أمريكي = 3.75 ريال سعودي للملازمة فقط.

Table (3) Earnings per share for 2021

37. ربحية السهم

يمكن الحصول التالي صافي الدخل وعدد الأسهم المستخدمة في حسابات ربحية السهم:

2020	2021	
194,928	395,203	صافي الدخل العائد إلى المساهمين العاديين في الشركة
199,054	199,905	المتوسط المرجح لعدد الأسهم العادية (بالملايين) (إيحاء 2))
0.93	1.98	ربحية السهم لصافي الدخل العائد إلى المساهمين العاديين في الشركة (بالريال السعودي)

تتعلق الأسهم العادية المحتملة خلال السنة المنتهية في 31 ديسمبر 2021 بتوزيع الموظفين على أساس السهم فيما يتعلق بخطة أسهم الموظفين الممنوحة لموظفي الشركة المؤهلين بموجب شروط هذه الخطة (إيحاء 17). ولم يكن لخطة الأسهم هذه تأثير مختلف، جوهري على ربحية السهم الأساسية للسنتين المنتهيتين في 31 ديسمبر 2021 و 2020.

Table (4) Consolidated statement of cash flows for the year 2021

ريال سعودي		ريال سعودي		إيضاح	
للمدة المنتهية في 31 ديسمبر	2021	للمدة المنتهية في 31 ديسمبر	2020		
2020	2021	2020	2021		
89,313	205,206	572,424	769,521		الدخل قبل ضرائب الدخل والركلة
					التعديلات التصوية الدخل قبل ضرائب الدخل والركلة
					إلى صافي النقد الناتج من أنشطة التشغيل
20,322	22,805	76,208	85,521	6,5	استهلاك وإهلاك
948	767	3,544	2,875	8	تكاليف انتعاب وتقييم مشطوبة
539	1,059	2,020	3,971		مصارف استثمار ممتلكات وآلات ومعدات
1,115	121	4,181	453		المركبة في مخزون
948	(2,100)	3,594	(7,874)	7	محصلة في نتائج مشاريع مشتركة وشركات زميلة
(799)	(375)	(2,771)	(1,405)	37	دفع تمويل
2,817	3,215	10,584	12,058	20	تكاليف تمويل
(102)	(99)	(382)	(368)	37	توزيعات أرباح من استثمارات في أوراق مالية
7	7	28	27		تغير في التهمة العادلة لاستثمارات من خلال الربح أو الخسارة
8	147	21	550	7	تغير في استثمار أرباح مخزون مشاريع مشتركة وشركات زميلة
201	865	794	3,243		أخرى
					التغير في رأس المال العامل
4,257	(6,175)	15,890	(23,157)		مخزون
5,013	(14,718)	22,172	(55,190)		نعم مدينة تجارية
2,103	(3,313)	7,888	(12,422)		مبالغ مستحقة من الحكومة
(742)	(2,284)	(2,704)	(8,565)		موجبات ودمج مدينة أخرى
(4,333)	9,537	(16,250)	35,763		نعم دائنة تجارية وأخرى
(1,728)	1,549	(6,472)	5,809		ربح مستحق
					التغيرات الأخرى
(2,291)	337	(8,593)	1,263		موجبات ودمج مدينة أخرى
358	181	1,344	680		مخصصات ومطلوبات أخرى
33	712	125	2,667		التزامات منافع ما بعد انتهاء التوظيف
(52,898)	(78,084)	(108,204)	(292,818)	8	سداد ضريبة دخل وركلة وضرائب أخرى
78,079	199,360	283,287	522,601		صافي النقد الناتج من أنشطة التشغيل
					تغيرات وإسمالية
(28,942)	(31,905)	(101,030)	(119,645)	4	تد مستورد عليه عند الاستيراد على شركة تابعة
7,357	-	27,515	-	35	توزيعات من مشاريع مشتركة وشركات زميلة
894	1,240	2,801	4,651	7	استثمارات إضافية في مشاريع مشتركة وشركات زميلة
(143)	(149)	(537)	(557)	7	توزيعات أرباح من استثمارات في أوراق مالية
102	99	382	368	37	فوائد مستحقة
987	329	3,698	1,232		صافي استثمارات في أوراق مالية
(180)	(406)	(599)	(1,519)		صافي (مشتريات) استثمارات قصيرة الأجل
12,352	(5,405)	47,071	(20,272)		صافي النقد المستخدم في أنشطة الاستثمار
(5,573)	(36,197)	(20,889)	(135,741)		توزيعات أرباح مدفوعة إلى المساهمين في الشركة
(88,649)	(75,015)	(281,184)	(281,305)	36	توزيعات أرباح مدفوعة إلى «مصري غير مسيطرة في شركات تابعة
(181)	(1,896)	(718)	(7,112)		مخصصات من بيع حصص ملكية غير مسيطرة في شركة تابعة
-	12,412	-	46,547		مخصصات من إصدار أسهم خزينة
-	103	-	384	18	مخصصات من قروض
25,339	11,256	87,520	42,213		سداد قروض
(11,253)	(19,807)	(42,125)	(73,563)		جزء رئيسي في مدفوعات عقود إيجار
(2,898)	(3,238)	(10,883)	(12,143)		فوائد مدفوعة
(2,000)	(2,542)	(7,407)	(9,534)		صافي النقد المستخدم في أنشطة التمويل
(82,832)	(78,537)	(234,872)	(294,513)		صافي الزيادة في النقد وما يماثله
7,874	24,626	28,528	92,347		النقد وما يماثله في بداية السنة
47,393	55,262	177,708	207,232		النقد وما يماثله في نهاية السنة
55,262	79,888	207,232	299,579		

* تدفق النقد المتاح للأغراض النقدية تحت بند 100 ريال والحد 3.75 ريال سعودي القياسية فقط

Table (5) Summary of financial information for 2021

أهم المعلومات المالية			
صافي الدخل (مليار)	الأرباح قبل الفوائد وشرائط الدخل والضرائب* (مليار)	التخفيضات التقديرية الحرة* (مليار)	صافي النقد الناتج من أنشطة التشغيل (مليار)
412 ريال سعودي 110 دولار أمريكي 49 JOD	780 ريال سعودي 208 دولار أمريكي 101 JOD	403 ريال سعودي 107 دولار أمريكي 49 JOD	523 ريال سعودي 139 دولار أمريكي 76 JOD
التخفيضات الرأسمالية (مليار)	توزيعات الأرباح المدفوعة (مليار)	توزيعات الأرباح المدفوعة لكل سهم	العائد على متوسط رأس المال المستثمر* (%)
120 ريال سعودي 32 دولار أمريكي 27 JOD	281 ريال سعودي 75 دولار أمريكي 30 JOD	1.40 ريال سعودي 0.37 دولار أمريكي 0.35 JOD	24.4 13.2 JOD
نسبة المديونية* (%)	ربحية السهم (نسبة ونسبة)	متوسط سعر النفط العام المعقد (دولار أمريكي / برميل)	* مبنى على نموذج حيز التوسع الدولي المتغير المالي، أي أنه من المعلومات التي تتغير مع تغيرات أسعار النفط والغاز وغيرها من العوامل الاقتصادية التي تؤثر على الأعمال.
14.2 23.0 JOD	1.98 ريال سعودي 0.53 دولار أمريكي 0.29 JOD	70.5 40.6 JOD	

Table (6) Consolidated income statement for the year 2022

قائمة الدخل الموحدة				
جميع المبالغ بملابيين الريالات السعودية ما لم يذكر خلاف ذلك				
ريال سعودي		دولار أمريكي *		إيضاح
للسنة المنتهية في 31 ديسمبر	2022	للسنة المنتهية في 31 ديسمبر	2021	
2,006,955	1,346,930	535,288	359,181	24 إيرادات
259,438	154,828	69,178	41,287	دخل آخر متعلق بالمبيعات
2,266,373	1,501,758	604,366	400,468	الإيرادات والدخل الآخر المتعلق بالمبيعات
(381,510)	(244,793)	(91,069)	(38,611)	25 ربح وخصرات أخرى
(490,690)	(352,377)	(130,851)	(93,967)	مشتريات
(101,912)	(76,495)	(27,177)	(20,399)	إنتاج وتصنيع
(83,700)	(59,496)	(22,320)	(15,866)	بيع وإدارة وعمومية
(8,447)	(7,285)	(2,253)	(1,943)	تنقيب
(4,419)	(3,873)	(1,178)	(1,039)	بحث وتطوير
(91,618)	(85,521)	(24,431)	(22,805)	استهلاك وإطفاء
(1,122,296)	(729,840)	(299,279)	(194,634)	6.5 تكاليف التشغيل
1,144,077	771,918	305,087	205,844	دخل التشغيل
2,873	7,874	766	2,100	7 حصنة في نتائج مشاريع مشتركة وشركات زميلة
14,894	1,787	3,972	477	27 دخل تمويل ودخل آخر
(8,882)	(12,058)	(2,369)	(3,215)	20 تكاليف تمويل
1,152,962	769,521	307,456	205,206	الدخل قبل ضرائب الدخل والضكاة
(548,959)	(357,125)	(146,388)	(95,234)	8 ضرائب الدخل والضكاة
604,005	412,396	161,068	109,972	صافي الدخل
597,215	395,203	159,257	105,387	صافي الدخل العائد إلى
6,790	17,193	1,811	4,585	حقوق المساهمين
604,005	412,396	161,068	109,972	الصحة غير المسيطرة
2,72	1,80	0,72	0,48	37 ربحية السهم (الأساسية والمخفضة)

* يتم تحويل هذه المعلومات الإضافية بسعر صرف ثابت 1.00 دولار أمريكي = 375 ريال سعودي للملازمة فقط، وتعرض بملابيين الدولارات الأمريكية.

Table (7) Consolidated statement of comprehensive income for the year 2022

قائمة الدخل الشامل الموحدة				
جميع المبالغ بملابيين الريالات السعودية ما لم يذكر خلاف ذلك				
ريال سعودي		دولار أمريكي *		إيضاح
للسنة المنتهية في 31 ديسمبر	2022	للسنة المنتهية في 31 ديسمبر	2021	
604,005	412,396	161,068	109,972	صافي الدخل
21,208	10,190	5,655	2,717	18 الدخل (الخسارة) الشامل الآخر، بعد خصم الضريبة
144	270	38	72	بنود لن يتم إعادة تصنيفها إلى صافي الدخل
(211)	851	(56)	227	إعادة قياس منافع ما بعد انتهاء التوظيف
1,450	323	387	86	حصنة في إعادة قياس منافع ما بعد انتهاء التوظيف
(427)	(556)	(114)	(148)	من مشاريع مشتركة وشركات زميلة
351	(417)	94	(111)	تغيرات في القيمة العادلة لاستثمارات في حقوق ملكية
(3,889)	(2,798)	(1,037)	(746)	مصنفة بالقيمة العادلة من خلال الدخل الشامل الآخر
18,626	7,863	4,967	2,097	بنود يمكن إعادة تصنيفها لاحقاً إلى صافي الدخل
622,631	420,259	166,035	117,069	تحويلات تدفقات نقدية وأخرى
615,245	403,586	164,065	107,623	تغيرات في القيمة العادلة لسندات دين مصنفة
7,386	16,673	1,970	4,446	بالقيمة العادلة من خلال الدخل الشامل الآخر
622,631	420,259	166,035	117,069	حصنة في دخل (خسارة) شامل آخر
				مشاريع مشتركة وشركات زميلة
				فروقات تحويل عملات
				مجموع الدخل الشامل
				مجموع الدخل الشامل العائد إلى
				حقوق المساهمين
				الصحة غير المسيطرة

* يتم تحويل هذه المعلومات الإضافية بسعر صرف ثابت 1.00 دولار أمريكي = 375 ريال سعودي للملازمة فقط، وتعرض بملابيين الدولارات الأمريكية.

Table (8) Earnings per share for 2022

37. ربحية السهم

يعكس الجدول التالي صافي الدخل وعدد الأسهم المستطمة في حسابات ربحية السهم:

2021	2022	
395,203	597,215	صافي الدخل العائد إلى المساهمين العاديين في الشركة
219,897	219,913	المتوسط المرجح عند الأسهم العادية (بالملايين) (إيضاح 2) ب (ب ¹)
1.80	2.72	ربحية السهم لصافي الدخل العائد إلى المساهمين العاديين في الشركة (بالريال السعودي) ¹

Table (9) Consolidated statement of cash flows for the year 2022

قائمة التدفقات النقدية الموحدة

جميع المبالغ بملايين الريالات السعودية ما لم يذكر خلاف ذلك

ريال سعودي		ريال سعودي		إيضاح	
للسنة المنتهية في 31 ديسمبر	للسنة المنتهية في 31 ديسمبر	للسنة المنتهية في 31 ديسمبر	للسنة المنتهية في 31 ديسمبر		
2021	2022	2021	2022		
205,206	307,456	769,521	1,152,962		الدخل قبل ضرائب الدخل والزيكلا
					التعديلات لتسوية الدخل قبل ضرائب الدخل والزيكلا
					إلى صافي النقد الناتج من أنشطة التشغيل
22,805	26,431	85,521	91,638	65	استهلاك وإطفاء
767	777	2,875	2,916	6	تكاليف تنقيب وتقييم مشطوبة
1,059	1,029	3,971	3,861		طيارة استبعاد ممتلكات وآلات ومعدات
121	407	453	1,525		حركة في مخزون
(2,100)	(766)	(7,874)	(2,873)	7	حصة في نتائج مشاريع مشتركة وشركات زميلة
(477)	(3,372)	(1,787)	(14,894)	27	دخل تمويل ودخل آخر
3,215	2,389	12,058	8,882	20	تكاليف تمويل
7	66	27	237		تغير في القيمة العادلة لاستثمارات من خلال الربح أو الخسارة
147	(99)	550	(373)	7	تغير في استبعاد أرباح مخزون مشاريع مشتركة وشركات زميلة
868	322	3,256	1,205		أخرى
					التغير في رأس المال العامل
(6,175)	(7,082)	(23,157)	(26,555)		مخزون
(14,718)	(6,108)	(55,190)	(22,906)		لعم مدينة تجارية
(3,313)	(3,527)	(12,422)	(13,228)		مبالغ مستحقة من الحكومة
(2,284)	(123)	(8,565)	(462)		موجودات ولعم مدينة أخرى
9,537	3,665	35,763	13,745		لعم دائنة تجارية وأخرى
1,549	584	5,809	2,190		ربح مستحق
					التغير في الأخرى
337	792	1,263	2,973		موجودات ولعم مدينة أخرى
181	(109)	680	(411)		مخصصات ومطلوبات أخرى
712	198	2,667	596		مناقص ما بعد انتهاء التوظيف
(78,084)	(134,094)	(292,818)	(502,896)	8	سداد ضريبة دخل وزيكلا وضرائب أخرى
139,360	186,174	522,601	698,152		صافي النقد الناتج من أنشطة التشغيل
(31,905)	(37,643)	(119,645)	(161,161)	4	تقفات رأسمالية
-	(455)	-	(1,708)		استحوذ على شركات منتسبة، بعد خصم النقد المستحوق عليه
1,340	1,210	4,651	4,535	7	توزيعات من مشاريع مشتركة وشركات زميلة
(149)	(397)	(557)	(1,489)	7	استثمارات إضافية في مشاريع مشتركة وشركات زميلة
-	440	-	1,651	(1)34	متحصلات من بيع حصة ملكية في شركة زميلة
99	106	369	390	27	توزيعات أرباح من استثمارات في أوراق مالية
329	1,587	1,232	5,950		فوائد مستلمة
(406)	(810)	(1,519)	(3,035)		صافي استثمارات في أوراق مالية
(5,405)	(67,772)	(20,272)	(254,142)		صافي مشتريات استثمارات قصيرة الأجل
(96,137)	(103,736)	(135,741)	(389,009)		صافي النقد المستخدم في أنشطة الاستثمار
(75,015)	(75,028)	(281,305)	(281,318)	36	توزيعات أرباح مدفوعة إلى المساهمين في الشركة
(1,896)	(3,845)	(7,112)	(14,417)		توزيعات أرباح مدفوعة إلى حصص غير مسيطرة في شركات تابعة
12,412	15,500	46,547	58,125		متحصلات من بيع حصة ملكية غير مسيطرة في شركة تابعة
-	(62)	-	(230)		استحوذ على حصص غير مسيطرة في بعض الشركات التابعة
103	346	384	550	16	متحصلات من إصدار أسهم عريضة
11,256	2,422	42,213	9,082		متحصلات من فروض
(19,617)	(35,337)	(73,563)	(132,514)		سداد فروض
(3,238)	(3,230)	(12,143)	(12,114)		جزء رئيسي في مدفوعات عقود إيجار
(2,542)	(2,623)	(9,534)	(9,839)		فوائد مدفوعة
(78,537)	(102,067)	(294,513)	(382,675)		صافي النقد المستخدم في أنشطة التمويل
24,626	(19,609)	92,347	(73,532)		صافي (النقص) الزيادة في النقد وما يماثله
55,262	79,888	207,232	299,579		النقد وما يماثله في بداية السنة
79,888	60,279	299,579	226,047		النقد وما يماثله في نهاية السنة

Table (10) Financial results of Aramco's annual report for the year 2022

Net income (\$161.1bn 2021:\$110)	604.0bn SAR	EBIT (\$307bn 2021:\$208bn)*	1,149.0bn SAR	Free cash flow (\$148.5bn 2021:107)*	557.0bn SAR
Net cash provided by operating activities (\$186bn 2021:\$139bn)	698.0bn SAR	Dividends paid (\$75.0bn 2021:\$75bn)	281.3bn SAR	Capital expenditures (\$38bn 2021:\$32bn)	141.0bn SAR
ROACE (2021: 24.4%)*	31.6%	Gearing (2021: 12.0%)* ¹	(7.9%)	Earnings per share (basic and diluted, \$0.72 2021:\$0.48) ²	2.72 SAR

Table (11) Aramco operating results for 2022

MSC (mmbpd 2021:12.0)	12.0	Hydrocarbon production (mmboed)	13.6	Total liquids production (mmbpd 2021:10.4) ³	11.5
Net refining capacity (mmbpd 2021:4.0)	4.1	Net chemicals production capacity (million tons per year, 2021:54.2) ⁴	56.3	Reliability ⁵	99.9%
Upstream carbon intensity (kg CO ₂ e/boe, 2021:10.7) ⁶	10.3	Flaring intensity (scf/boe, 2021:5.51) ⁶	4.60	Total recordable case frequency (per 200,000 work hours, 2021:0.054) ⁶	0.050

Table (12) Summary of financial information for 2021

على الأطراف المعنيين برنامج القيمة المضافة الاجمالية في المملكة (اكتفاء)³ (%) 63.0	المدفوعات إلى الحكومة² (مليار) ريال سعودي 847 226 دولار أمريكي
على الأعمال المالية صافي الدخل (مليار) ريال سعودي 604 161 دولار أمريكي	التدفقات النقدية الحرة* (مليار) ريال سعودي 557 149 دولار أمريكي
توزيعات أرباح مدفوعة (مليار) ريال سعودي 281 75 دولار أمريكي	العائد على متوسط رأس المال المستثمر* (%) 31.6

Table (13) Summary of financial results for the years 2021 and 2022

البند	6 أشهر 2021	6 أشهر 2022	التغير
الإيرادات	650,107.00	1,165,270.00	% 79.2
اجمالي الدخل	400,611.00	690,765.00	% 72.4
دخل العمليات	331,002.00	602,194.00	% 81.9
صافي الدخل	169,492.00	315,807.00 ▲	% 86.3
متوسط عدد الأسهم	242,000.00	242,000.00	-
ربح السهم (ريال)	0.70	1.30	% 86.3

Table (14) Quarterly comparison for the years 2021 and 2022

البند	الثاني 2021	الثاني 2022	التغير
الإيرادات	349,950.00	648,373.00	% 85.3
اجمالي الدخل	215,179.00	371,593.00	% 72.7
دخل العمليات	179,115.00	324,489.00	% 81.2
صافي الدخل	90,902.00	173,795.00	% 91.2
متوسط عدد الأسهم	242,000.00	242,000.00	-
ربح السهم (ريال)	0.38	0.72	% 91.2

By reviewing the consolidated income statements, consolidated comprehensive income statements, consolidated cash flow statements, earnings per share for the years 2021 and 2020, the financial results of Aramco's annual report for the year 2022, the operational results of Aramco for the year 2022 after implementing its risk management system, and a summary of the financial results for the two years and the quarterly comparison, we conclude that:

The net profit after zakat and tax of the Saudi Arabian Oil Company “Saudi Aramco” grew to 604 billion riyals during the year 2022, compared to 412.4 billion riyals in the year 2021, by 46.5%.

Operating profit reached 1.14 trillion riyals during the year ending in 2022, compared to 771.9 billion riyals last year, a growth of 48%.

Total revenues amounted to 2 trillion riyals in the current year, compared to 1.34 trillion riyals last year, an increase of 49%.

Earnings per share in the current year amounted to 2.72 riyals, compared to 1.8 riyals last year.

Net income amounted to 604.01 billion riyals (161.07 billion US dollars) for the year ending December 31, 2022. This increase mostly reflects the impact of higher crude oil prices and quantities sold, and the strong increase in profit margins from the refining business, compared to net income that amounted to 412.40 billion riyals. (\$109.97 billion) in 2021.

Other income related to sales amounted to SAR 86.31 billion for the second quarter of 2022 (SAR 37.60 billion for the second quarter of 2021, SAR 49.89 billion for the first quarter of 2022). As a result, total revenues and other income related to sales amounted to SAR 648.37 billion for the second quarter of 2022 (SAR 349.95 billion for the second quarter of 2021, SAR 516.90 billion for the first quarter of 2022).(

Other income related to sales amounted to SAR 136.20 billion for the first half of 2022 (SAR 65.68 billion for the first half of 2021). As a result, total revenues and other income related to sales amounted to 1,165.27 billion Saudi riyals for the first half of 2022 (650.11 billion Saudi riyals for the first half of 2021).

Results:

After reviewing Saudi Aramco's financial statements for the years 2021 and 2022, it was found that there was a noticeable growth in the company's profits and revenues after implementing the unified market risk management policy at the company level in 2021.

Net profit after zakat and tax increased by 46.5% to reach 604 billion Saudi riyals in 2022, compared to 412.4 billion Saudi riyals in 2021. Total revenues also witnessed a growth of 49% to reach 2 trillion Saudi riyals, while operating profitability increased by 48%. To 1.14 trillion Saudi riyals.

This increase in profits is mainly due to the impact of higher prices and quantities of crude oil sold, in addition to the significant increase in profit margins from the oil refining sector, compared to the previous year 2021, which preceded the implementation of the policy.

Effectively implementing a market risk management policy also contributed to good risk control during volatile economic periods, allowing more flexibility in making strategic decisions while taking into account risk management and long-term profitability.

Accordingly, the results indicate that adopting a unified and effective policy for managing market risks at the comprehensive level in the company contributed positively to

enhancing Aramco's financial performance and achieving higher growth rates in revenues and profits.

Aramco attaches great importance to managing its financial risks and has a specialized department for this called "Financial Risk Management."

Over the years, Aramco has implemented many changes to enhance its financial risk management, including:

1. Adopting a unified market risk management policy at the company level in 2021
2. Adopting advanced systems and models to measure and track market risks such as commodity markets, interest rates, and foreign exchange rates
3. Appointment of senior officials responsible for credit, market and liquidity risk management
4. Enhancing risk assessment processes when entering into large investments or new strategic partnerships
5. Adopting policies to hedge interest rate risks, currency risks, and commodity price risks

This reflects Aramco's keenness to adopt international best practices in the field of financial risk management.

Recommendations:

Enhancing interaction and communication between the company's various departments to ensure the integration of risk management across the various departments, which .contributes to a horizontal and comprehensive risk analysis

Promoting continuous training and development for employees concerned with risk management, so that they are always familiar with the latest technologies and methods .used in the field of risk management

Motivating innovation in risk management strategies so that they are constantly improved .to meet new challenges and changes in the business environment

Analyze new risks that may arise as a result of technological developments, changes in the market, and global economic conditions, and take the necessary measures to adapt to .them

Enhance communication with external stakeholders of the company, such as customers and investors, to understand their expectations and ensure that risk management policies .meet those expectations

Stimulate partnerships with relevant institutions and bodies to exchange experiences and enhance common understanding of best policies and practices in the field of risk .management

Enhancing periodic reports to executive management and the Board of Directors on the .status of risk management and important developments that may affect the company

These recommendations highlight the importance of continuous interaction and continuous improvement in risk management policies to ensure their integration with the company's strategies and achieve the targeted goals.

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Summary :

Based on a deep understanding of the role of risk management in improving the financial performance of economic institutions, it clearly appears that awareness and accurate identification of risks are essential to ensuring continued success and achieving financial goals. Algerian institutions must embrace and realize the importance of this role, as risk management is considered a process that enables .them to accurately identify and classify risks

Risk management contributes to searching for and adopting effective methods and tools to deal with these risks and reduce their impact to the minimum possible. It also contributes to providing possibilities and predictions for the future regarding potential risks that the organization may face, which helps in better strategic .planning and decision-making

Risk management promotes a better understanding of the risks that affect an organization's performance when they are high, and when these risks are dealt with effectively, sustainable and superior financial performance is achieved. It can be said that there is an inverse relationship between the level of risk and financial performance, as the financial performance of the organization decreases when the .level of risk increases, and vice versa

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