



2Q'24

Earnings Presentation

ان

arab national bank البنك العربي الوطني

August 2024

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anb Overview

Solid market position: leading Saudi bank pioneering tech driven future of the banking 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

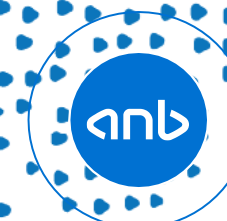
➤ **40.5 bln***
Market capitalization

➤ **13.6%***
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



*As of June 30, 2024

Effective implementation of strategy: the highest diversification, one of the top ranked profitability

- Well-diversified business model allows to offer holistic customer solutions and generate resilient revenues with best-in-class efficiency
- Maintained robust fundamentals underpinned by resilient asset quality, strong 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)

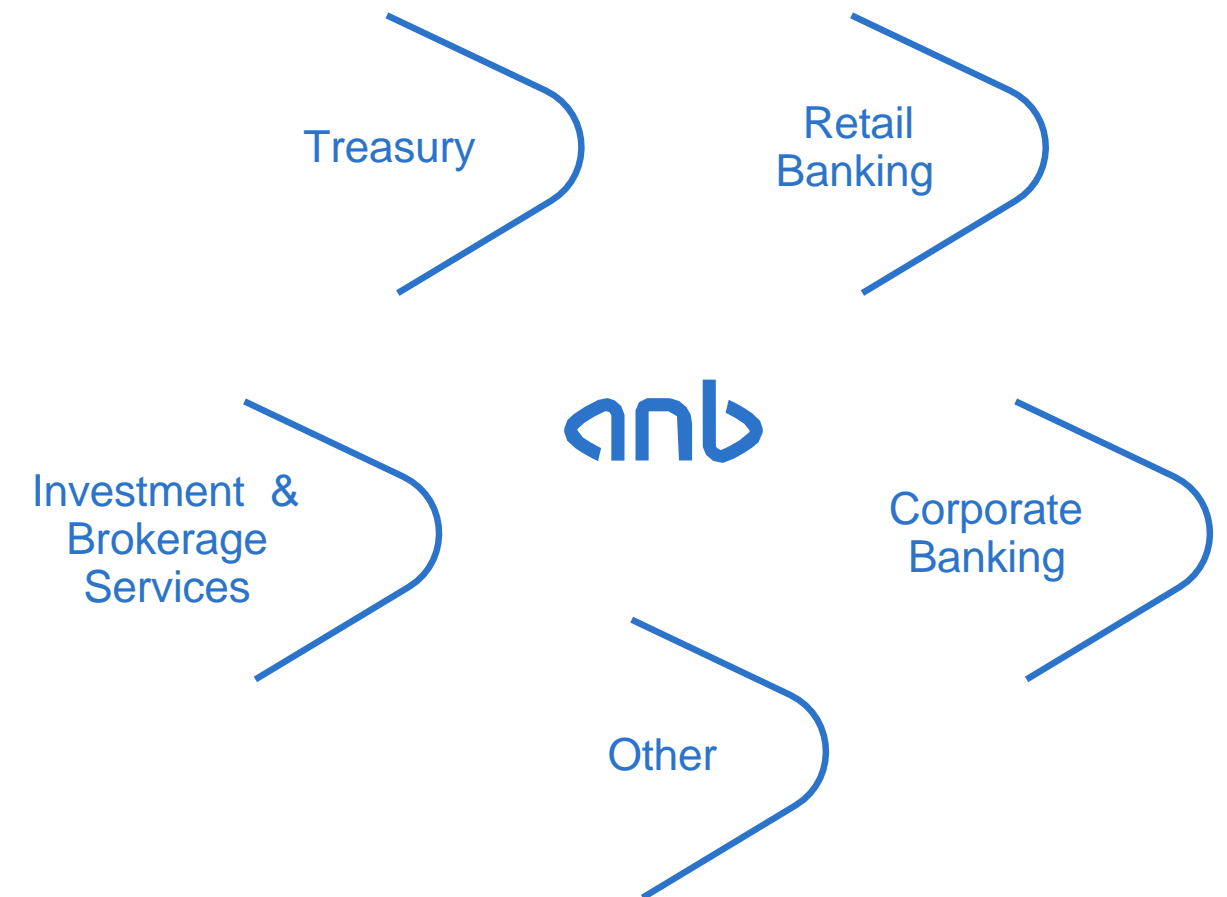
Cost to income

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



■ Retail ■ Corporate ■ Treasury ■ Investment & Brokerage Services ■ Other

Operating segments





2Q'24 Financial Highlights

2Q'24 highlights: improvement across key metrics

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

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 which represent 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 2Q2024 stood at **-36 bps**
- ROAE amounted to **13.9%**, compared to **14.07%** for 1Q2024
- NPL ratio **-0.82% YoY**

Capital & liquidity

- CAR reduced by **-2.19% YoY**
- CET1 is down to **17.3%** (vs **17.9%** in Q1'24)
- LCR decreased YoY by **17%**

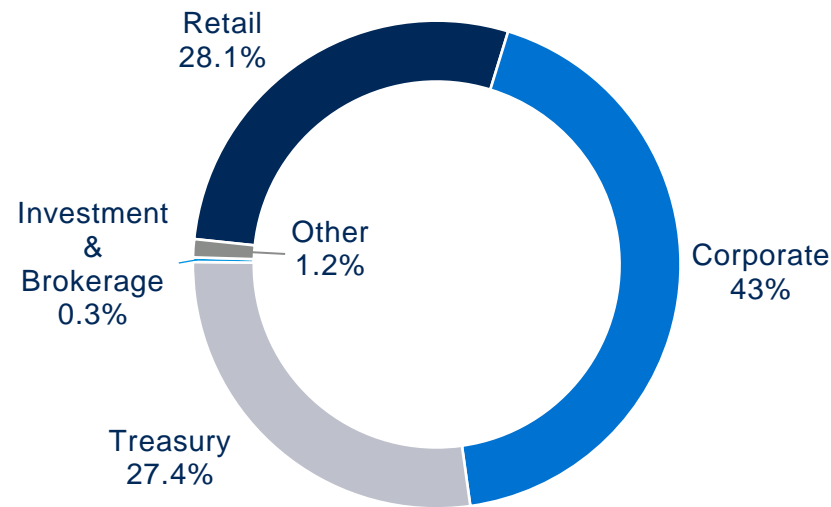


Business & Strategy Overview

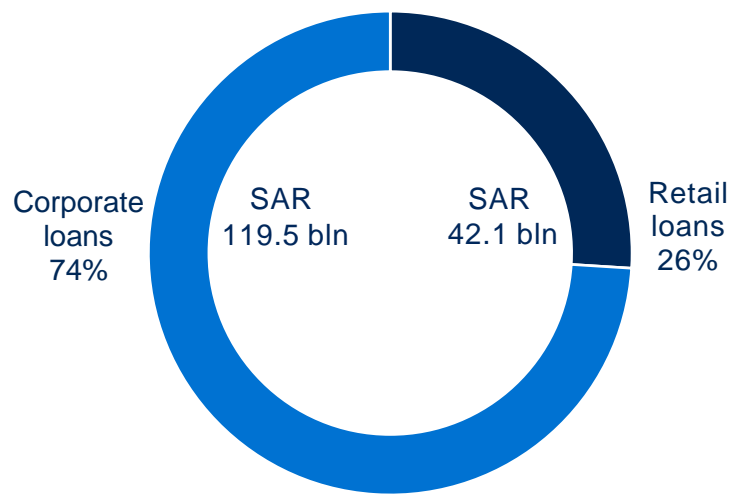
anb business today: a strong foundation to improve future financial performance

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%

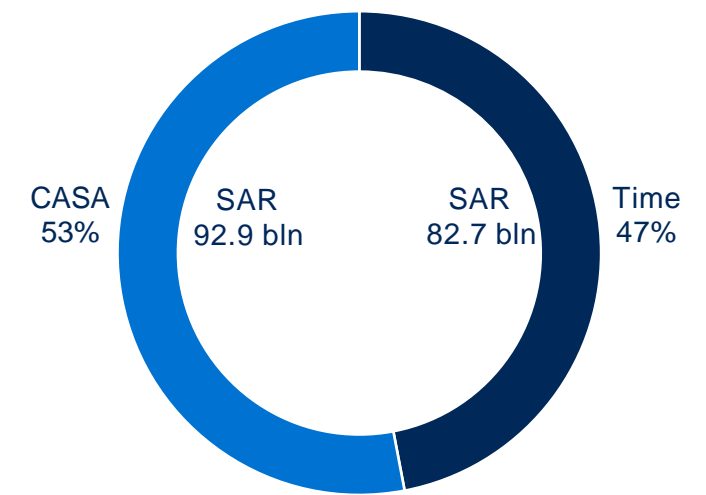
Assets breakdown



Loans



Deposits



Leading banking franchise

Supporting customer loan growth

Strong core deposit base

The anb 5Y Strategy House



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

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% ▲

New customer acquisition

34% ▲

Personal financing

44% ▲

Digital transaction

20% ▲

Product digital fulfillment

Auto lease

100%

Retail deposits

69%

Credit card activation

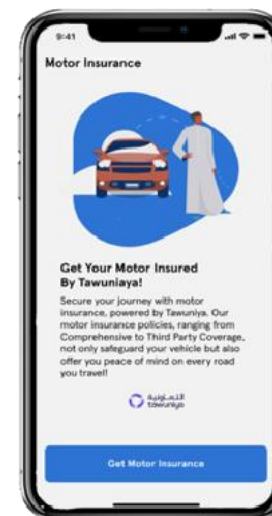
90%

Personal loan

35%

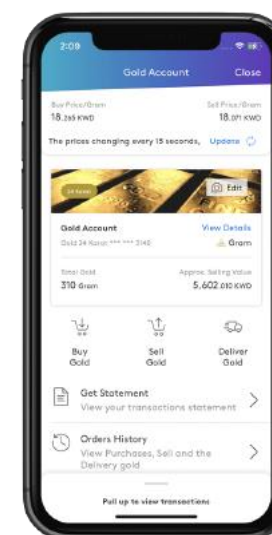
Motor insurance

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.



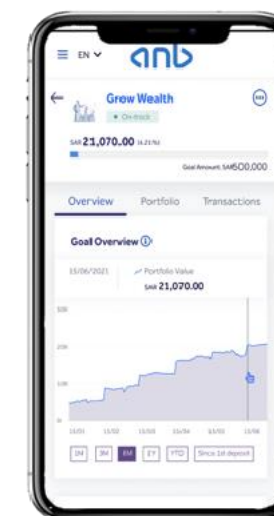
Gold wallet

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.



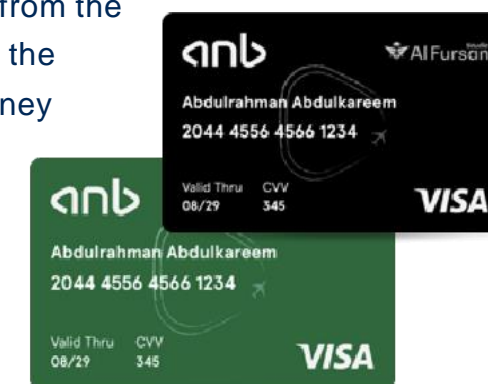
Robo advisory

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.



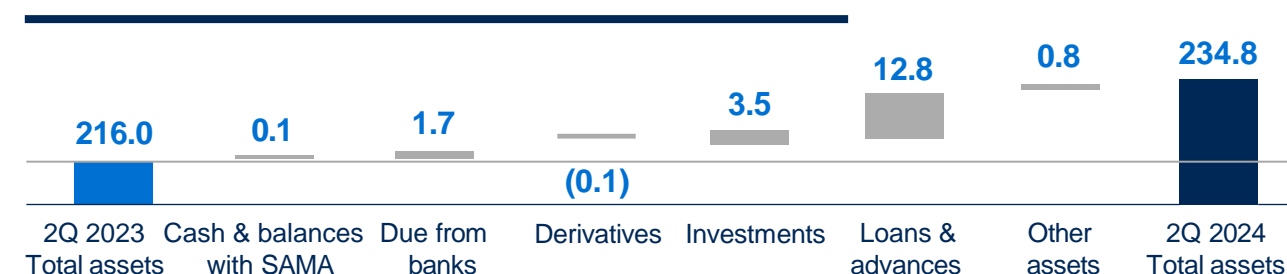


Financial Performance

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

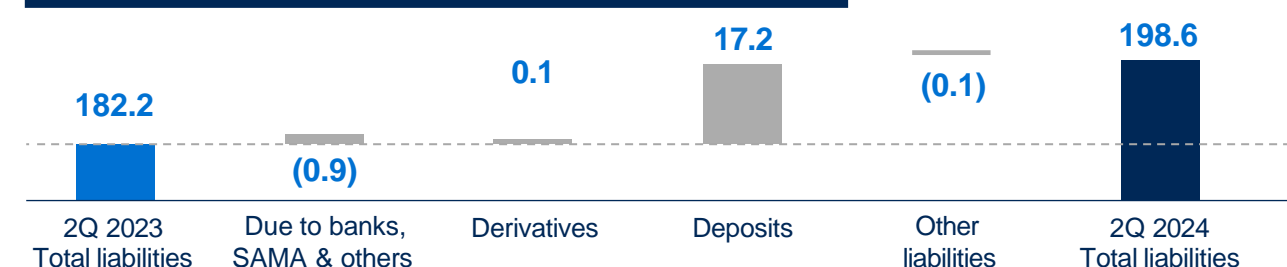
Consolidated Balance Sheet, SAR mln	YTD			YoY	
	Jun FY24	Dec FY23	Diff %	Jun FY23	Diff %
Cash and balances with SAMA	11,302	10,892	3.8%	11,190	1.0%
Due from banks and other financial institutions	3,608	2,478	45.6%	1,896	90.3%
Positive fair value of derivatives	2,460	1,802	36.5%	2,546	-3.4%
Investments	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 bn, YoY growth of 8.7%

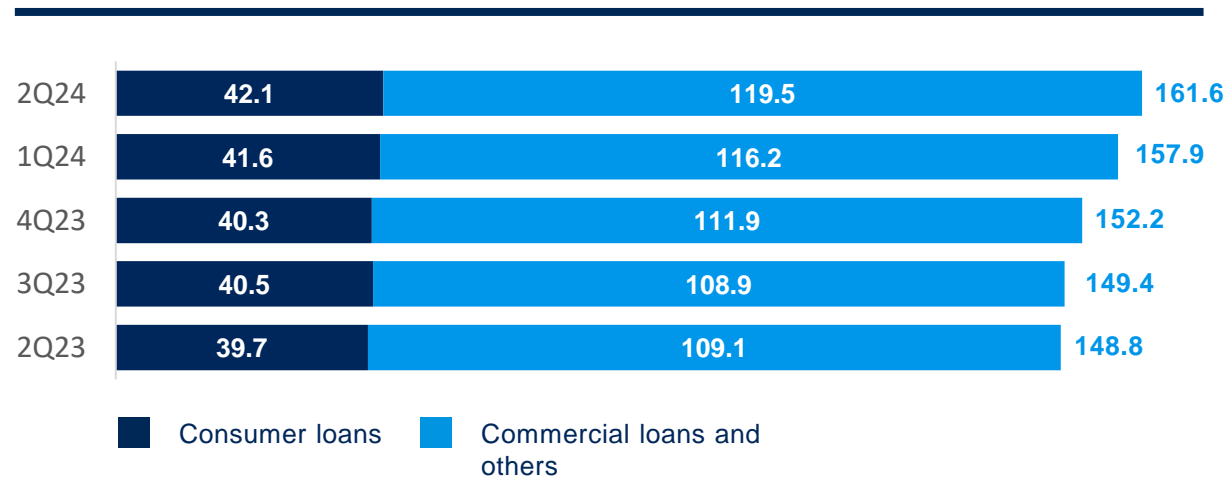
Total liabilities movements (SAR bln)



- 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

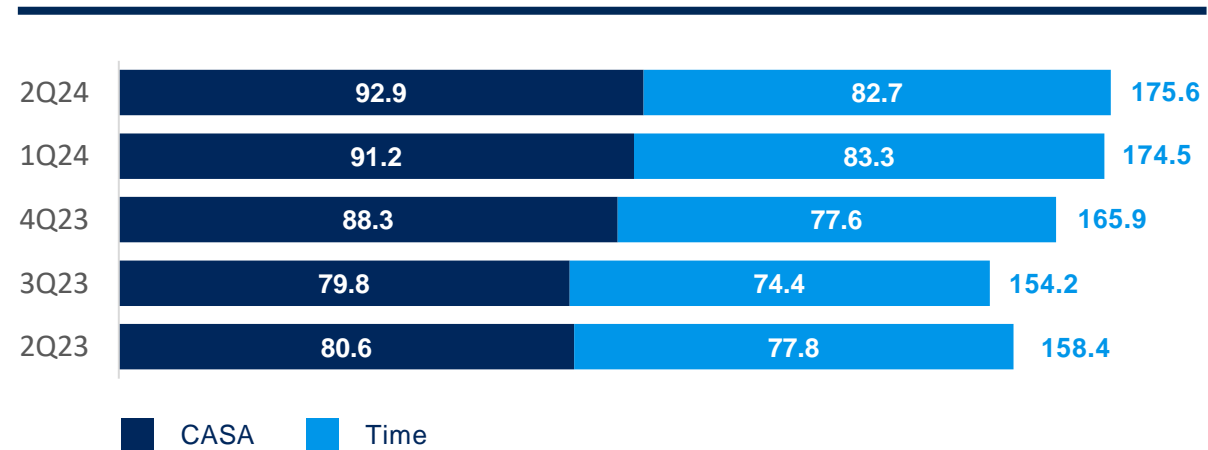
- Loans and advances portfolio increased by 8.6% YoY
- Corporate lending showed a robust growth of 9.8% YoY
- Retail portfolio expanded by 5.3% with auto lease segment showing a strong increase of 121% YoY

Loans breakup as of 2Q24 (%)



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

Customer deposits (SAR bln)



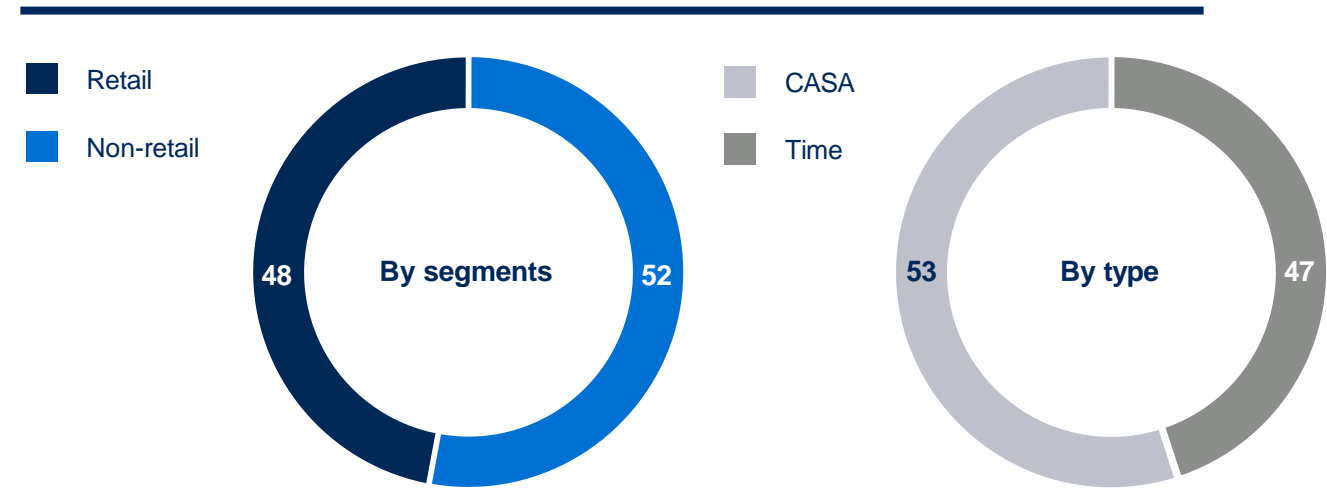
175.6

SAR bln

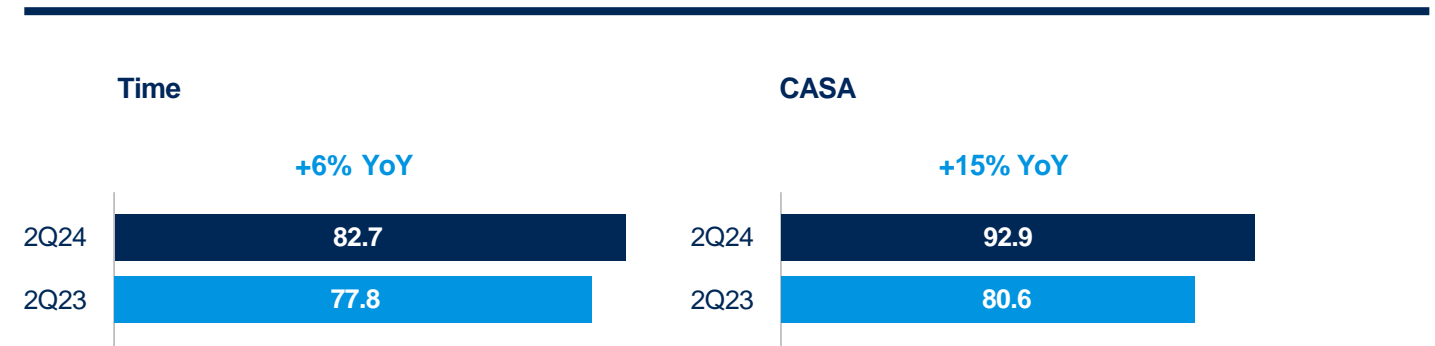
+11% YoY

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

Deposits breakdown as of 2Q24 (%)

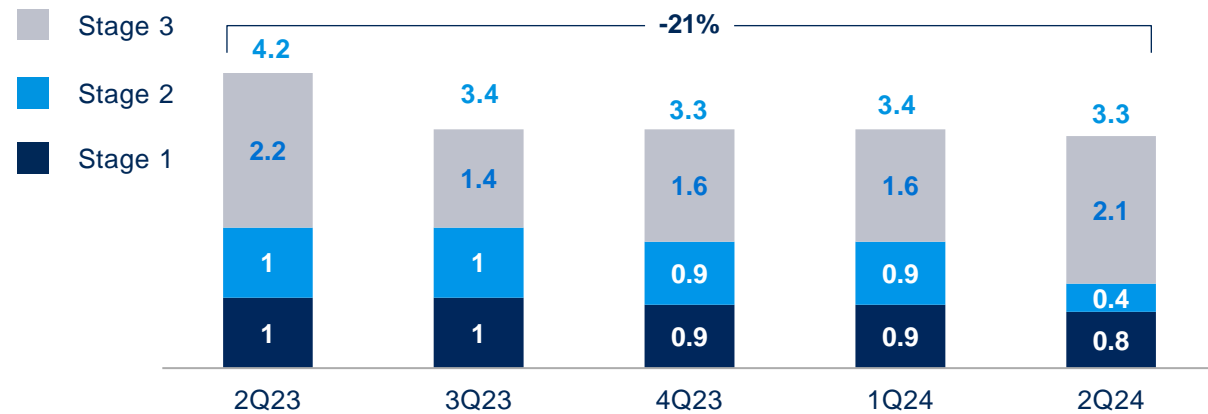


Deposits dynamics (SAR bln)

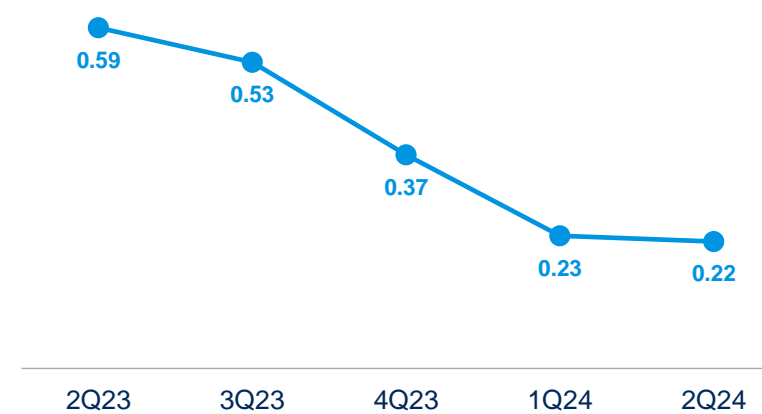


anb balance sheet overview: NPL Coverage

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

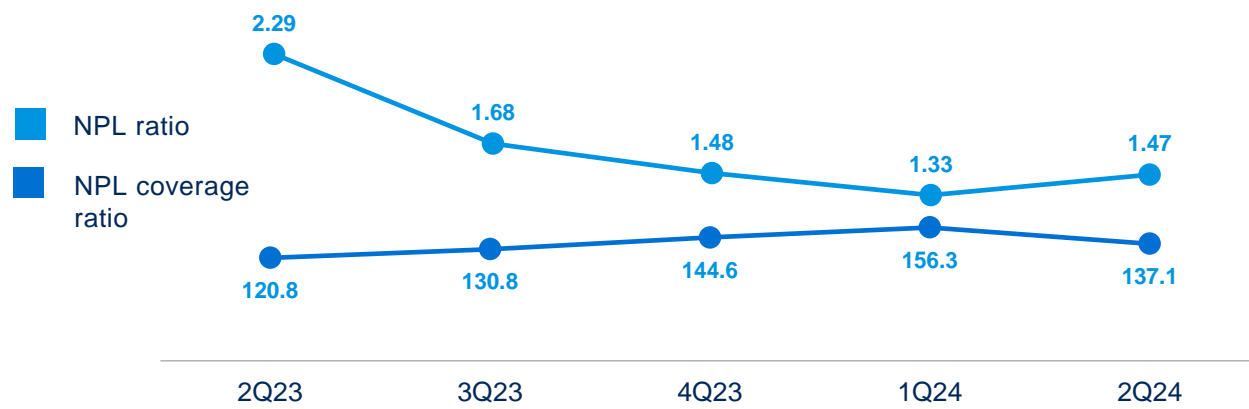


Cost of risk (%)

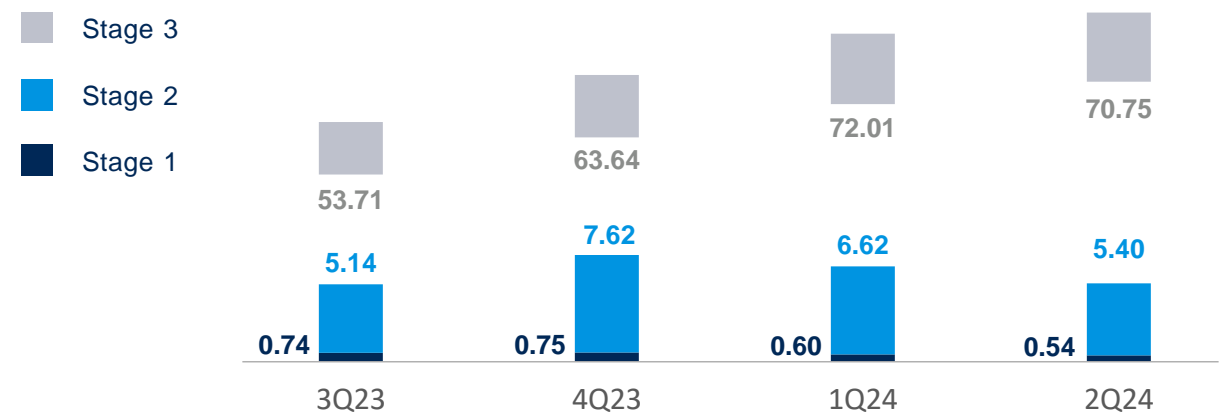


- Gradual improvement of newly extended loans quality resulted in decrease of ECL volumes alongside with a CoR ratio

NPL coverage ratio and NPL ratio (%)



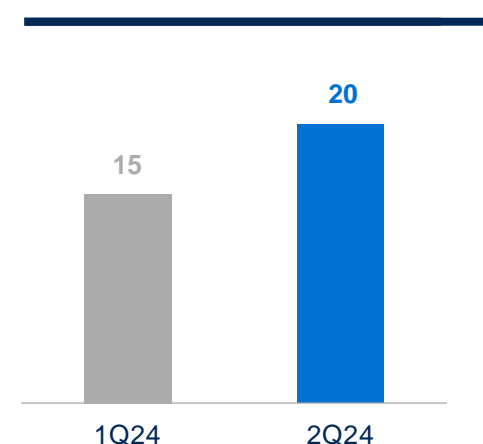
Stage-wise coverage (%)



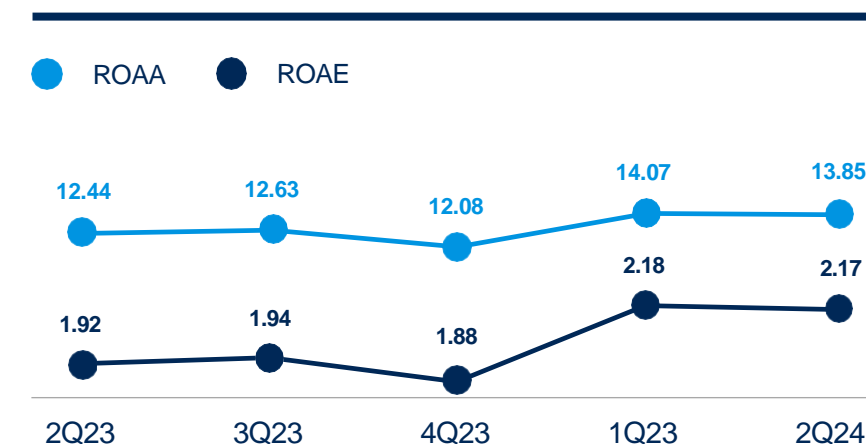
anb capitalization: adequate capitalization and operating above SAMA mandated targets

- 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

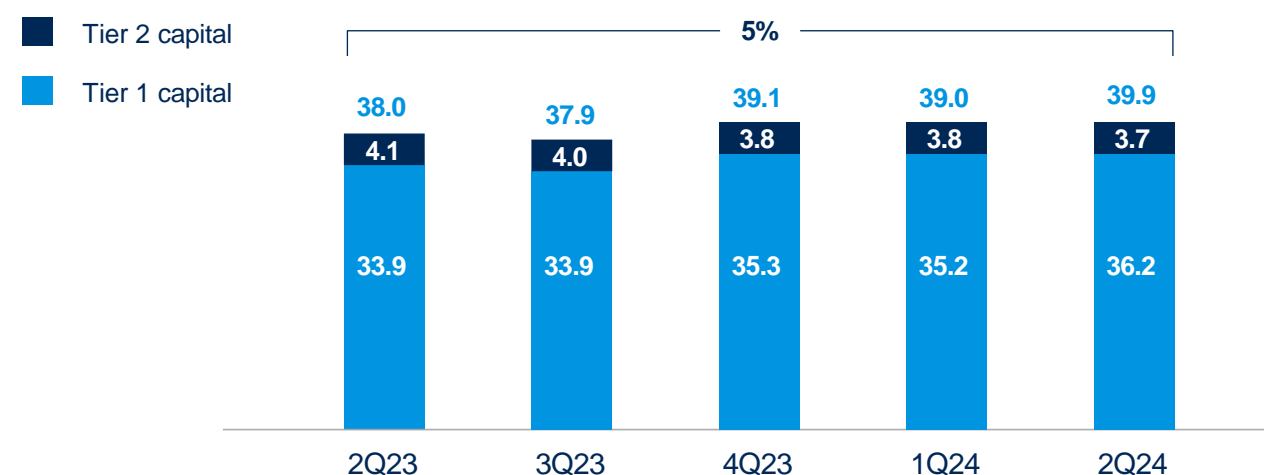
Share capital (SAR bln)



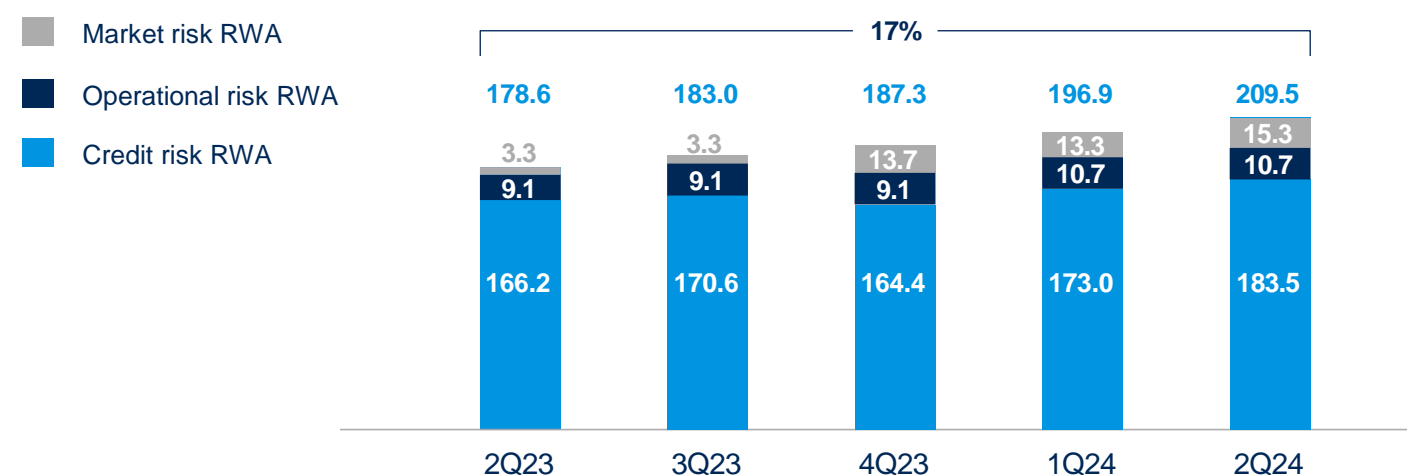
ROAE & ROAA (%)



Tier I & Tier II capital (SAR bln)

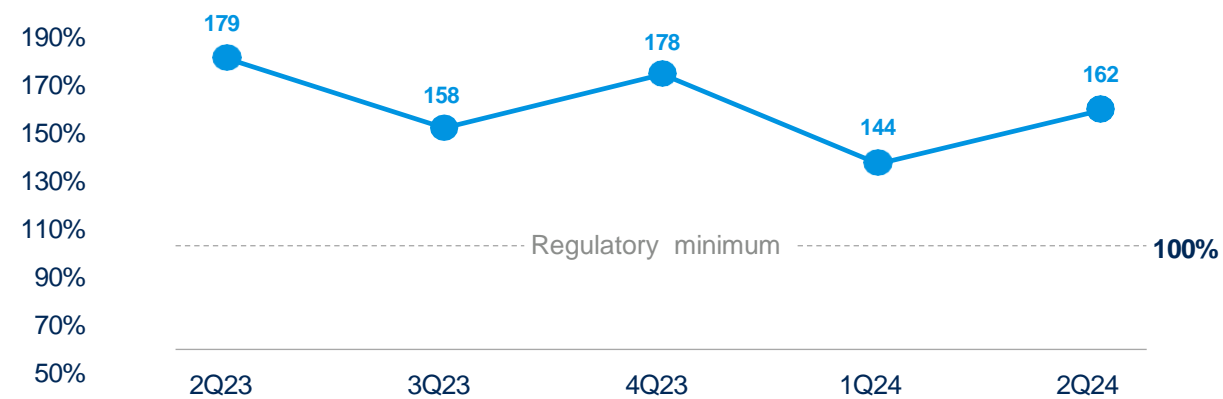


Risk weighted assets (SAR bln)



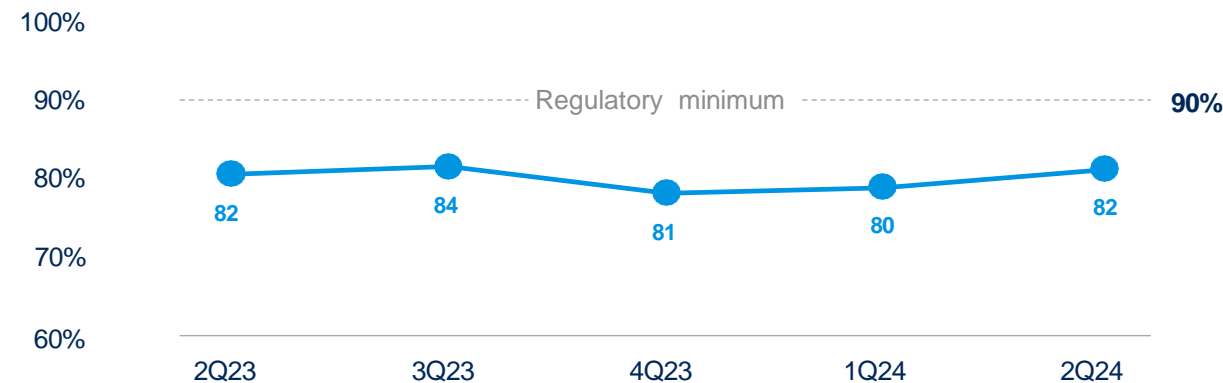
anb liquidity: liquidity ratios are well ahead of regulatory requirements set by SAMA

LCR (%)

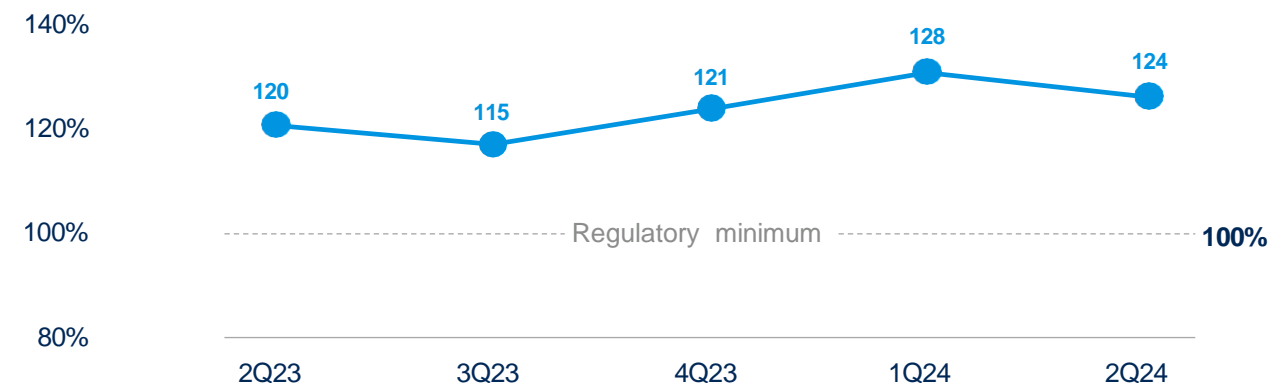


- LCR strengthened to 162% (up from 144% in 1Q'24)
- LDR of 82% which demonstrate a healthy liquidity
- Continue to deploy liquidity in a prudent manner

LDR (%)



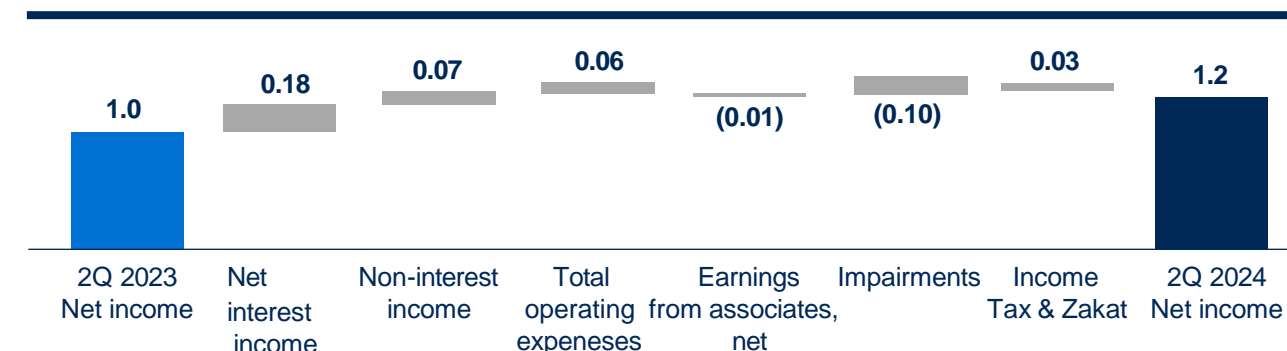
NSFR (%)



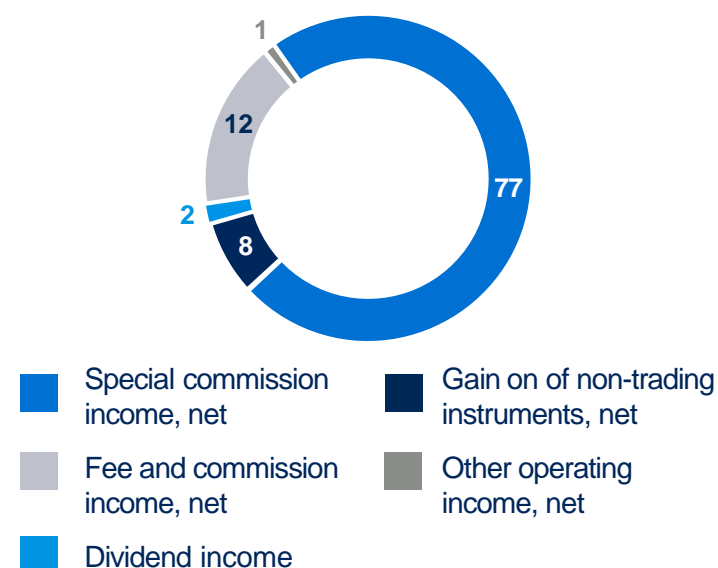
anb P&L overview: top-line YoY growth contributed to strong net profit

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%

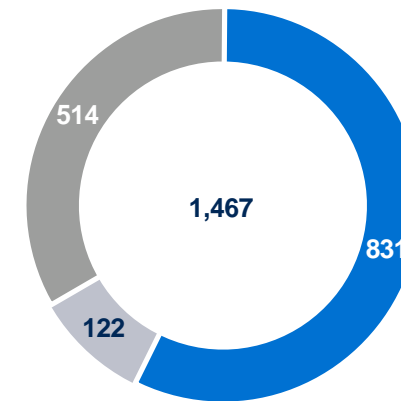
0.35 % YoY

- **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

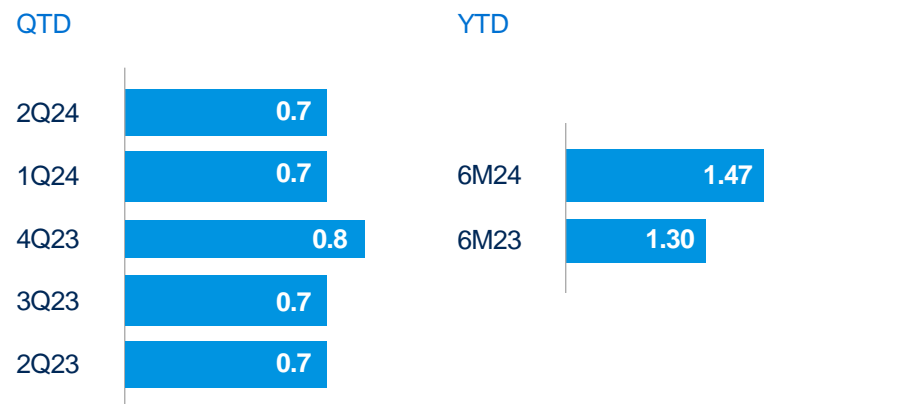
(SAR mil)

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

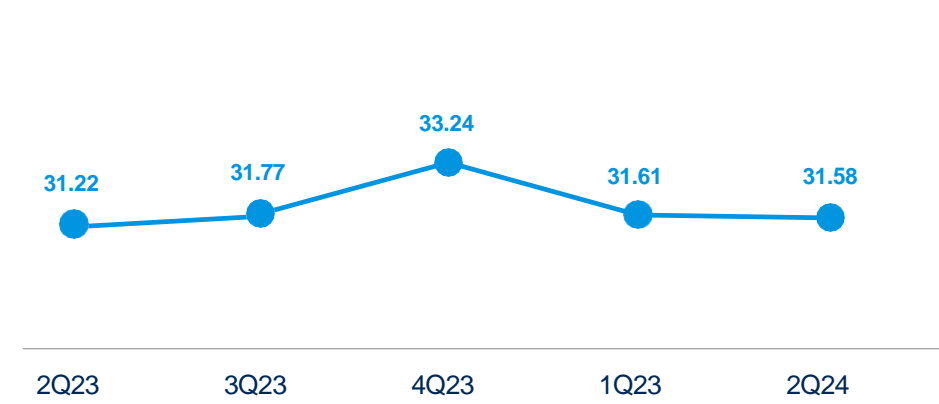


- OPEX prior ECL rose from 1,333 to 1,467 SAR mln which makes a 10.1% YoY increase
- Salaries and employee related expenses climbed 13.1%
- Other expenses rose 5.8% while depreciation and amortization increased 8.9%

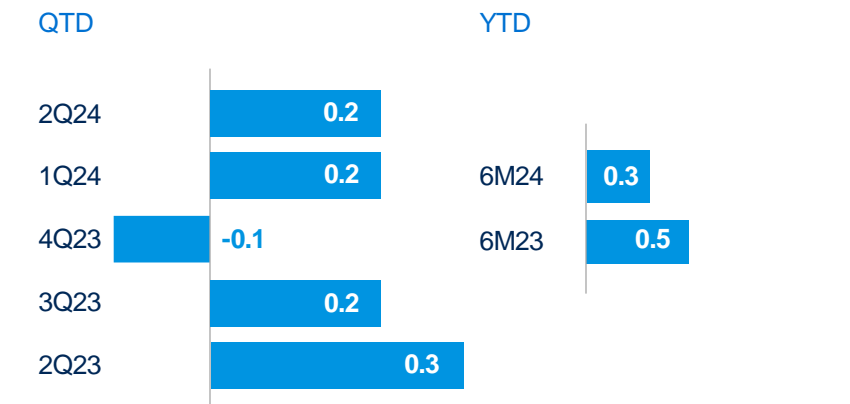
OPEX before impairment (SAR bln)



Cost to income (%)

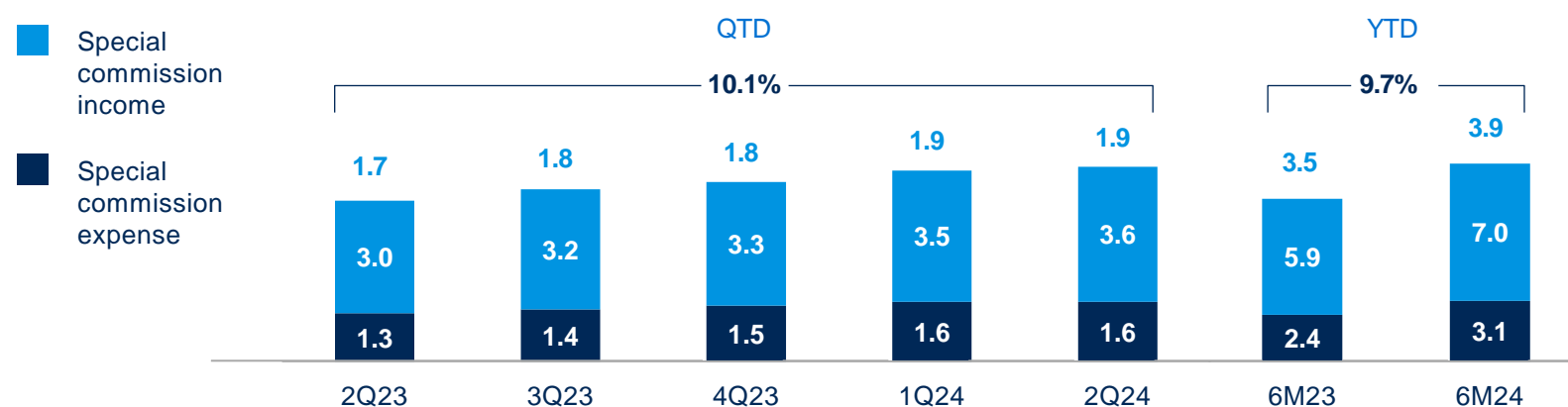


Impairment charge for ECL (SAR bln)



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

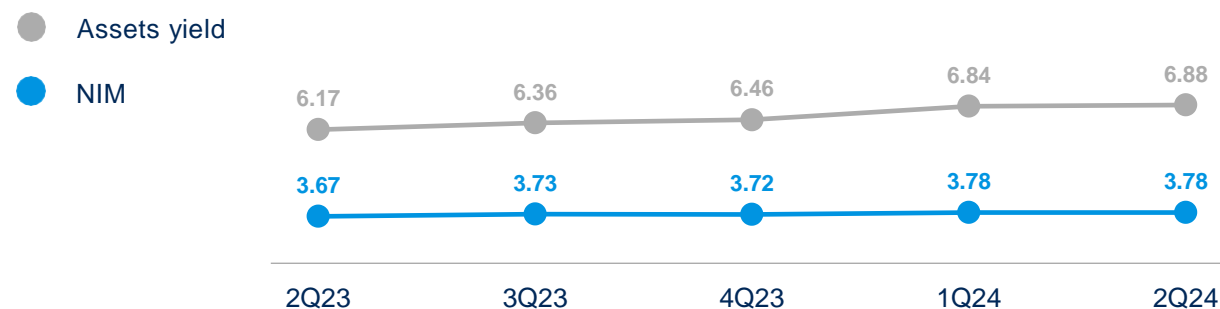
Special commission income, net (SAR bln)



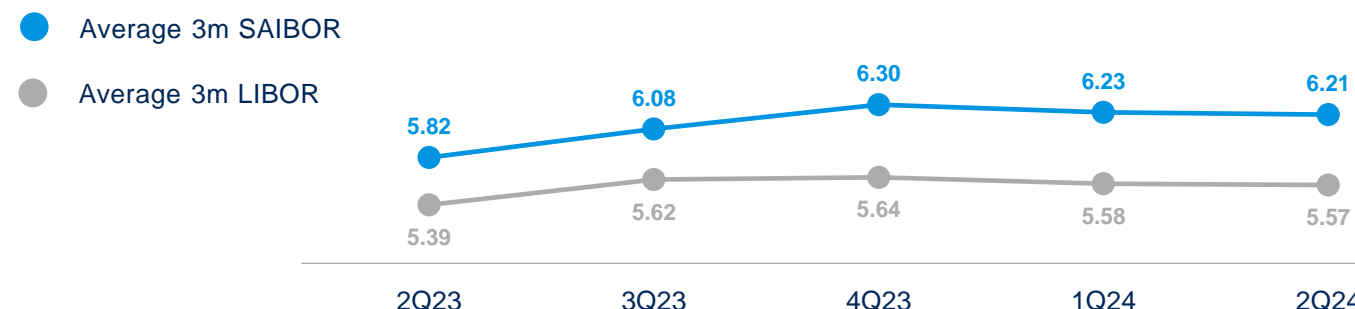
NIM
3.78%
11 bps YoY

- 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 (%)

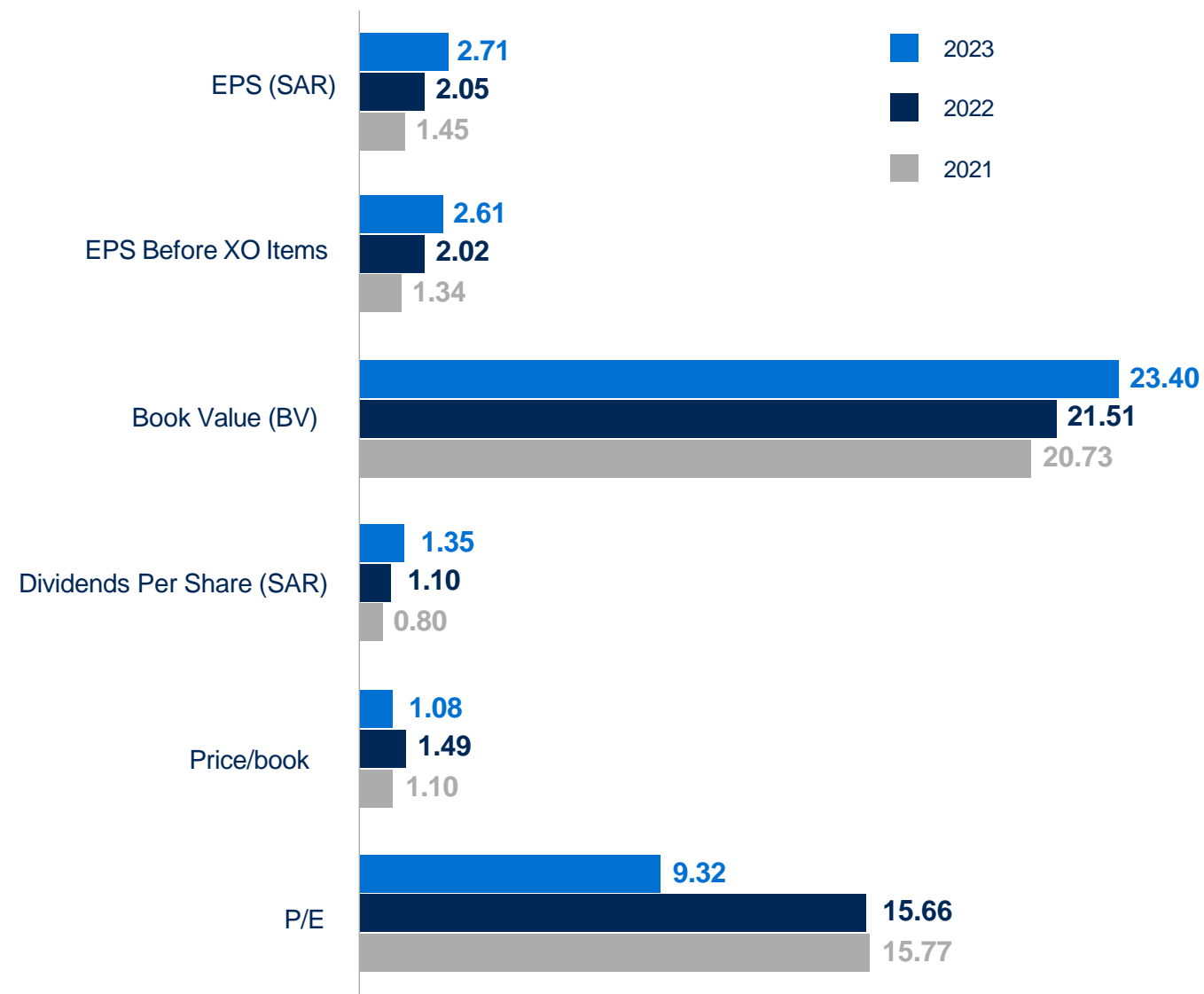


Market benchmarks (%)



anb returns value to shareholders, while its capital remains strong

Per share data



Aggregate return

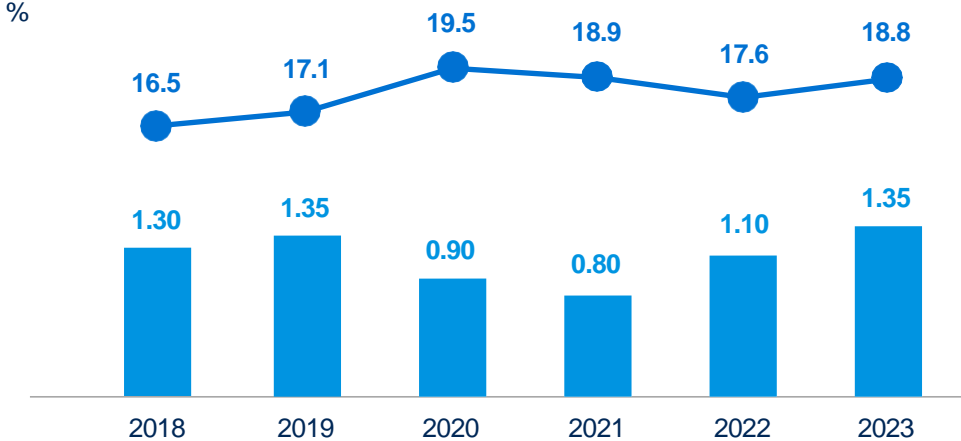
ca. 6.8
(SAR/share)

- 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, %





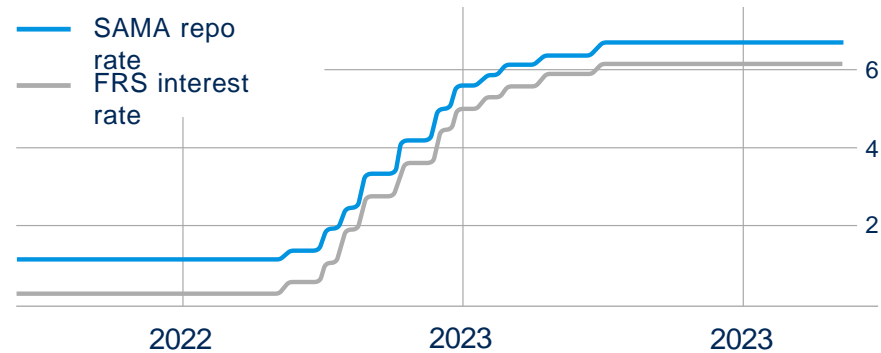
Operating Environment and Guidance

Operating Backdrop: robust KSA economy underpins solid banking sector

SAMA & FRS rates

Source: www.global-rates.com

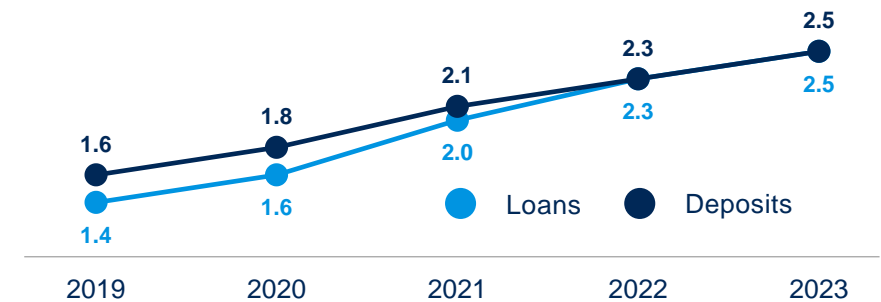
The Saudi Central Bank synchronizes its repo rate with the US Federal funds rate which makes macro-economical environment in the country stable and predictable.



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

Source: Bloomberg

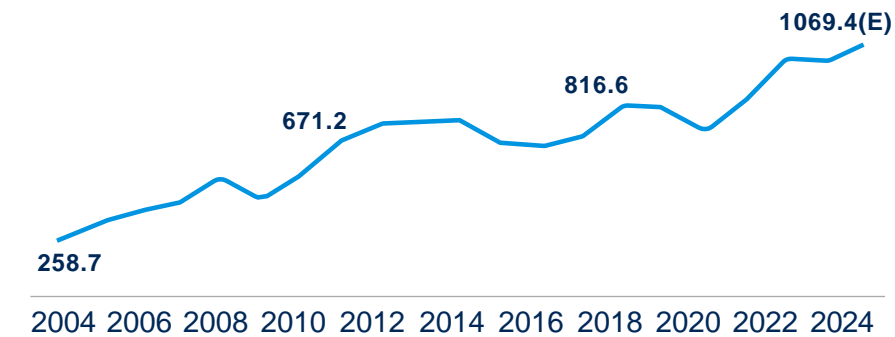
KSA banks' total deposits reached SAR 2.5 tn in 2023, marking a 10.2% increase from 2022. It enables banks to fuel growing economy with abundant lending. Top-10 biggest banks account for more than 80% of loans and deposits volumes.



KSA's normal GDP (USD bln)

Source: IMF

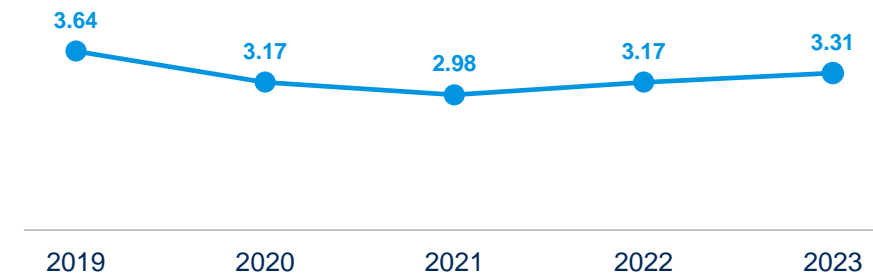
The GDP of Saudi Arabia grew 400% since 2004 and outperformed world's average growth rate by twofold.



NIM (%)

Source: McKinsey

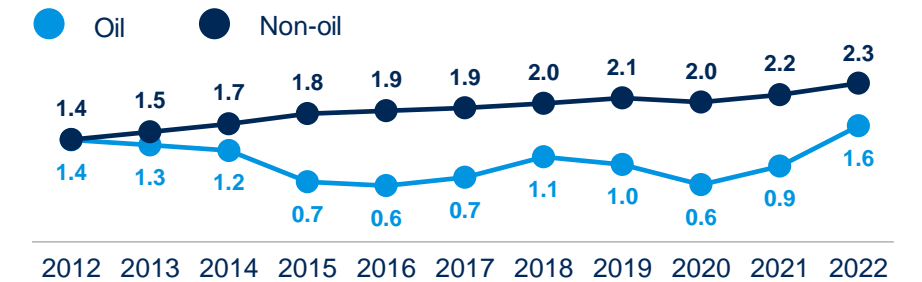
The Aggregate net interest margin (NIM) expanded by 14 bps to 3.31% in 2023.



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

Source: KSA General Authority for Statistics

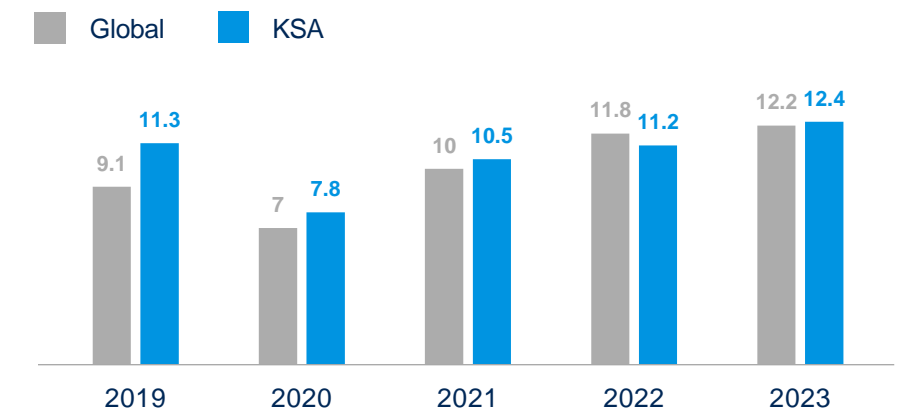
Saudi Arabia's non-oil sector of economy has been showing stable growth rates for a decade while oil-related industries are subjected to high volatility due to commodities price fluctuations.



Return on equity (%)

Source: McKinsey

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



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%

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

For more information, please contact us at:

anb

P.O.Box 56921 Riyadh 11564

Email: Invest@anb.com.sa

Access our IR website:

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