

# Board of Directors' Report

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2023





The Custodian of the Two Holy Mosques

**King Salman Bin Abdulaziz Al Saud**



His Royal Highness Crown Prince

**Mohammad Bin Salman Bin Abdulaziz Al Saud**



# Best Asset Manager in Saudi Arabia in 2023

Our achievement and outstanding performance have created significant value for our clients and contributed positively to the industry. This has led to recognising SAB Invest as the best Asset Manager in the Kingdom for the year 2023.

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# At a Glance

A year of outstanding performance

## Financial Highlights



## Operational Highlights

Launched **Strategy 2027**



Launched **Graduate Development Programme**

for fresh Saudi graduates, with 6 participants during 2023



A very successful and well executed rebranding campaign for the company as part of the rebranding exercise for the whole group, aligning us with our parent company SAB Bank and highlighting our global reach and affiliation with the HSBC Group

Introduced the **Real Estate and Alternatives business**



Delivered returns between **44%-50%**

through our flagship Saudi and GCC equity strategies



Delivered key enhancements on our wealth management and trading channels

Set up the infrastructure and team for the new business: Global Investment Solutions



Asset Manager of the Year 2023

Tadawul's Saudi Capital Market Forum



Sanadeq Fund Awards 2022 awarded in May 2023

**SAB Invest Multi Asset Defensive Fund**  
'Best Investment Return Award in Multi-Asset investment funds category in Saudi Financial Market in 2022'

**SAB Invest Multi Asset Growth Fund**  
'Best Investment Return in 3-Years in Multi-Asset investment funds category in Saudi Financial Market'

**SAB Invest Global Equity Index Fund**  
'Best Investment Return in 3-Years in International Equity Funds Category in Saudi Financial Market'

# Chairman's Message



**2023 marked the launch of SAB Invest's 2027 Strategy, which was approved by the Board in late 2022. The Strategy is comprehensive and transformational, touching on all aspects of the organisation.**

**Mr. Khalid  
Al Molhem**  
Chairman

SAR  
**411.0 Mn.**

↑ **90%**

**Total Revenue**

SAR  
**96.4 Mn.**

↑ **180%**

**Net Profit**

**On behalf of SAB Invest's Board of Directors, I am pleased to present the Annual Report for the year ended 31 December 2023.**

2023 marked the launch of SAB Invest's 2027 Strategy, which was approved by the Board in late 2022. The Strategy is comprehensive and transformational, touching on all aspects of the organisation. Notable progress was made across the different strategic initiatives guiding the execution process. The new functions of Real Estate and Alternatives, Global Investment Solutions, and Business Development and Investor Relations were established by attracting experienced professionals to launch each area. With the teams in place, each function has started to deliver on its mandated contribution to the overall strategic objectives of the organisation. The Technology team has been expanded with more capabilities

and resources to serve the Strategy's high focus on digitalisation and technology infrastructure upgrades. The Technology team has been leading the IT related initiatives under the Strategy and has delivered a number of significant enhancements to SAB Invest's platforms during the year.

In 2023, SAB Invest witnessed significant growth in its Asset Management business with assets under management climbing 73% from SAR 15.7 Bn. to SAR 27.3 Bn. This was on the back of an outstanding performance by the flagship strategies delivering top of the market returns. Saudi and GCC equity strategies delivered returns ranging between 44%-50% for the year, outperforming respective benchmarks by around 30%. Such strong returns strengthened the long-term track record of SAB Invest's strategies to assertively claim first place ranking relative to peers in the industry across strategies and time frames. Such growth in assets was achieved with a healthy and diversified expansion in our client base ranging across institutional, corporates, high net worth and retail clients.

The newly on-boarded Real Estate and Alternatives team successfully closed the first real estate fund during the year with top tier partners and attractive potential results for our clients. They have also developed a robust pipeline of opportunities to be presented to our clients at the appropriate time, expanding SAB Invest's offering.

Working closely with the businesses, the Technology team delivered important system enhancements and new functionalities to improve the client's experience and journey. Examples of such enhancements included enablement of online mutual funds subscription and redemption, cash withdrawal and transfer between investment account and current account, and local fixed income trading on both web and mobile applications.

SAB Invest prioritises continuous development and upskilling of its staff which ultimately translates into quality of service for our clients. The firm facilitated more than 345 training courses both in-class and online for its staff during the year. It also launched its Graduate Development Programme for fresh Saudi graduates to join the firm for a full year of on-job training, with 6 participants joining the programme during 2023.

The company's financial results reflected the strong growth in the business, as highlighted earlier, achieving a total revenue of SAR 411.0 Mn. in 2023 representing 90% growth relative to SAR 216.8 Mn. generated during 2022. On an after zakat and tax net income basis, SAB Invest generated a profit of SAR 96.4 Mn. during 2023 growing by 180% relative to the prior year's profit of SAR 34.5 Mn.

Looking ahead into the new year, SAB Invest will continue the execution of its Strategy which should result in further diversified offerings for our clients, enhancements in technology and digital customer experience, and developing and retaining leading talent in the market.

Finally, I would like to express my gratitude and appreciation to our valued clients who have trusted us over the years. We continue to make significant investments in the business with the objective of delivering on the expectations of our clients and beyond. My thanks also go to the SAB Invest team and my colleagues on the Board for their dedication and support to SAB Invest during this critical phase. I look forward to another year marked by the achievement of new milestones and reaching new heights enabling our clients to reach their goals and realise more from their relationship with SAB Invest.

# Managing Director & CEO's Message



**Mr. Ali Al Mansour**  
Managing Director & CEO

SAR  
411.0 Mn.

Revenues

SAR  
27.3 Bn.

AUM

We entered into 2023 having come through a major integration process where Asset Management, Retail Brokerage, and Retail Margin Lending businesses were transferred from HSBC Saudi Arabia to SAB Invest, increasing the size of our business and client base many folds. We also came into the year with an ambitious strategy to transform the newly integrated business into a leading investment and wealth management house in the Kingdom and regionally. During the year, we launched the 2027 Strategy and dedicated significant time and effort to the execution process. Great milestones were achieved under this process on multiple fronts. Guided by the objectives of the Strategy, we have established a number of new functions that complements our current setup and will enable us to expand our offering and enhance the way we serve our clients. Notably, the Real Estate and Alternatives team, Global Investment Solutions, and Business Development and Investor Relations functions were established and are currently delivering on their mandates. The digitalisation and technology infrastructure upgrade forms a core part of the Strategy. Subsequently, the Technology team was expanded with more capabilities and resources to ensure we have the capacity to deliver the technology related initiatives.

During the year, our flagship strategies delivered an outstanding performance creating notable value for our clients. Saudi and GCC equity strategies delivered 44%-50% for the year outperforming respective benchmarks by approximately 30%. This has solidified our leading performance position in the industry over longer time frames and across strategies. On the back of such a strong performance, our assets under management grew by 73% during the year bringing the year end assets under management to SAR 27.3 Bn. Such growth was accompanied by expansion in the type and number of clients, and product offerings appealing to new segments of clients.

Assets Under Management (Bn.)

SAR 27.3 ↑ 73%

YoY Growth



While it is still early to see the full impact of implementing our long-term Strategy for the firm, we have realised early benefits during the year. The Real Estate and Alternatives team launched the first real estate fund as a debut for the asset class. The fund had top tier partners and anchor investors and it was oversubscribed, showcasing the trust our clients place on the team and brand. The team also developed a strong pipeline of similar opportunities, some of which will be introduced to our clients in the new year.

While digitalisation will be an ongoing journey for SAB Invest, our Technology team has started driving the digitalisation agenda by completing a number of important deliverables during the year. The most significant being the introduction of online capabilities for a number of our core functionalities e.g. mutual funds subscription and redemption, cash withdrawal and transfer, fixed income online trading.

The culture of our organisation, continuous learning, team engagement and wellbeing started to take a priority during the year and will continue to do so. We attracted a capable team to advance our efforts on these critical soft aspects of the organisation. We conducted a culture survey to have a baseline and measure the pulse on where we stand on many cultural aspects. Based on the outcome, we developed a roadmap to build on the strengths of the organisation and address pain points. On the learning and development front, we facilitated 345 training courses both online and in-class conducted in-house and externally. We launched the Graduate Development Programme (Alawael) and on-boarded



**On the back of such a strong performance, our assets under management grew by 73% during the year bringing the year end assets under management to SAR 27.3 Bn.**

6 high potential Saudi graduates to participate, who will bring new ideas, a fresh perspective to the business, and build expertise working alongside seasoned colleagues.

The company enjoyed a strong growth in its financials during the year generating SAR 411 Mn. in operating income and SAR 96.4 Mn. of net profit, after zakat and income tax, posting significant growth relative to last year:

**Revenues (SAR Mn.)**

↑ **90%**



**Net Profit (SAR Mn.)**

↑ **180%**



We enter 2024 with strong momentum in business growth but also an ambition to deliver significant parts of our 2027 Strategy planned for delivery during the year. We should see further progress under the key themes of the Strategy. Namely, we aim for further

progress on expanding our offering in the local and global markets to meet varying objectives of our clients. We aim to make further progress with our digital capabilities, upgrade technology infrastructure to enable continuous enhancements, and introduce new functionalities elevating the experience for our clients further. We will continue to invest in our human capabilities through continuous learning and development programmes to retain our top talent.

Finally, I would like to express appreciation to my colleagues at SAB Invest whose determination and passion to win helped us realise such achievements and milestones during the year. I would like to thank our Board of Directors for their significant support and guidance for the organisation as it evolves through this major transformation journey.

**Saudi and GCC equity strategies delivered 44%-50% for the year outperforming respective benchmarks by approximately 30%.**

**This has solidified our leading performance position in the industry over longer time frames and across strategies.**





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# Overview of SAB Invest

# Company Profile

## Company Profile

SAB Invest was established on 27th Dhu Al-Hijjah 1428, corresponding with 6 January 2008, and is an independent (100% owned) investment subsidiary of The Saudi Awwal Bank (SAB); with a vision to become a leading provider of innovative investment management solutions for private and institutional clients, providing superior products and services in the Kingdom of Saudi Arabia. SAB Invest is a Closed Joint Stock Company with a paid up capital of SAR 840 Mn. and CR No. 1010242378.

SAB Invest is licensed to carry out securities business, as authorised by the Saudi Arabian Capital Market Authority, including dealing, managing, arranging, advisory, and custody as both principal and agent on 8th Rajab 1428, corresponding with 22 July 2007 (No.:07077-37), and commenced its business on 2nd Rabi Al-Thani 1429, corresponding with 8 April 2008.

SAB Invest is staffed by a team of professionals with extensive experience in the investment management and brokerage services

fields, across local and global markets.

The team is well qualified and prepared to offer solutions to meet clients' specific investment needs through a wide range of products and services. Combining the in-depth knowledge and experience of Saudi Awwal Bank (SAB) in the Saudi market, SAB Invest will strive to deliver first class investment performance and quality of services to its clients.

## Business Activities

SAB Invest provides a comprehensive range of products and financial services for corporations and individuals including securities brokerage, asset management, and global investment solutions. It aims to provide its clients with high quality conventional and Shariah-compliant investment products and services that meets their particular requirements in terms of capital growth and returns. Its services are based on solid values and vast investment experience. It provides 4 main investment activities.

### Asset Management

SAB Invest offers a comprehensive range of investment management and advisory solutions along with structuring services, both conventional and Shariah-compliant in the Kingdom of Saudi Arabia, as well as regional and international markets.

SAB Invest's Asset Management product offering covers all major asset classes and geographies through public and private funds, discretionary portfolios, and advisory mandates.

Our investment strategies cover local and global markets and include equities, money markets, fixed income, multi-assets, ETFs, real estate, private equity, hedge funds, and alternatives.

SAR  
27.3 Bn.

Client assets managed

Today, we manage over SAR 27 Bn. in client assets in our Asset Management business. As well as being active investors in many companies locally, we are also active in engaging with regulators in the ever-evolving regulatory landscape to support the best interests of the clients of our business. We support thousands of clients with their investing requirements. These clients come from diverse sectors including national corporates, pension funds, insurance

companies, asset managers, sovereign wealth funds, public institutions, and private banks.

### Brokerage

SAB Invest Brokerage is the execution arm of SAB Invest. It offers clients a wide range of products including local equity, international equity, and fixed income products in both local and international markets.

In terms of local equity brokerage, clients rely on our multiple trading channels including SAB Invest e-Tadawul, mobile solutions, and the centralised share trading unit to trade in all Tadawul listed stocks, ETFs, and Sukuk.

For clients who are dealing in international markets, SAB Invest Brokerage offers a full range of market leading brokerage services including execution, clearing, and safekeeping.



# Company Profile (continued)

## Wealth Management

SAB Invest offers a comprehensive range of products and financial services to retail and institutional clients including Brokerage, Margin Lending, and Asset Management. The company aims to provide its clients with a high quality conventional and Shariah-compliant suite of investment products and services that meets their particular requirements in terms of capital growth, financial goals, and risk appetite.

SAB Invest, across all aspects of the organisation, boasts heritage and pedigree spanning close to 100 years and continues to be a pioneer within its industry to become the preferred one-stop-shop for all the Wealth Management needs of its clients.

## Global Investment Solutions

The Global Investment Solutions (GIS) department was established in 2023. GIS is mandated to develop investment products that complement SAB Invest's existing product offering and provide SAB Invest and SAB clients with unparalleled access to global markets. In addition, GIS offers specialised investment services for the firm's private banking and institutional client base. GIS is built on the following 4 foundational pillars:

- Outsourced CIO services including Portfolio Management, Manager Selection, Investment Execution, and Portfolio Appraisal.
- Global Multi-Asset Portfolio Management Services (through funds and separately managed accounts).
- Advisory Services for Asset Allocation and Portfolio Optimisation.
- Global Investment products across all asset classes (traditional and alternative).

## Strategy

The Strategy that was approved by the Board of Directors of the company in December 2022 identified 15 key strategic initiatives to be undertaken to deliver the company's aspiration to become a top tier Capital Markets Institution by 2027. 5 of these 15 key initiatives, positioned as enablers to the company's transformation, were completed during the year.

As part of the key strategic initiatives, the new business line of Global Investment Solutions was established and is on track to offer its products and services to the market in 2024. The commercial and operational framework for cooperation between the company and SAB, our parent

bank, has been strengthened. In alignment with the rebranding of our parent bank, the company also successfully rebranded in English from 'Alawwal Invest' to 'SAB Invest' and adopted a new logo.

Under the ambitious digital transformation agenda embedded in the Strategy, 4 key flagship IT projects have been identified for implementation in the Wealth Management, Asset Management, and Brokerage areas. Following the phases of requirements definition, UI/UX design, and the requests for proposals process held in 2023, the IT implementation for these projects will commence in 2024.

The Strategy is expected to transform the company into a more dynamic organisation that can deliver better products and services to a wider base of customers in a more optimal and cost effective fashion, thus enabling it to achieve the 5-year strategic goals envisioned by the company's Board of Directors.

## People

In the first year of SAB Invest's new 5-year Strategy, we have made significant progress in enhancing our human capital practices to ensure the growth and development of our employees. Recognising the importance of attracting and retaining top talent, we have revamped our rewards system to align it with industry standards. We implemented a comprehensive compensation and benefits programme that ensures competitiveness and fairness. This includes market-based salary structures, performance-based incentives, and improved employee benefits packages. In addition to helping us recruit top talent, it has also increased employee satisfaction and motivation.

Investing in the growth and development of our employees is a top priority for us. In the past year, SAB Invest has launched several learning and development initiatives to foster a culture of continuous learning. We introduced a robust training curriculum that includes both technical and soft skills development programmes. Additionally, we launched our learning calendar, which is managed and led

by both internal experts and external industry leaders. Our focus on learning has resulted in improved employee skills, increased productivity, and a stronger talent pool within the organisation.

Our employee engagement plays a crucial role in driving organisational success. Recognising this, we implemented various initiatives to enhance employee engagement levels. We conducted regular employee surveys to gather feedback and insights, enabling us to identify areas for improvement. Based on the feedback received, we built our new engagement framework and implemented new initiatives that focus on employee recognition programmes, team-building activities, and employee wellbeing. These efforts have resulted in increased employee satisfaction and a more positive work environment.

As part of our commitment to Saudi Arabia's Vision 2030, we have prioritised Saudization efforts. We have taken significant steps to recruit, develop, and promote Saudi talent within SAB Invest. We partnered with local universities and educational institutions to establish the Graduate

Development Programme and internship programmes, providing Saudi graduates with valuable work experience.

Furthermore, these programmes have supported the growth and development of Saudi Arabia's future employees. These efforts have not only contributed to the national workforce development but have also enabled us to tap into the unique perspectives and insights of local talent.

The first year of our company strategy has seen remarkable progress in our people strategy. We have successfully enhanced our rewards system, invested in learning and development, improved employee engagement, and advanced Saudization efforts. These initiatives have resulted in a more motivated, skilled, and engaged workforce, positioning us for continued success in the future. We remain committed to prioritising our people as a key driver of our organisational growth and look forward to building upon these achievements in the coming years.

**The Strategy is expected to transform the company into a more dynamic organisation that can deliver better products and services to a wider base of customers in a more optimal and cost effective fashion, thus enabling it to achieve the 5-year strategic goals envisioned by the company's Board of Directors.**

**Investing in the growth and development of our employees is a top priority for us. In the past year, SAB Invest has launched several learning and development initiatives to foster a culture of continuous learning.**



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# Economic Backdrop

# Global Economic Landscape in 2023

## Macroeconomic Landscape 2023

During 2023, the global economy continued its steady recovery, amid several challenging blows, including Covid-19, Russia-Ukraine crisis, and the accelerating cost of living.

With inflation rates in several countries in the world reaching their highest levels in decades, and a tightening monetary policy, especially in the USA, inflationary pressures have gradually cooled down, both headline and core. Based on the IMF, global headline inflation has declined by more than half, from its peak of 11.6% in the second quarter of 2022, to 5.3% in the second quarter of 2023.

According to the IMF, global GDP growth has declined from 3.5% in 2022 to 3.0% in 2023. Slowdown was

more evident in advanced economies, namely the Euro area.

Despite its aggressive Fed rate hikes, the USA has proven to be resilient to any sharp deteriorations, supported by healthy household consumption and investment, in addition to well-maintained and relatively strong employment and payroll figures, especially with how the loosening fiscal policies were partially offsetting the tightening monetary policy.

On the other hand, the Euro area witnessed more drastic impacts from attempts to contain the accelerating cost of living, in addition to its higher exposure to the war in Ukraine.

The Chinese economy has contributed significantly to the global GDP decline in 2023, as the country faced pressure

from its real estate crisis and both consumer and investor confidence deterioration.

## Oil Dynamics in 2023

During 2023, Brent crude futures averaged USD 82 per barrel, showing a decline of around 17% in comparison to 2022.

Crude oil prices decreased during most of 2023, on the back of lower global demand associated with tight monetary policies, higher supply from producers outside OPEC+, most notably the USA, and lower than expected disruptions from the Russia-Ukraine crisis.

9.8 Mn.

Barrels per day  
KSA oil supply

5.9%

Growth in  
non-oil GDP

Global equity markets (MSCI World) showed a strong recovery after one of its worst years in 2022. The index ended 2023 with a 21% increase.

From July 2023, oil prices started to recover with supply cuts implemented by OPEC+. Saudi Arabia's supply averaged 9.8 million barrels per day, 0.7 million barrels per day lower compared to the 2022 average.

## Equity Markets

Global equity markets (MSCI World) showed a strong recovery after one of its worst years in 2022. The index ended 2023 with a 21% increase, after a fluctuating year, between strong corporate results, inflation pressures, then positive signs that the Fed rate hikes series is coming to an end, which fuelled a strong rally in the USA and global equities during November and December. Most US indexes concluded the year with a double-digit increase, where S&P 500 closed with an impressive 25% growth during 2023.

China (MSCI) ended the year down by 13%, registering the third consecutive annual decline for the index, while the MSCI EM index showed a modest increase of 7% during the year.

Investors are entering 2024 awaiting positive signs of more inflation moderation, easing of interest rates, and recovery in China.

## KSA Economic Landscape in 2023

### Macroeconomic Landscape 2023

The Ministry of Finance has estimated that the Kingdom's real GDP has registered muted growth of 0.03% during 2023, with non-oil GDP supporting the economy with a 5.9% growth, while oil GDP witnessed the pressure of oil production voluntary cuts applied in 2023.

### Saudi Arabia Fiscal Performance

In 2023, the Government of Saudi Arabia achieved SAR 1,193 Bn. in revenue, and SAR 1,275 Bn. in expenditure, registering a fiscal deficit of SAR 82 Bn., equivalent to 2.0% of the GDP.

Revenue registered was 5% higher than what was budgeted, supported by better oil prices during the first half of the year, and higher taxes on goods and services. The Government increased expenditure to SAR 1,275 Bn. in 2023, 14% higher than its initial budget.

### TASI Performance

TASI closed 2023 at 11,967 level, which was also the highest level it reached during the year. The index gained 1,489 points over 2023, increasing by 14.2% compared to 2022.

Out of 21 industry groups, REIT was the only sector that closed in the red, with a decline of -7.7%. The other 20 industries closed in the green, where the top 3 performing sectors were Software and Services, Capital Goods, and Pharma, Biotech and Life Science, increasing by 91.1%, 90.0%, and 69.0%, respectively.

Total market capitalisation at the end of the year reached SAR 11,259 Bn. (USD 3,002 Bn.), increasing by 14 % compared to the end of the previous year.

Value of shares traded in 2023 came in at SAR 1,333 Bn. (USD 355.5 Bn.) recording a decline of 22% on a yearly basis, while the number of transactions increased by 6.9%, reaching 94 million transactions during the year.

The Materials sector led the market in terms of value traded during the year amounting to SAR 225.9 Bn., which represents 16.9% of the total value traded, followed by Banks with SAR 221.4 Bn., that represents 16.6%, and Energy at SAR 120.3 Bn. or 9% of the total value traded during the year.

The main market welcomed 8 IPOs during 2023. As a result, the total number of listed companies reached 231, compared to 223 in the previous year.



# Global Economic Landscape in 2023 (continued)

## Economic Outlook for 2024

### Global Economic Outlook 2024

The IMF is projecting global GDP growth to slow down from its estimated 3% in 2023 to 2.9% in 2024, this represents a marginal decrease to its previous forecast published in July 2023, and still remaining well below the historical average.

The modest GDP growth expected in 2024 is coming with divergent forecasts across different economies, with stronger projections for the USA, and downward revisions for China and the Euro area.

Advanced economies are projected to register 1.4% GDP growth in 2024, compared to 1.5% in 2023. On the other hand, emerging and developing economies are expected to grow by 4% in 2024, representing a stagnant performance compared to 2023.

In the USA, the IMF's projections confirm the "soft landing" scenario that was expected and hoped for by both policy makers and investors, where tightening monetary policy would not have a crippling impact on household consumption, investment activities, and unemployment rates.

The IMF is expecting a slight slowdown in the Chinese economy, from 4.9% in 2023 to 4.7% in 2024. Despite fiscal stimulus measurements being taken, consumer confidence remains subdued. In addition, China's property sector crisis could deepen, with global spill overs, particularly for commodity exporters.

Headline inflation is expected to soften from 6.9% in 2023 to 5.8% in 2024, based on the IMF, as a result of the tightening monetary policies, in addition to the positive impact coming from lower commodity prices.

### Saudi Arabia Economic Outlook 2024

The initial estimates published by the Ministry of Finance indicates 4.4% growth in real GDP is expected in 2024, supported by non-oil activities as a result of strategic reforms towards economic diversity. It is expected that the private sector will be the main driver for economic growth, capital formation, and job creation.

The IMF expects the Saudi economy to improve its GDP growth in 2024 to 4%, from 0.8% in 2023, where private investment and implementation of major projects should continue to support non-oil GDP, which remains resilient.

The Kingdom continues its progress of implementing Vision 2030 initiatives, through various programmes and projects that will achieve the national transformation objectives.

### Saudi Arabia Budget 2024

The Government of Saudi Arabia announced an expansionary budget for the fiscal year 2024, where the main focus is to maintain a balance between fiscal sustainability and accelerating economic growth.

The public finances structure in Saudi Arabia has been developed through 2 phases, the first phase, already achieved, was to contain the fiscal deficit in the medium-term. The second phase, launched under the Fiscal Sustainability Programme (FSP), focuses on structuring expenditure and directing it to meet Vision 2030.

Revenue is expected to reach SAR 1,172 Bn. in 2024, while total expenditure is budgeted at SAR 1,251 Bn., hence, targeting a deficit of SAR 79 Bn. or around 1.9% of the GDP.





03

# 2023 Performance Highlights



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# Asset Management

## Overview of 2023 Assets Under Management Performance

- SAB Invest outperforms peers and boosts clients' assets to a record SAR 27.3 Bn. – the highest assets under management figure reached for the firm in recent history.
- Of the 10 largest asset managers in Saudi Arabia, SAB Invest has led the race as the fastest growing asset manager of 2023.
- Top-of-league-tables-performance has been a key driver in growing assets under management.
- SAB Invest assets under management surges 73% in 2023 and hits a record high on healthy investment performance.

**Figure 1: Growth in Assets Under Management**

**Growth in Client Assets with SAB Invest**  
(SAR Bn.)

↑ **73%**

2023	27.2
2022	15.7

**Table 1: Investment Fund Returns (annualised)**

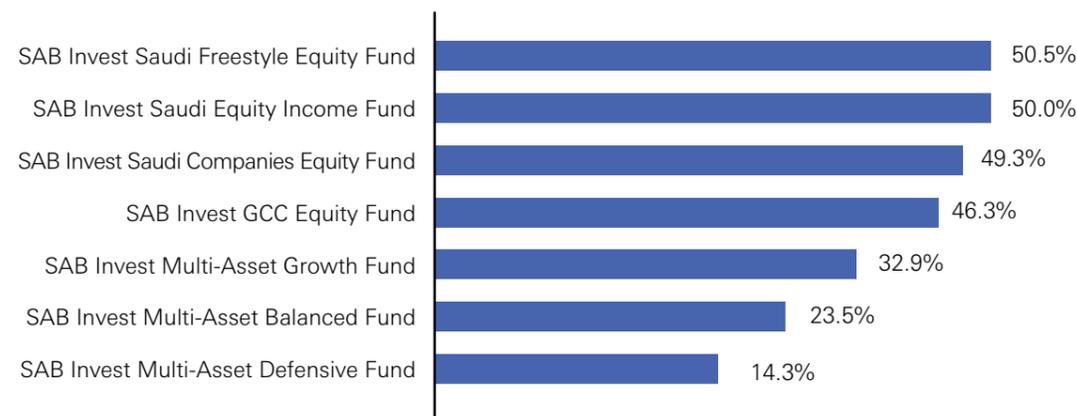
SAB Invest Fund	2023	3 years	5 years	7 years	10 years
SAB Invest Saudi Freestyle Equity Fund	50.5%	34.2%	27.0%	20.2%	12.5%
SAB Invest Saudi Equity Income Fund	50.0%	24.9%	19.2%	15.4%	9.4%
SAB Invest Saudi Companies Equity Fund	49.3%	32.0%	22.9%	17.4%	9.6%
SAB Invest GCC Equity Fund	46.3%	30.6%	21.5%	15.9%	10.0%
SAB Invest Saudi Equity Fund	44.1%	29.4%	23.0%	19.1%	12.2%
SAB Invest Multi-Asset Growth Fund	32.9%	17.3%	15.9%	12.8%	7.9%
SAB Invest Multi-Asset Balanced Fund	23.5%	13.0%	11.8%	9.6%	6.6%
SAB Invest Multi-Asset Defensive Fund	14.3%	7.9%	7.3%	6.1%	4.3%

## Overview of 2023 Investment Performance

**SAB Invest has solidified its position as one of the most consistently profitable investment managers with its flagship funds' returns to investors ranging anywhere from 44%-50%.**

- Flagship investment funds continued to outperform against benchmarks, cementing their position at the top of the industry's league tables.
- Specifically, in the equity and multi-asset space where clients have witnessed high double digit returns on their investments. (Table 1 and Figure 2)
- SAB Invest was the only asset manager, from the top 10, to consistently take the first spot in performance for 4 of its equity funds on the league tables over the last 5 years.
- Our multi-asset investment funds also topped performance ranks in terms of returns to investors.
- Testament to its dedication to outperformance, SAB Invest was awarded for top-tier performance with 12 recognitions from Sanadeq, Argaam and Lipper Fund Awards across its equity and multi-asset strategies. (Table 2)

**Figure 2: Investment Fund Returns**



# Asset Management (continued)

## Overview of 2023 Product Expansion Product Launches



### 1<sup>st</sup> Real Estate Development Fund:

Among the highlights of this successful year was the launch of the first private real estate development fund expected to provide investors with returns on their investment through the acquisition of land, development of high-grade residential real estate, and the sale of ready-to-move-into properties. This move comes as the market reforms, happening on the back of the Kingdom's Vision 2030, makes Saudi Arabia one of the most vibrant real estate and construction markets in the world.



### Money Market Vehicle:

Another highlight is the launch of a money market vehicle offering to meet the demands of our investors who were looking for innovative solutions to their liquidity needs.

## Expansion of Capabilities



### Real Estate and Alternatives:

Strengthened real estate fund management capability with 4 additional high-calibre talent and senior advisors working on providing our clients with solutions in multiple sectors such as residential, commercial, mixed use, infrastructure, education, and healthcare. We continually invest in our team and infrastructure to sustain our competitive edge.



### Business Development and Investor Relations:

Our constant pursuit of serving our clients had us establish a business development and investor relations capability to ensure a managed flow of information and investment performance metrics to potential and existing investors. As our corporate and institutional client base grows, this level of attention is required to provide them with the comprehensive suite of reports and services that they expect of us.



### Enhancement of Investment Reporting:

Continue to provide built-to-suit reporting for our clients with new additions and upgrades to our reporting pack – our Money Market Report with its 2 variations for individual or institutional clients helps investors take charge of their money market investing.

## Overview of 2023 Awards, Recognitions and Accolades

Testament to its dedication to outperform, SAB Invest was awarded with 12 recognitions across 6 funds, from prestigious organisations such as Sanadeq, Argaam, and Lipper Fund Awards for top-tier performance across equity and multi-asset strategies.

For the third year in a row, SAB Invest funds were recognised by Lipper Fund Awards in 5 categories for providing the most attractive risk adjusted returns relative to industry peers.

Table 2: Awards and Recognitions



We are honoured to be recognised by Argaam Awards again this year across a range of categories.



A selection of investment funds managed by SAB Invest were recognised at the 2023 Sanadeq Fund Awards, announced on 8 May 2023.



Award Winner	Classification	Funds in Category	Award Period
Saudi Equity Fund	Saudi Equity	101	1 year, 3 years
SAB Invest Saudi Freestyle Equity Fund	Saudi Equity	101	1 year, 3 years
SAB Invest Global Equity Index Fund	Global Equity	15	3 years
SAB Invest Multi-Asset Growth Fund	Multi-Asset	29	3 years, 5 years
SAB Invest Multi-Asset Balanced Fund	Multi-Asset	29	10 years
SAB Invest Multi-Asset Defensive Fund	Multi-Asset	29	1 year, 3 years, 5 years

# Asset Management (continued)

## Asset Management Business Outlook for 2024

Looking ahead to 2024, SAB Invest is committed to growth, as it expands its distribution reach, delivers best-in-class solutions, and implements new capabilities. At the same time, it will keep clients and their needs as its top priority. This client focus will include developing products to meet market demands and providing a one-stop shop where clients can ensure optimal portfolios are being managed on their behalf. These goals will be tackled, while still keeping a clear eye on ensuring that SAB's investment products continue to outperform the market.

During the coming years, SAB Invest will move to extend its leadership position by continuing to win landmark mandates, build its share of overall mandates, and expand assets under management. It will also look to launch new products as per market demands and continue to expand its asset management platforms into new segments.

As with the rest of the Bank, SAB Invest will continue to roll out industry-leading technologies and digital platforms to improve back-office and operational efficiencies. Technology will also support an improved client experience and enhance the competitive advantage offered by SAB Invest's national reach, strong brands, and product diversity.

**4.87 Mn.**

Transactions

**63K+**

Active customer base

**SAB Invest will move to extend its leadership position by continuing to win landmark mandates, build its share of overall mandates, and expand assets under management.**



# Brokerage

## Overview of 2023 Performance

SAB Invest's total value of shares traded for the year 2023 reached SAR 73.47 Bn. compared to SAR 32.40 Bn. for the previous year, an increase of 126.76%. The total number of transactions executed during 2023 reached 4,875,000 compared to 1,530,000 transactions for the previous year, an increase of 218.67%.

SAB Invest's online total value of shares traded for 2023 reached SAR 51.99 Bn. compared to SAR 20.09 Bn. for the previous year, an increase of 158.79%. SAB Invest's online channels have contributed 70.88% of SAB Invest's total value traded in 2023 compared to 62.02% in the previous year.

SAB Invest's total value traded in International Markets and Fixed Income reached SAR 949 Mn. (USD 253 Mn.) in 2023 compared to SAR 863 Mn. (USD 230 Mn.) for the previous year, representing an increase of 9.95%.

## Business Outlook for 2024

SAB Invest aims to increase its market share in local brokerage by:

- Enhancing the electronic trading channels to meet current customers' growing needs and demands.
- Automate all brokerage functions and service requirements end-to-end.

SAR  
73.47 Bn.

↑ 126.76%

Total value of shares traded

SAR  
4.87 Mn.

↑ 218.67%

Total number of transactions

SAR  
949 Mn.

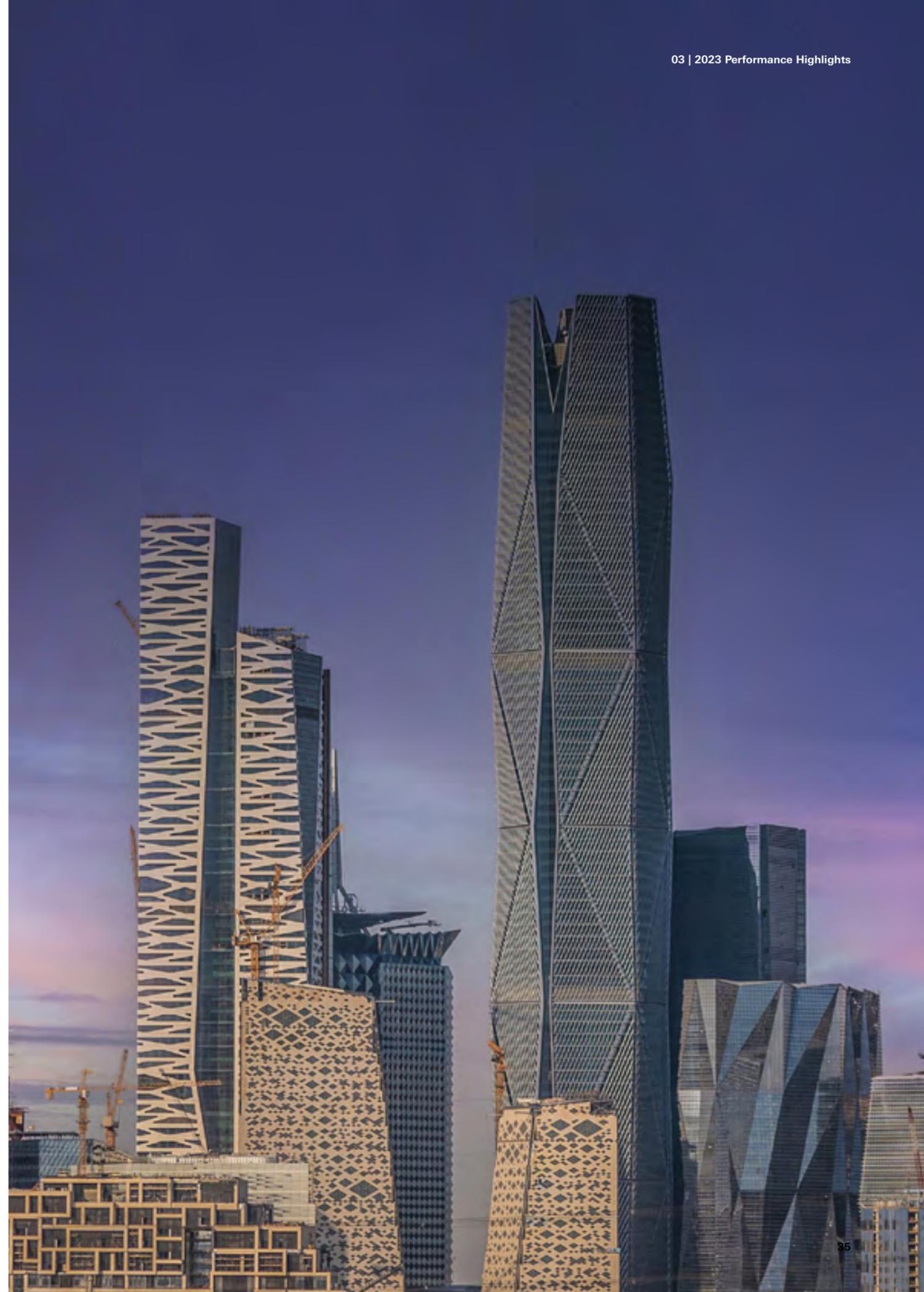
↑ 9.95%

Total value traded in International Markets and Fixed Income

SAR  
51.99 Bn.

↑ 158.79%

Total value of shares traded online



# Wealth Management

## Overview of 2023 Performance

In 2023, with the full integration of the business segments acquired from HSBC SA and as a result of the continuous collaboration effort with SAB Wealth Management, our product offering improved on all fronts. Margin lending is outperforming the targets significantly, and discussions are in progress with multiple clients interested in employee savings plans, which are expected to materialise during 2024.

The active customer base increased to over 63,000 including retail and institutional clients in December 2023. Collaboration initiatives with SAB are in full swing in order to capitalise on their vast network and customer base to increase SAB Invest's client base.

## Business Outlook for 2024

After laying the foundation during 2023, the execution of the digitisation strategy has started. All the components of the digitisation strategy are a priority however the main focus is to deliver the best customer experience through a suite of the best in market technologies. This will include the roll out of the customer relationship management system (CRM) and the development of the super application to be the one single platform, to serve all client needs, which is state-of-the-art, user friendly, and compliant with local regulations. The end-to-end customer journey will be a key focus area for this platform starting from on-boarding to giving a basic understanding of the products, benefits, and risks.

The Strategy also includes rolling out key modules, such as Roboadvisory, to help the clients understand their needs and to recommend the best investment for their needs and circumstances. Additionally, it is planned to roll out a thrift plan module to support customers in managing the end-of-service benefits for their employees and to invest in SAB Invest's mutual funds.

The benefit of digitisation and automation is to leverage data and use analytics to support customers with suitable products to meet their investment objectives within their investment horizon and according to their risk appetite. By automating, the target is to achieve scale and hence offer portfolio rebalancing for a larger client base with a lower investment size threshold, based on data gathered on investment objectives and risk appetites.

The plan is to also offer more products that require digitisation such as systematic investment plans where customers invest fixed frequent amounts, in line with Saudi Vision 2030's objectives to increase saving and investing. Another element of the plan is to collaborate with SAB and leverage data analytics to identify and segment customers accurately and better serve them through digital means.

The Wealth Management Relationship Managers will focus on enhancing the customer experience and grow revenue through the selling of the existing products such as mutual funds and brokerage, in addition to giving special focus on alternative investments and Global Investment Solutions (GIS).



# Corporate

## 5-Year Financial Highlights

SAR '000	2023	2022 (Restated)	2021	2020	2019
Investments	401,398	192,690	124,259	123,041	121,588
Loans and advances *	1,199,346	1,189,326	80,973	164,462	143,627
Total assets	2,215,453	2,064,801	679,666	734,210	724,156
Total liabilities	1,182,573	1,128,442	217,112	216,242	190,891
Shareholders' equity	1,032,880	936,359	462,554	517,968	533,265
Operating income	411,007	108,258	35,274	40,166	43,395
Non-operating gain**	-	113,500	-	-	-
Operating expenses	(297,106)	(167,882)	(82,137)	(37,339)	(39,909)
Net (loss) / income before zakat and income tax	113,901	48,967	(46,863)	2,827	3,486
Net (loss) / income after zakat and income tax	96,401	34,476	(56,273)	(15,290)	(4,229)

\* Relates to margin lending portfolio

\*\* Non-operating gain includes valuation gain on business transfer from HSBC SA

The company generates its operating income from activities in the Kingdom of Saudi Arabia and has no branches, subsidiaries or associates established or operating outside the Kingdom of Saudi Arabia.

### Financial Performance in 2023

SAB Invest recorded a net profit after zakat and income tax of SAR 96.4 Mn. for the year ended 31 December 2023, compared to SAR 34.5 Mn. for the year ended 31 December 2022. SAB Invest's operating income for the year 2023 was SAR 411.0 Mn. compared to SAR 108.3 Mn. for the year 2022, mainly driven by the full year operations of the transferred business from HSBC SA (2022: business transferred on 16 September 2022) along with new revenue earned on clients' money balances. The operating expenses increased by 77% due to full year staff costs, special commission on short-term borrowings, along with amortisation of intangible assets arising from transferred business.

### 2023 Year End Balance Sheet

Total assets of the company were SAR 2,215 Mn. at 31 December 2023, compared with SAR 2,065 Mn. at 31 December 2022, an increase of SAR 150 Mn. The rise in total assets was mainly due to an increase in investments from SAR 193 Mn. in 2022 to SAR 401 Mn. in 2023 of which investments held at fair value through profit or loss was SAR 104 Mn. investments held at fair value through comprehensive income was SAR 131 Mn. and in investments held at amortised cost was SAR 166 Mn. along with an increase in receivables from asset management in 2023, as well as an increase in margin deposits with the Clearing House. Total assets were partially offset by a decrease in cash and cash equivalents by SAR36 Mn., a decrease in time deposit by SAR 27 Mn. along with a decrease in a tangible asset by SAR 24 Mn.

## Loans and Shareholder's Equity

The company has an overdraft credit facility of SAR 2,600 million from Saudi Awwal Bank - SAB - to finance margin lending facilities. As at 31 December 2023, the amount of this facility utilized by the company amounted to SAR 892 million compared to SAR 833 million in 2022.

The company has the following 12-month renewable facilities from SAB:

S. No.	Nature of Facility	Purpose of Facility	Limit Amount (SAR Mn.)	Utilisation Amount as at 31 December 2023 (SAR Mn.)	Utilisation Amount as at 31 December 2022 (SAR Mn.)
1	Overdraft	To finance the margin lending business	2,600	892	833
2	Overdraft	To meet margin calls from Securities Clearing Center Company (Muqassa), settlement obligations with Securities Depository Center Company (Eda) and the liquidity requirements of AMD	500	-	-
3	Letter of Guarantee	To enable issuance of guarantees to the Zakat, Tax, and Customs Authority (ZATCA)	20	-	-
4	Hedging	For foreign exchange contracts	5	-	-

Shareholders' (owner of the capital) equity increased by SAR 96.5 Mn. due to an increase in the retained earnings during the year 2023.



04

# Corporate Governance



# Corporate Governance

## Governance Principles

SAB Invest is committed to upholding the highest global standards of corporate governance. This entails complying with regulatory requirements, protecting the rights and interests of all stakeholders, enhancing shareholder (owner of the capital) value, and achieving organisational efficiency.

## Board of Directors

The Board of Directors is responsible for the creation and delivery of a strong, sustainable financial performance and long-term shareholder (owner of the capital) value. The Board works as a team to provide strategic leadership to management and staff, ensures the organisation's fitness for purpose, sets the values and standards for the company, and ensures that sufficient financial and human resources are available. The Board's role and responsibilities are outlined in the Board Memorandum.

## Profile of Board Members

The Board of Directors of the company as at 31 December 2023 comprised of 8 members, of whom 3 are Independent Members.

Board Member Name	Classification	Effective Date of Appointment	Name(s) of other companies in which he was a member of the Board of Directors as at 31 December 2023
Mr. Khalid AIMolhem	Chairman, Non-Executive	14 June 2020	<ol style="list-style-type: none"> <li>Riyadh Cement</li> <li>Kidana Company for Development</li> <li>Qiddiyah West Company</li> </ol>
Mr. Omar AlHoshan	Vice-Chairman, Independent	14 June 2020	<ol style="list-style-type: none"> <li>Abu Nayyan Holding Company</li> <li>The Saudi Investment Recycling Company</li> <li>Pan Gulf Trading</li> <li>Water Solutions Company</li> <li>Omar Mohammed AlHoshan Certified Public Accountants and Auditors</li> <li>Omar Mohammed AlHoshan Consulting Services</li> </ol>
Mrs. Lateefa AlWaalaa	Independent	01 June 2023	<ol style="list-style-type: none"> <li>Hemmat Alryada Company</li> <li>Hamat Alraeda Company</li> </ol>
Mr. Abdulaziz Albassam	Independent	27 April 2022	<ol style="list-style-type: none"> <li>Sulaiman Al Rajhi Holding Company</li> <li>Pergola Investment</li> <li>Beech Real Estate Development Company</li> <li>Al Jomaih Power and Energy</li> <li>Aldara Real Estate Development</li> <li>Khebrat AlA'mal</li> <li>Ataa Almohamadia</li> <li>ANB Capital</li> <li>Saudi Re Company</li> <li>Jorhom</li> <li>Aljomaih Holding</li> </ol>
Mr. Tony Cripps	Non-Executive	31 March 2022	<ol style="list-style-type: none"> <li>HSBC SA</li> <li>SAB</li> </ol>
Mr. Yasser Albarrak	Non-Executive	05 May 2022	<ol style="list-style-type: none"> <li>HSBC SA</li> </ol>
Mr. Bandar AlGheshayan	Non-Executive	10 August 2022	<ol style="list-style-type: none"> <li>Saudi Credit Bureau (SIMAH)</li> </ol>
Mr. Ali AlMansour	Managing Director & CEO	31 March 2022	<ol style="list-style-type: none"> <li>Al Rajhi Takaful</li> <li>Masaraty Global</li> <li>Najran Municipality Company</li> </ol>
Mr. Salman AlDeghaither*	Independent	14 June 2020	<ol style="list-style-type: none"> <li>None</li> </ol>

\*Mr. Salman AlDeghaither's Board membership ended as of 31 May 2023.

## Board Meetings

The Board of Directors held 4 meetings during 2023 as shown in the table below:

Member Name	26 January	11 May*	7 September	7 December
Mr. Khalid AIMolhem	✓	✓	✓	✓
Mr. Omar AlHoshan	✓	✓	✓	✓
Mr. Salman AlDeghaither	✓	✓	✗	✗
Mr. Abdulaziz Albassam	✓	✓	✓	✓
Mrs. Lateefa AlWaalaa	✗	✗	✓	✓
Mr. Tony Cripps	✓	✓	✓	✓
Mr. Yasser Albarrak	✓	✓	✓	✓
Mr. Bandar AlGheshayan	✓	✓	✓	✓
Mr. Ali AlMansour	✓	✓	✓	✓

\* The meeting held on 11 May 2023 was the last meeting attended by Mr. Salman AlDeghaither. Mrs. Lateefa AlWaalaa was appointed to the position for the new Board term ending on 31 May 2027.



# Corporate Governance (continued)

## Board Committees

The Board has established 4 sub-committees:

- Audit Committee
- Nomination and Remuneration Committee
- Board Risk Committee
- Compliance Committee

Each committee reports matters of significance to the Board after each committee meeting and the minutes of the meetings are made available to all Board members. The detailed roles and responsibilities of each committee are set out in its terms of reference established for each sub-committee. The effectiveness of the committees is evaluated as part of the overall performance of the Board and through annual effectiveness reviews at a committee level.

### Audit Committee

The Audit Committee reports directly to the Board of Directors. The committee meets at least 4 times during the year and the Chairman reports matters of significance to

the Board. The detailed roles and responsibilities of the Audit Committee are set out in its terms of reference.

The responsibilities of the Audit Committee include:

- Reviewing the effectiveness of internal controls.
- Reviewing annual financial statements in line with accounting and financial reporting standards.
- Ensuring independence and evaluating the performance of the Internal Audit function. The Chief Internal Auditor reports directly to the Chairman of the Audit Committee.
- Overseeing the work of the external auditor and approving all audit work and permitted non-audit services performed by the external auditor.
- Receiving Internal Audit reports and the external auditor's management letter recommending to management the established required controls to reduce risk exposure.
- Reporting regularly to the Board of Directors on issues arising from internal and external audits.

### Audit Committee Members

As at 31 December 2023, the Audit Committee comprised of 4 members, as shown below:

Member Name	Classification
Mr. Omar AlHoshan	Chairman and Independent Board Committee Member
Mr. Abdurahman AlZoghaibi	Member
Mr. Osama AlHodaithi	Member
Ms. Lama Ghazzaoui	Member

### Audit Committee Meetings

The dates of the Audit Committee meetings and the attendance during 2023 were as follows:

Member Name	11 January	26 March	8 May	23 August	28 November
Mr. Omar AlHoshan	✓	✓	✓	✓	✓
Mr. Abdurahman AlZoghaibi	✓	✓	✓	✓	✓
Mr. Osama AlHodaithi	✓	✓	✓	✓	✓
Ms. Lama Ghazzaoui	✗	✓	✓	✓	✓

## Nomination and Remuneration Committee (NRC)

The Board of Directors of SAB Invest has delegated the following responsibility to the Nomination and Remuneration Committee:

- Leading the process for appointments to the Board of Directors by identifying and nominating candidates for appointment, to be approved by the Board of Directors.
- Overseeing and monitoring the corporate governance framework of the company and making recommendations to the Board of Directors to ensure that the framework is consistent with best corporate governance standards and practices.
- Setting the principles, parameters, and governance

framework of the company's remuneration policy.

- Determining the remuneration of Non-Executive Directors, Executive Directors, Managing Director & CEO, and the direct reports of the CEO.

The company's Owner of the Capital shall approve the terms of reference of the Nomination and Remuneration Committee pursuant to which it will be formed by the resolution of the Board of Directors.

### Nomination and Remuneration Committee Members

As at 31 December 2023, the Nomination and Remuneration Committee comprised of 4 members, as shown below:

Member Name	Classification
Mr. Abdulaziz Albassam	Chairman and Independent Member of the Board of Directors
Mr. Salman AlDeghaither	Member
Mr. Ahmed AlNaeem	Member
Ms. Rania AlSharyoufi	Member
Mr. Nawaf AlHsseni*	Previous Member

\*Mr. Nawaf AlHsseni's membership ended as of 31 May 2023.

### Nomination and Remuneration Committee Members

The dates of the Nomination and Remuneration Committee meetings and the attendance during 2023 were as follows:

Member Name	18 January	23 May *	16 November
Mr. Abdulaziz Albassam	✗	✗	✓
Mr. Salman AlDeghaither	✓	✓	✓
Mr. Ahmed AlNaeem	✓	✓	✓
Ms. Rania AlSharyoufi	✓	✓	✓
Mr. Nawaf AlHsseni	✓	✓	✗

\* The meeting held on 23 May 2023 was the last meeting attended by Mr. Nawaf AlHsseni. Mr. Salman AlDeghaither was appointed to the position and Mr. Abdulaziz Albassam was appointed as the Chairman of the Nomination and Remuneration Committee as of July 2023.

# Corporate Governance (continued)

## Board Risk Committee (BRC)

The Board Risk Committee is the designated committee of the Board of Directors and governing body for risk matters. It has the responsibility for the oversight of risk management, risk governance, and internal control systems. It provides advice to the Board of Directors on all key and emerging risks to the firm, it sets the risk appetite, monitors Key Risk Indicators, appoints the Chief Risk Officer, and approves the risk strategy.

Under the Board Risk Committee there is a Risk Management Committee (RMC) that is chaired by the Chief Risk Officer and is composed of top executives from all departments overlooking the risk activities of the company.

## Board Risk Committee Members

As at 31 December 2023, the Board Risk Committee comprised of 4 members, as shown below:

Member Name	Classification
Mr. David Hollins	Chairman
Mr. Ali Alqahtani**	Member
Ms. Shaima Khan	Member
Mr. Ali AlMansour	Member
Mr. Khalid Ismail*	Previous Chairman

\*Mr. Khalid Ismail's membership ended as of 31 May 2023.

\*\*Mr. Ali AlQahtani membership ended as of 27 Dec 2023.

## Board Risk Committee Meetings

The dates of the Board Risk Committee meetings and the attendance during 2023, were as follows:

Member Name	25 January	3 May	23 August	27 November
Mr. Khalid Ismail	✓	*	-	-
Mr. David Hollins **	-	-	✓	✓
Ms. Shaima Khan	✓	✓	✓	✓
Mr. Ali Alqahtani	✓	✓	✓	✓
Mr. Ali AlMansour	✓	✓	✓	✓

\* The Chairman, Mr. Khalid Ismail, was not able to attend the meeting on 3 May 2023 and delegated his role for this meeting to Mr. Ali Alqahtani.

\*\* Mr. Khalid Ismail resigned as Chairman and member of the Board Risk Committee and was replaced by Mr. David Hollins as Chairman of the Board Risk Committee as of July 2023.

**The Board Risk Committee is the designated committee of the Board of Directors and governing body for risk matters. It has the responsibility for the oversight of risk management, risk governance, and internal control systems. It provides advice to the Board of Directors on all key and emerging risks to the firm, it sets the risk appetite, monitors Key Risk Indicators, appoints the Chief Risk Officer, and approves the risk strategy.**

## Compliance Committee (CC)

The Compliance Committee is the designated committee of the Board of Directors and governing body for Compliance and Financial Crime matters. It assists the Board by ensuring that the company is in compliance with the

applicable regulations. The Committee monitors and assesses the performance of the Compliance department, approves the Annual Compliance Programme, and ensures the highest ethical standards within SAB Invest.

## Compliance Committee Members

In January 2023, the Board appointed the Compliance Committee, with the following 6 members:

Member Name	Classification	Position
Mr. Haytham AlGargoosh	Chairman	Chief Compliance and Governance Officer
Mr. Ali AlMansour	Member	Managing Director and CEO
Mr. Ali AlFaraj	Member	Chief Operating Officer
Mr. Nael Tashkandi	Member	Chief Risk Officer
Ms. Khadejah Humadi	Member	Senior Compliance Manager
Mr. Mohsen AlAnezi	Member	Money Laundering Reporting Officer - MLRO

On 27 December 2023, the Board amended the composition of the Compliance Committee, it is now comprised of 4 members, as shown below:

Member Name	Classification
Mr. Ali Alqahtani	Chairman
Mrs. Mashaal Alshebaiky	Member
Mr. Ali AlMansour	Member
Mr. Haytham AlGargoosh	Member

## Compliance Committee Meetings

There was one 1 meeting of the Compliance Committee held during 2023 as shown below:

Member Name	27 November
Mr. Haytham AlGargoosh	✓
Mr. Ali AlMansour	✓
Mr. Ali AlFaraj	✓
Mr. Nael Tashkandi	✓
Ms. Khadejah Humadi	✓
Mr. Mohsen AlAnezi	✓

No meetings were conducted for the newly appointed Compliance Committee.

# Corporate Governance (continued)

## Shariah Committee (SC)

SAB Invest has a Service Level Agreement (SLA) with its parent, SAB, through which the former obtains Shariah related services. Through the SLA, SAB Invest is able to benefit from the guidance and services of SAB's Shariah Committee and SAB's Islamic Financial Services department to get advice on Shariah-compliant products, wherever required, ensuring continuous Shariah-compliance through Shariah reviews.

The Shariah Committee supervises the compliance of SAB Invest's Islamic investment activities with Shariah principles and makes decisions on matters to enable SAB Invest to comply with Shariah rules. The Shariah Committee approves documents, forms, contracts, agreements, policies, procedures etc. used in Shariah-compliant

products besides reviewing and approving Shariah Review (Audit) reports.

The Shariah Committee consists of eminent and respected Shariah scholars and meets at least 4 times a year. All the Shariah Committee members are independent as per the independence requirements of the Shariah Governance Framework.

### Shariah Committee Members:

As at 31 December 2023, the Shariah Committee comprised of the following members:

- Sheikh Dr. Abdullah AlMutlaq - Chairman
- Sheikh Dr. Esam AlEnezi - Member
- Sheikh Dr. Abdullah AlAydyhy – Member

## Executive Management Profile

Mr. Ali AlMansour	Managing Director & CEO
Mr. Osama AlOweidi	Chief Investment Officer
Mr. Khalid AlMohammell	Chief Brokerage Officer
Mr. Mohammed AlSuwayied	Chief Wealth Management Officer (from 1 January 2023)
Mr. Feras Alawadh	Chief Global Investment Solutions Officer
Mr. JP Gariazzo	Head of Transformation Management Office
Mr. Ali AlFaraj	Chief Operating Officer
Mr. Nael Tashkandi	Chief Risk Officer
Mr. Haytham AlGargoosh	Chief Compliance and Governance Officer and Board Secretary (from 1 March 2023)
Mr. Abdulrehman Saeed	Chief Internal Auditor
Mr. Faisal AlShamrani	Chief Human Resources and Administration Officer
Mr. Mohammed Hassan	Head of Technology
Mr. Ayman AlHassan	Head of Finance
Mr. Amro Obaid	Head of Marketing and Communication
Mr. Fawaz AlSadhan	Head of Legal

## Remuneration Board

The remuneration paid to the members of the Board of Directors for 2023 was as follows:

Item	Executive Board Members	Non-Executive Board Members (SAR'000)	Independent Board Members (SAR'000)
Allowance for attendance of the Board of Directors' sessions	-	-	48
Allowance for attendance of the Committees' sessions*	-	-	141
Periodic and annual remunerations	-	-	1,148
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,337</b>

# Corporate Governance (continued)

## Executive Management

The remuneration paid to 6 of the senior executives for 2023 who received the highest remunerations and compensations, in addition to the CEO and the Head of Finance, was as follows:

**6 of the senior executives who received the highest remunerations and compensations in addition to the CEO and Head of Finance (SAR'000)**

Statement	
Salaries and wages	7,674
Allowances	3,359
Periodic and annual remunerations	9,110
Incentive plans	-
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	311
<b>Total</b>	<b>20,454</b>

## Waivers of Remuneration and Compensation

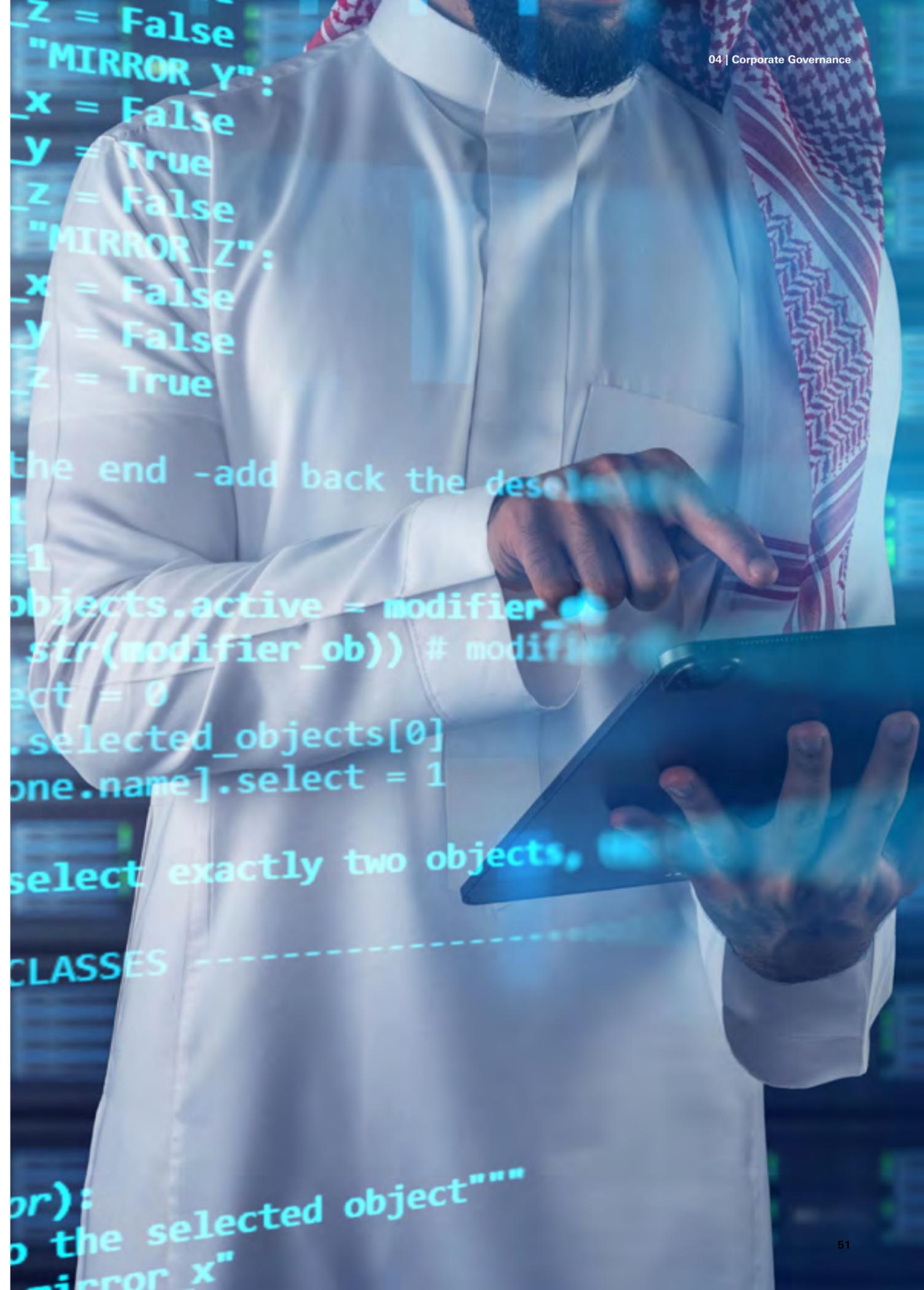
The following members of the Board of Directors have waived their remuneration and compensation during 2023:

- Mr. Tony Cripps
- Mr. Bandar AlGheshayan
- Mr. Yasser Albarrak

## Staff Benefits and Schemes

According to the Labour Law of the Kingdom of Saudi Arabia and the company's internal policies, staff benefits are due for payment during or at the end of an employee's period of service. The end-of-service benefits outstanding as at 31 December 2023, based on an independent actuary's valuation, amounted to SAR 47 Mn.

**According to the Labour Law of the Kingdom of Saudi Arabia and the company's internal policies, staff benefits are due for payment during or at the end of an employee's period of service.**





05  
Internal Controls  
and Risk  
Management



# Audit Committee's Overview of Internal Control Systems

The ultimate responsibility for the system of internal controls resides with the Board of Directors. The Management has established and maintains an adequate and effective framework of internal control to ensure adherence to and implementation of the policies approved by the Board.

Internal Audit represents an independent third line of defence to assess and review the design and operating effectiveness of the internal control systems and recommends to Management the development of controls in areas of concern or control deficiencies. The objective is to provide reasonable assurance that SAB Invest is operating within its stated risk appetite. The Chief Internal Auditor reports to the Audit Committee on all audit related matters. The Executive Management is responsible to provide unrestricted access to all the required records, personnel, and properties and to ensure that Management's action plans provided to the Internal Audit function are fully implemented within an appropriate and agreed timeline. The Audit Committee's recommendations pertaining to the appointment, dismissal, assessment, or determining the remuneration of the external auditors or appointing a Chief Internal Auditor, were adopted by the Board.

Internal Audit carried out audits as per a risk based IA plan for 2023 approved by the Audit Committee. There is an ongoing process for the identification, evaluation, and management of significant risks faced by SAB Invest. Audit reports were issued to the Audit Committee, Senior Management, and the second line of defence, the Risk and Compliance functions.

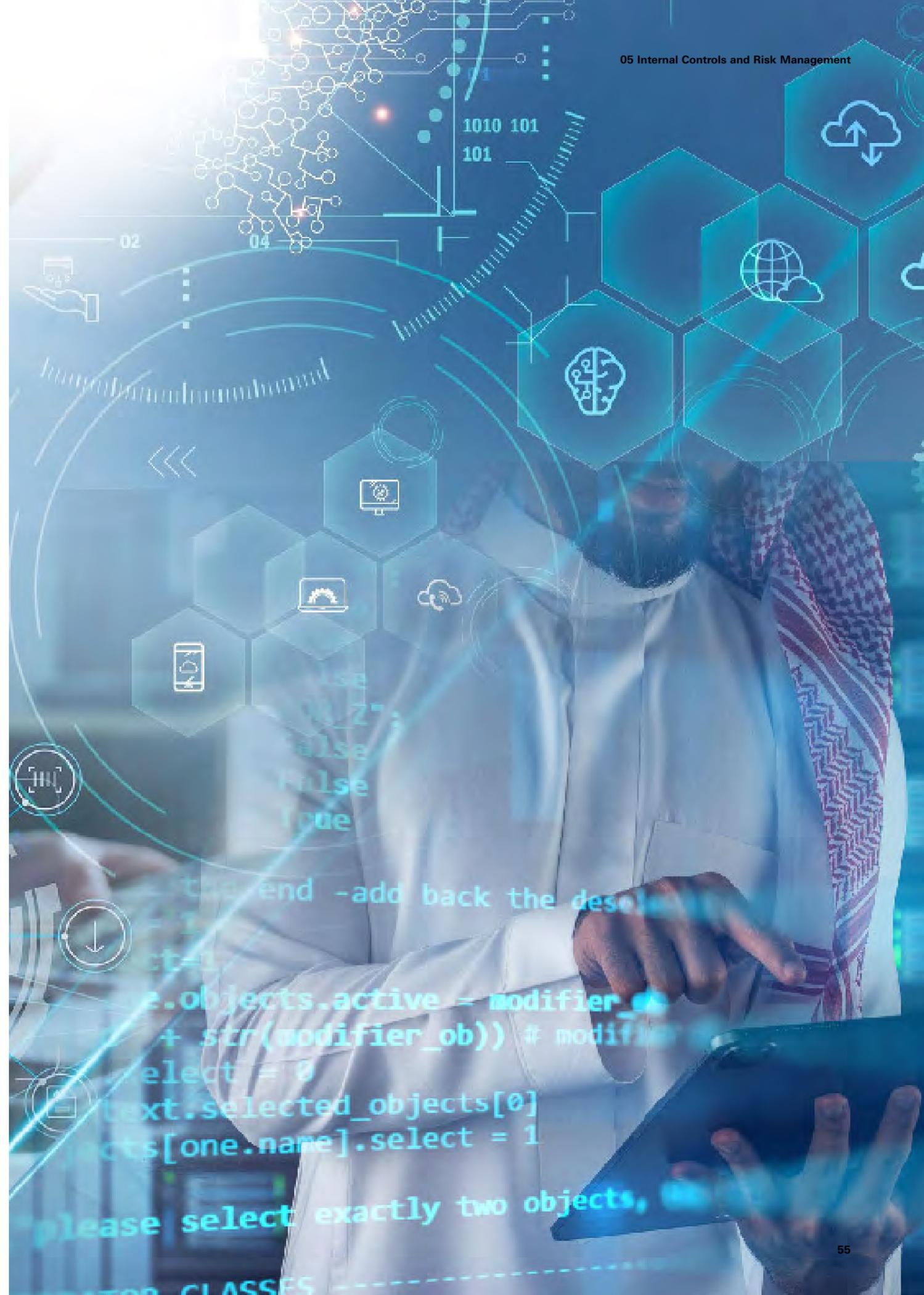
The Audit Committee reviewed various reports on the adequacy of internal controls and systems including the financial statements and audit reports. The Audit Committee's discussions and decisions are documented in the meetings' minutes and matters requiring attention were escalated to the Board. During this year, the Audit Committee members met with, among others, the Chief Internal Auditor, CEO, Chief Compliance Officer, Chief Finance Officer, and external auditors; and have obtained updates on matters that require the Audit Committee's attention and assessed whether the Management has fulfilled its duty in having an effective internal control system, and providing independent assurance from Internal Audit in assessing the adequacy and effectiveness of such internal controls.

**Opinion:**

The Audit Committee reviewed the effectiveness of the systems of internal control and procedures for compliance with SAB Invest's internal policies and the relevant regulatory and legal requirements in the Kingdom of Saudi Arabia. Observations made by external and internal auditors, Tadawul, and the CMA were promptly reviewed and addressed by Management and are subject to oversight by the Board and its Audit Committee.

AUCOM assures the Board and Owner of Capital (shareholder) that in all material aspects, SAB Invest's internal control system is adequately designed and operating effectively to the best of its knowledge. Furthermore, assessment of control measures adopted by the Executive Management will continue on a periodic basis.

**Internal Audit represents an independent third line of defence to assess and review the design and operating effectiveness of the internal control systems and recommends to Management the development of controls in areas of concern or control deficiencies.**



# Risk Management

## Credit Risk

There are 2 main sources of impairment risk, from margin lending customers' inability to repay credit facilities or its profits, and from a banks inability to repay the company's deposits placed with them. Such risk is mitigated by the fully secured nature of margin lending facilities and the company's daily monitoring of margin lending positions. Any potential default of payment could be covered by liquidating, partially or fully, the securities in the portfolio related to such default exposure.

With regards to impairment risk from banks that the company places its deposits with, such risk is being mitigated by carefully reviewing the credit risk of such banks before placing such deposits with them as well as daily monitoring of positions of those deposits.

## Operational and Resilience Risk

Operational Risk is managed across businesses and support functions through sound operational processes and controls, to prevent errors and breach of policies and regulations. The Risk and Control Assessment process ensures effectiveness of controls and early detection of non-compliance.

Operational risk is the risk taken to achieve SAB Invest's strategy or objectives due to inadequate or failed internal processes, people and systems, or from external events. The risk appetite for operational risk is established annually and approved by the Board of Directors. This is reviewed at the Risk Management Committee (RMC) with quarterly updates to the Board Risk Committee (BRC).

To ensure continuous assessment of the adequacy of control over operational risks, risk and control assessments are made and the controls identified are tested periodically by Control Owners and Business Risk Control Managers. Issues identified are recorded in the Operational Risk System and the resolution of issues are monitored and followed-up by risk and control owners and the status communicated to

and monitored at governance committees. In addition, issues identified in other reviews including those conducted by Internal Audit, external audit, and regulatory authorities are also communicated and followed up by the governance committees.

Amongst a number of types of operational risk, the protection of SAB Invest's technology infrastructure and its customers' data is a key focus as more and more transactions are digitalised. Such risk management is outsourced to SAB, and as part of its core business processes, SAB handles various types of customer information and data relating to its customers. Handling of information and data includes its storage, processing, and transmission. SAB has established an Information Security Risk unit reporting to SAB's Chief Risk Officer. This unit provides assurance that SAB's network is secure and is compliant with information security policies by undertaking monitoring of information flows, data risk management, and access management over SAB's and SAB Invest's core systems.

Cybersecurity risk is the probability of exposure or loss resulting from a cyber-attack or data breach on SAB Invest. The company continues to strengthen its cyber-control framework and improve its resilience and cybersecurity capabilities, including threat detection and analysis, access control, payment systems controls, data protection, network controls, and back-up and recovery. Cyber risk is a priority area for SAB Invest is routinely reporting issues to both the RMC and BRC to ensure appropriate visibility, governance, and executive support for our ongoing cybersecurity programme. Measures have been taken to mitigate the inevitable operational risks arising from this change in working practices and operational risks have been managed to an acceptable level during the year without a single successful cyber-attack case to SAB Invest's systems.

## Liquidity Risk

Liquidity risk is the risk that SAB Invest does not have sufficient financial resources to meet its obligations as they fall due or that it can only do so at an excessive cost. Liquidity risk arises from mismatches in the timing of cash flows. Funding risk is the risk that funding used to fund assets is not sustainable over time. Funding risk arises when illiquid asset positions cannot be funded within the expected terms and when required.

To control and manage this risk, the Board of Directors has approved a range of risk appetite and tolerance limits, including but not limited to the liquid assets to total assets ratio, required funding covered by bank facility ratio, as well as a series of concentration limits on the source of funding and its maturity profile. All metrics are closely monitored by the first line of defence risk owners, together with regular oversight and monitoring by the Management (via RMC) and the BRC.

SAB Invest has a highly liquid balance sheet with majority of its assets being placed with Saudi banks, which is considered to be sufficient to meet its obligations. It is the company's policy to maintain sufficient liquidity to meet operational and business requirements at all times.

## Market Risk

Market risk is the risk that movements in market factors, including foreign exchange rates, special commission rates, credit spreads, and equity prices will reduce our income or the value of our portfolios. The company's exposure to market risk is minimal due to limited trading portfolios. Market risk is monitored and measured using limits and metrics approved by the Board Risk Committee. The exposure and limits are monitored by an independent risk function.

## Reputational Risk

Reputational risk relates to stakeholders' perceptions, whether based on fact or otherwise. As stakeholders' expectations are constantly changing, reputational risk is dynamic. Therefore, SAB Invest's approach to reputational risk management must be upheld at all times and across all businesses and functions.

SAB Invest has built a strong image and reputation within the Saudi market, and maintains an unwavering commitment to operate, and be seen to be operating, to the highest standards set for itself. The reputation of SAB Invest is critical to its success. Any financial services organisation stands or falls by its reputation and the customers' confidence in it, and the reputation can be severely damaged by non-compliance with relevant regulations or by inappropriate actions or comments to the media or in the public domain.

The maintenance of customer confidence is a prime objective of the Management and can be achieved through a strong and healthy financial position and by exhibiting successful risk management. SAB Invest has zero tolerance for knowingly engaging in any business or activity where foreseeable reputational risk and/or damage has not been considered and/or mitigated. SAB Invest tolerates a limited degree of reputational risk arising from activities where the risk has been carefully considered and/or mitigated and determined to fall below the risk threshold.

**Amongst a number of types of operational risk, the protection of SAB Invest's technology infrastructure and its customers' data is a key focus as more and more transactions are digitalised. Such risk management is outsourced to SAB, and as part of its core business processes, SAB handles various types of customer information and data relating to its customers.**

# Risk Management (continued)

## Regulatory Compliance Risk

Regulatory risks arise from the risks of non-compliance with the relevant regulations, laws, and guidelines. These risks are managed by the Compliance department, that is entrusted by the Board of Directors with the tasks of reviewing the regulatory risks faced by the company and taking the necessary steps to manage and mitigate them through different means, which may include establishing compliance policies, employees training and awareness, ongoing monitoring of the compliance level within the company, and setting and executing the annual compliance programme.

## Liquidity and Funding

Risk is managed by cash flow matching and maintaining sufficient cash resources, investing in high credit-quality liquid investments, monitoring investments and cash concentrations and restricting them where appropriate, and

establishing committed borrowing facilities. The liquidity risk related to these cash flows is managed by matching external debt obligations, internal margin lending growth and internal cash flows, and by maintaining an appropriate liquidity buffer.

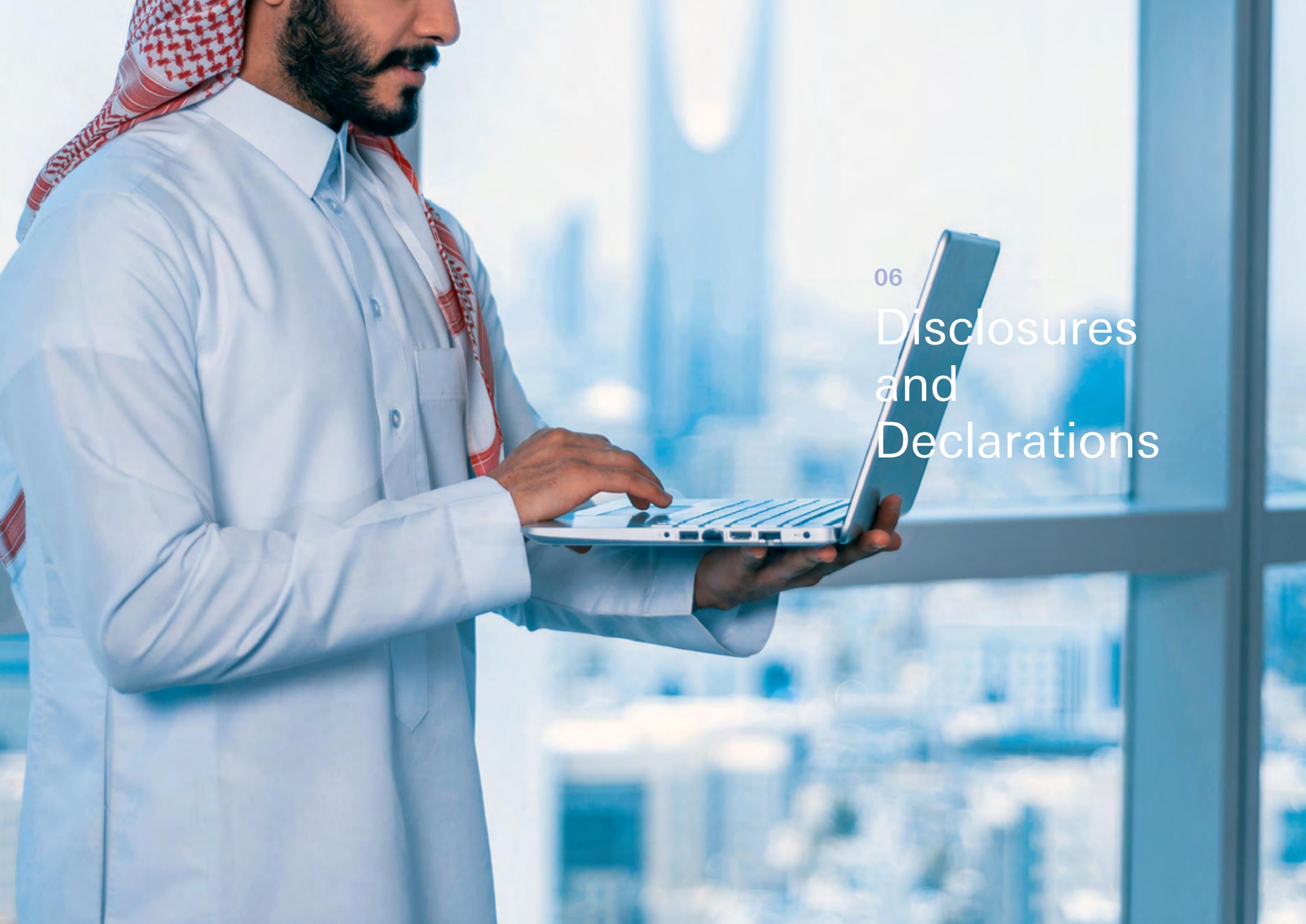
The company's primary sources of funding are internal cash flows generated from its business operations, cash from excess capital, and finally borrowings from banks in the form of committed facilities. The company uses a combination of these funding sources and meets the company's minimum requirement thresholds established for own funds and eligible liabilities.

The positive funding gap is deployed in liquid assets (investments in SAB Invest's managed local funds and short-term deposit placements) as per the proprietary investment policy.

The following table provides a consolidated view of our liquidity and funding sources:

Liquidity and Funding Sources	Balance as at 31 December 2023 (SAR Mn.)	Balance as at 31 December 2022 (SAR Mn.)	Description
Cash balances and deposit placements with banks	291	353	Includes cash balances of the company that are generated from its business activities and capital. The company holds its balances with SAB and other local banks.
Investments	401	193	The company invests its excess cash in its own and other investment funds, sukuk instruments, and listed local equity investments.
Borrowing from SAB	892	833	The company has established adequate level of borrowing, overdraft, guarantee, and facilities with SAB to support its liquidity and funding requirements.

**SAB Invest has built a strong image and reputation within the Saudi market, and maintains an unwavering commitment to operate, and be seen to be operating, to the highest standards set for itself.**



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# Disclosures and Declarations

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## Affiliates

- The Saudi Awwal Bank (SAB)
- SAB's subsidiaries and affiliates
  - Arabian Real Estate Company Limited (SAB subsidiary)
  - SAB Markets Limited (SAB subsidiary)
  - Alawwal Real Estate Company (SAB subsidiary)
  - HSBC Saudi Arabia
  - Saudi Kayan Assets Leasing Company (SAB SPV)
  - Rabigh Assets Leasing Company (SAB SPV)
  - HSBC Group

## Penalties and Sanctions

SAB Invest's endeavour is to apply, both in form and spirit, all capital market laws, rules, and regulations issued by the regulators and other Ministries in its day to day business. There were no fines or penalties imposed on the company by the CMA or by any other regulatory bodies in 2023.

## Related Party Transactions

In the ordinary course of business, the company transacts with related parties on mutually agreed terms approved by the company's Board of Directors. Related parties include SAB and its affiliated companies, funds managed by the company, the members of the company's Board of Directors, its committees and key Management personnel. The transactions with the related parties are disclosed in the 2023 financial statements of the company.

## Contracts or Transactions with Board Members or Senior Executives

The company has not entered into any contract in which any member of the company's Board of Directors, the Chief Executive Officer, the senior executives, or any of their associates has or had any material interest.

## Statutory Payments

Statutory payments payable by the company during 2023 consist of the following:

	SAR
Zakat settlement paid to ZATCA pertaining to previous fiscal years up to 2023	5,408,436
Corporate tax paid (including advance corporate tax)	4,261,334
GOSI payments	9,705,298
Withholding tax	1,369,586
Other payments	2,206
Value Added Tax (paid in 2022 from Dec 2022 – Nov 2023)	28,685,302
Capital Market Authority	240,000

## Accounting Standards

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA) and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Bylaws of the company.

## Appointment of External Auditors

As recommended by the company's Audit Committee, the company's Owner of the Capital, SAB, appointed PricewaterhouseCoopers as the external auditor for 2023.

## Board of Directors' Assurance

The Board assures the Owner of the Capital and other interested parties that to the best of its knowledge and in all material aspects:

- Proper books of account have been maintained.
- The system of internal controls is sound in design and has been effectively implemented.
- It has no evidence that suggests the company's inability to continue as a going concern.

## Board of Directors' Clarification on Auditor's Reservations

There were no reservations expressed by the external auditors on the financial statements of the company for the year ending 31 December 2023.

## Board of Directors' Approval of Financial Statements

The financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 19 March 2024.

## General Assembly Meetings

In 2023, the company held an Extraordinary General Assembly Meeting on 31 May 2023 to, among other things, approve the new Bylaw, and the Board of Director's new term.

## Ownership of Board Members and Senior Executives

Neither the members of the Board of Directors of the company, nor any of its senior executives, nor any of their relatives, have any direct ownership or interest in the shares or debt instruments issued by the company and there were no changes to those interests in 2023.



[www.sabinvest.com](http://www.sabinvest.com)