

Board Chair's Statement

Sustaining leadership. Accelerating innovation.

2024 was a pivotal and highly successful year for SAB, across a range of areas and metrics. Against a dynamic macro backdrop – including regional geopolitical tensions and a decline in global benchmark rates – the Bank took a significant step in demonstrating its ability to deliver solid returns in a changeable environment. Despite elevated interest rates, banking sector loan growth has remained resilient since 2023. This trend accelerated in 2024, even as rates remained at peak levels before easing in the second half of the year.

With the Kingdom's transformation programmes driving significant infrastructure development, we anticipate sustained demand for credit well into the future. The demand will be supported by an expanding economy, particularly in the non-oil segment of the economy, which performed well during 2024 with expected growth of 4.6%. The non-oil sector now contributes over 52% to GDP, steadily progressing to reach the Kingdom's goal of 65% by 2030. The economic outlook remains strong with continued growth in key transformation sectors, such as tourism, construction, energy, and real estate – all of which align well with SAB's priorities and focus areas.

Sustained focus on innovation

Our confidence in our strategy and our continuous delivery of strong financial and non-financial targets has allowed us to strengthen our focus on bolstering the Bank's capabilities and readiness to meet the demands of the future.

Innovation has long been a hallmark of SAB's leadership, and its significance is set to grow further in the medium-term. With a unique demographic landscape, combined with Vision 2030 – a once-in-a-lifetime transformation programme poised to elevate national aspirations – innovation will play a crucial role in shaping the future.

Innovation is not limited to the digital world; in fact, we have innovated across the business and found new efficiencies in our business-as-usual approach. From a digital perspective, we elevated our approach and focus towards research, experimentation, co-creation of ideas, with the goal to commercialise our ideas to build the Bank of the future. Our work on innovation is not an academic exercise; like other areas, it is subject to financial targets, incorporating rigorous expectations for both revenue accretion and cost savings through efficiencies.

The entire banking sector shares responsibility to drive innovation and boost the services provided to the Kingdom. We take great pride in SAB's leadership in advancing the sector's innovation agenda. We have served as a key partner to the Saudi Central Bank's financial innovation agenda and have contributed to formalising the Central Bank's approach to innovation collaboration.

Achieving targets

We are fast approaching five years since the merger between Saudi British Bank and Alawwal Bank to form Saudi Awwal Bank. I am pleased to announce that in 2024, the Bank achieved the highest net income in its history, reaching **ﷲ 8.1 bln** – representing a 15% increase over an already strong 2023. Loan growth continued to outpace the market, growing 20% year-on-year and expanding our portfolio to reach **ﷲ 266 bln** – a level **ﷲ 100 bln** greater than when we merged. Returns remained strong, with a return on tangible equity of 16% in 2024.

20%

Loan growth Y-o-Y

16%

Return on tangible equity

Our strategy is to be alawwal – or number one – in customer experience, employee experience, and organisational efficiency. Just as it did in relation to our financial targets, 2024 also marks a significant milestone in delivering on these core pillars.

We have implemented best-in-class practices, transforming our customer experience culture and greatly improving turnaround times. The digitisation efforts of 2022 and 2023 laid the foundations for the strong performance in 2024. Similarly, the employee experience has vastly improved with stronger retention and increased productivity.

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Board Chair's Statement (continued)

Organisational efficiency remains a critical pillar and will be a key driver of performance in 2025. By optimising costs, capital allocation, and operational efficiencies, we are ensuring that efficiency continues to impact every aspect of our business.

Sustainable role in society

In advancing our leadership on sustainability, we have driven forward multi-stakeholder partnerships with regulators, businesses, customers, and communities to create meaningful change. Our alignment with Vision 2030 is complemented by our active engagement with the Saudi Central Bank, the Ministry of Economy and Planning, and the Capital Market Authority. By collaborating closely with these institutions, we advocate for policies that support sustainable banking practices and drive positive change within the financial sector.

Diversity and inclusion remain fundamental to our strategy. In 2024, we proudly endorsed the UN Women Empowerment Principles, underscoring our commitment to gender equality and the empowerment of women in the workplace.

Our participation in industry forums and initiatives, such as the Climate and Desertification Conference of the Parties (CoP), allows our Senior Management and various experts to share insights and best practices with peers. These collaborations are essential to supporting financial sector players and learning from one another as the industry adopts more sustainable practices. We are proud of the role that SAB continues to play in shaping the future of finance in Saudi Arabia and are committed to building an ecosystem in which sustainable finance can thrive.

Over

70%

increase in SME account onboarding

Our commitment to sustainable business practices extends beyond our environmental goals and net zero aspirations. Traditional banking services remain vital – whether in providing mortgages to allow our customers to achieve their home ownership aspirations or providing services to Small and Medium-sized Enterprises (SMEs). Our focus on SMEs exemplifies how innovation and improved customer experience drive tangible results – this approach has led to an over 70% increase in SME and 11% growth in SME loans.

Strengthening partnership with the HSBC Group

The Bank's unique differentiator in the Saudi banking sector is access to HSBC's international network. Our clients bank with SAB for market-leading products and services that combine local expertise with HSBC's global know-how and capabilities. Access to a wider global network enables us to provide our customers with a global banking provision that possesses the same level of rigour and risk-management we uphold domestically. It also allows our customers to grasp global opportunities with ease – an advantage few can match. So, as always, I extend a special note of thanks to our valued partner, HSBC.

Our thanks

On behalf of the Board, I would also like to express our sincere thanks to our team and Senior Management for their dedication to delivering upon our strategic aims, and to our customers and shareholders for their loyalty.

We are also grateful to the Saudi Central Bank, the Capital Market Authority, the Ministry of Finance, and all other government agencies for their continued support and direction.

Ms. Lubna S. Olayan

Board Chair

