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arab national bank البنك العربي الوطني

2Q'2024 Investor Presentation

September 2024

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anb Overview

Solid market position: a leading Saudi bank pioneering tech driven future of the financial industry

- In 1979 **anb** was established by Royal Decree M/38 taking over the existing operations of the Arab Bank in the KSA
- 40% owned by Arab Bank PLC
- **anb**, licensed as a public shareholding company, is active across all main sectors of Saudi Economy
- KSA remains primary market with selective international footprint

➤ **44 years**
of banking experience



123
Branches



1,176
ATMs



2 million +
Customers
chose **anb**

➤ **17.3% CET1**
Well-capitalized

➤ **39.1 bln***
Market capitalization

➤ **14.4%***
Share of foreign
ownership

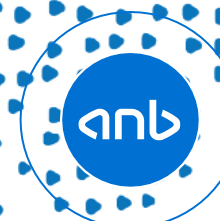
Credit ratings

MOODY'S	A2/P-1	Positive
S&P Global	A-/A-2	Stable
FitchRatings	A-/F2	Stable

London,
United Kingdom



Kingdom of
Saudi Arabia



Effective strategy implementation: high diversification and leading profitability

- Well-diversified business model allows to offer holistic customer solutions and generate resilient revenues with best-in-class efficiency
- Robust fundamentals underpinned by strong asset quality, resilient liquidity and funding profile and outstanding operating efficiency

SAR 234.8 bln (8.7% YoY)

Total assets

SAR 175.6 bln (10.9% YoY)

Customer's deposits

SAR 1.231 bln QTD (24.7% YoY)

SAR 2.467 bln YTD (20.1% YoY)

Net income

SAR 2.3 bln QTD (11.8% YoY)

SAR 4.6 bln YTD (8.8% YoY)

Operating income

13.85% (1.41% YoY)

ROAE

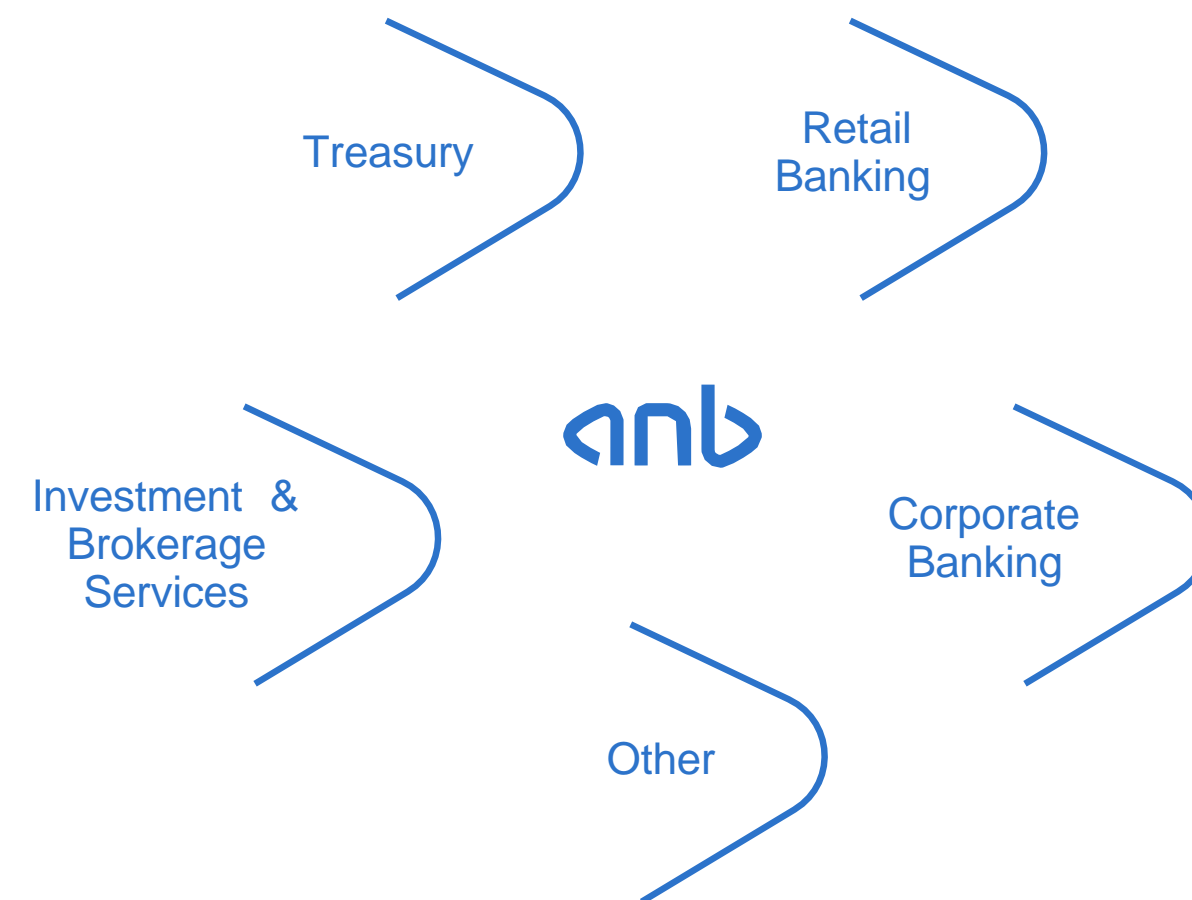
31.58% (0.35 YoY)

Cost to income

Net income by business segments before zakat and tax (SAR mln)



Business segments



Why invest in anb - key growth drivers

Expanding and solidifying market position in the growing market



- Among the leading banks in the largest economy of the Gulf
- The Kingdom economy continues to expand creating further pockets of growth in the sectors of the banks' strong presence

Balanced business model and exposure to growing segments with customer-centric culture



- Strong market position across all operating segments including Corporate, Retail & Private, Treasury and Investment & Brokerage
- Recognized as the Best SME Bank in the Kingdom by Global Finance Magazine

Innovative digital strategy and fintech enabler



- New digital strategy launched
- Continuous focus on enhancing online and mobile platforms
- Set benchmark in accessibility and fintech enablement via anb connect
- Open Banking leadership

Strong financial performance and superior asset quality



- A growth story with a double digits growth across key metrics
- Focus on cost control supporting high profitability and resilience
- High quality assets
- Investment grade credit ratings

Committed to cater interests of all stakeholders supported by good governance and rigorous risk management practices



- Continuous support of the social and economic development of the Kingdom
- Sustainable business growth is ensured through modernized approach to risk management
- Robust corporate governance culture supports a track record of strong financial and operational achievements

2Q'24 highlights: improvement across key metrics

Loans and advances 161.6  SAR bln YoY 8.6%	Investments 48.1  SAR bln YoY 7.8%	Customers' deposits 175.6  SAR bln YoY 10.9%	Operating income 2.3  SAR bln QTD YoY 11.8% 4.6  SAR bln YTD YoY 8.8%
Cost to income 31.6%  YoY 0.35%	Net interest margin (NIM) 3.8%  YoY 0.11%	NPL ratio 1.5%  YoY -0.82%	CET 1 ratio 17.3%  YoY -1.71%
Cost of risk 22 bps  YoY -36 bps	ROAE 13.9%  YoY 1.41%	LCR 162%  YoY -17%	CAR 19.1%  YoY -2.19%

Balance sheet

- Broad-based loan growth of **8.6%** YoY (6.2% YTD) driven by retail and wholesale banking
- Investments increased by **7.8%** YoY (3.1% YTD) mainly led by an increase in debt instruments representing 92.5% of the portfolio
- Customers' deposits increased by **10.9%** YoY (5.9% YTD), enhancing liquidity position

Profitability

- Operating income grew to SAR 2.3 bln by **11.8%** YoY (4.6 bln by 8.8% YTD)
- Cost to income increased from **31.22%** to **31.58%** YoY
- NIM trended up by 11bps driven by loan growth and high benchmark rates

Credit quality

- Cost of risk in 2Q'24 stood at **-36 bps**
- ROAE amounted to **13.9%**, compared to **14.07%** for 1Q'24
- NPL ratio **-0.82%** YoY

Capital & liquidity

- CAR reduced by **-2.19%** YoY
- CET1 is down to **17.3%** (vs **17.9%** in 1Q'24)
- LCR decreased YoY by **17%**



Operating Environment

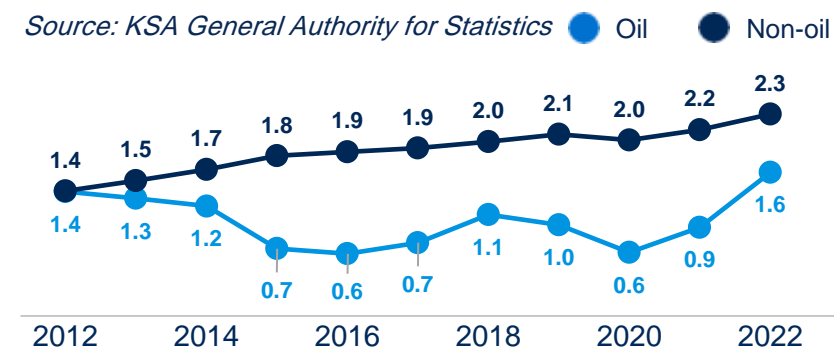
KSA today: ambition, development, leadership

➤ Fundamental strength

Government debt	24.6%
Inflation	2.5%
Repo rate	6%
Population	37,473,929
Unemployment	8.6%

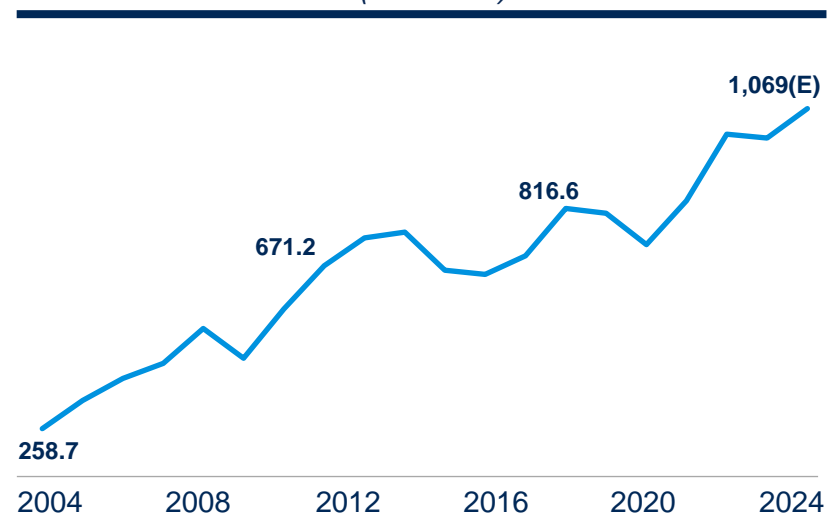
Saudi's non-oil revenues exceeded 50% of the total GDP in 2023. Kingdom's non-oil sectors grow as the economy diversifies despite volatility driven by commodities price fluctuation.

KSA GDP at current price by institutional sectors (SAR tn)



➤ Accelerated development

KSA's nominal GDP (USD bln)

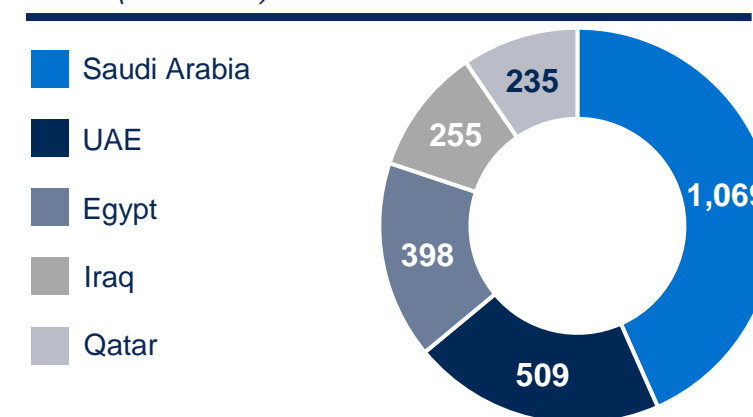


The GDP of Saudi Arabia grew 400% since 2004 and out-performed world's average growth rate twofold.

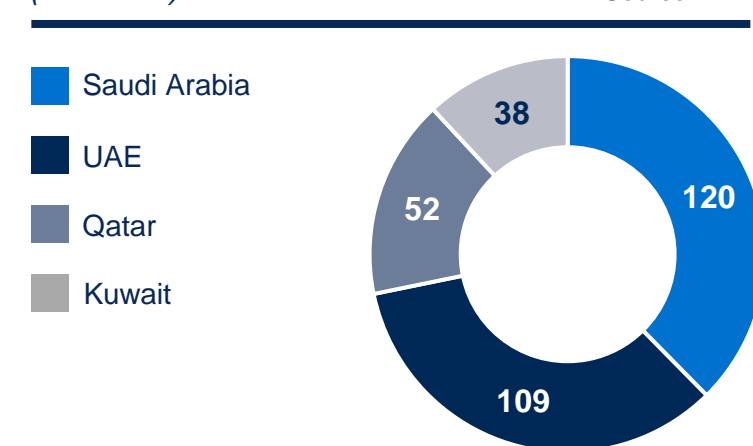
The IMF expects Saudi's GDP to grow by 2.7% in 2024, followed by a 5.5% increase in 2025.

➤ Regional leadership

GDP (USD bln)



Banking sector net revenue (SAR bln)



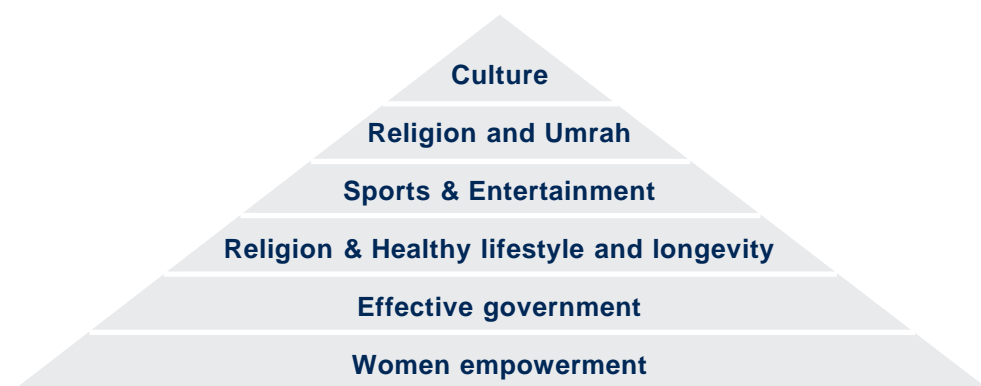
KSA sustainable economic growth

Global ambition

A journey towards a brighter future.



- **Raise** KSA economic position from 19th largest **to the top 15**
- **From 50% to 20%** reduce oil GDP contribution
- **10% of GDP** economic contribution from tourism
- **To 50% of GDP** increase share of non-oil exports
- **65%** increase the private sector's GDP contribution
- **Key projects:** NEOM, Red Sea Project, Qiddiya



New horizons of **Vision 2030** social and economic development are set to fundamentally transform the country in major spheres.

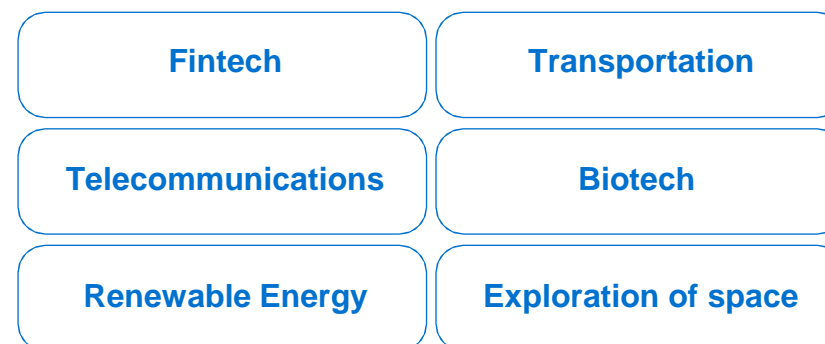
Sustainable growth

The private sector is to play a vital role in enhancing and diversifying the economy.

Contribution to GDP	Current	2030 target
Private sector	45%	65%
SME	20%	35%
FDI	3.8%	5.8%

Source: global-rates

The emergence of new industries is turning Saudi Arabia into an international scientific and technological powerhouse.

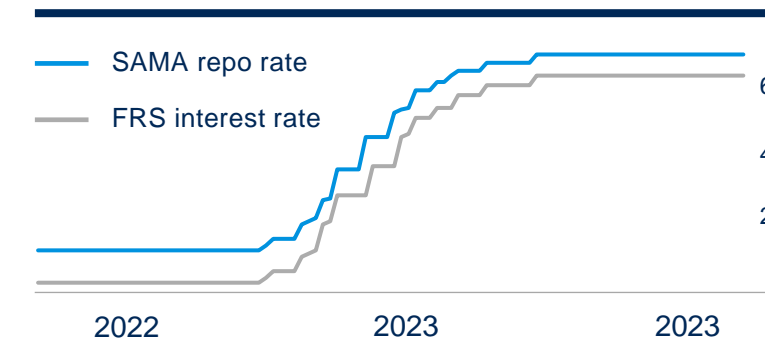


Prudent monetary and tax policies

The Saudi Central Bank synchronizes its repo rate with the US Federal funds rate which makes macro-economical environment in the country stable and predictable.

SAMA & FRS rates

Source: global-rates



Source: global-rates

VAT	15%
Corporate tax	20%

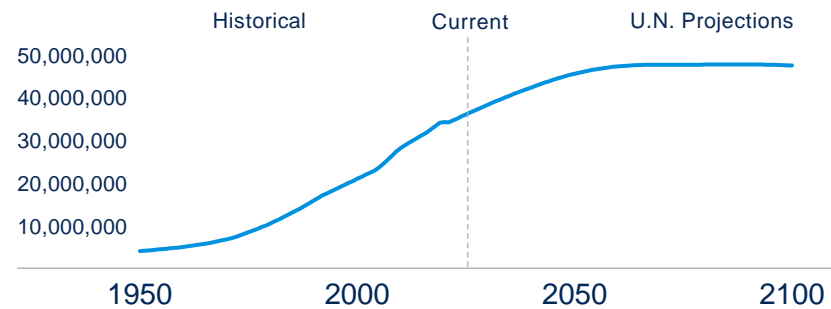
Saudi Arabia tax system is among world's most liberal and comfortable both for corporates and individuals.

Socio-demographic changes - key highlights

➤ Growing young workforce & urbanization

Saudi Arabia population 1950-2024

Sources: www.theglobaleconomy.com



40 mln expected to live in Saudi Arabia by 2030

67% of the population under 30, creating a dynamic and adaptable labour force

89% consumer confidence among young people who believe the economy will rebound, compared to average 35% in advanced economies

~ **80%** urbanization rate

➤ Workforce change

Diversification

- Shift from oil-centric jobs to sectors like technology, tourism, entertainment, renewable energy
- \$50 bln education budget for 2023, the largest in the Gulf region
- 100% enrolment at intermediate and secondary levels

The highest female workforce participation (%)

Sources: www.theglobaleconomy.com



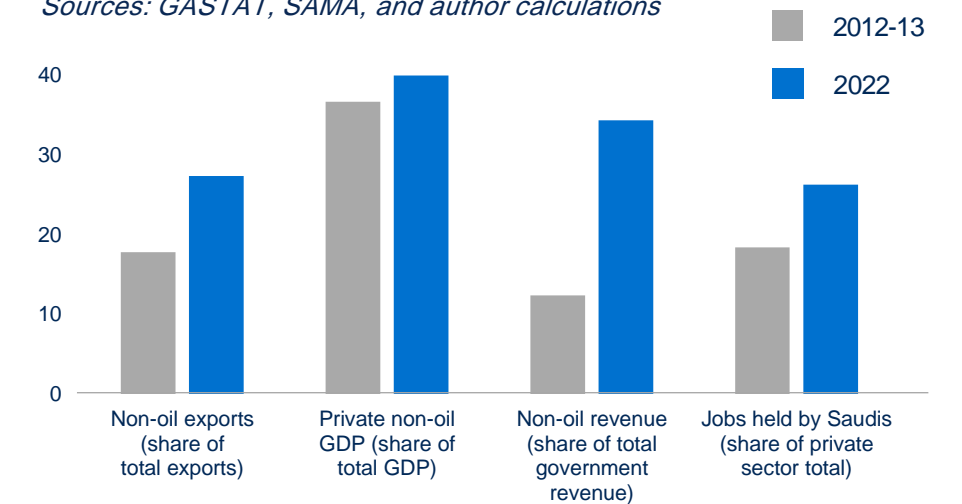
Education

Saudi Arabia allocated **17.0%** of its budget towards education in 2023; higher than the US, UK, and Germany, and the largest budget in the Gulf region.

➤ Sources of New Wealth

Four indicators of economic diversification

Sources: GASTAT, SAMA, and author calculations



New drivers of the Wealth growth:

- **Tech Innovation**
2.5% of GDP to be invested annually in R&D by 2040
- **Tourism and Entertainment**
projected to contribute **\$46 bln** to GDP by 2030
- **Renewable Energy**
50% renewable energy by 2030

National banking industry is on the rise

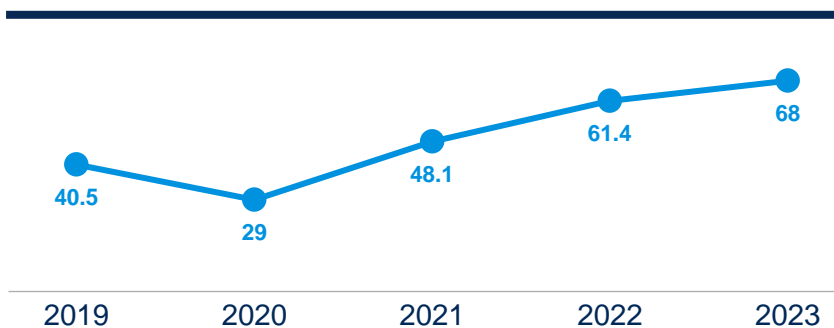
Revenues grow

Saudi-listed banks reported nearly a 12% increase in aggregate net profit in 2023.

Aggregate net interest margin (NIM) expanded by 14 bps to 3.31% in 2023.

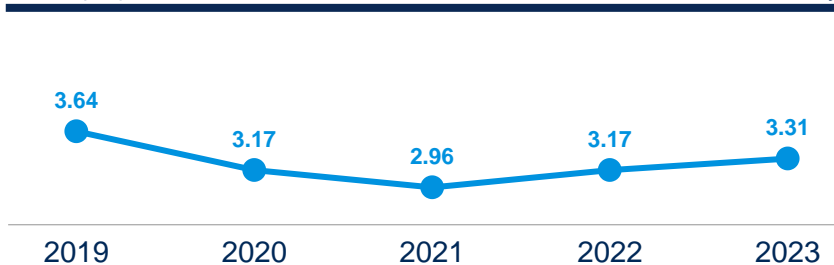
Net income to common shareholders (SAR bln)

Source: Bloomberg



NIM (%)

Source: McKinsey

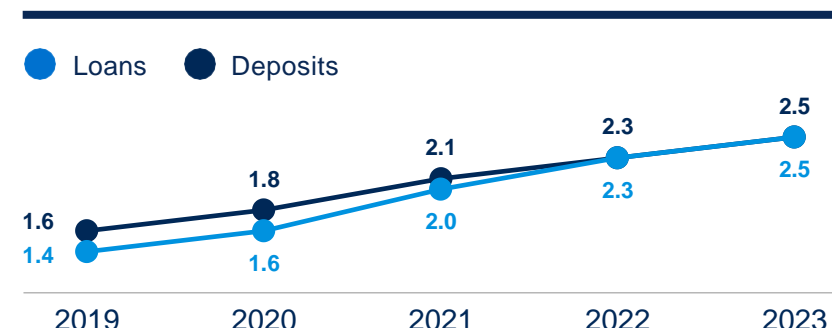


Strong business position

KSA banks' total deposits reached SAR 2.5 tn in 2023, marking a 10.2% increase as compared to 2022. It enables banks to fuel growing economy with abundant lending. Top-10 biggest banks account for more than 80% of loans and deposits volumes.

Deposits/loans portfolios of the top-10 Saudi banks (SAR tn)

Source: Bloomberg



Saudi Arabia banks tend to outpace global average ROE of financial institutions.

Return on equity (%)

Source: McKinsey



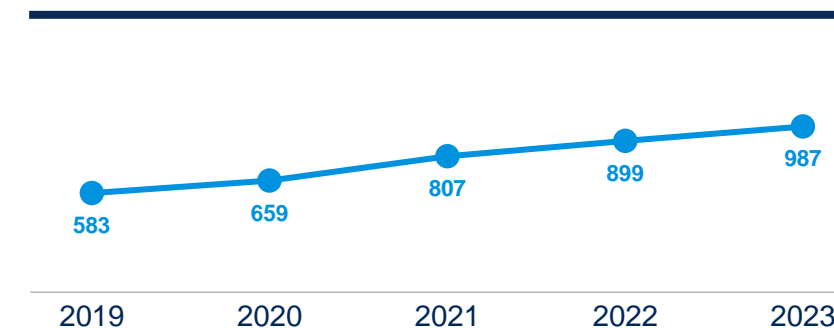
New opportunities

Implementation of projects under the Vision 2030 program is to offer up to 1 USD trillion injection into the national banking system doubling its current size.

Saudi Arabia's total banking assets grew 9.5% in 2023, nearly reaching the milestone of USD 1 tn by year-end.

Total assets (USD bln)

Source: Bloomberg



Massive government spending and ongoing digital transformation of the financial industry will promote further growth of lending and boost banks' revenues over the medium term.

Fintech & Banking digitalization: anb – a partner of choice for fintech start-ups

Saudi Arabia's fintech sector is rapidly growing, driven by regulatory support and significant investment, expected to strongly promote digitalization of the banking sector.

Continued digital transformation, supportive regulations, and high consumer adoption are expected to enhance efficiency, competition, and customer satisfaction in the banking sector.

> \$1 billion

invested in local Fintech companies

~ 230 Fintech companies

operating in the Kingdom by 2025

~ 6,000 jobs

created by Fintech sector by 2025

Active fintech companies by subsector (%)



> 70%

of Saudi consumers use online banking services, with over 90% by smartphone

\$13.3 bln

projected reach of e-commerce market by 2025, with increased preference for digital payments

40%

consumers who use social media to purchase online, compared to average 14% in advanced economies

Regulation

- **Regulatory Sandbox Framework** established to allow financial institutions and Fintechs to test and launch their products and services in an innovative and safe environment

Non-FS Players Disrupting the Market

- Telecom-provided digital wallets and e-commerce giants like STC Pay, Amazon, and Noon are expanding their market influence
- These non-FS players are integrating financial services, including payment solutions and consumer financing

Digitalization of Corporate and Retail Banking

- **65%** of large businesses and over **50%** of retail customers use digital transaction services
- Banks are projected to invest **over \$1 bln** in digital infrastructure by 2025, incorporating blockchain and AI for enhanced efficiency and security

Ongoing Consolidation of Banking Market

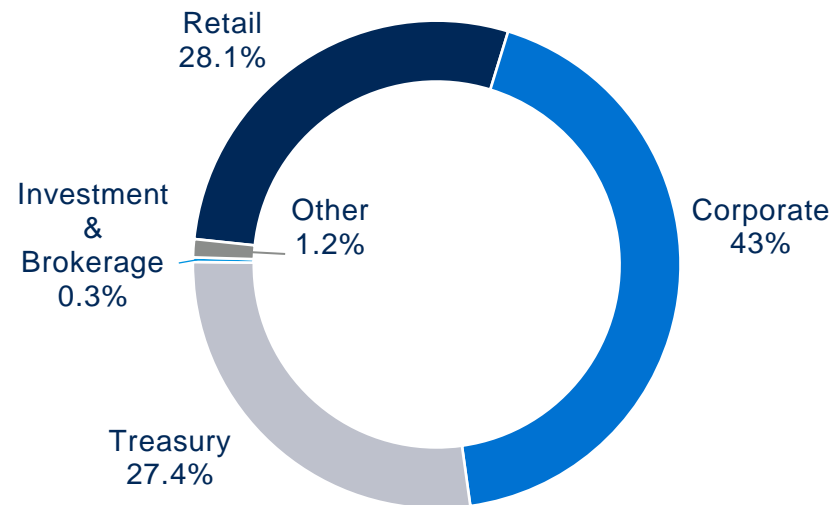
- Such high-profile **mergers**, as NCB and Samba, have reshaped the market landscape, creating one of the region's largest banks
- **The top five banks** now collectively control over **60%** of Saudi Arabia's total banking assets

Business Overview

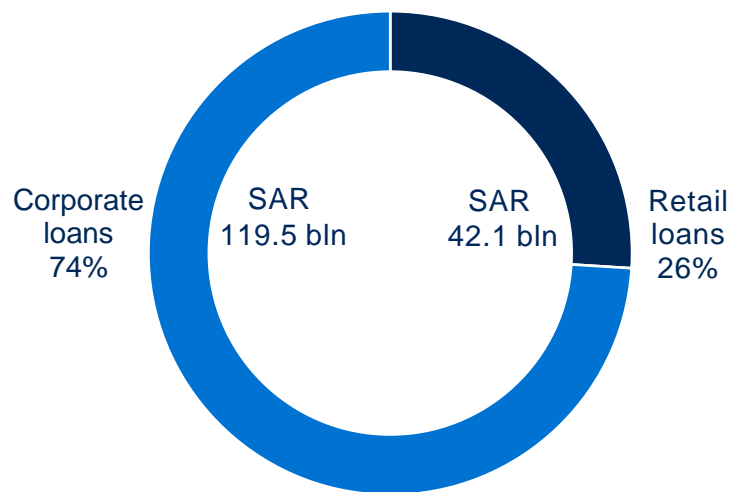
anb business today: a strong foundation to improve future financial performance

Total assets SAR 234.8 bln	Loans SAR 161.6 bln	Operating income SAR 2.3 bln QTD SAR 4.6 bln YTD	Net income SAR 1.231 bln QTD SAR 2.467 bln YTD	CET1 ratio 17.3%
	Deposits SAR 175.6 bln			Payout ratio 52%

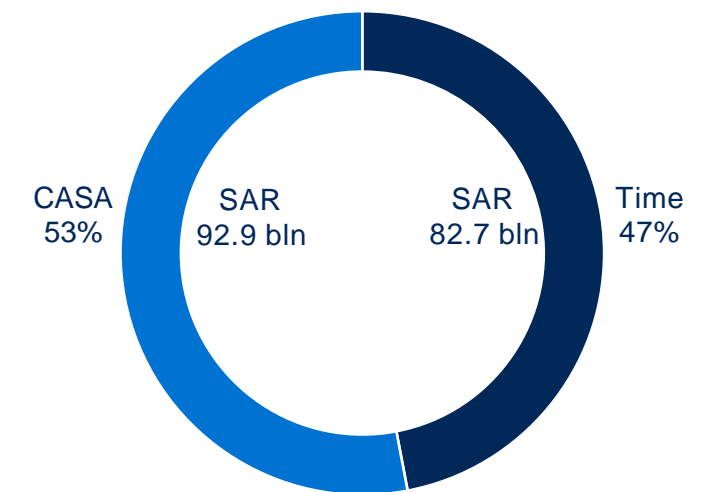
Assets breakdown



Loans



Deposits



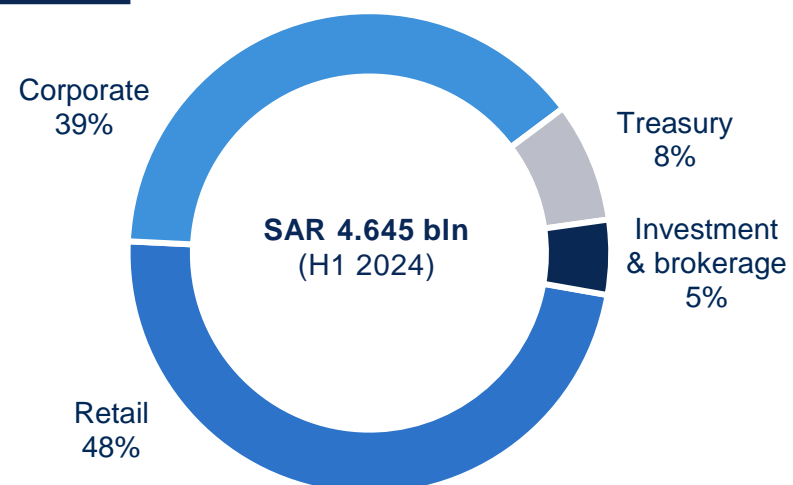
Leading banking franchise

Supporting customer loan growth

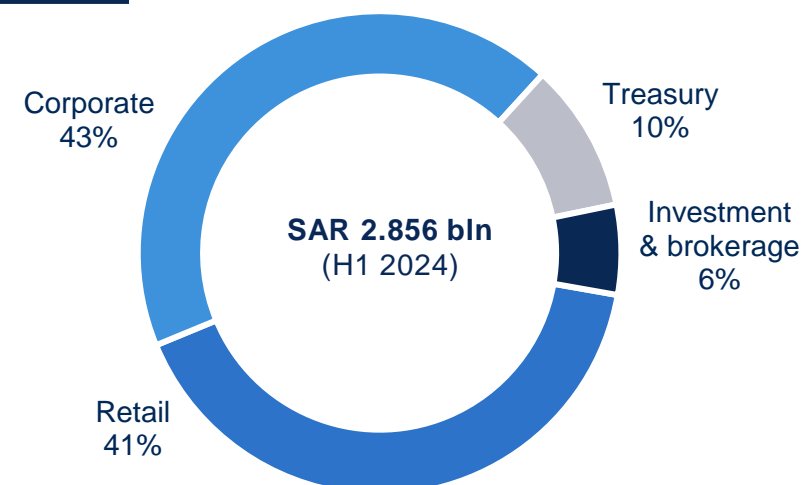
Strong core deposit base

Organic growth across various business segments

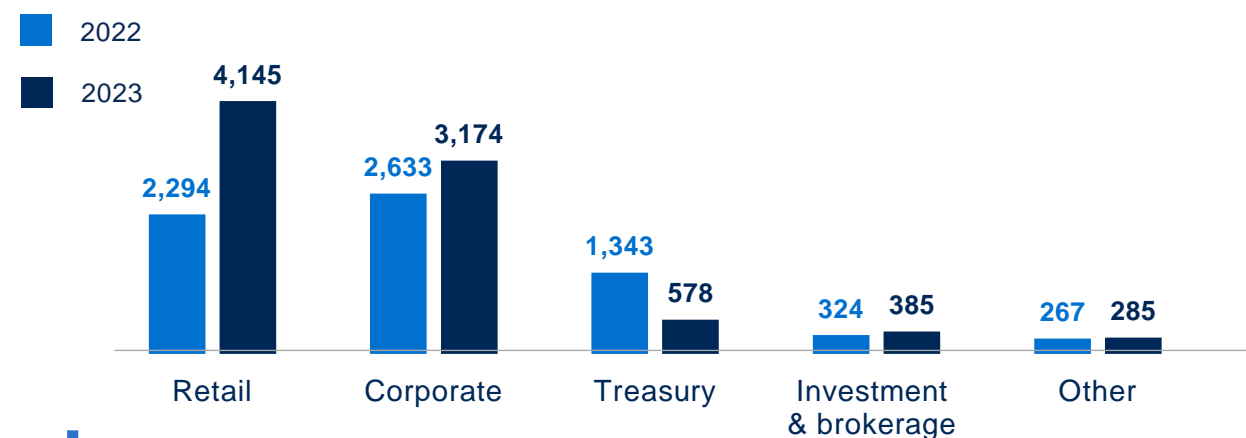
Operating income by business segments



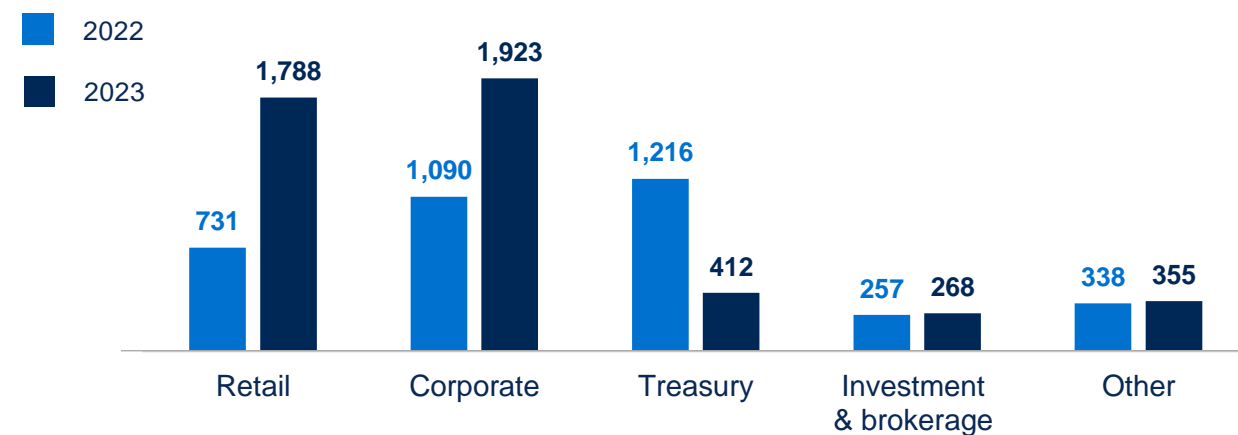
Net income by business segments



Operating income (SAR mln)



Net income (SAR mln)

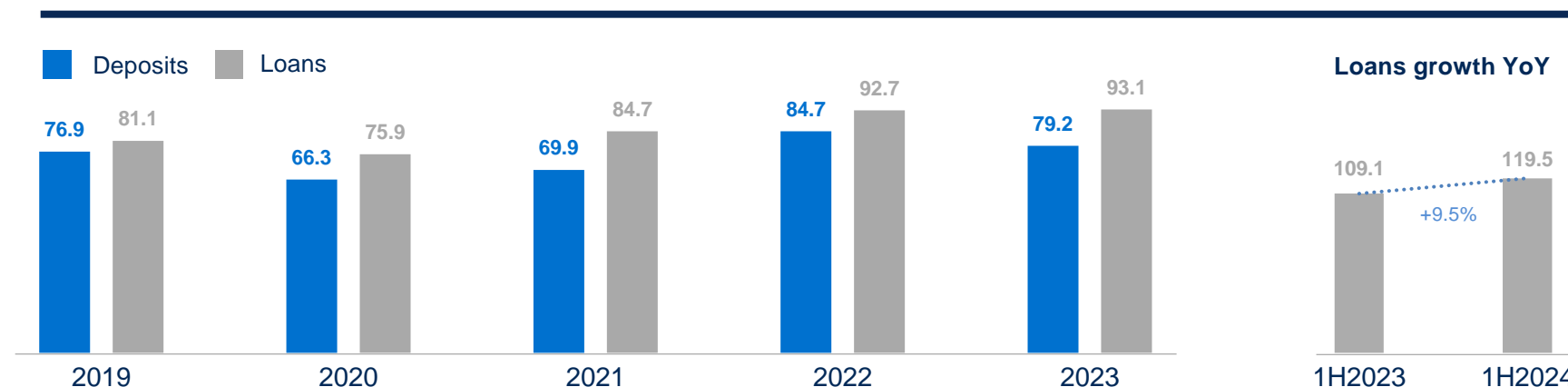


Corporate segment – accelerating development

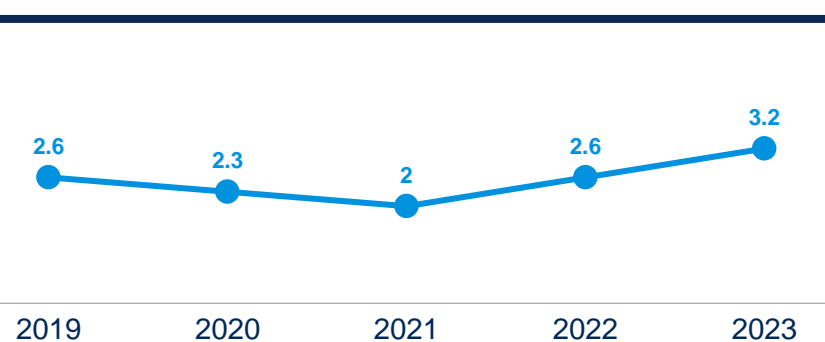
KSA's growing and swiftly diversifying economy requires financial resources. **anb** steadily expands its loan portfolio focusing on lending to **key industries**:

- services
- manufacturing
- construction
- transportation
- real estate
- merchantry

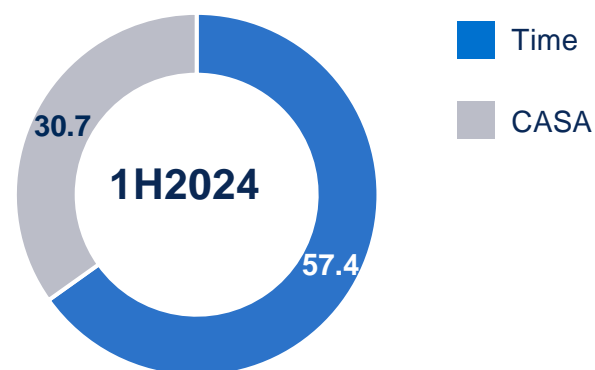
Deposits / loans growth* (SAR bln)



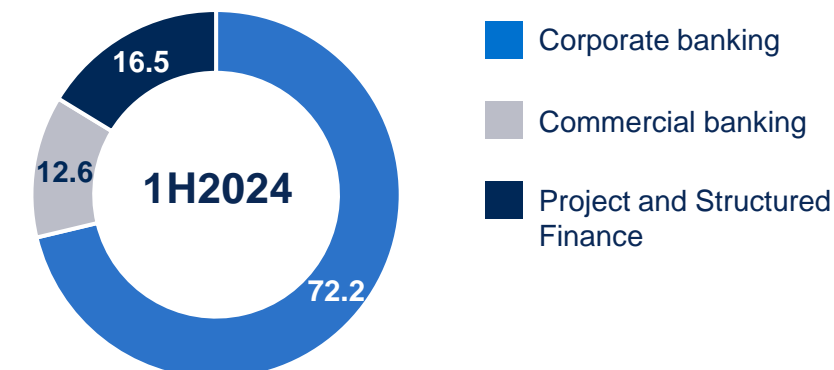
Total operating income (SAR bln)



Deposits breakdown (SAR bln)



Loans breakdown* (SAR bln)

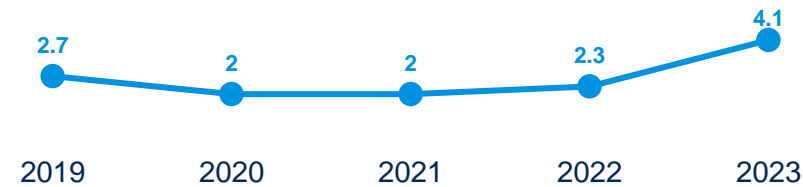


* anb internal reporting

Retail segment – easy, efficient, totally digital

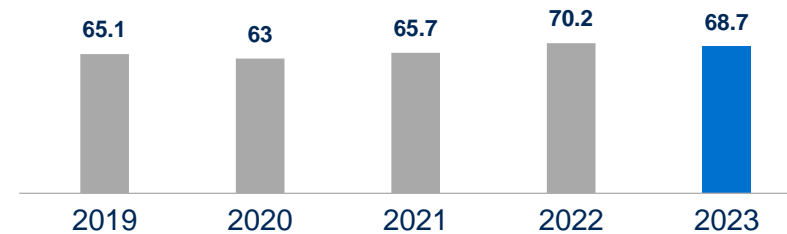
A comprehensive range of financial services for retail customers broadens **anb`s** client base with an HNWI segment leading the growth.

Total operating income (SAR bln)



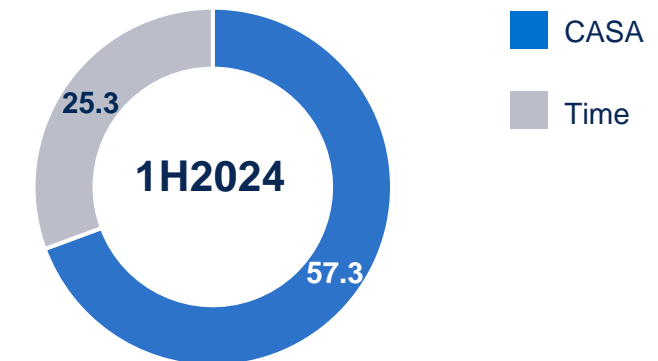
anb`s strategic goal is to build up recurrent revenues from retail business by increasing fees and commissions income.

Total retail deposits (SAR bln)

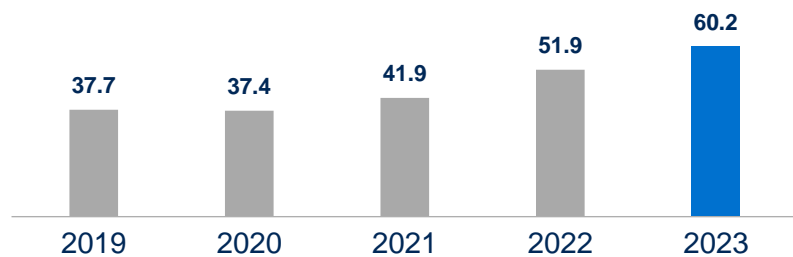


Healthy volume of deposits secures a comfortable liquidity position and provides the Bank with abundant resources for lending.

Retail deposits breakdown (SAR bln)

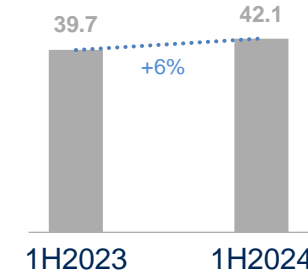


Net loans* (SAR bln)

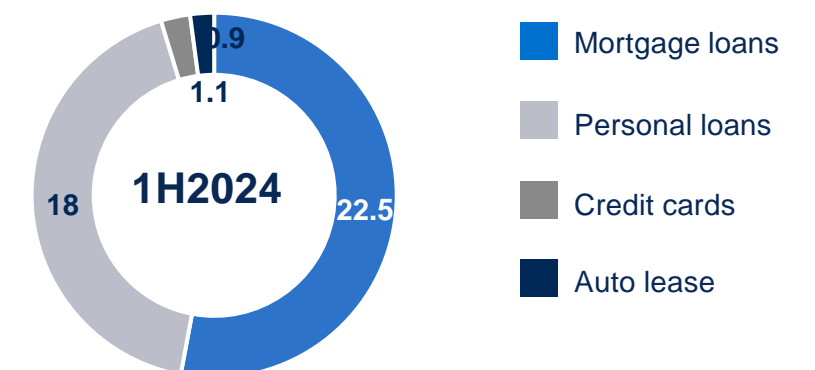


YoY growth is mainly fueled by a 8.4% increase in mortgage lending. The fastest growing segment is auto leasing with a 122% annual growth.

Loans growth YoY



Loan portfolio breakdown (SAR bln)



* anb internal reporting

Treasury segment – guidance and expertise

anb`s effective management of investment and funding activities generates significant earnings which provides for a better diversification of the bank`s revenues.

anb develops sophisticated treasury solutions which comprise both traditional and innovative instruments of financial management.

Treasury solutions

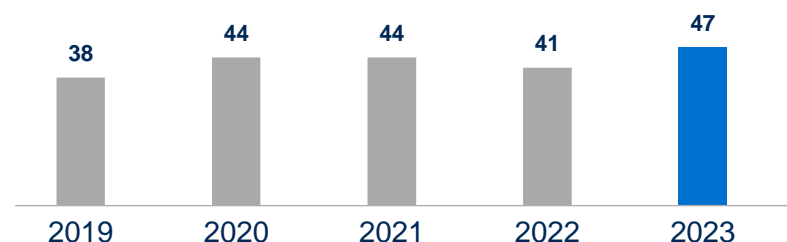
- Murabaha, time and call deposits
- Hedge funds
- REPO on KSA sovereign debt securities
- FX instruments

Transaction banking solutions

- Merchant
- Collections
- Liquidity management
- Fintech

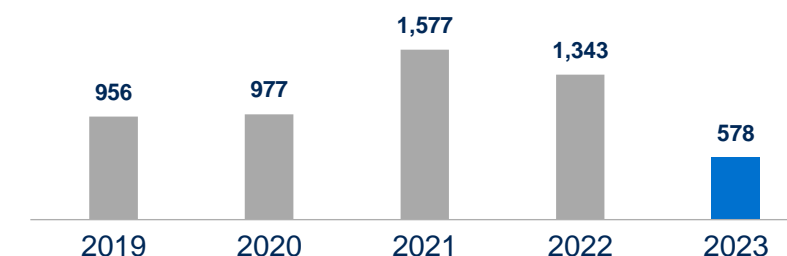
Increasing investment book supports anb`s growth ambitions and liquidity requirements.

Net investments (SAR bln)

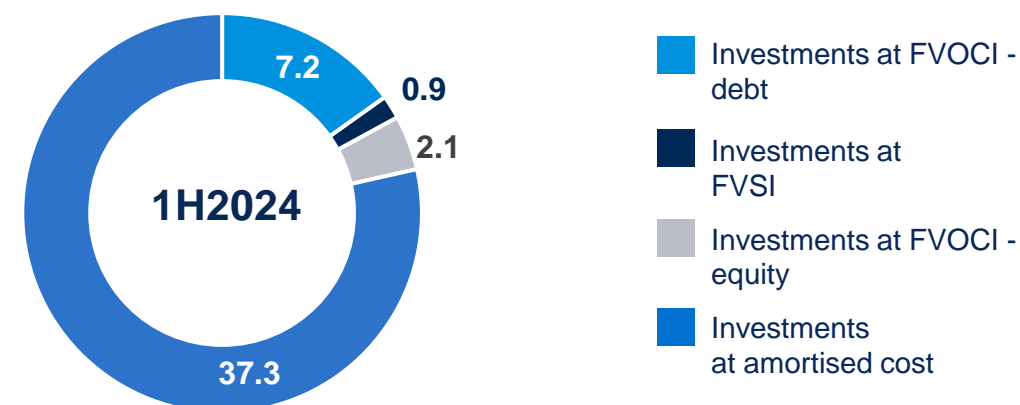


Operating income drop in 2023 relates to decreased volumes of intersegment activities.

Total operating income (SAR mln)



Investment securities value breakdown (SAR bln)





Strategy Overview

The anb 5Y Strategy House



“Corporate bank of choice” in our key client segments

FOCUS AREAS

Established

“become success partner to our corporate clients”

Strategic

“support sustainable asset growth”

High growth

“win and capture client base”

Corporate Bank

Grow portfolio by increasing our competitiveness in the market

- Capitalize on expected growth in strategic sectors
- Focus on ancillary business, competitive pricing and cross sell
- Revise risk adjusted return appetite to maintain portfolio-level profitability

Project & Structured Finance

- Maintain and grow lead position in structured finance deals
- Increase focus on PPP Financings
- Build an ESG compliant portfolio to capitalize on market opportunities
- Scale-up Corporate Financings and Secondary
- Market Opportunities

Vision Realization

- Provide bespoke wholesale solutions to Vision 2030 companies and government organizations
- Enhance value proposition to become the establishment banking partner to Vision 2030 and PIF Portfolio Companies
- Focus cross-sell efforts to increase group-wide client coverage

Commercial Bank

- Grow customer base by focusing on strategic sectors and emerging cities
- Expand product offering and introduce innovative solutions

SME

- Elevate value proposition by scaling up and enhancing financing options
- Digitize and optimize client touchpoints for a seamless experience
- Segment enablement through sponsorships, partnerships, and SME marketplace

ENABLERS

Global Transaction Banking

- Maintain and grow lead position in fintechs through tailored solutions
- Build a specialized fintech unit within GTB
- Grow Acquiring and Payment business
- Enhance Wholesale digital delivery channels and specialized products / solutions

Trade Finance

- Grow contingent book to drive limit utilization through activation of trade agreements
- Enhance digital capabilities to streamline process
- Introduce innovative trade and supply-chain solutions

Operating Model

- Optimize WBG organizational structure to enhance synergies and support growth
- Enhance technology and systems to increase efficiency

Retail and Private: empower our clients through tailored value propositions

FOCUS AREAS

Affluent focus

“Best in class affluent offerings”

- Enhance segmentation with increased focus on wealth segment
- Elevate RM capabilities to enhance customer service for the wealth segment
- Engage with anb capital to elevate wealth advisory services

Bespoke experience

“Optimize our digital and physical channels”

- Branch and ATM network optimization strategy (closure, relocation, merge and opening)
- Digital Channels Personalization (Virtual RM and anb verse)
- Dedicated Affluent Centers in each region targeting affluent areas

Enhanced value proposition

“Diversify our offerings and drive balance sheet growth”

- Sustainable Asset Growth
 - Affluent mortgage growth
 - Middle mass personal loan and credit card
- Liability Boost
 - Expansion of deposit products, including Time and Savings
- Innovative Card & Payment Solutions
 - Affluent premium cards
 - Middle mass pre-paid, low limit, etc.
- Loyalty & Tailored Offerings
 - Rewards and gifts
 - Tailored offerings for different segments

ENABLERS

Organizational optimization

- “Revamp RBG operating model”
- Develop human capital capabilities in addition to utilization of enabling systems to monitor performance and enhance decision making

Digital strategy

- “Drive retail digital innovation”

The trusted bank for HNWIs

FOCUS AREAS

Strengthen financial position

“Enhance the product offering and grow the Balance Sheet / Fee Income”

Expand customer base

“Continue to enhance the sales organization to grow the customer base”

Generational wealth partner

“Strengthen relationship with existing clients and 2nd generation to initiate a long-term partnership”

ENABLERS

Organizational optimization

“Continue to offer a variety of banking services and investment instruments in collaboration with ANBC / Treasury”

Digital strategy

“Stimulate the sales organization to grow the customer base and approach future HNWIs for PB products and investment solutions”

Treasury will continue to optimize the function to support the business growth

FOCUS AREAS

Diversify revenue streams

“growing the investment book and boosting profitability”

Enhance capabilities

“elevate talent capabilities and technological infrastructure”

ENABLERS

Human Capital

Technology

Our vision is to be “the premier investment bank of Saudi Arabia”

STRATEGIC DIRECTION

Focused growth

“Innovation in each business line to build credentials and credibility”

Become trusted advisor

“To be the trusted partner to Saudi individuals, institutions, and government”

Capital Markets

- Institutionalize the market; target institutional flows and upcoming listings based on the National Investment Strategy

Asset Management

- New ways of working, by digitizing operations
- Launch thematic funds and raise AUM
- Keep team together; establish history

Real Estate

- Increase the number of development funds
- A combination of new funds and fund exits
- Expand geographic focus to include International funds
- Introduce new fund category – REIT

Investment Banking

- Build institutional track record
- Establish relationships and deal flow from PIF/prominent government entities
- Establish DCM to complete our product offering suite

Private Equity

- Build a portfolio of actively managed and feeder funds
- We will leverage anb network for origination, and leverage PB and WM for placements

ENABLERS

People

Technology

Partnerships

Strategy achievements and initiatives

	Initiatives	Key achievements	Areas of focus moving forward
Corporate	<p>42%</p> <p>In progress: 26 Completed: 19</p>	<ul style="list-style-type: none"> Enhancement of corporate profitability and portfolio quality Maintained our position as a leading SME banking partner for Kafala and Monshaat Enhanced our fintech enablement proposition Optimized SME onboarding and digitized offerings through the launched SME app 	<ul style="list-style-type: none"> Modernization and digitization of corporate offerings Develop SME ecosystem and partnerships including end-to-end digital services Expansion into strategic sectors and Vision 2030 opportunities Driving healthy balance sheet growth through project finance Expand fintech enablement business to extend market lead and provide tailored solutions
Retail & Private	<p>54%</p> <p>In progress: 23 Completed: 27</p>	<ul style="list-style-type: none"> Retail division growth and expansion of product offerings Increased emphasis on affluent segment growth Revamped retail mobile app Rolled-out branch network revamp and optimization project Enhanced investment product suite for our private segment Enhanced sales organization to grow our customer base 	<ul style="list-style-type: none"> Optimization of retail digital and physical channels to cater to our different client segments Diversification of our product offerings to drive asset growth (specifically credit cards, auto loans, and micro-lending) Enhancing our deposit offerings to enhance liabilities Strengthen our position as a generational wealth partner
Treasury	<p>50%</p> <p>In progress: 2 Completed: 2</p>	<ul style="list-style-type: none"> Diversified into higher yielding assets with new investments Upgraded Treasury infrastructure and systems 	<ul style="list-style-type: none"> Innovation in each business line to build credentials Expansion and diversification of investment banking and advisory offerings Enhancing the investment options provided to anb retail and private banking clients
Investment & Brokerage	<p>50%</p> <p>In progress: 8 Completed: 8</p>	<ul style="list-style-type: none"> Completed a number of high-profile investment banking transactions Launched new real estate funds and private equity revenue stream Launched brokerage app 	<ul style="list-style-type: none"> Focused growth in capital markets and asset management, to build credentials and credibility through continues innovation Become trusted partner in real estate, investment banking and private equity to Saudi individuals, institutions, and government

To ensure effective delivery of the strategy, we have reviewed and enhanced all other strategic initiatives

Key Strategic Enablers



Marketing & CX

Excellence in customer experience to strengthen Brand equity



Human Capital

KSA banking employer of choice



Technology

Optimize infrastructure to accelerate digitization



Org. Effectiveness

Drive organizational efficiency



Risk






Fostering a risk culture to elevate operations and enable business growth

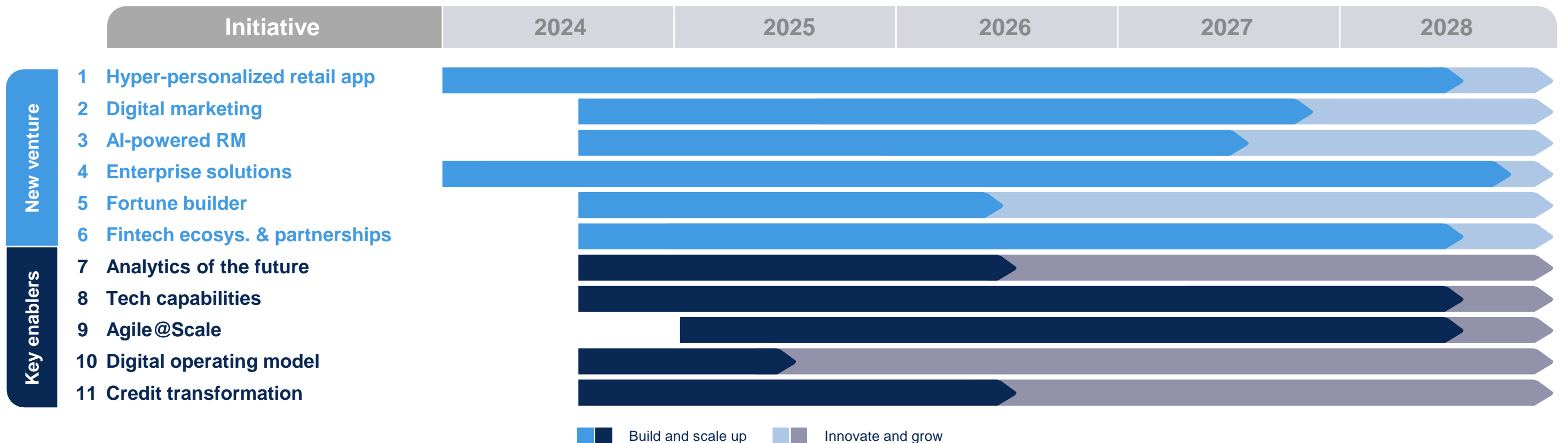
Focus Areas

- | | | | |
|---|---|-------------------------------------|----------------------------------|
| > Organizational Pivot (Business Driver vs Cost Center) | > Brand & Marketing Strategic Direction | > Capability Development | > Customer Centricity |
| > Enhance employee experience and value proposition | > Competency and performance management framework modernization | > anb academy transformation | > Digitization of admin services |
| > Articulated Strategic Direction | > Organizational Transformation | > Capability Development | > Data and AI strategy |
| > Achieve Spending Efficiency Through ZBS | > Procurement Transformation and Capability Development | | |
| > Risk Transformation and Capability Development | | | |

Digital to serve as a key enabler for anb's business objectives & 5Y Digital Roadmap

We defined an aspirational vision for digital to serve as a key enabler for **anb's** business objectives.

-  Gain #1 position **digitally in segments close to anb's DNA (SME, Wealth, Affluent, Youth, Fintech)**
-  Establish **ecosystems across commerce, fintech, and retail** to expand the business in new areas **Lead**
-  Retail, wholesale and wealth segments with **best customer experience in the country**
-  Chart the future of Saudi Arabia's financial services and **incubate and ignite rising star startup ventures**
-  Nurture and embed next generation capabilities and establish **go-to innovation hub in the Kingdom**



Core growth initiatives will elevate our digital capabilities, while key enabler initiatives will empower digital transformation

CORE GROWTH



KEY ENABLERS



Digital Banking achievements and initiatives

One of the fastest growing digital banks in KSA with exponential growth in digital banking and digital customer onboarding.

Digital banking YoY growth

Retail deposits

105% ▲

Personal financing

44% ▲

New customer acquisition

34% ▲

Digital transaction

20% ▲

Product digital fulfillment

Auto lease

100%

Credit card activation

90%

Retail deposits

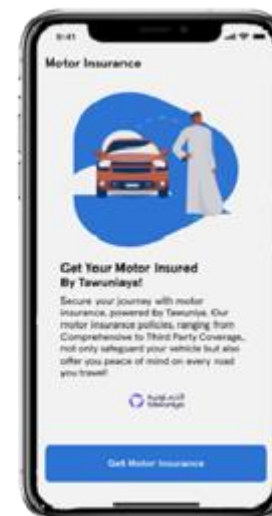
69%

Personal loan

35%

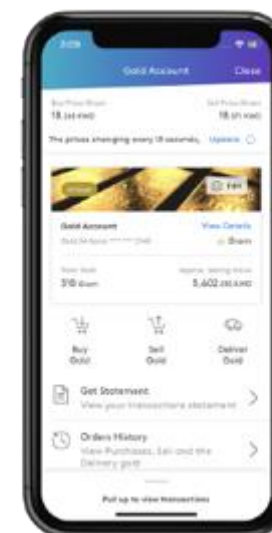
Motor insurance

Launching motor insurance products via partnering with Tawuniya motor insurance, where customers can directly purchase the insurance from anb digital channels. This product is targeting all type of digital retail customers.



Gold wallet

Digital gold will be an alternative investment beyond traditional avenues. Starting with Gold, we will later introduce silver and palladium trading for diverse investment options. This feature will attract mass and emerging affluent segment.



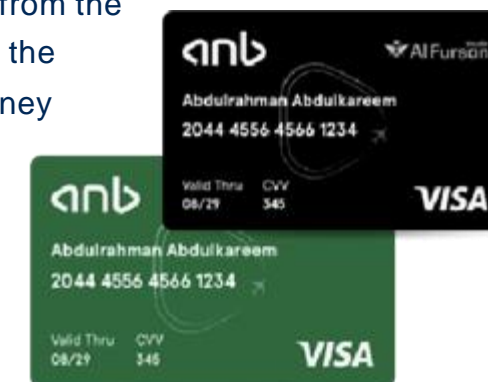
Robo advisory

Robo Advisory will be an automated platforms challenging traditional advisors by tailoring investment strategies using advanced algorithms. This platform supports automated goal-based strategies and personalized portfolios based on user risk profiles.



AI Fursan card

Customer can apply for AI Fursan card from the mobile app and the end-to-end journey is digital.



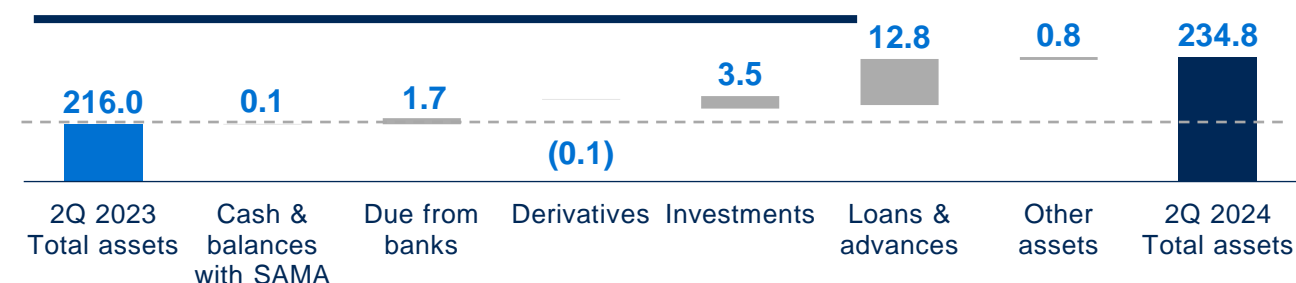


Financial Performance

anb balance sheet overview: effective balance sheet management that led to a solid year-over-year loan growth

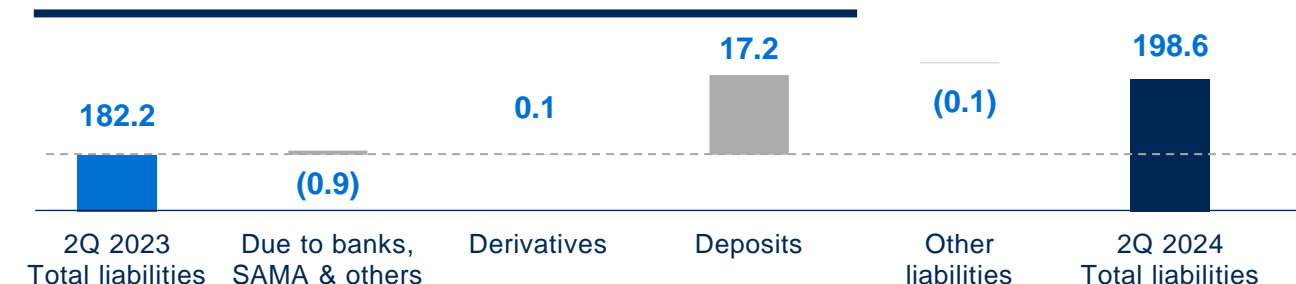
Consolidated Balance Sheet, SAR mln	YTD			YoY	
	Jun FY24	Dec FY23	Diff %	Jun FY23	Diff %
Cash and balances with SAMA	11,302	10,892	3.8%	11,190	1.0%
Due from banks and other financial institutions	3,608	2,478	45.6%	1,896	90.3%
Positive fair value of derivatives	2,460	1,802	36.5%	2,546	-3.4%
Investments	48,128	46,676	3.1%	44,645	7.8%
Loans and advances	161,612	152,235	6.2%	148,852	8.6%
Investment in associates	952	949	0.2%	986	-3.5%
Other assets	6,690	5,651	18.4%	5,868	14.0%
Total assets	234,752	220,683	6.4%	215,984	8.7%
Due to banks and other financial institutions	10,940	8,430	29.8%	11,850	-7.7%
Negative fair value of derivatives	1,867	1,403	33.0%	1,731	7.8%
Customers' deposits	175,586	165,861	5.9%	158,378	10.9%
Issued Sukuk	2,829	2,829	0.0%	2,829	0.0%
Other liabilities	7,328	7,062	3.8%	7,460	-1.8%
Total liabilities	198,550	185,585	7.0%	182,248	8.9%
Share capital	20,000	15,000	33.3%	15,000	33.3%
Statutory reserve	10,648	10,648	0.0%	9,630	10.6%
Other reserves	50	437	-88.6%	207	-75.9%
Retained earnings	5,474	8,985	-39.1%	8,873	-38.3%
Total equity	36,202	35,098	3.1%	33,736	7.3%

Total assets movements (SAR bln)



- Meaningful year-over-year improvement in both loan book and investment portfolio
- Total assets at SAR 235 bln, YoY growth of 8.7%

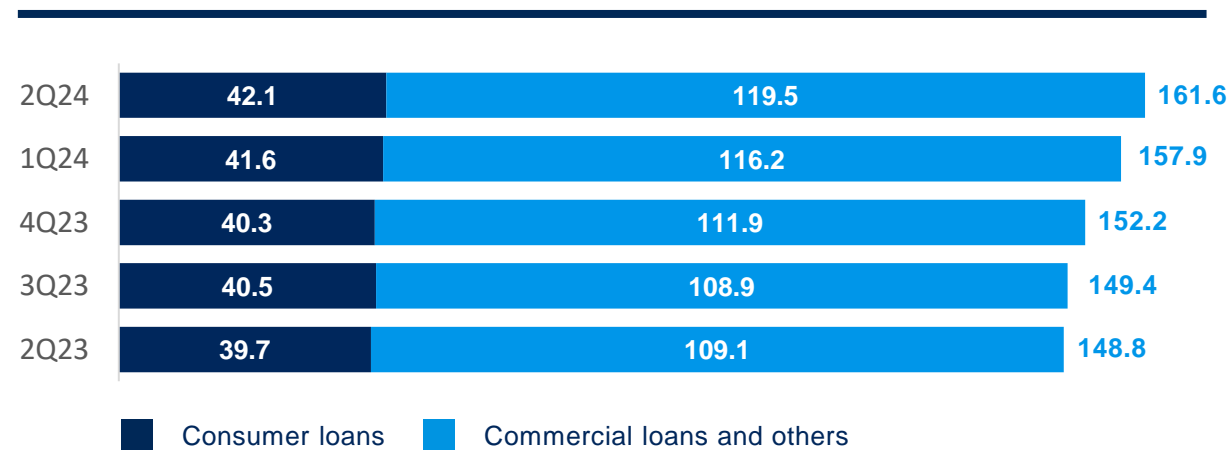
Total liabilities movements (SAR bln)



- Healthy deposit volumes provide anb with a reliable capital base
- Cost-efficient resource management eventually makes a positive impact on the bank's key performance ratios

Loan portfolio overview: effective diversification and gradual growth

Loans and advances (SAR bln)



161.6

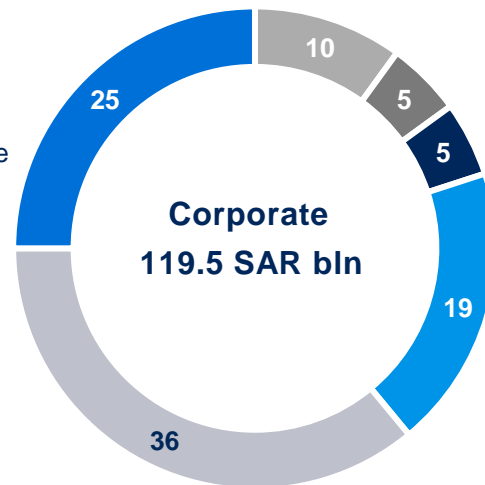
SAR bln

+8.6% YoY

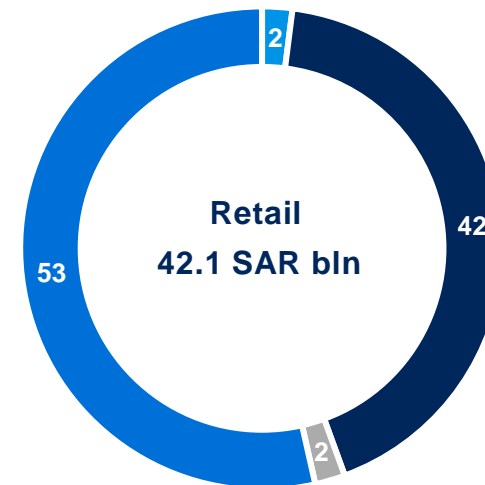
- Loans and advances portfolio increased by 8.6% YoY
- Corporate lending showed a robust growth of 9.8% YoY
- Retail portfolio expanded by 5.3% with auto lease segment showing a strong increase of 121% YoY

Loans breakup as of 2Q24 (%)

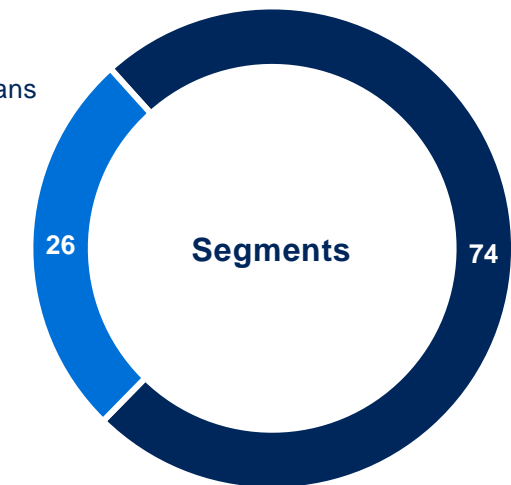
- Services
- Real estate activities
- Transportations & storage
- Constructions
- Manufacturing
- Others



- Home loans
- Auto loans
- Personal loans
- Credit cards loans

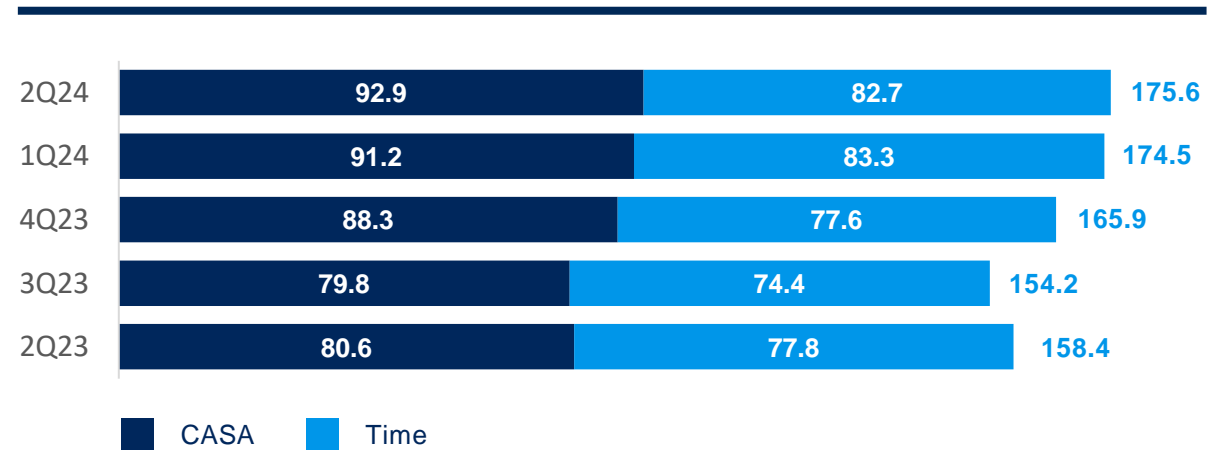


- Retail loans
- Corporate loans



anb balance sheet overview: solid growth in customer deposit base with healthy CASA to time deposits mix

Customer deposits (SAR bln)



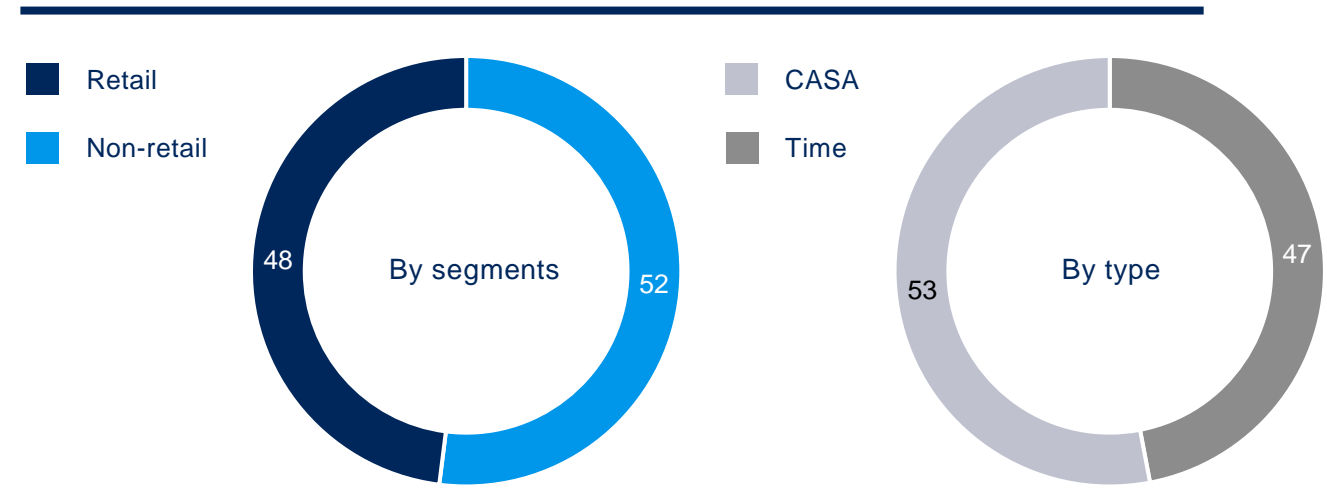
175.6

SAR bln

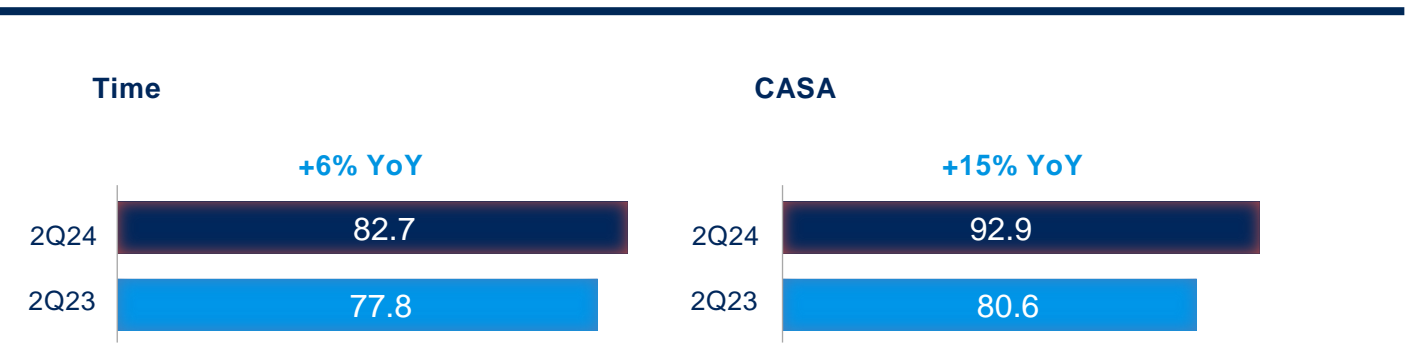
+11% YoY

- Customer deposits grew 11% YoY, reflecting SAR 4.9 bln growth in time deposits and SAR 12.3 bln increase in CASA deposits
- Even segment split between retail and corporate deposits provides for a sustainable liabilities composition and a broad funding base
- A healthy balance between time and CASA deposits

Deposits breakdown as of 2Q24 (%)

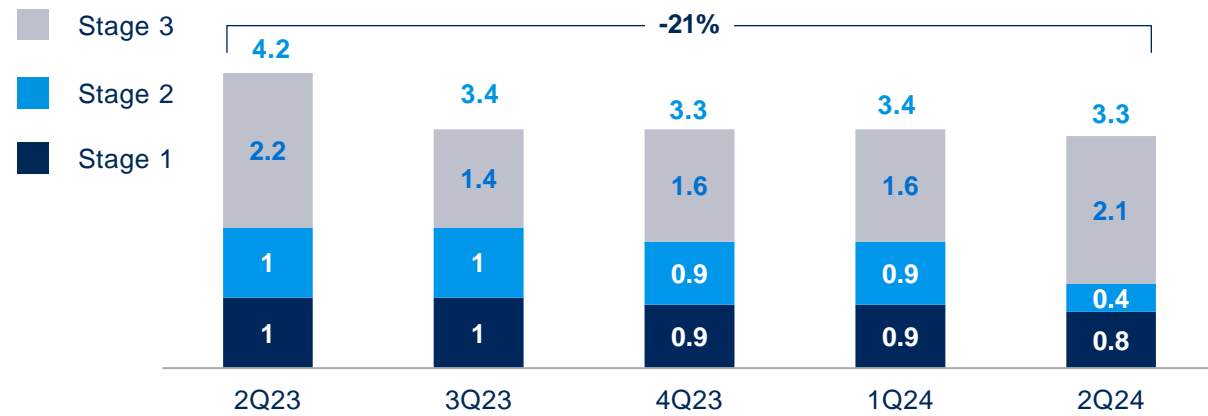


Deposits dynamics (SAR bln)

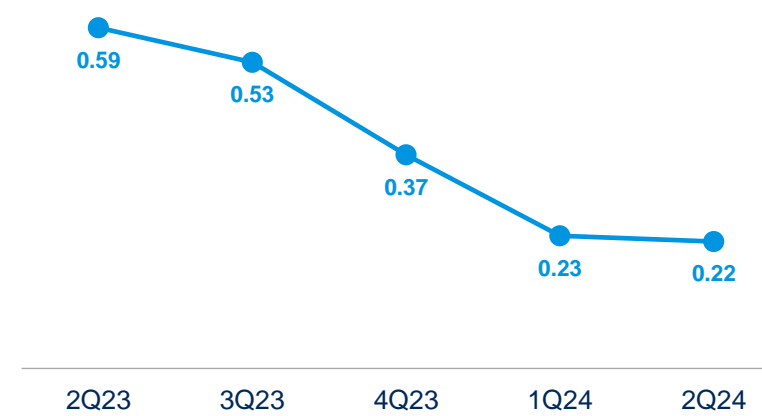


anb balance sheet overview: NPL Coverage

ECL stage-wise for loans and advances (SAR bln)

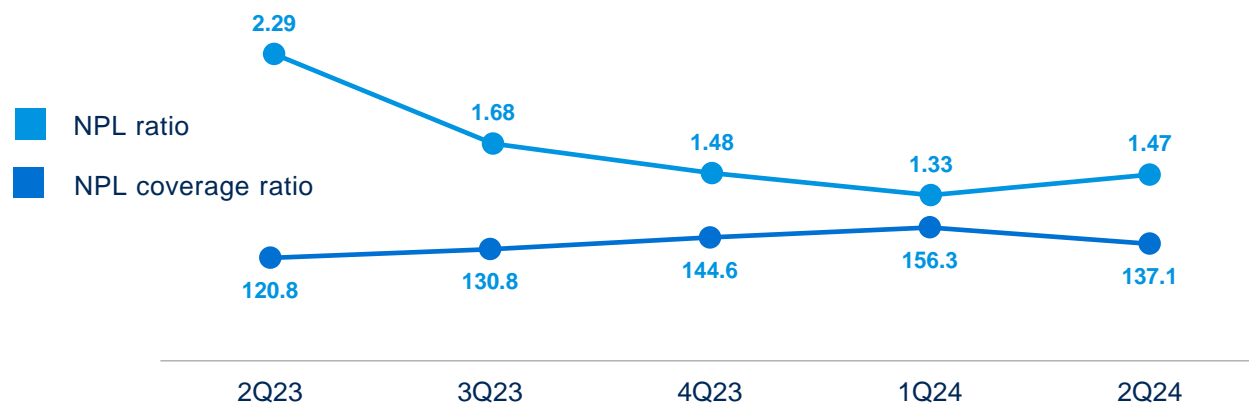


Cost of risk (%)

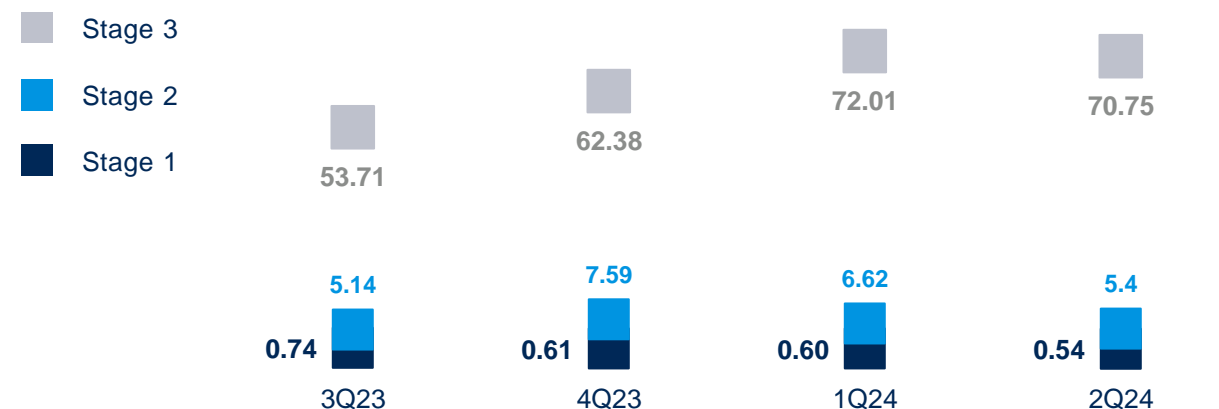


• Gradual improvement of newly extended loans quality resulted in decrease of ECL volumes alongside with a CoR ratio

NPL coverage ratio and NPL ratio (%)



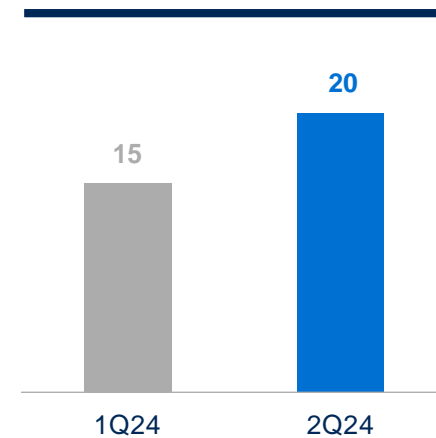
Stage-wise coverage (%)



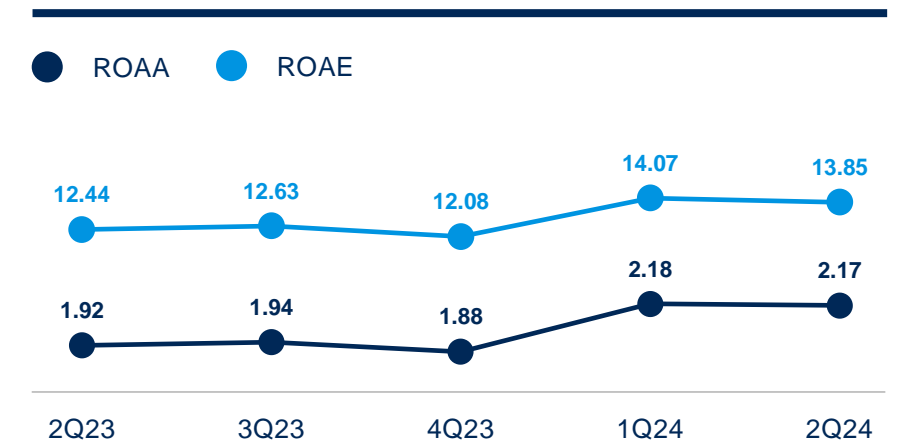
anb capitalization: adequate capitalization and operating above SAMA mandated targets

- In 2Q2024, **anb**'s share capital was increased by 33.33% through the emission of 500 million new shares. The measure aims to boost bank's financial strength and solvency
- The bonus shares were made on account of retained earnings with no external resources engaged

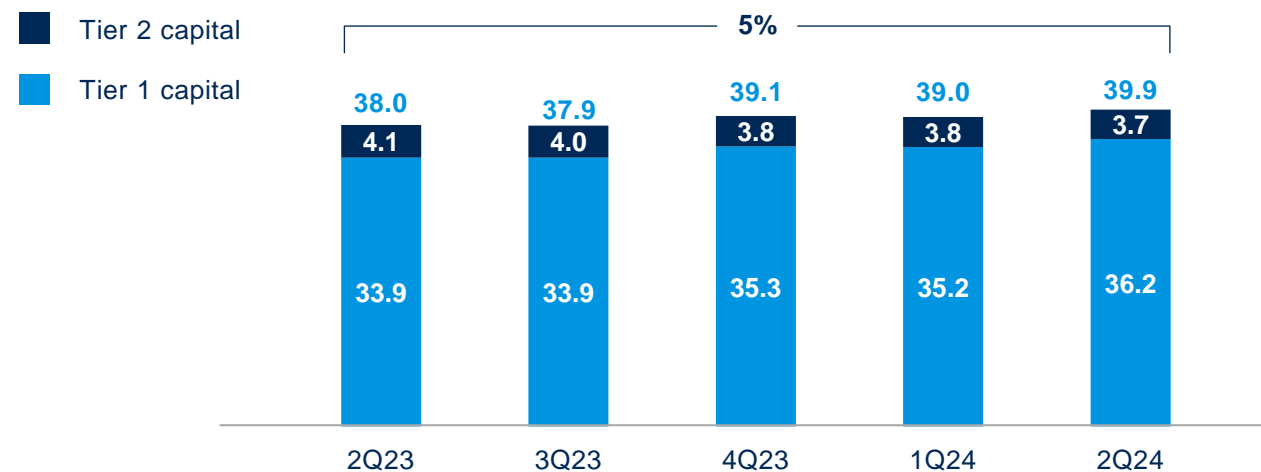
Share capital (SAR bln)



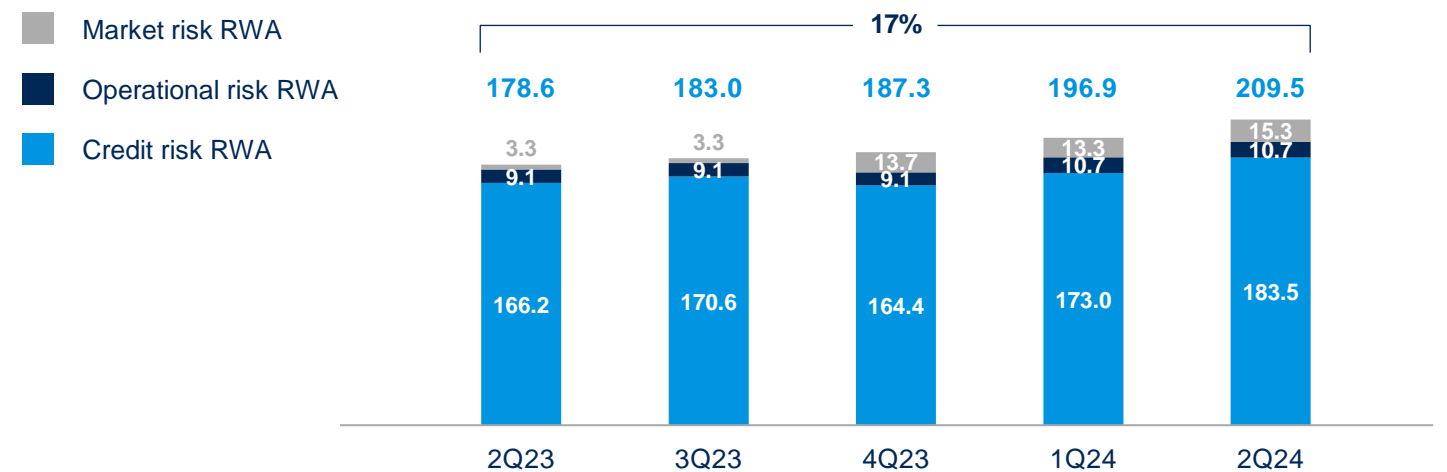
ROAE & ROAA (%)



Tier I & Tier II capital (SAR bln)

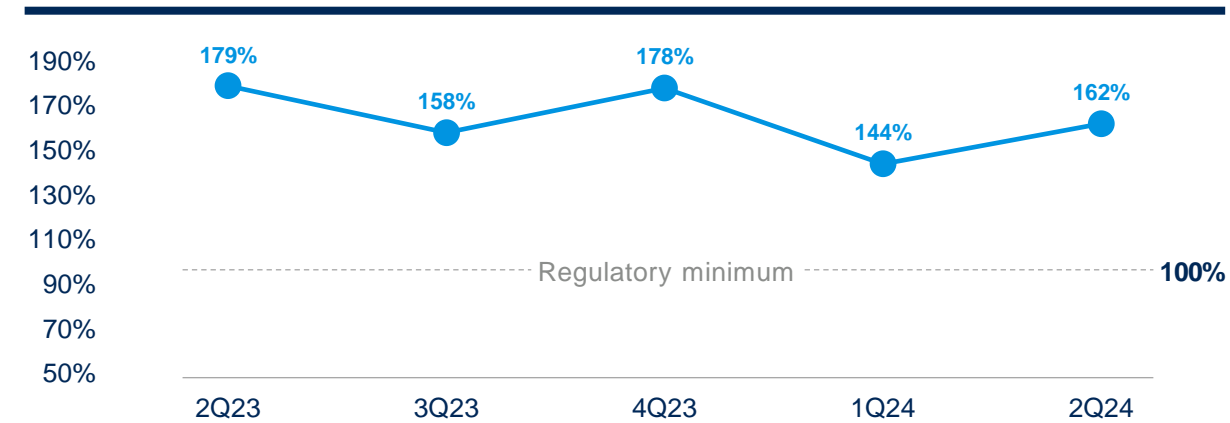


Risk weighted assets (SAR bln)



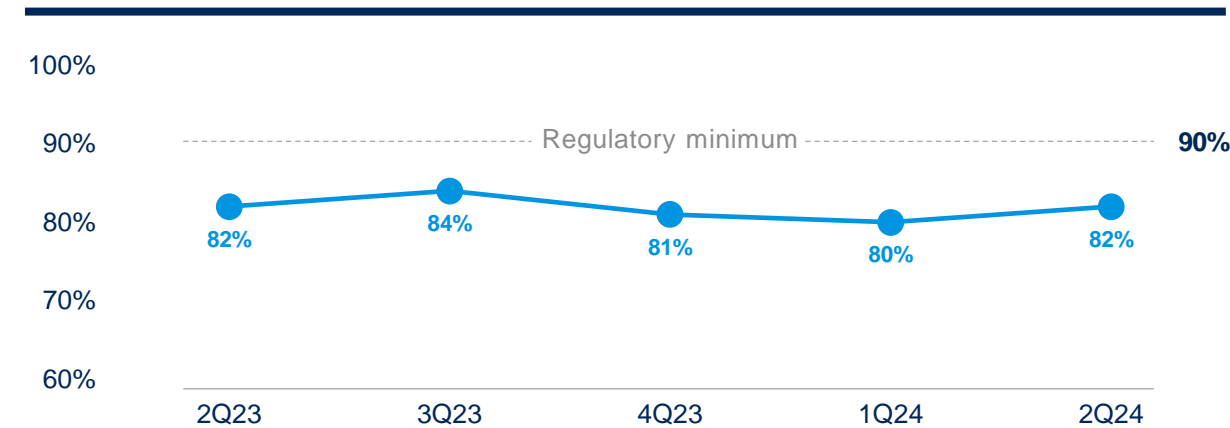
anb liquidity: liquidity ratios are well ahead of regulatory requirements set by SAMA

LCR (%)

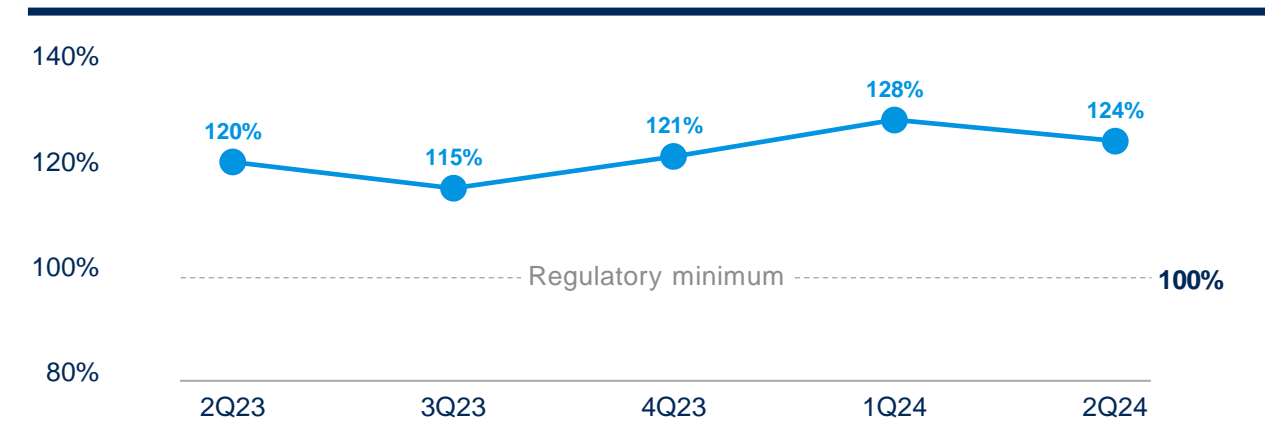


- LCR strengthened to 162% (up from 144% in 1Q'24)
- LDR of 82% which demonstrate a healthy liquidity
- Continue to deploy liquidity in a prudent manner

LDR (%)



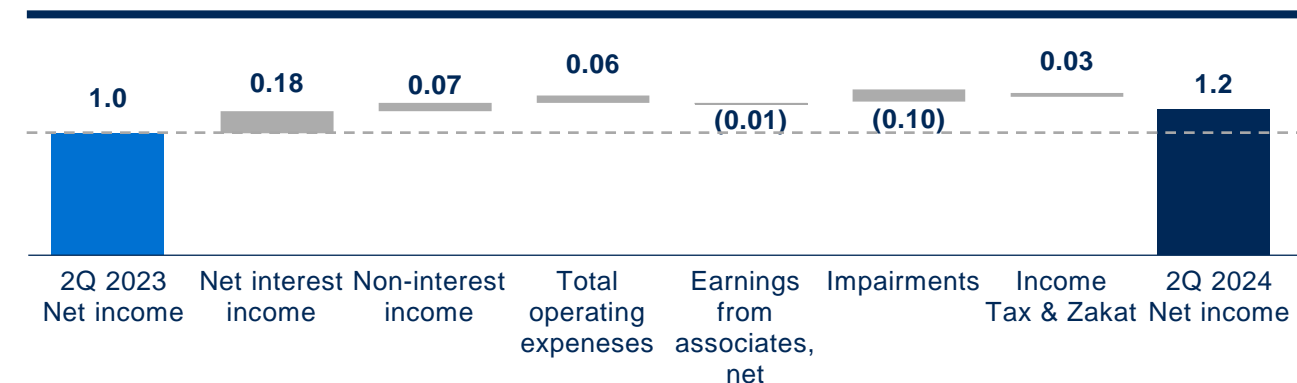
NSFR (%)



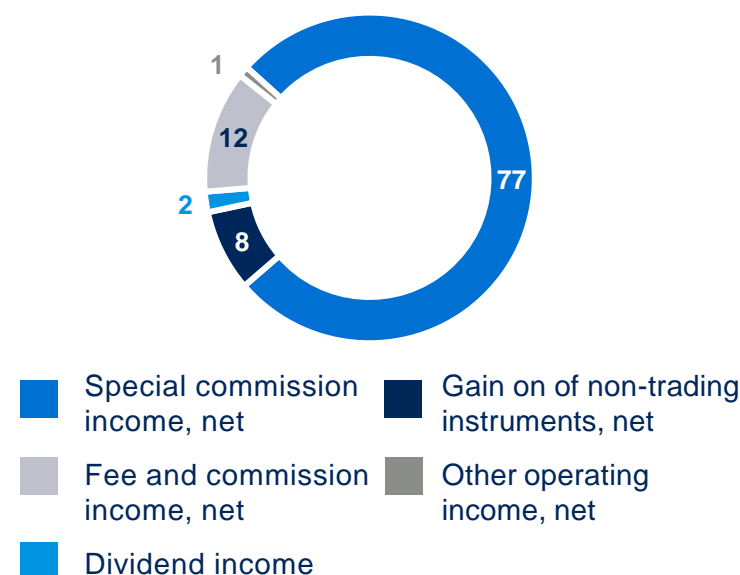
anb P&L overview: top-line YoY growth contributed to strong net profit

Consolidated Income Statement, SAR mln	YoY - three-months			YTD - six-months		
	Jun FY24	Jun FY23	YoY	Jun FY24	Jun FY23	YoY
Special commission income	3,554	3,072	15.7%	7,041	5,929	18.8%
Special commission expense	1,612	1,308	23.2%	3,171	2,401	32.1%
Net special commission income	1,942	1,764	10.1%	3,869	3,527	9.7%
Fee and commission income	482	397	21.4%	948	745	27.2%
Fee and commission expense	266	246	8.1%	528	474	11.4%
Fee and commission income, net	216	151	43.0%	420	271	55.0%
Exchange income, net	72	77	-6.5%	140	162	-13.6%
Gains/ (losses) on FVSI, net	5	22	-77.3%	24	13	84.6%
Other revenue	100	74	35.1%	192	295	-34.9%
Total operating income	2,335	2,088	11.8%	4,645	4,268	8.8%
Salaries and employee related expenses	414	367	12.8%	831	735	13.1%
Depreciation and amortisation	59	56	5.4%	122	112	8.9%
Other expenses	264	251	5.2%	514	486	5.8%
Operating expenses prior ECL	737	674	9.3%	1,467	1,333	10.1%
ECL charges, net	166	267	-37.8%	328	516	-36.4%
Impairment charge on other real estate	0	0	0.0%	0	50	-100.0%
Total operating expenses	903	941	-4%	1,795	1,899	-5.5%
Earnings from associates, net	7	16	-56.3%	6	26	-76.9%
Net Income before zakat and income tax	1,439	1,163	23.7%	2,856	2,395	19.2%
Zakat and income tax	208	176	18.2%	389	341	14.1%
Net income after zakat and tax	1,231	987	24.7%	2,467	2,054	20.1%
EPS	0.62	0.49	0.12	1.23	1.03	20.1%

Net income movements (SAR bln)



Operating income structure 2Q24 (%)



- YoY operating income growth was fueled by robust increase in special commission income and fee and commission income
- Increase of operating expenses is in line with the strategy to focus on building up recurrent revenues
- Improvement of loan portfolio quality led to a significant reduction of ECL provisions

anb P&L overview: OPEX rose by 10.1% YoY, in line with NII growth for the same period

Cost to income

31.58%

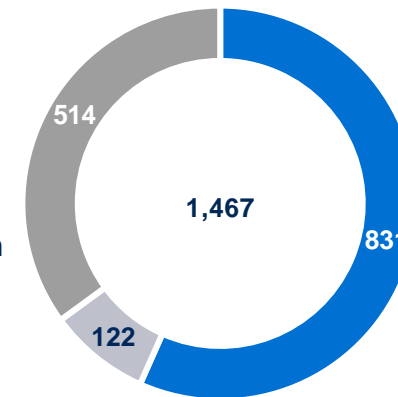
0.35 % YoY

- **anb** maintains healthy cost to income levels with 35 bps increase YoY driven by investments in infrastructure development, technological improvements and digitalization

Operating expenses for 1H24 breakdown

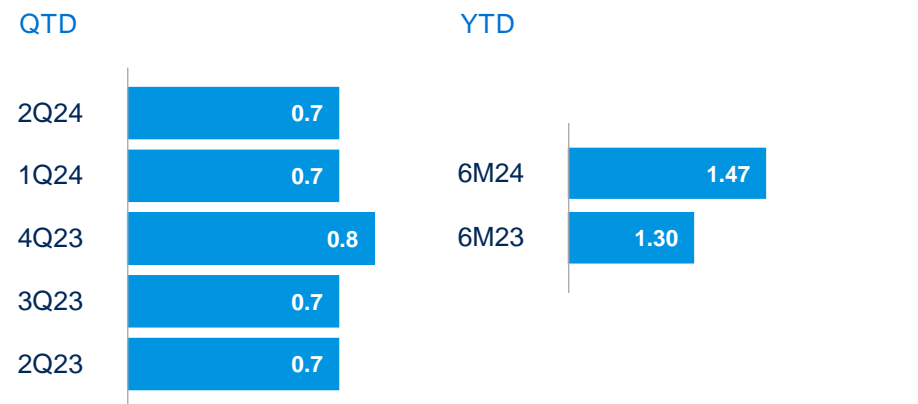
(SAR mln)

- Salaries and employee related expenses
- Depreciation and amortisation
- Other expense

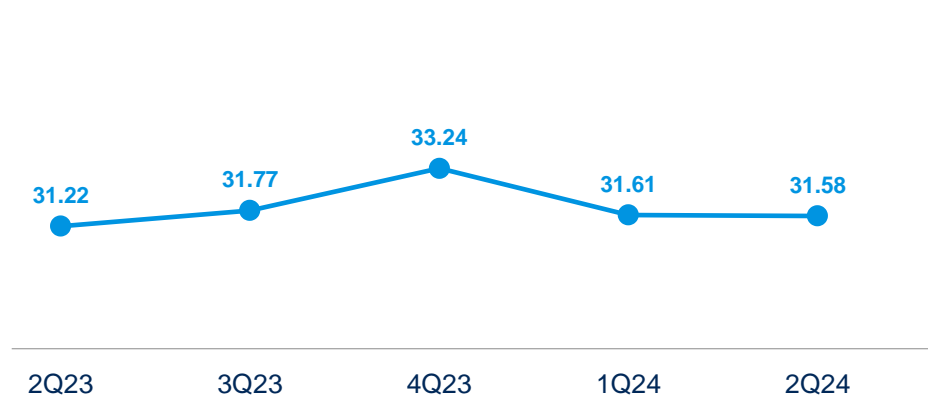


- OPEX prior ECL rose from 1,333 to 1,467 SAR mln which makes a 10.1% YoY increase
- Salaries and employee related expenses climbed 13.1%
- Other expenses rose 5.8% while depreciation and amortization increased 8.9%

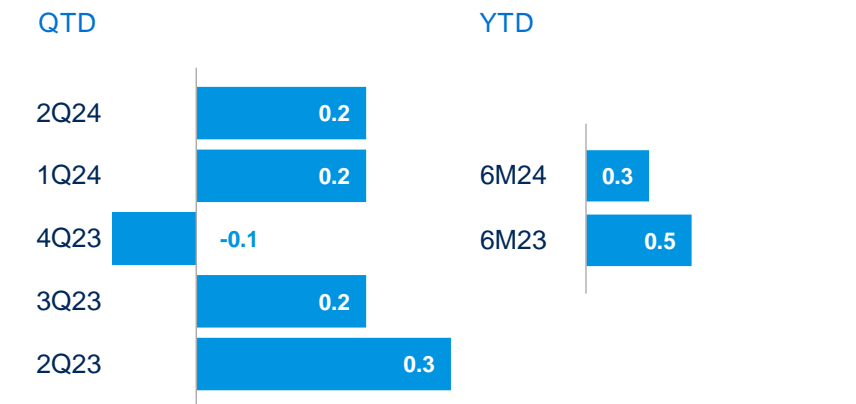
OPEX before impairment (SAR bln)



Cost to income (%)

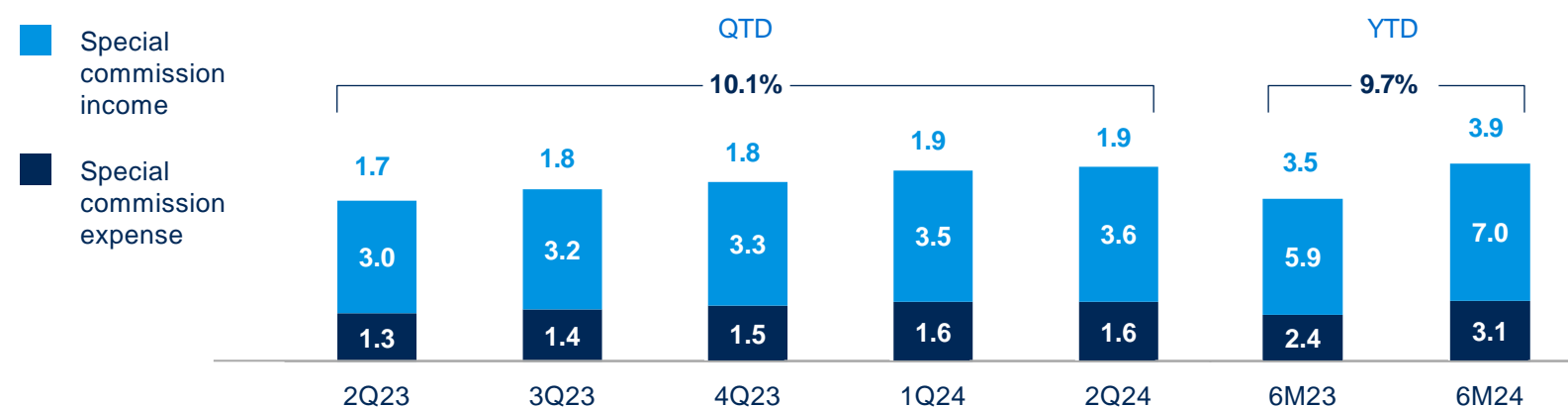


Impairment charge for ECL (SAR bln)



anb P&L overview: continued increase in yields, driven by rising benchmark rates, fueled net interest income

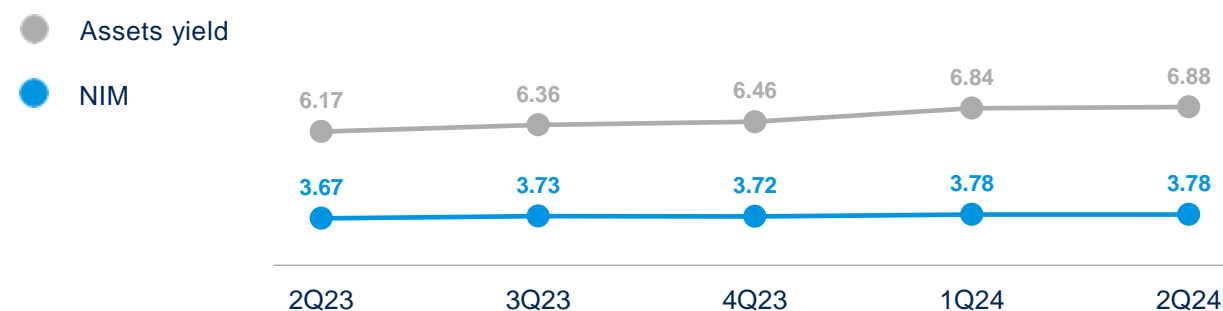
Special commission income, net (SAR bln)



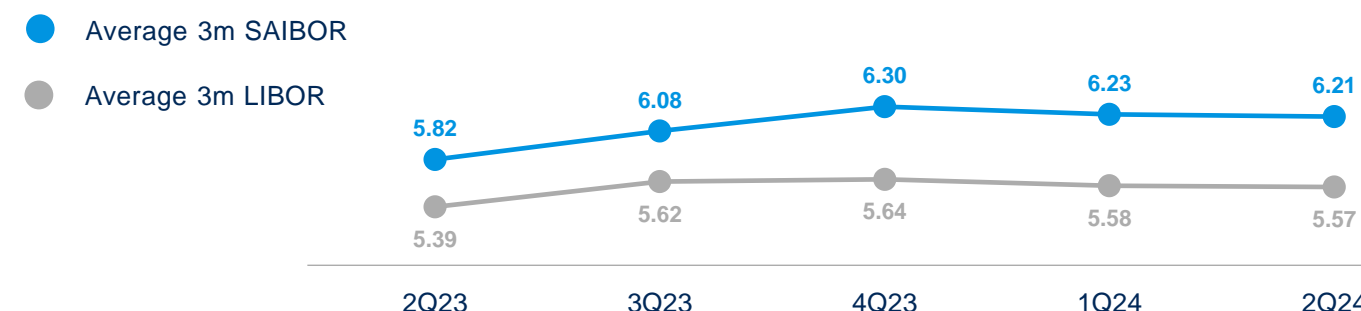
NIM
3.78%
11 bps YoY

- The growth in NIM was driven by solid loan book and healthy customer deposits mix (demand deposits increased by 10.9 bln while time deposits slightly increased by 4.9 bln)

NIM and assets yield (%)

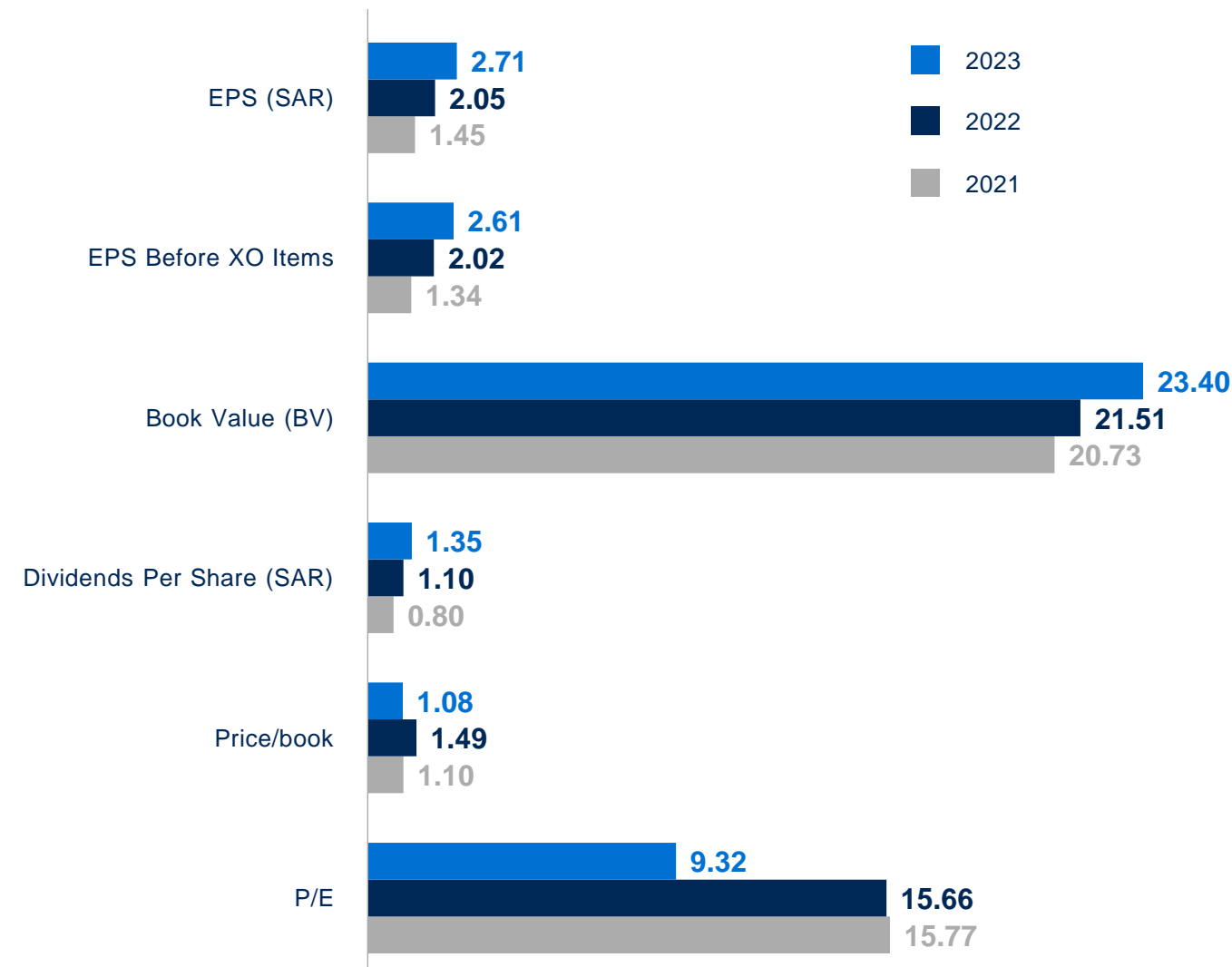


Market benchmarks (%)



anb returns value to shareholders, while its capital remains strong

Per share data



Aggregate return

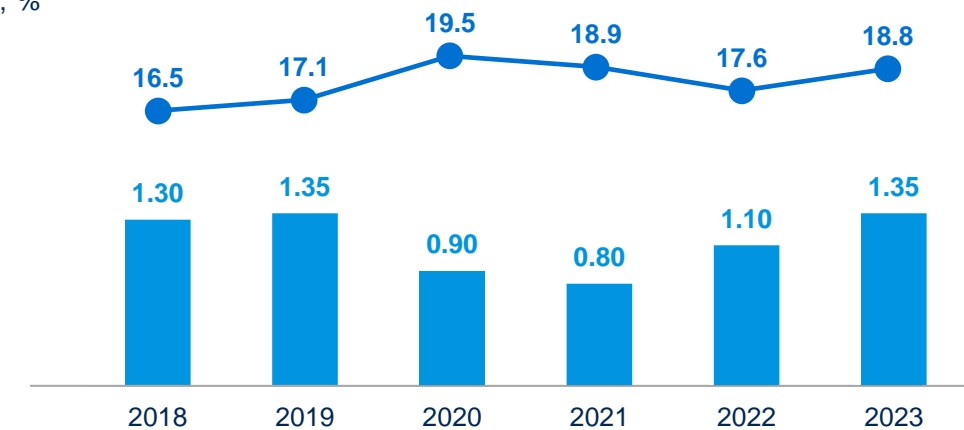
ca. 6.8
(SAR/share)

- anb increased its capital to secure strong capital adequacy essential for future expansion
- Prioritizing returns to our shareholders through dividends distribution

Capital return

■ Common dividends, SAR/sh

● CET1 ratio, %





Guidance

Guidance: on track with 2024 financial guidance

Metric	Q2'24	YoY	Q2'23	FY'24
Loans & advances, net	161.6	8.6%	148.9	Mid Teens
NIM	3.78%	+11 bps	3.67%	-5 to 5 bps
Cost to income	31.58%	+35 bps	31.22%	Below 32%
ROAE	13.85%	1.41%	12.44%	Above 13%
Cost of risk	0.22%	-36 bps	0.59%	50 – 60 bps
CET1 ratio	17.27%	-1.71%	18.97%	Above 19%



Corporate Governance & ESG

anb management team has a proven track record of banking experience



**Obaid
Alrasheed**

Managing Director &
Chief Executive Officer



**Saad
Aldughish**

Chief
Financial Officer



**Kamal
Khodr**

Head of
Risk Management



**Zeyad
Abanmay**

Head of
Treasury Group



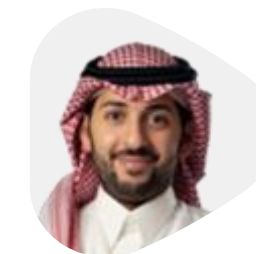
**Aiedh
Alzahrani**

Chief Operating
Officer



**Louai
Alzاهر**

Head of Wholesale
Banking Group



**Khaled
Alrashed**

Head of
Retail Banking



**Bader
Alotaibi**

Head of Human
Resources Group



**Abdulrahman
Ahmed**

Chief Strategy
Transformation Officer



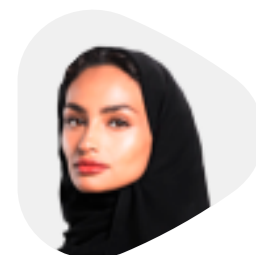
**Waleed
Alomary**

Chief
Internal Auditor



**Zuhair
Alherbish**

Head of
Legal Affairs Division



**Lama
E. Alessa**

Acting Head of
Marketing



**Abdulaziz
S. Alomran**

Chief
Credit Officer



**Waleed
Alkhulayfi**

Chief
Compliance Officer

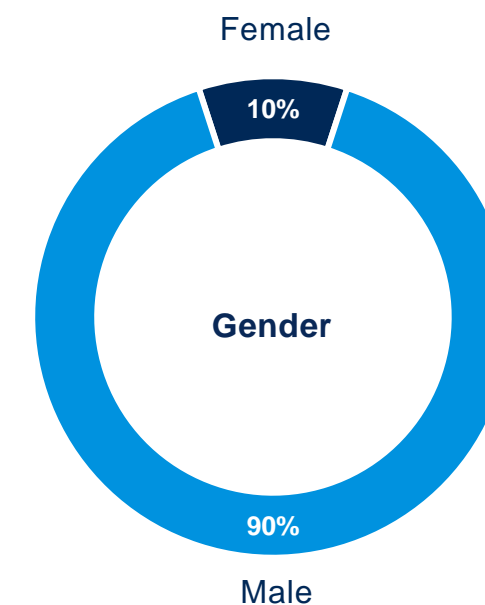
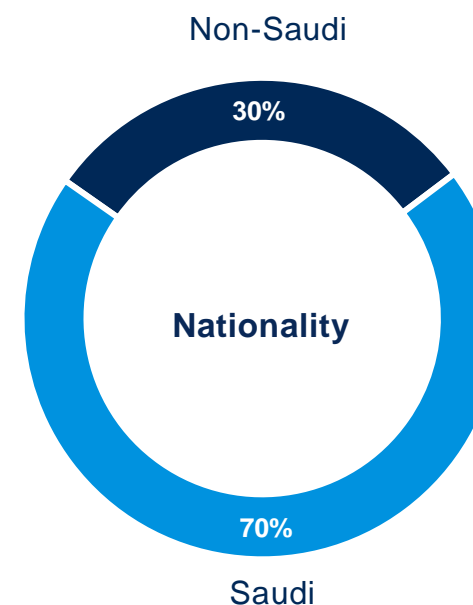
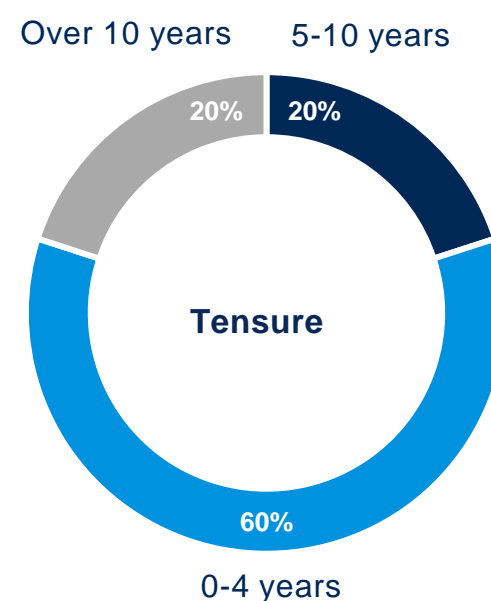
BoD comprised of 10 members, including 4 independent directors

Independent directors

- Mr. Abdulmohsen Ibrahim Al-Touq Deputy Chairman
- Dr. Mohammed Faraj Alkanani Al-Zahrani
- Mr. Thamer Mesfer Al-Wadai
- Mr. Osama Khalid Alatiki

Non-independent directors

- Mr. Salah Rashid Alrasheed Chairman (Non-executive)
- Mr. Obaid Abdullah Alrasheed Managing Director (Executive)
- Mr. Hesham Abdullatif Al-Jabr
- Mr. Naim Rassem Al-Hussaini
- Ms. Randa Muhammad Al-Sadiq
- Mr. Mohammad Abdelfattah Alghanamah



Shareholder structure (%)






- Arab Bank PLC
- AL JABR Investment

- Rashed Abdurrahman Al-Arashed & Sons Co
- Free float

Overview of Key ESG achievements and initiatives



Environmental

-  Treasury **investments in green bonds** worth **150MIn USD**
-  Bookrunner on **PIF's green bond issue** worth **11.35BIn SAR** (~3BIn USD)
-  **Fully digitalized** personal **loan application** and 83% digitalized individual account opening processes



Program partner to Wave, a national initiative dedicated to **ocean regeneration**



Green initiatives to make **efficient premises**, such as solar panel installation, box recycling, and green space expansion



Social

-  Leading SME bank to **support Vision 2030 programs**, such as Monshaat, Kafalah, REDF¹, SME bank²
 - **Best partner award** (Monshaat portal, 2022)
 - **Best bank award** for supporting female entrepreneurs (Kafalah, 2022)
 - Recognition as **prominent SME financing bank** in the Kafalah program (SME bank, 2023)
-  Partnership with REDF to **support housing for low-income segments**; total home loans worth 1.6 BIn SAR given to 3,000+ customers in 2023



Partnership with SDB3 to develop products to **improve saving habits of consumers**)



Higher auto lease and personal loan disbursements to **support female financial independence**




Female workforce participation rate **increased to 23%** from 13%; **Saudization** stands at **96%**



CSR spend of **6 MIn+ SAR** on **education, healthcare**, and other **philanthropic initiatives** in 2022



Governance

-  **Financial/ compliance/ legal frameworks and ISO⁶ certifications:**
 - Anti-corruption and fraud framework
 - Data privacy framework
 - Financial crime and Anti-money laundering framework
 - Information, cybersecurity and privacy protection standard
 - Customer satisfaction standards (quality management)



Regulatory adherence to SAMA⁴, CMA⁵ and international bank governance policies



Establishment of ESG Management committee, with defined stakeholders and meeting cadence



Collaboration with regulatory **ESG Advisory Committee** and its four workstreams

 Activities ongoing in business lines (wholesale, retail, treasury and capital)



Activities ongoing in support lines (HR, CSR, premises and governance)

anb is completing the first phase of its ESG ambition-setting journey, and will develop a comprehensive strategy and KPIs by end of 2024

Build ESG foundations



- Establish the anb's ESG vision and ambition
- Reflect on learnings from global best practices and stakeholder expectations
- Assess internal readiness for ESG and develop required training materials
- Discuss KPIs and KPTs for tracking the target ESG vision
- Review risks and mitigation opportunities, leveraging best practices
- Align with regulatory and national initiatives

Design a comprehensive ESG strategy



- Develop key strategic pillars of ESG-centric value proposition
- Develop a Sustainable Finance Framework in line with the bank's strategic goals and regulations
- Build in-depth strategic ESG initiatives, KPIs/ KPTs
- Design a target operating model for effective ESG strategy execution
- Document the implementation roadmap, indicating initiatives sequence and dependencies
- Sustain collaboration with regulators and key stakeholders

Lead the ESG implementation



- Prepare and publish the ESG/ sustainability report
- Design a portfolio of ESG products in line with the target vision
- Steer the implementation of ESG initiatives and circumvent challenges
- Launch an ESG change management program and foster an ESG-focused culture
- Run non-deal roadshows, elevating the bank's ESG brand among stakeholders
- Ensure ESG-focused regulatory alignment

Please contact the Investor Relations team for additional information or download anb's IR App

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Email: Invest@anb.com.sa

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