

Basel Notes – Third Pillar

These notes have been prepared by virtue of SAMA’s requirement of quantitative and qualitative notes related to Basel Third Pillar. For reviewing these notes, please visit the Bank’s website: www.bankalbilad.com.

Independent Auditors

In the General Assembly meeting held on 20 Shawwal 1445H, corresponding to 29 April 2024, Ernst & Young Professional Services and PricewaterhouseCoopers have been appointed as external auditors of the Bank for the fiscal year 2024. As for the year 2025, the auditors will be appointed at the meeting of the General Assembly expected to be held in the early second quarter 2025.

Independent Auditors’ Report

The auditors submitted unqualified audit report on the Bank’s consolidated financial statements for the current fiscal year.

Credit Rating

The below table illustrates the credit rating for the Bank:

Rating Agency	Long-term	Short-term	Future overview
Moody’s	A2	P-1	Stable
Fitch	A-	F2	Stable



Business Review

Strategic Integration Across Divisions

At Bank Albilad, the strategic integration of our core banking functions – Retail, Corporate, and Treasury – remains pivotal in achieving operational excellence. Established in 2004, this foundational strategy continues to elevate our status among premier Saudi banks by ensuring cohesive and efficient service delivery across all customer touchpoints.

Our business success is deeply rooted in the expertise and dedication of our team.

Team Excellence and Development

Our business success is deeply rooted in the expertise and dedication of our team. Throughout 2024, We have maintained our unwavering commitment to cultivating a workforce that possesses the requisite expertise to effectively navigate the intricate challenges of the contemporary financial environment. In response to the evolving labor market dynamics, we enhanced our focus on attracting, training, and retaining top talent. Innovative recruitment strategies and continuous professional development programs have been instrumental in maintaining a workforce that is both skilled and motivated, ensuring we remain at the forefront of the industry.



Partnerships and Collaborative Success

Bank Albilad's achievements are greatly enhanced by our robust partnerships. In 2024, we deepened our collaborations with key governmental bodies and expanded into new sectors such as digital commerce and green finance. These partnerships not only enhance our business offerings but also reinforce our dedication to supporting initiatives that have significant social and economic impacts. As we align our operations with Vision 2030, these relationships are crucial for driving progress in sectors vital to the Kingdom's transformative agenda.

A Focused and Forward-Looking Strategy

Our strategic endeavors in 2024 were guided by a clear and purposeful vision. We continued to innovate within our Sharia-compliant product offerings and digital services, ensuring alignment with Saudi Arabia's Vision 2030. This strategic alignment aims to achieve significant economic and social outcomes, as well as to secure sustainable value for our stakeholders over the long term.

Outlook for Continued Growth

As we move forward, Bank Albilad is well-positioned to capitalize on the opportunities presented by a dynamic economic environment. Our robust foundation and strategic initiatives are set to drive sustained growth, delivering substantial benefits to our shareholders, customers, and the broader Saudi economy. Our ongoing commitment to innovation and excellence ensures that we continue to contribute meaningfully to the nation's ambitious economic goals.

Retail Banking

In 2024, the Retail Banking Group at Bank Albilad sharpened its focus on enhancing customer engagement through digital enablement and enriching the value proposition offered to customers.

Our strategic efforts were aimed at delivering an unparalleled customer experience to boost market share and expand our customer base, alongside improvements in our asset and liability portfolio to drive profitability. This strategy supported our goal to position Bank Albilad as the preferred choice for innovative Islamic banking solutions, catering to a diverse clientele including private banking, affluent, and mass market segments, as well as SMEs and government entities.

The year was marked by significant milestones that underscored our leadership in the financial sector.

We launched innovative products such as the Awaed Albilad Account and Zood Savings Account, tailored to meet the diverse needs of our customers. We were pioneers in introducing the REDF installment equal subsidy program and the REDF advance subsidy for self-construction, directly supporting the Kingdom's housing goals.

Additionally, our digital initiatives included digital sales journeys for Personal Finance and Credit Card products, being the first bank to launch SADAD service through Points of Sale and to implement Saudi Payment Gateway, enhancing transactional ease for our customers.

Our commitment to customer service excellence was further demonstrated by the significant growth in our Wakalah customer base and portfolio balance. The successful revamp of our Credit Card Loyalty program facilitated a doubling in card sales and spend volume, reflecting our strategic focus on enhancing customer value propositions.

Our dedication to corporate social responsibility was evident in our active participation in initiatives like Ehsan and the establishment of environmentally sustainable branches.

Our efforts to reduce paper usage and the digital drive to minimize customer visits to branches underscore our commitment to reducing our carbon footprint.

These initiatives not only support our corporate social responsibility goals but also contribute positively to our balance sheet growth and shareholder value.

In 2024, we continued to lead the charge in integrating technology to enhance service delivery and customer satisfaction.

We introduced comprehensive digital solutions for personal finance and credit cards. Notable technological advancements included the launch of the CRMS (BAB 360), which revolutionized our customer relationship management, and the improvement of our loyalty cashback process allowing for instant redemption.

Our strategic partnerships with entities like the Social Development Bank to launch the Zood Savings Account and collaborations with major organizations such as Saudi Electricity Company (SEC) through Al-Bilad Swift (SwiftNet) and Saudi Real Estate Refinance Company (SRC) to strengthen secondary mortgage market, have been pivotal to our service offerings.

Our activities throughout the year supported the strategic objectives of Vision 2030 by increasing homeownership through alignment with REDF initiatives, cultivating a savings culture with our innovative product offerings, and leading the digital transformation in the financial sector to enhance financial inclusion. These efforts were integral to our strategy, aligning Bank Albilad's operations with the national agenda to foster economic growth and sustainability.

Our financial achievements this year were notable with a significant increase in Time Deposits, driven by offering fully digital options and innovative product variants. Retail deposit balance grew by 4%, demonstrating strong customer trust and market confidence. Our product offerings, particularly in the Wakalah portfolio, expanded by 36%, and our mortgage portfolio grew by 7%, effectively meeting our customers' financial needs.

The success of our Retail Banking Group is also attributed to our focused employee development programs. Comprehensive training across all levels ensured that our staff possessed the necessary skills to perform efficiently and enhance service delivery. Workshops, surveys, and feedback mechanisms fostered a highly engaged and motivated workforce, which is essential for delivering exceptional customer service.

Looking ahead, we are committed to providing best-in-class customer experiences, growing our market share in targeted segments, and optimizing costs to enhance our financial performance. We will continue to focus on employee development, leveraging workshops, and feedback mechanisms to ensure our team is well-equipped to meet the challenges and opportunities ahead.

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Retail deposit balance grew by

4%

Wakalah portfolio, expanded by

36%

and our mortgage portfolio grew by

7%

Corporate Banking

In 2024, the Corporate Banking Group at Bank Albilad continued to strengthen its role as a pivotal connector between the bank and its diverse corporate clientele. The Group has diligently fostered relationships across various sectors including large corporates, MSMEs, Funds and REITs, and governmental bodies, ensuring that all operations are fully compliant with Sharia principles while driving forward the bank's innovative financial solutions.

This year, our department focused on pivotal advancements in financial product offerings, which have significantly enhanced our market presence. Notable achievements include the launch of new Risk Participation Products such as MRPA¹⁴ and IRU¹⁵, which have broadened our service range for financial institutions. We also established agreements with "Moyasar" for financing E-commerce gateway transactions. These initiatives have set new benchmarks for efficiency and compliance. The VRO unit successfully acquired new sovereign accounts related to KSA Vision 2030, including prominent projects like Red Sea Global NUPCO, Sports Blvd. Investment company, NEOM, SALIC, Saudi Federation for Electronic Sports, JCD, SIRC, GCC Esports Federation, GOLF Saudi co. & Roshn maintaining significant average deposits and credit balances. Additionally, this year we have Successfully launched Saudi Electricity Company LG's program.

The Corporate Banking Group contributed with

ﷲ **9,000** MN

Syndicated Medium Term Credit Facility Agreements with ROSHN Group.

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Aligned with Vision 2030, the Corporate Banking Group has played a crucial role in supporting major national initiatives, notably through substantial engagements such as the ﷲ 9,000 million Syndicated Medium Term Credit Facility Agreements with ROSHN Group. These initiatives are instrumental in driving towards the national goal of increasing homeownership among Saudi nationals to 70% by 2030. We have significantly increased the co-financing relationship with the SMEs Bank and the Kafalah program to enhance the finance directed to this sector, supporting and financing residential and real-estate projects.

Technological advancements, through partnerships with internal departments like DBI and IT, we've streamlined operations and improved our digital interfaces. We also worked with the Contact Center to enhance the Chatbot system, all of which have significantly improved service delivery and client satisfaction.

Financially, 2024 has been a robust year, marked by notable increases in revenue driven by our strategic market positioning and innovative banking solutions. Our division's success is reflected in the enhancement of the quality of the financing portfolio, resulting in increased revenues and minimized non-performing financing (NPLs).

Our division remains deeply committed to employee development, with numerous training programs and initiatives designed to enhance

skillsets and foster a motivated workforce. We have participated in several in-house, domestic, and international professional training courses and conferences, ensuring our team is well-prepared to meet the challenges and leverage opportunities in the coming years. We also actively engage in feedback mechanisms and conduct surveys among our customers to continuously improve our services.

Looking forward, the Corporate Banking Group is set to launch ambitious projects such as, implementation of fully automated Bai Ajel processes (paperless), the Fleet Financing Program, a fully automated Supply Chain Finance product, and an E2E lending functionality using an AI Loan Origination System. These initiatives reflect our ongoing commitment to providing comprehensive, technologically advanced financial services that meet the evolving needs of our clients.

As we continue to advance our capabilities and expand our reach, the Corporate Banking Group at Bank Albilad is poised to play an even more integral role in the financial landscape of Saudi Arabia, driving forward the objectives of Vision 2030 and delivering exceptional value to our shareholders and customers alike.

¹⁴ Master Risk Participation Agreement

¹⁵ Irrevocable Reimbursement Undertaking

Treasury

Bank Albilad Treasury is principally responsible for managing the bank's liquidity & market risk, building multi-asset class investment portfolio, complying with balance sheet level regulatory guidelines and supporting various businesses in achieving their business targets. Treasury manages the bank's balance sheet funding requirements proactively and adapt accordingly to evolving market conditions.

During 2024, Treasury carried out a significant organizational restructuring exercise for better customer experience, operational excellence, and revenue optimization. Treasury team is confident that this initiative will be a building block for future business growth and capturing market share. Beside this, major focus remained on deployment of funds into Sukuk investments, which provides a steady income.

Key highlights for FY2024 were:

- **Bottomline Contribution:** Over the period, Treasury's performance remained remarkable. Treasury revenue surged up by 31% to ₪ 1.167 billion.
- **Investment Book Growth:** Treasury witnessed constant growth in investment book. Gross new Sukuk investment bookings increased by 19% to ₪ 22.2 billion and overall investment book increased by 13%.
- **Funding Diversification:** Bank increased term deposit and structured deposit customer base, which provided diversified funding source. Treasury collaborated with

other businesses for retail Wakalah, business return account and structured deposit generation. Treasury executed bilateral USD repo with international bank and have substantially increased counterparty base.

- **Digitalization & Automation:** Treasury kept on investing time and money for building a futuristic infrastructure. Treasury started ALM automation project, corporate term deposit digitalization along with existing Treasury Management System (TMS) enhancement.
- **Hedging & Trading Activity:** Treasury team was focusing on hedging and trading activities for better risk management and benefiting from new revenue stream.

Treasury has maintained a strong focus on employee development and engagement. We have implemented various training programs, nominated staff for functional training, and provided access to an online learning platform. Regular social gatherings and recognition of exceptional talent are some of the ways we foster a motivated and satisfied workforce.

Treasury management plans to carry forward this positive momentum in 2025 and beyond by undertaking following:

- Increase operating income by growing investment book size, increasing trading activity, capturing FX and derivative market share.
- Digitalization and operational excellence by digitalizing customer focused products, offering more hedging solutions and further strengthening ALM and liquidity management infrastructure.
- Customer Engagement & Experience by better and more frequent customer engagement initiatives and improving customer service delivery.

We aim to continue growing our market share and retaining a highly qualified team to navigate future challenges and leverage opportunities. As we move into the future, Treasury at Bank Albilad is well-positioned to support the bank's growth and strategic objectives, delivering value to our customers and shareholders while supporting the broader goals of Vision 2030.

