



3Q'24

Earnings Presentation



arab national bank البنك العربي الوطني

November 2024

Forward - looking statements

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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

> **45 years**
of banking experience



121
Branches



1,156
ATMs



2 million +
Customers
chose **anb**

> **17.4% CET1**
Well-capitalized

> **38.2 bln***
Market capitalization

> **14.4%***
Share of foreign
ownership

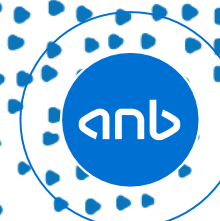
Credit ratings

MOODY'S	A1	Stable
S&P Global	A-	Stable
FitchRatings	A-	Stable

London,
United Kingdom



Kingdom of
Saudi Arabia



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 241.0 bln (10.4% YoY)

Total assets

SAR 180.8 bln (17.3% YoY)

Customer's deposits

SAR 1.243 bln QTD (15.5% YoY)

SAR 3.710 bln YTD (18.5% YoY)

Net income

SAR 2.4 bln QTD (9.4% YoY)

SAR 7.1 bln YTD (9.0% YoY)

Operating income

13.84% (1.21% YoY)

ROAE

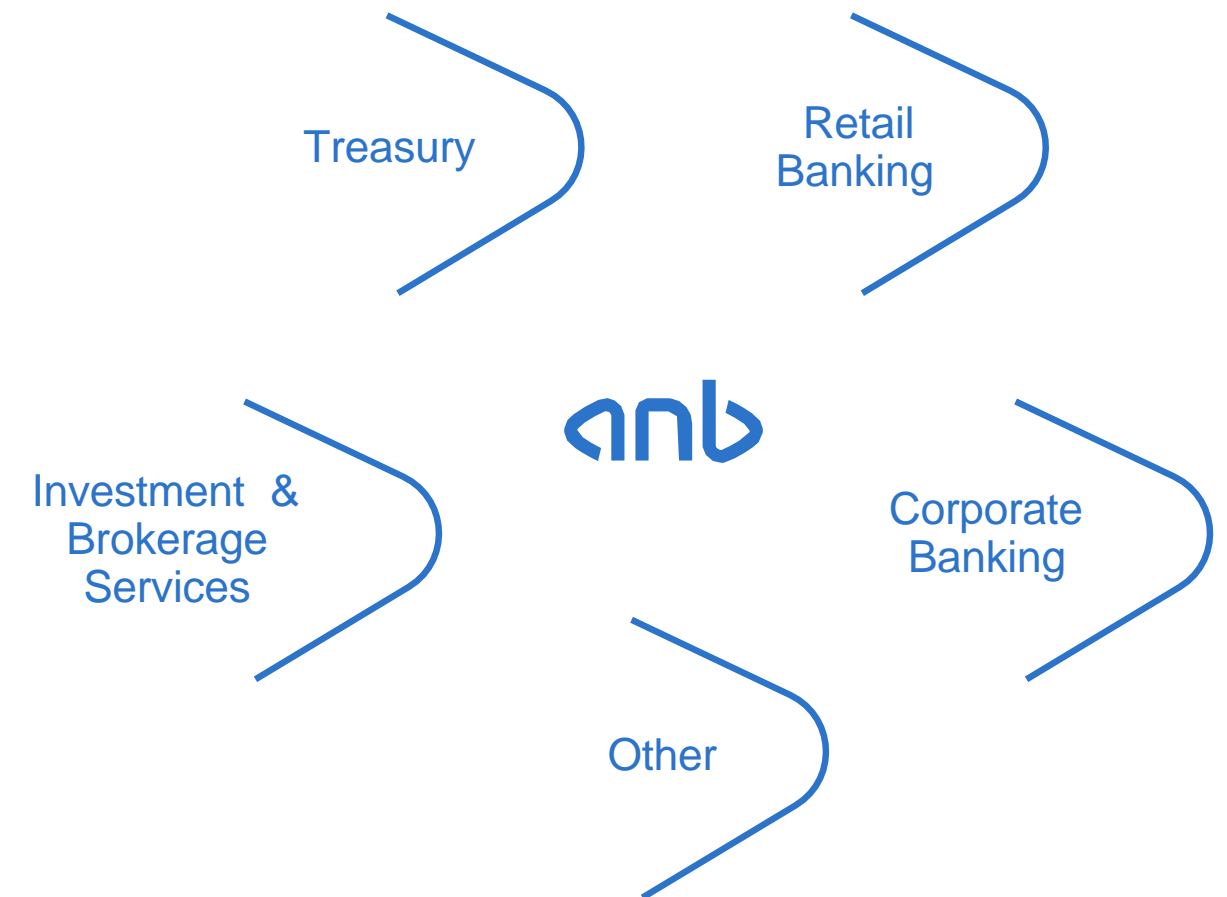
31.98% (0.21%YoY)

Cost to income

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



Operating segments





3Q'24 Financial Highlights

3Q'24 highlights: solid performance across all business lines

Loans and advances 166.3 SAR bln ▲ 11.4% YoY	Investments 49.7 SAR bln ▲ 9.6% YoY	Customers' deposits 180.8 SAR bln ▲ 17.3% YoY	Operating income 2.4 SAR bln QTD 7.1 SAR bln YTD ▲ 9.4% YoY ▲ 9.0% YoY
Cost to income 32.0% ▲ 0.21% YoY	NIM 3.8% ▲ 0.09% YoY	NPL ratio 1.3% ▼ -0.37% YoY	CET 1 ratio 17.4% ▼ -1.13% YoY
Cost of risk 25 bps ▼ -28 bps YoY	ROAE 13.8% ▲ 1.21% YoY	LCR 143% ▼ -15% YoY	CAR 19.2% ▼ -1.47% YoY

Balance sheet

- Loans portfolio reached SAR 166.3 billion, marking an **11.4%** YoY increase (**9.3%** YTD), fueled by strong demand in retail auto lease and corporate lending
- Investments increased to SAR 49.7 billion, showing a **9.6%** YoY growth (**6.5%** YTD), primarily due to allocations in debt instruments, which now represent 92.9% of the investment portfolio
- Customer deposits rose significantly to SAR 180.8 billion, up **17.3%** YoY (**9.0%** YTD), supporting improved liquidity levels

Profitability

- Operating income advanced to SAR 2.4 billion for 3Q2024, showing a **9.4%** increase YoY (SAR 7.1 billion YTD, up **9.0%**), propelled by robust performance across core banking segments
- Cost-to-income ratio rose to **31.98%**, up from **31.77%** YoY, due to increased investments for strategic growth
- Net interest margin (NIM) grew by 9 bps YoY to **3.8%**, supported by loan growth and favorable rates

Credit quality

- Cost of risk in 3Q2024 stood at **25bps**
- ROAE amounted to **13.84%**, compared to **13.85%** for 2Q2024
- NPL ratio **-0.37%** YoY

Capital & liquidity

- CAR reduced by **-1.47%** YoY
- CET1 is down to **17.4%** (vs **17.3%** in Q2'24)
- LCR decreased YoY by **15%**

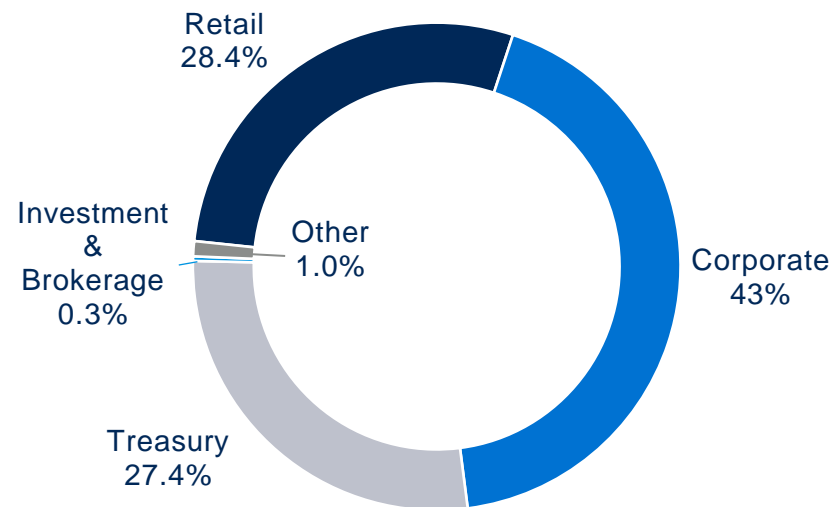


Business & Strategy Overview

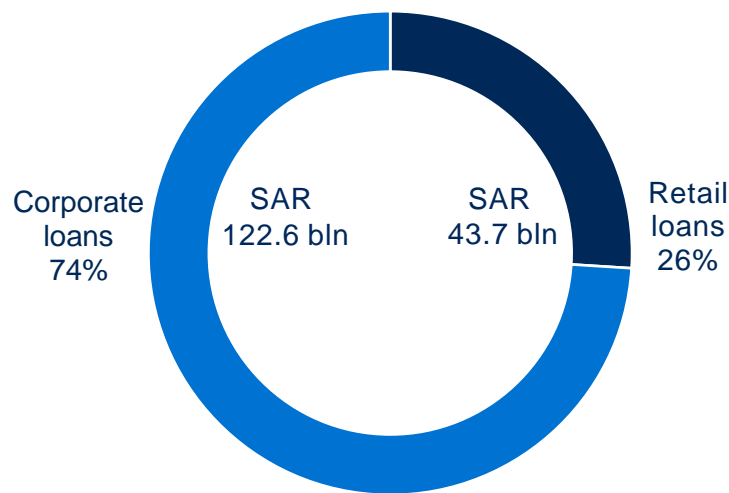
anb business today: a strong foundation to improve future financial performance

Total assets SAR 241.0 bln	Loans SAR 166.3 bln	Operating income SAR 2.4 bln QTD SAR 7.1 bln YTD	Net income SAR 1.243 bln QTD SAR 3.710 bln YTD	CET1 ratio 17.4%
	Deposits SAR 180.8 bln		Payout ratio (LTM) 51%	

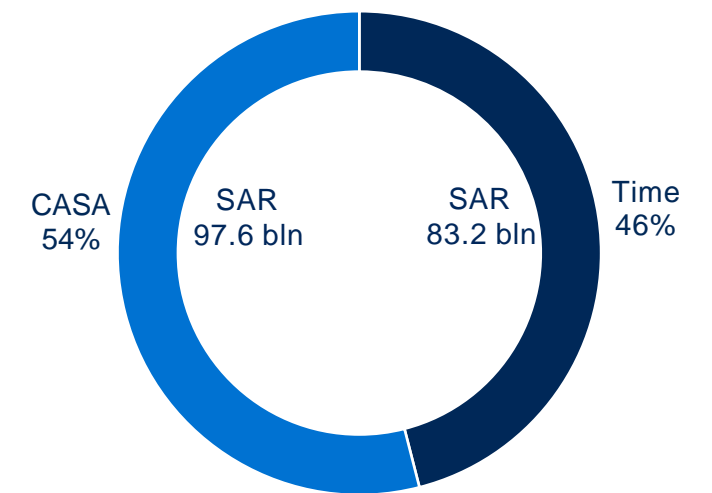
Assets breakdown



Loans



Deposits

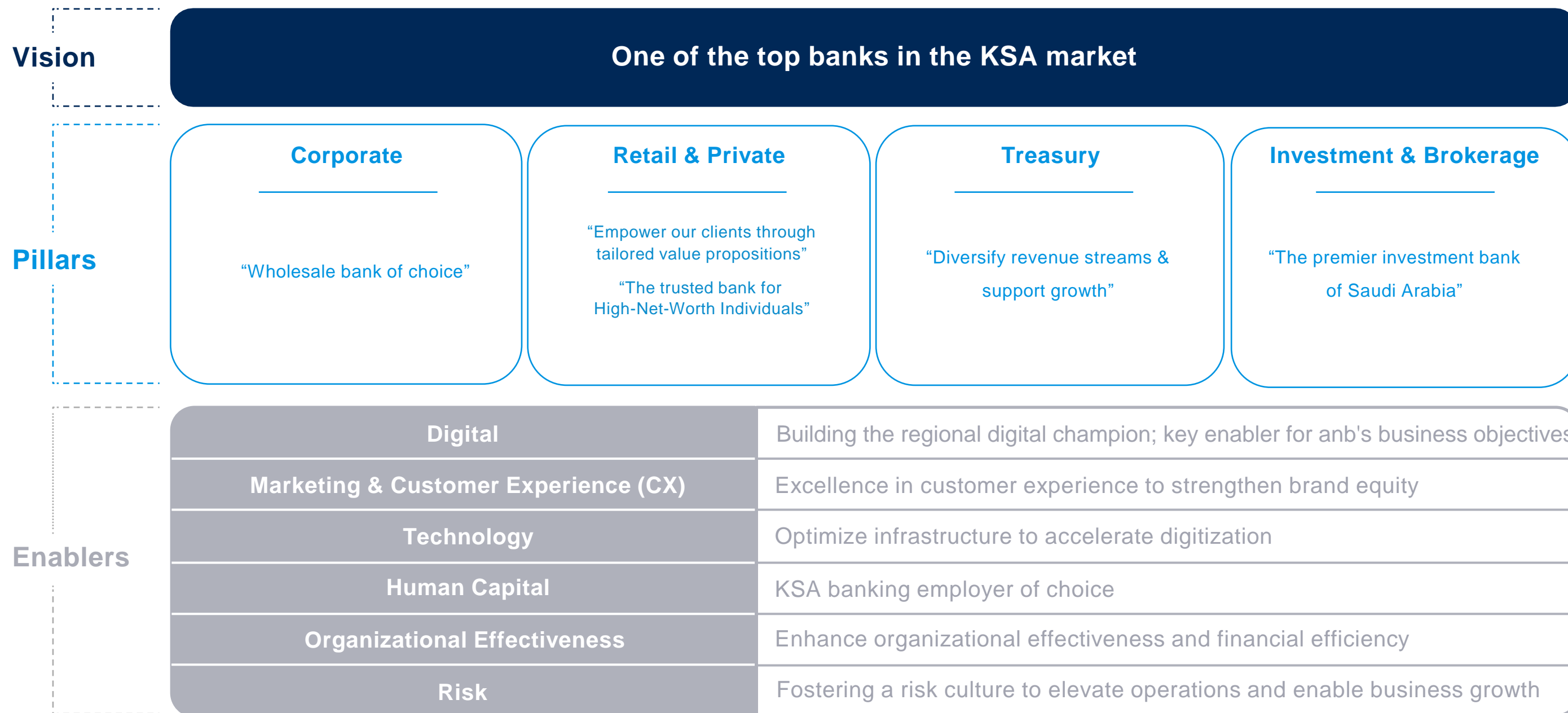


Leading banking franchise

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>46%</p> <p>Completed: 20 In progress: 24</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>60%</p> <p>Completed: 30 In progress: 20</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>Completed: 2 In progress: 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>53%</p> <p>Completed: 9 In progress: 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

New customer acquisition

32% ▲

Personal financing

57% ▲

Digital transaction

12% ▲

Product digital fulfillment

Auto lease

100%

Housing Loan

76%

Credit card activation

94%

Personal loan

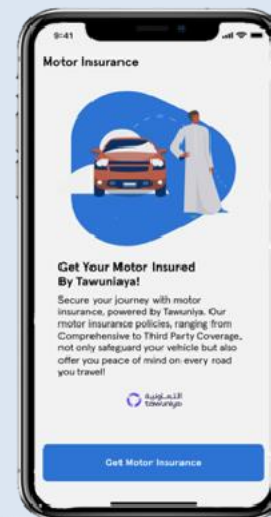
41%



Product Launched in Q3

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.



AI Fursan card

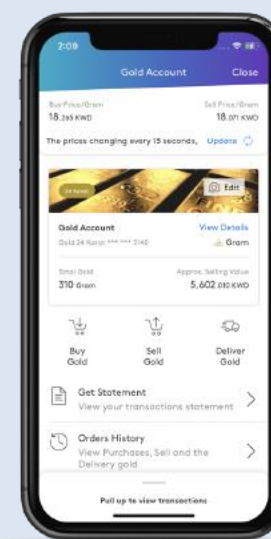
Customer can apply for AI Fursan card from the mobile app and the end-to-end journey is digital.



Upcoming Launches

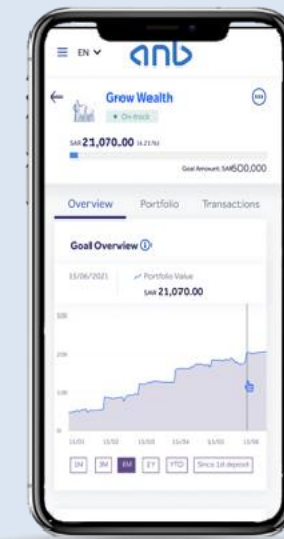
Gold wallet

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.



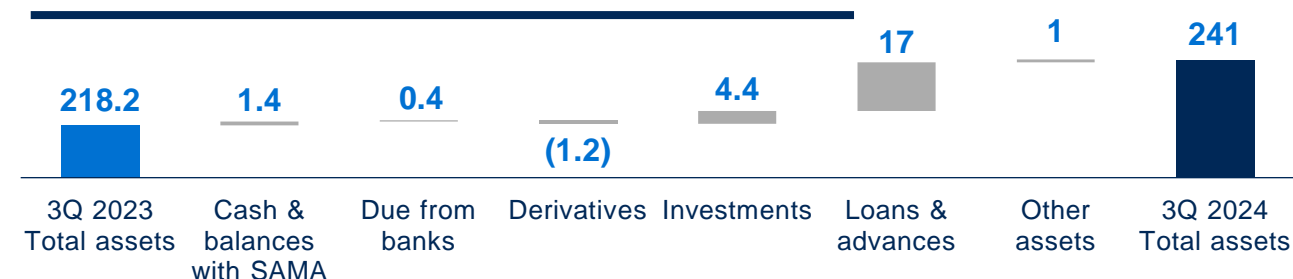


Financial
Performance

anb balance sheet overview: strategic financial projection propels robust growth in loans and customer deposits

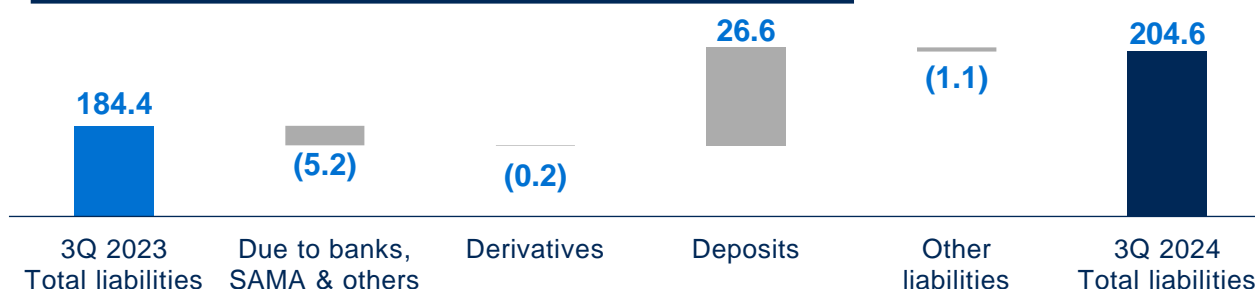
Consolidated Balance Sheet, SAR mln	YTD			YoY	
	Sep FY24	Dec FY23	Diff %	Sep FY23	Diff %
Cash and balances with SAMA	12,858	10,892	18.0%	11,487	11.9%
Due from banks and other financial institutions	2,403	2,478	-3.0%	1,998	20.3%
Positive fair value of derivatives	1,570	1,802	-12.9%	2,799	-44.0%
Investments	49,704	46,676	6.5%	45,356	9.6%
Loans and advances	166,330	152,235	9.3%	149,372	11.4%
Investment in associates	940	949	-0.9%	973	-3.4%
Other assets	7,157	5,651	26.7%	6,205	15.3%
Total assets	240,962	220,683	9.2%	218,190	10.4%
Due to banks and other financial institutions	11,747	8,430	39.3%	16,988	-31.0%
Negative fair value of derivatives	1,622	1,403	15.6%	1,790	-9.4%
Customers' deposits	180,843	165,861	9.0%	154,220	17.3%
Issued Sukuk	2,852	2,829	0.8%	2,852	0.0%
Other liabilities	7,488	7,062	6.0%	8,580	-12.7%
Total liabilities	204,552	185,585	10.2%	184,431	10.9%
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	338	437	-22.6%	42	704.8%
Retained earnings	5,493	8,985	-38.9%	9,060	-0.8%
Total equity	36,410	35,098	9.2%	33,759	7.9%

Total assets movements (SAR bln)



- Strong year-over-year growth in both loan book and investment portfolio
- Loans and advances increased by 11.4% YoY to SAR 166.3 bln
- Investments grew by 9.6% YoY to SAR 49.7 bln

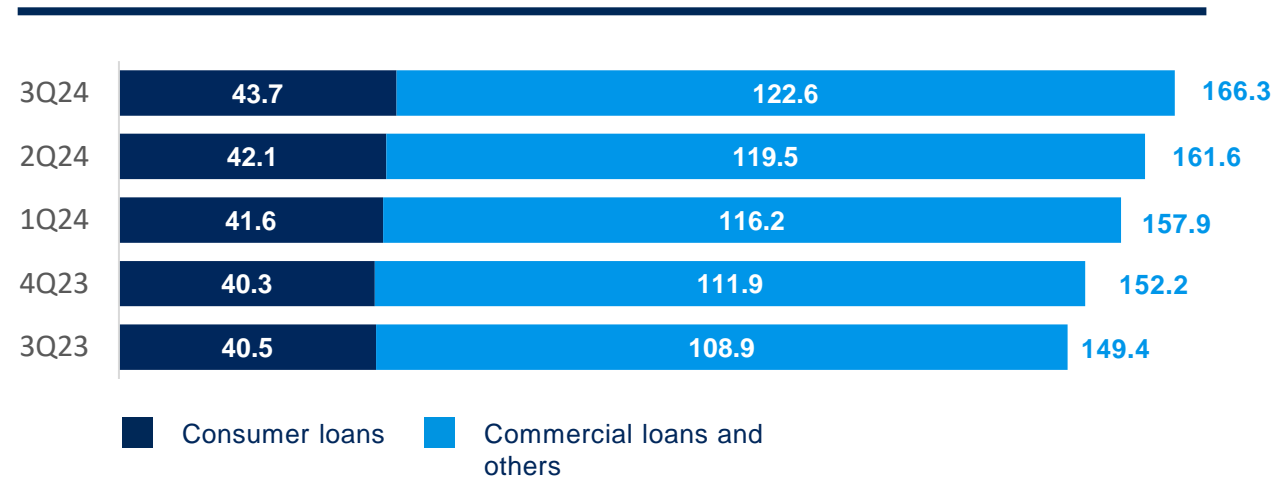
Total liabilities movements (SAR bln)



- Substantial growth in customer deposits strengthens anb's capital base, providing a solid foundation for expansion
- Optimized resource management positively influences the bank's key performance ratios, as reflected in the financial metrics

Loan portfolio overview: broad diversification leads to sustainable growth

Loans and advances (SAR bln)



166.3

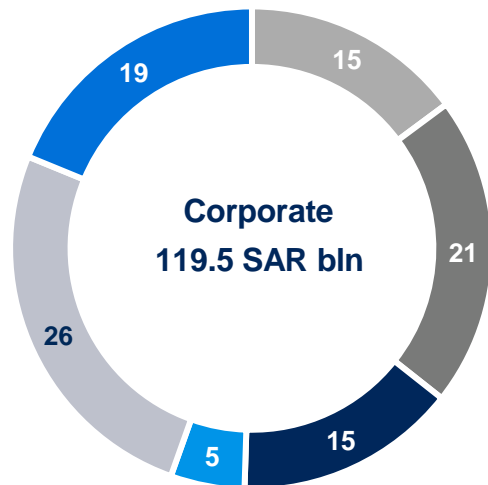
SAR bln

+11.4% YoY

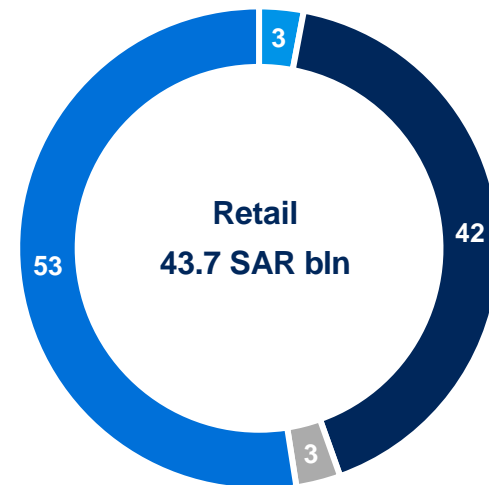
- Total loans and advances portfolio grew by 11.4% compared to last year
- Corporate lending experienced a solid annual growth of 12.6%
- Retail portfolio increased by 12.9%, with the auto lease segment surging by 98.5% YoY

Loans breakup as of 3Q24 (%)

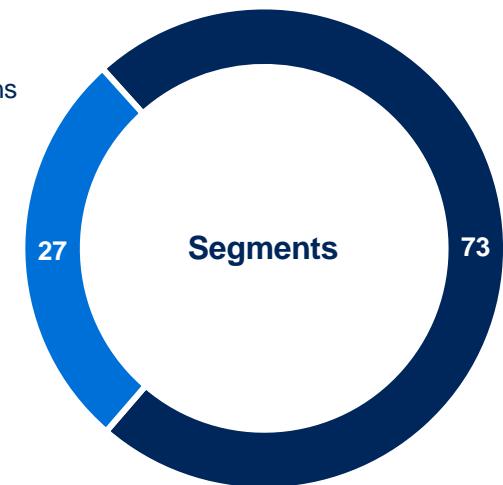
- Services
- Real estate activities
- Transportations & storage
- Constructions
- Manufacturing
- Others



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

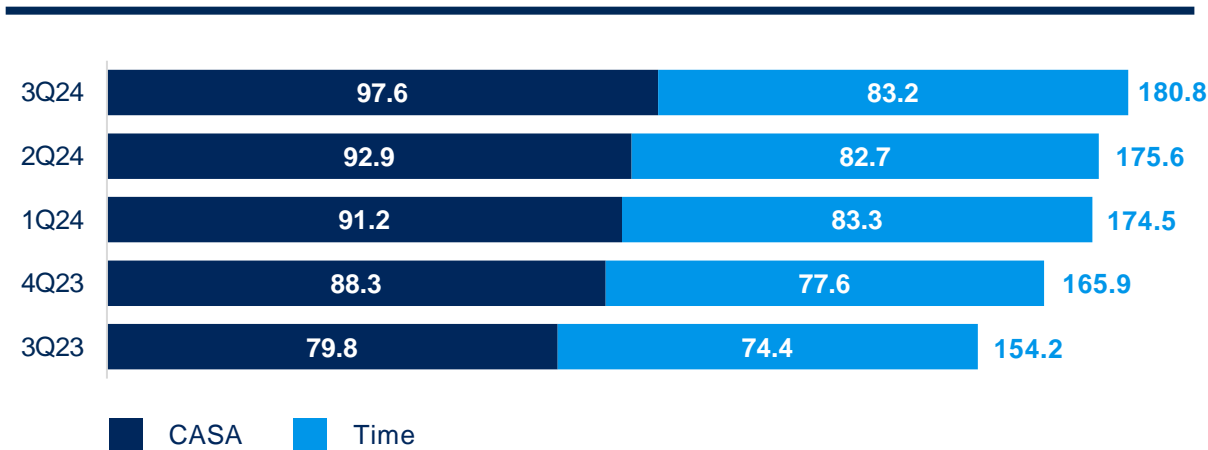


- Retail loans
- Corporate loans



anb balance sheet overview: significant growth in customer deposits with a balance between demand and time deposits

Customer deposits (SAR bln)



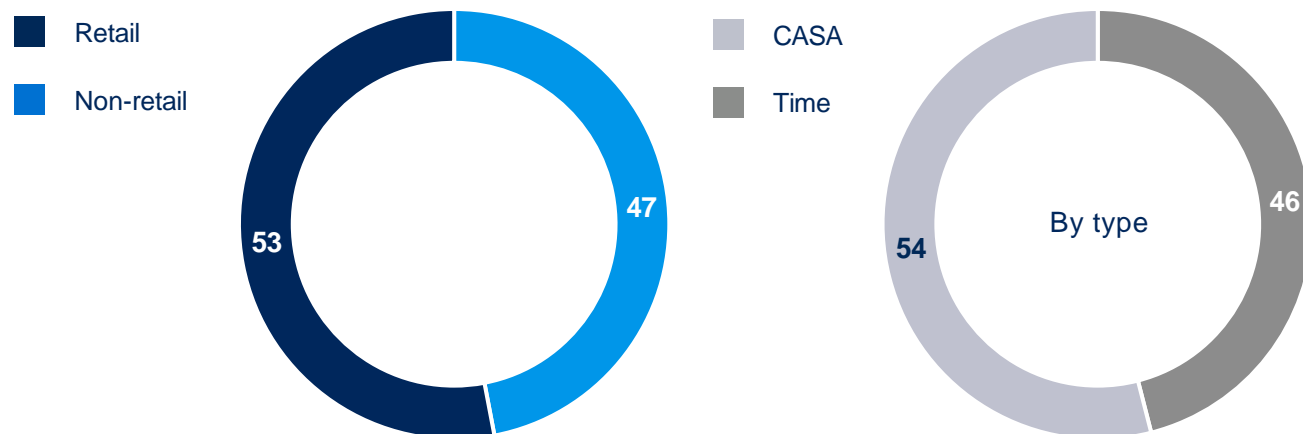
180.8

SAR bln

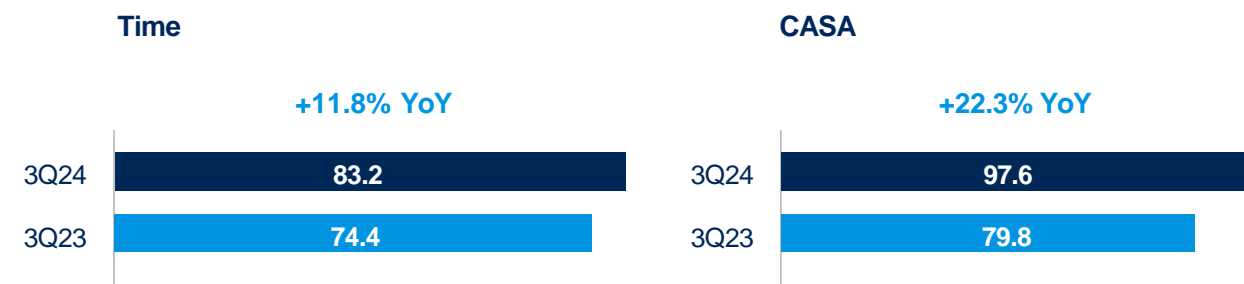
+17.3% YoY

- Customer deposits saw a 17.3% YoY surge, driven by a SAR 8.8 bln rise in time deposits and a SAR 17.8 bln increase in CASA accounts
- An equal distribution between retail and corporate deposits ensures sustainable liabilities structure
- We maintain a strong and healthy proportion between time deposits and CASA deposits

Deposits breakdown as of 3Q24 (%)

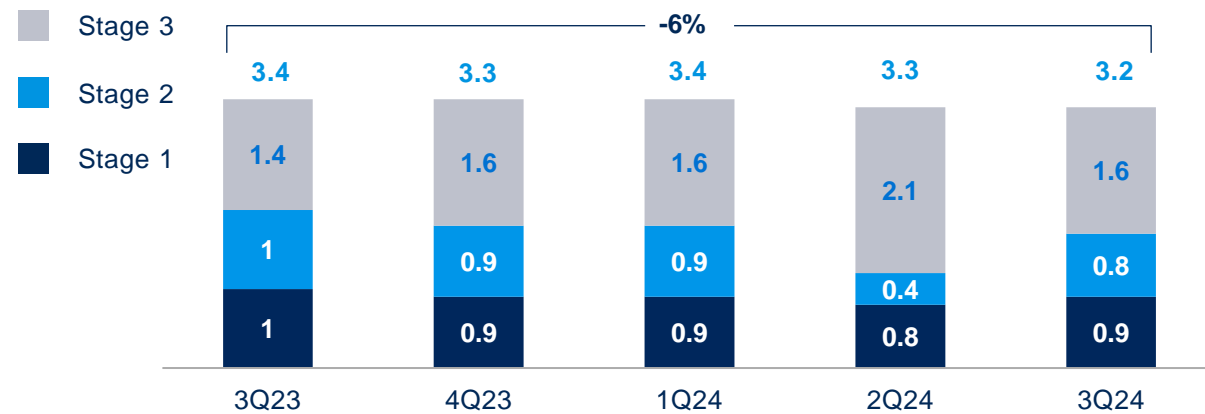


Deposits dynamics (SAR bln)

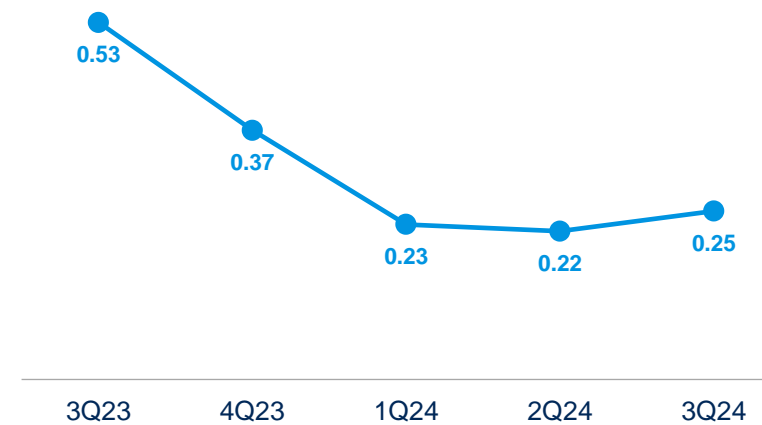


anb balance sheet overview: NPL Coverage

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

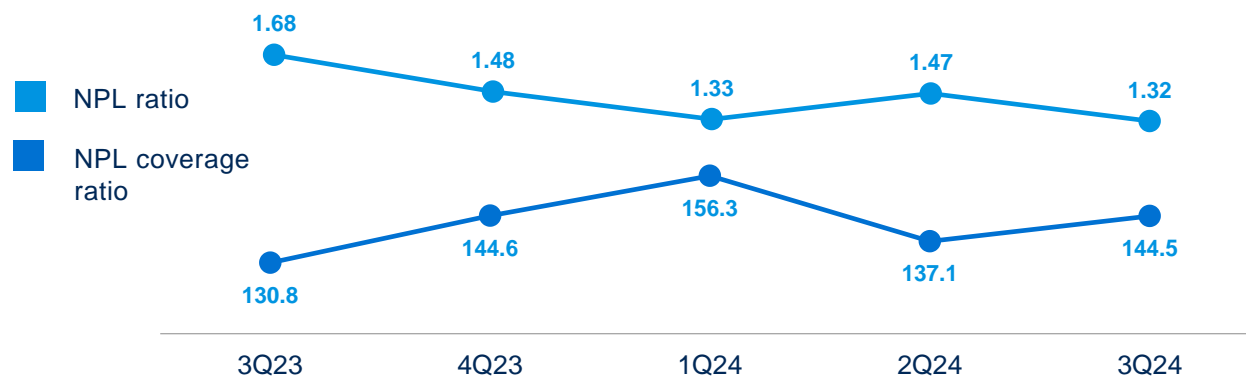


Cost of risk (%)

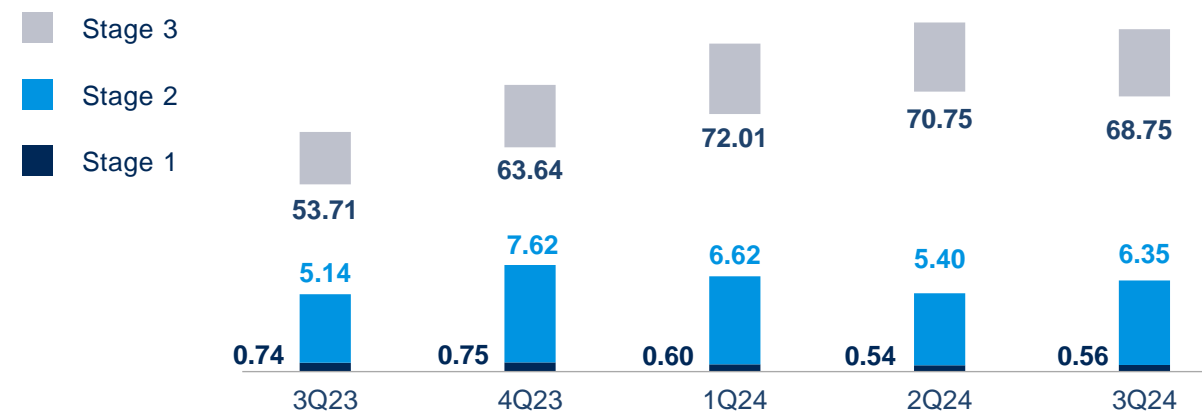


- Steady enhancement in the quality of newly issued loans has led to a reduction in ECL volumes along with the Cost of Risk ratio.

NPL coverage ratio and NPL ratio (%)



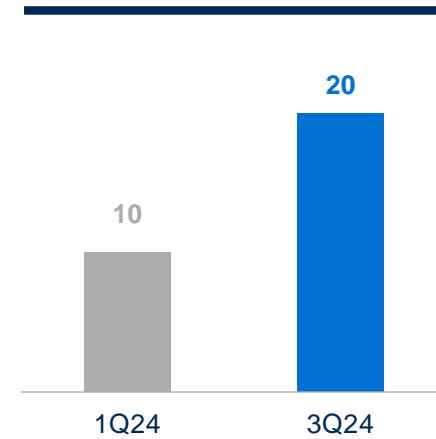
Stage-wise coverage (%)



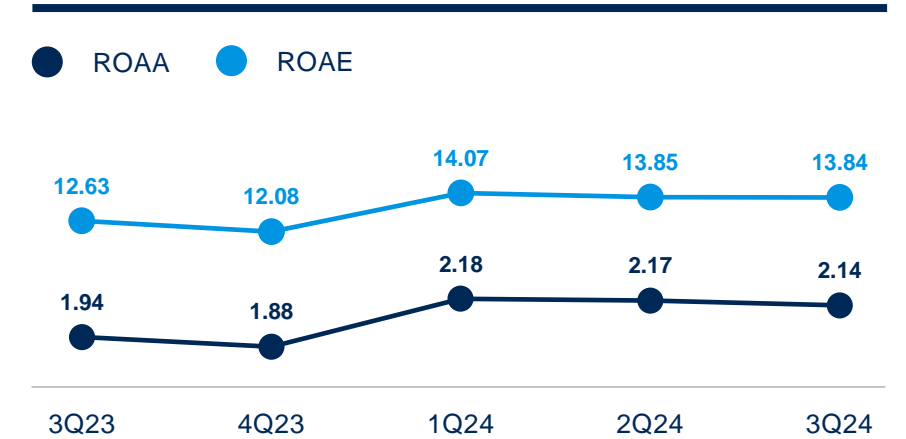
anb capitalization: strong financial cushion, operating above the capital levels mandated by SAMA

- In 3Q2024, anb`s share capital was increased by 33.33%YTD through the emission of 500 million new shares in the 2Q2024. 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

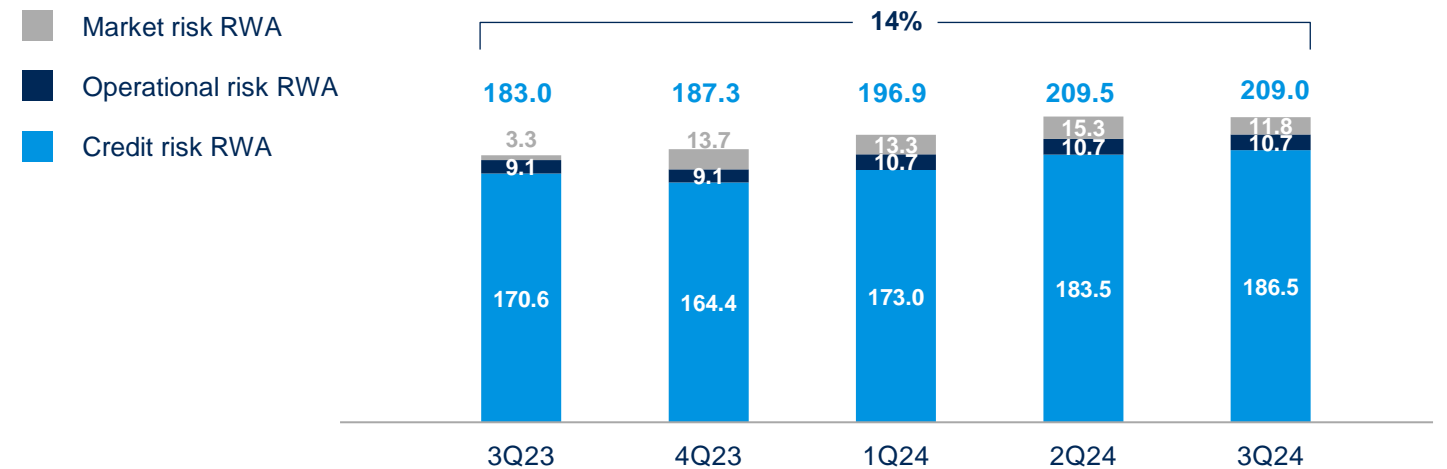
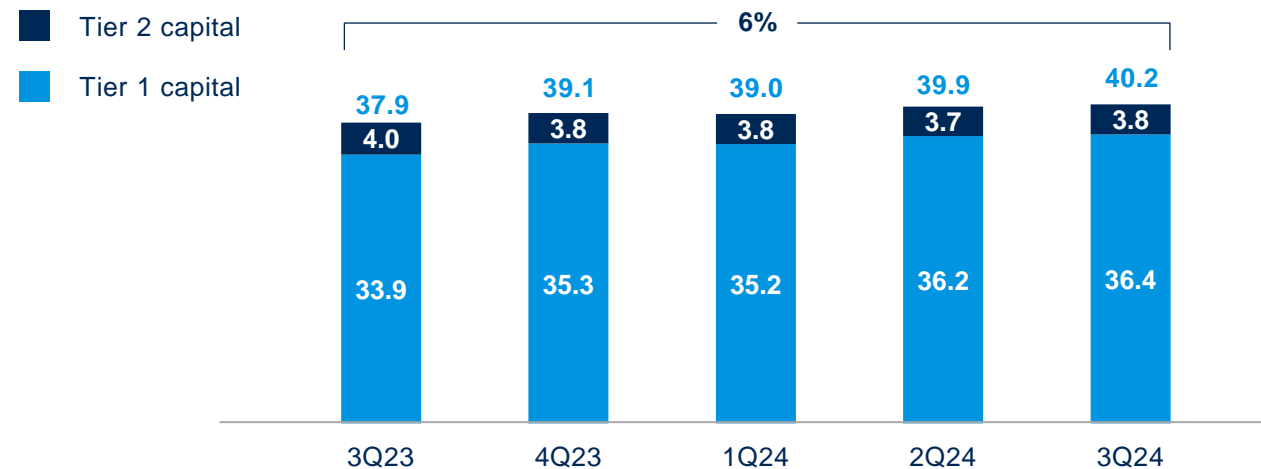
Share capital (SAR bln)



ROAE & ROAA (%)

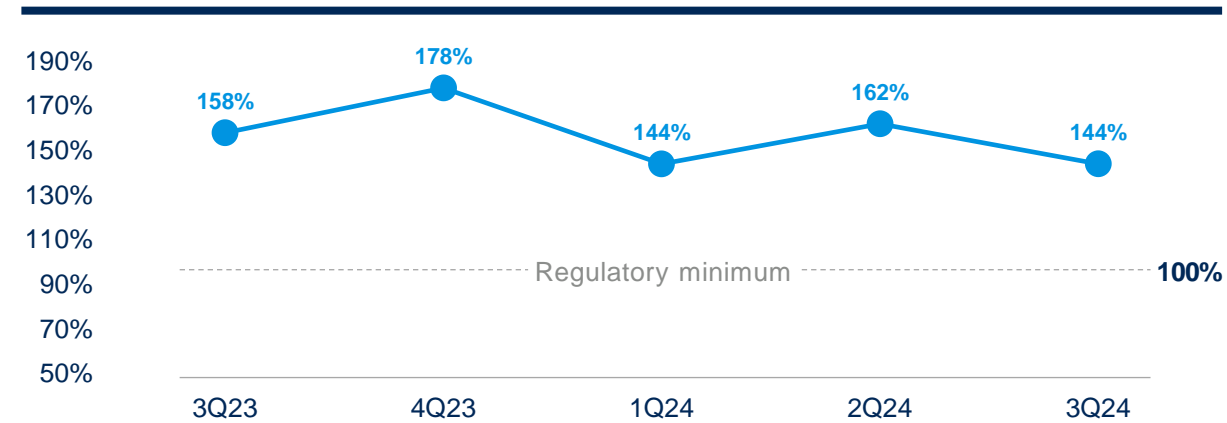


Tier I & Tier II capital (SAR bln)



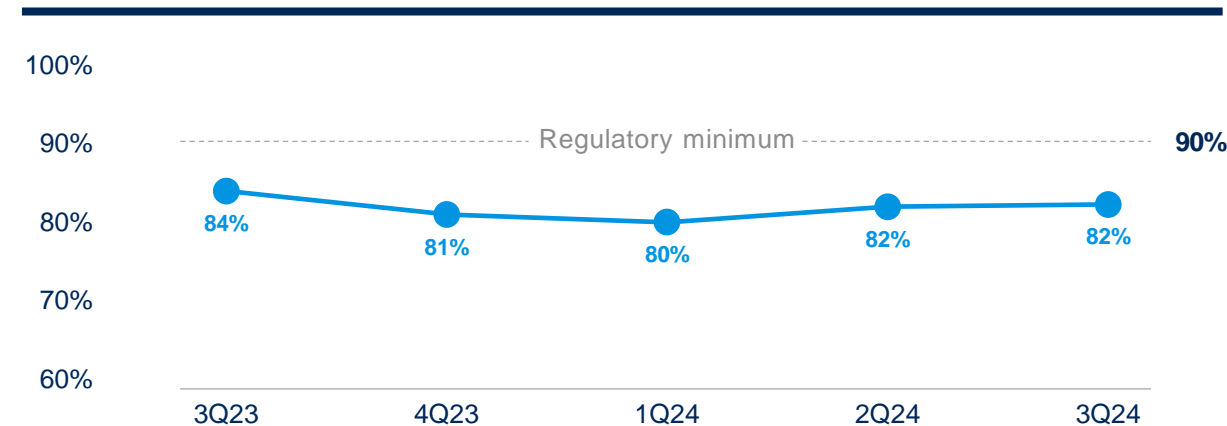
anb liquidity: demonstrating financial strength liquidity far exceeds SAMAs minimum regulatory standards

LCR (%)

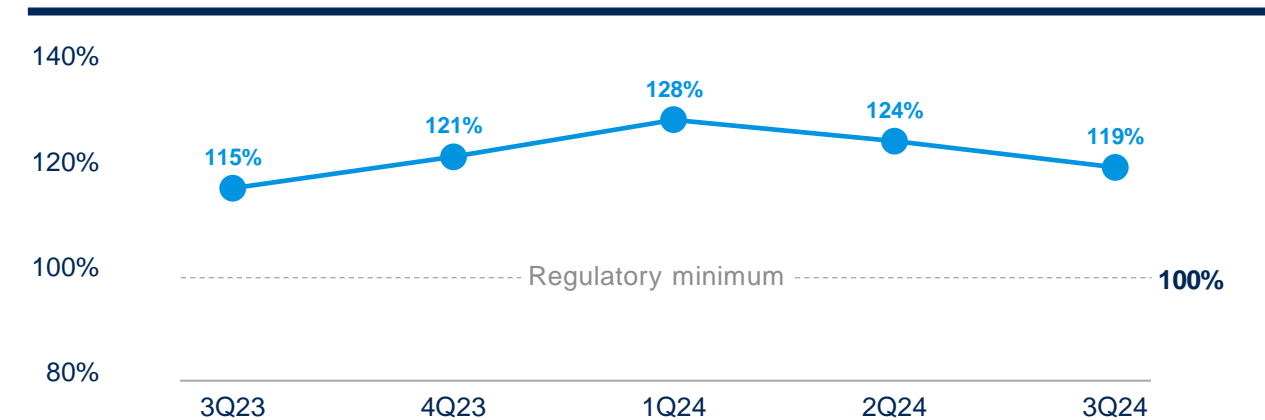


- LCR decreased to 144% (down from 162% in 2Q'24)
- LDR of 82% which demonstrate a healthy liquidity
- Continue to deploy liquidity in a prudent manner

LDR (%)



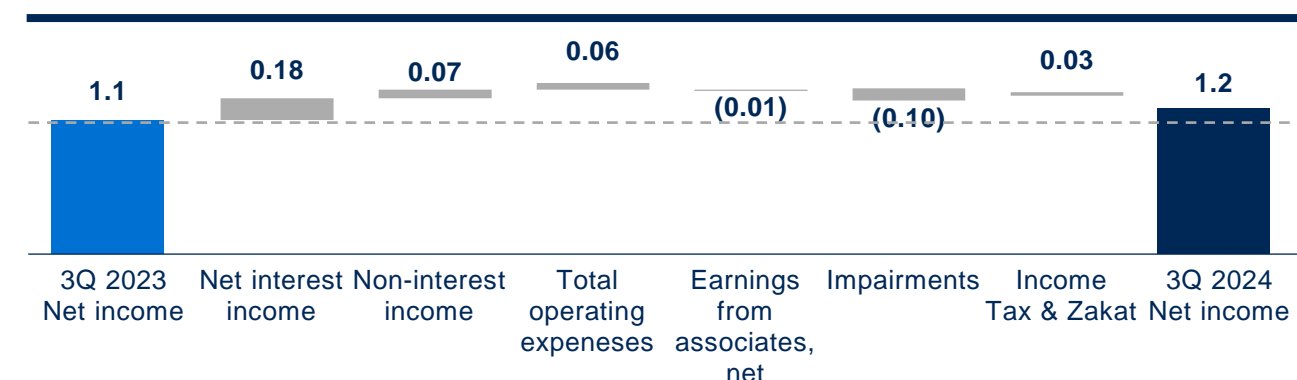
NSFR (%)



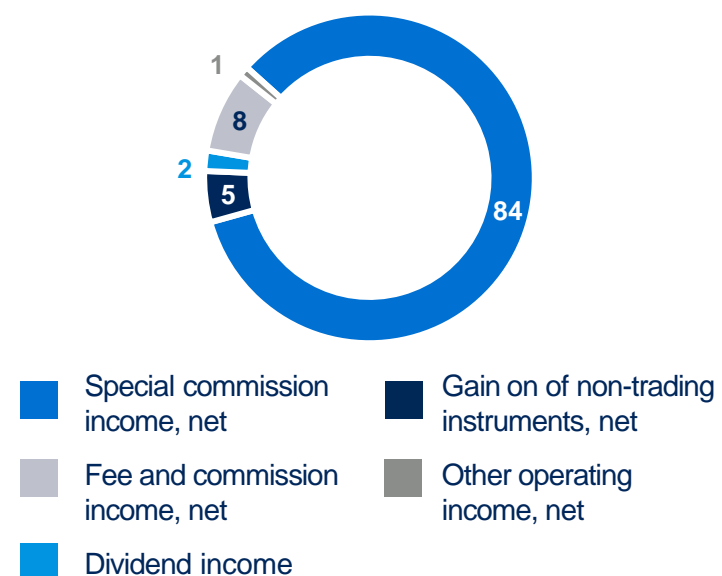
anb P&L overview: robust revenue growth supports strong profit expansion

Consolidated Income Statement, SAR mln	YoY - three-months			YTD - six-months		
	Sep FY24	Sep FY23	YoY	Sep FY24	Sep FY23	YoY
Special commission income	3,772	3,275	15.2%	10,816	9,205	17.5%
Special commission expense	1,698	1,409	20.5%	4,871	3,811	27.8%
Net special commission income	2,075	1,866	11.2%	5,944	5,394	10.2%
Fee and commission income	471	417	12.9%	1,420	1,161	22.3%
Fee and commission expense	287	263	9.1%	816	737	10.7%
Fee and commission income, net	184	153	20.3%	604	424	42.5%
Exchange income, net	81	84	-3.6%	221	246	-10.2%
Gains/ (losses) on FVSI, net	-6	23	-126%	17	36	-52.8%
Other revenue	75	76	-1.3%	266	371	-28.3%
Total operating income	2,409	2,202	9.4%	7,054	6,471	9.0%
Salaries and employee related expenses	446	396	12.6%	1,278	1,131	13.0%
Depreciation and amortisation	61	57	7.0%	183	169	8.3%
Other expenses	282	270	4.4%	795	756	5.2%
Operating expenses prior ECL	789	723	9.1%	2,256	2,056	9.7%
ECL charges, net	165	244	-32.4%	493	760	-35.1%
Impairment charge on other real estate	0	0	0.0%	0	50	-100%
Total operating expenses	954	967	-1.3%	2,748	2,866	-4.1%
Earnings from associates, net	7	10	-30.0%	13	37	-64.9%
Net Income before zakat and income tax	1,462	1,246	17.3%	4,318	3,642	18.6%
Zakat and income tax	219	168	30.4%	608	508	19.7%
Net income after zakat and tax	1,243	1,076	15.5%	3,710	3,130	18.5%
EPS	0.62	0.54	0.08	1.86	1.56	19.2%

Net income movements (SAR bln)



Operating income structure 3Q24 (%)



- Year-over-year operating income growth was driven by a strong rise in special commission and fee income
- The rise in operating expenses aligns with the strategy to strengthen recurring revenue streams
- Enhanced loan portfolio quality resulted in a substantial decrease in ECL provisions

anb P&L overview: OPEX demonstrated controlled YoY growth in line with income expansion

Cost to income

31.98%

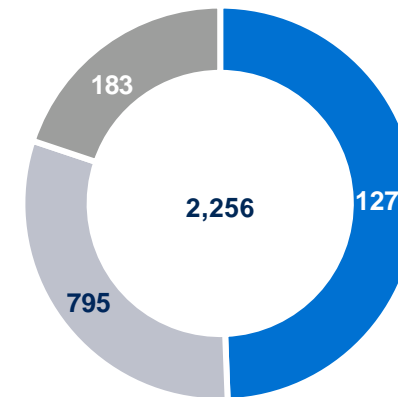
0.21 % YoY

- **anb** upholds strong cost-to-income levels, reflecting a 21 bps YoY increase attributed to strategic investments in infrastructure development, technological advancements, and ongoing digitalization efforts

Operating expenses for 24 breakdown

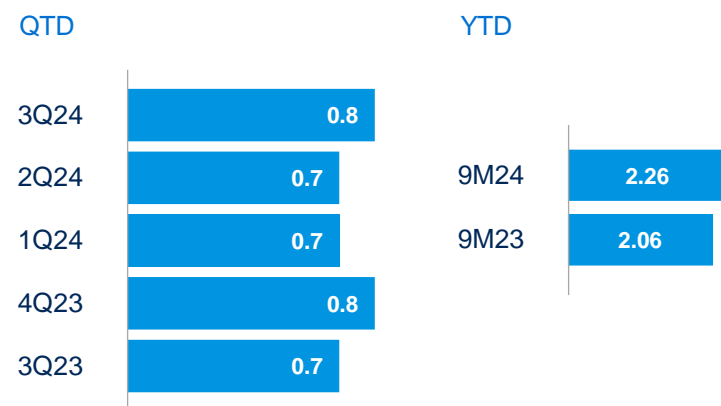
(SAR mln)

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

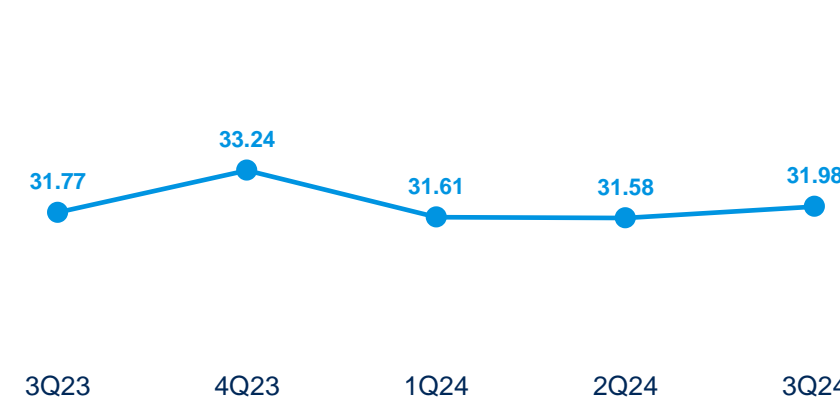


- OPEX before ECL increased from SAR 2,056 mln to SAR 2,256 mln, reflecting a 9.7% YoY growth
- Salaries and employee related expenses climbed 13.0%
- Other expenses rose 5.2% while depreciation and amortization increased 8.3%

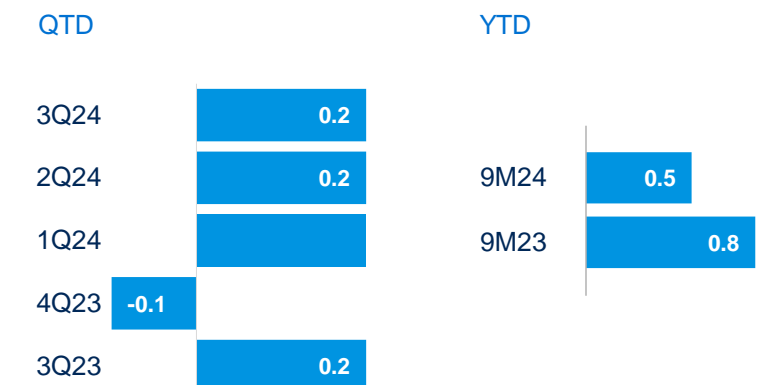
OPEX before impairment (SAR bln)



Cost to income (%)

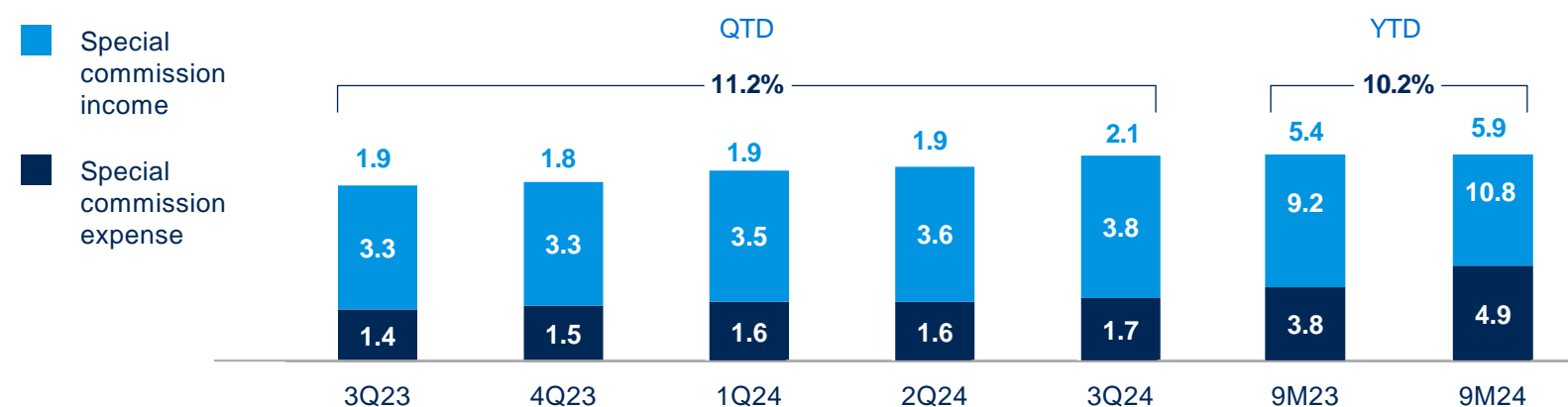


Impairment charge for ECL (SAR bln)



anb P&L overview: targeted asset allocation and optimized loan rates drive higher yields

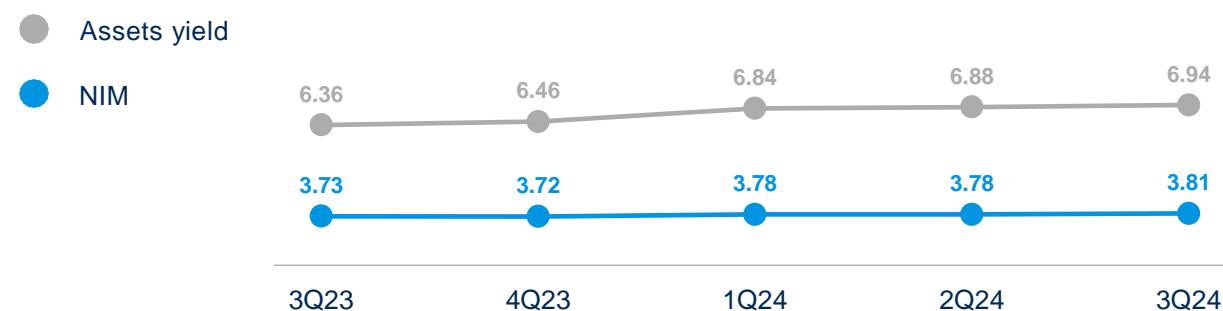
Special commission income, net (SAR bln)



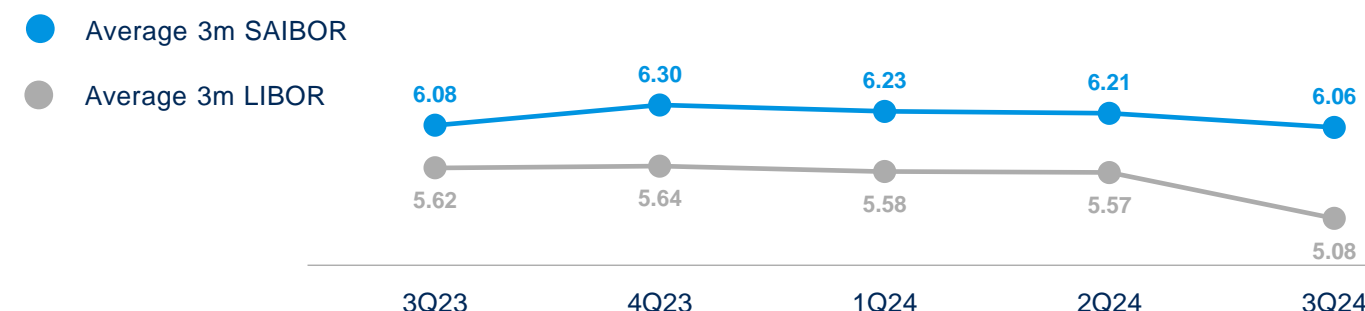
NIM
3.81%
9 bps YoY

- The increase in NIM was supported by a robust loan portfolio and a favorable customer deposits mix, with demand deposits rising by SAR 8.8 bln and a moderate increase of SAR 4.9 bln in time deposits

NIM and assets yield (%)

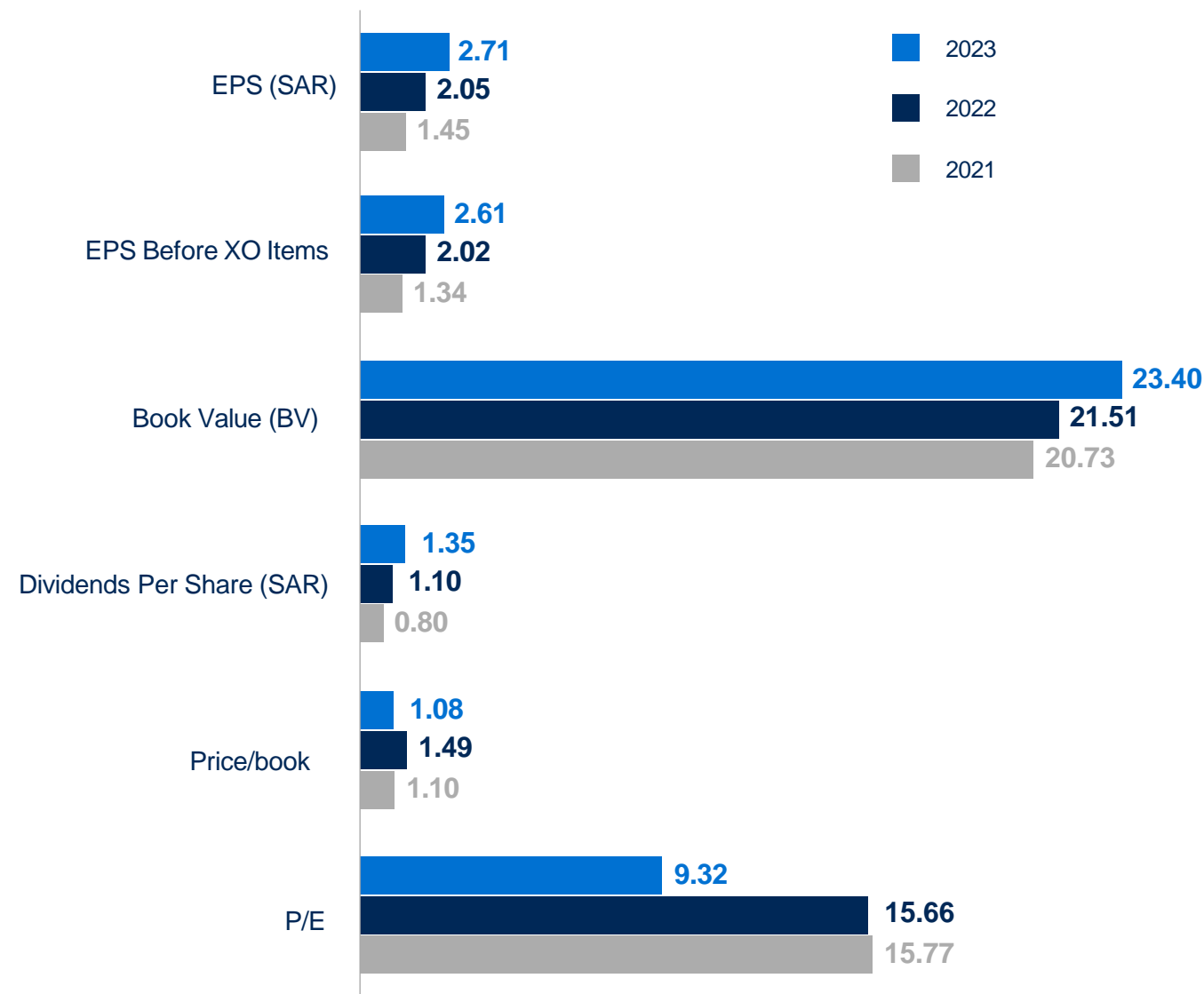


Market benchmarks (%)



anb returns value to shareholders, while its capital remains strong

Per share data



Aggregate return

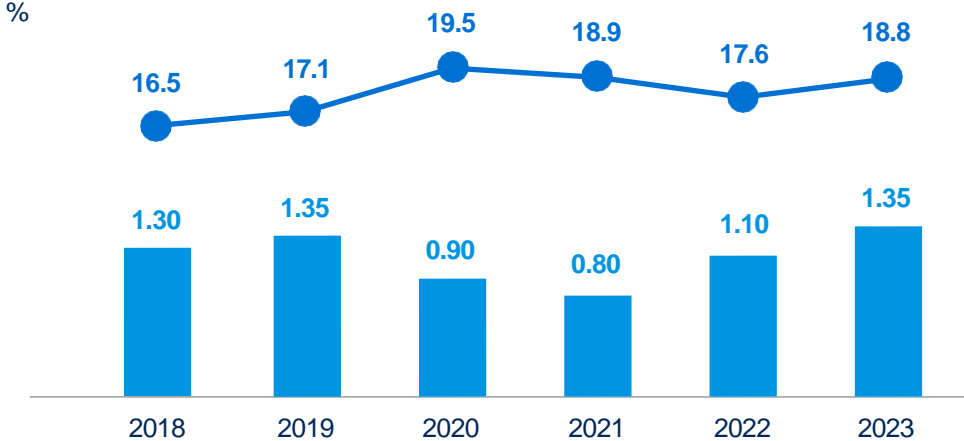
ca. 6.8
(SAR/share)

- 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, %





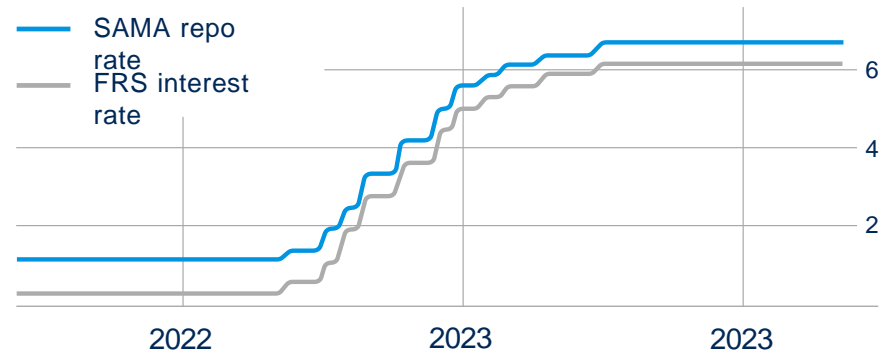
Operating Environment and Guidance

Operating Backdrop: robust KSA economy underpins solid banking sector

SAMA & FRS rates

Source: www.global-rates.com

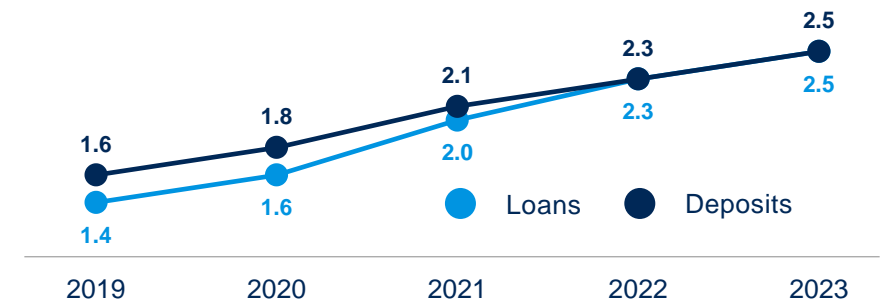
The Saudi Central Bank synchronizes its repo rate with the US Federal funds rate which makes macro-economical environment in the country stable and predictable.



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

Source: Bloomberg

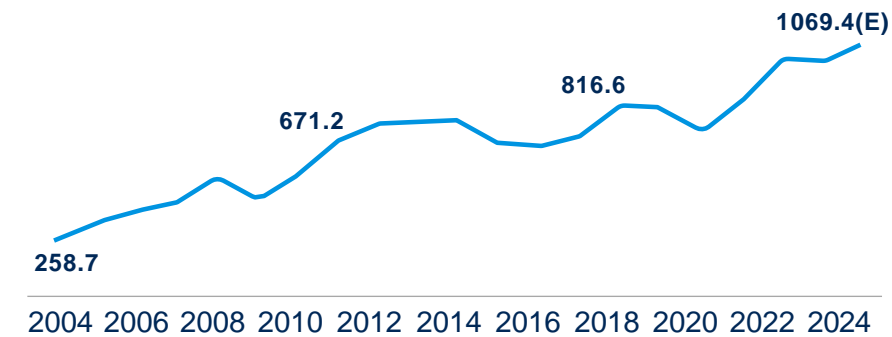
KSA banks' total deposits reached SAR 2.5 tn in 2023, marking a 10.2% increase from 2022. It enables banks to fuel growing economy with abundant lending. Top-10 biggest banks account for more than 80% of loans and deposits volumes.



KSA's normal GDP (USD bln)

Source: IMF

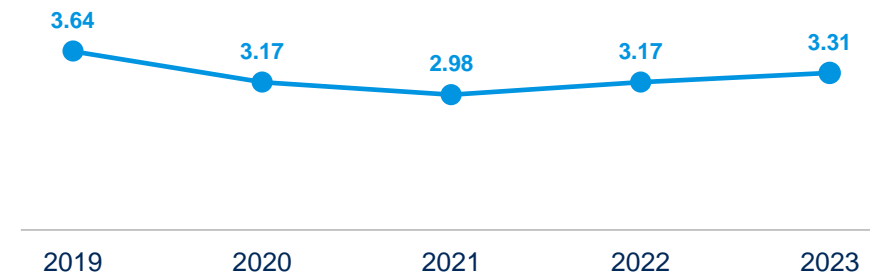
The GDP of Saudi Arabia grew 400% since 2004 and outperformed world's average growth rate by twofold.



NIM (%)

Source: McKinsey

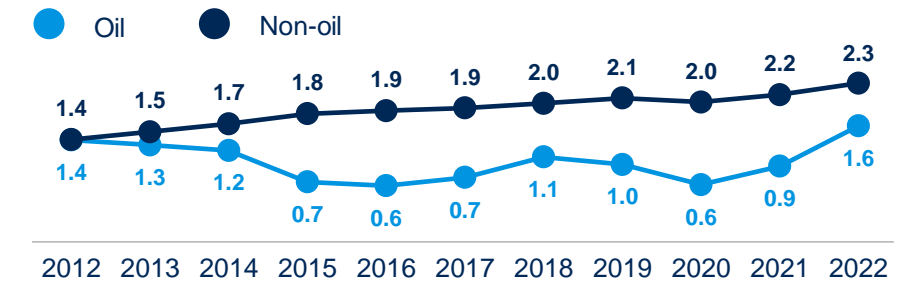
The Aggregate net interest margin (NIM) expanded by 14 bps to 3.31% in 2023.



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

Source: KSA General Authority for Statistics

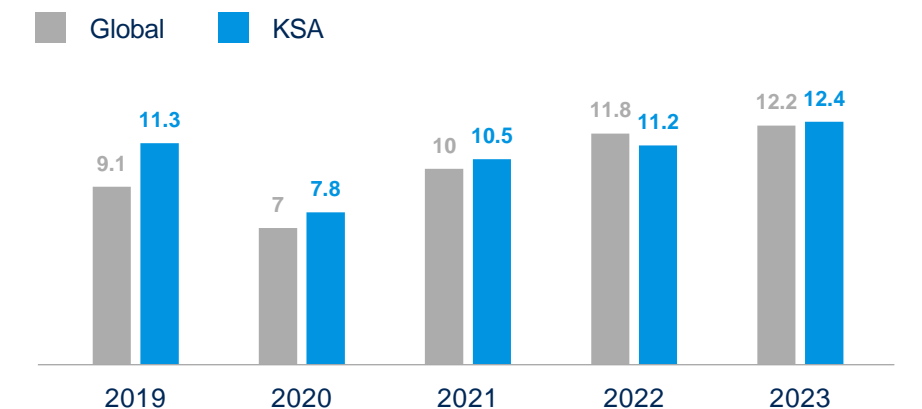
Saudi Arabia's non-oil sector of economy has been showing stable growth rates for a decade while oil-related industries are subjected to high volatility due to commodities price fluctuations.



Return on equity (%)

Source: McKinsey

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



Guidance

Metric	Q3'24	YoY	Q3'23	FY'24
Loans & advances, net	166.3	11.4%	149.4	Low-teens
NIM	3.81%	+9 bps	3.73%	-5 to 5 bps
Cost to income	31.98%	+40 bps	31.77%	Below 32%
ROAE	13.84%	1.21%	12.63%	Above 13%
Cost of risk	0.25%	-28 bps	0.53%	40 – 50 bps
CET1 ratio	17.41%	-1.13%	18.53%	Above 17-18%

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

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