



Full Year and Fourth Quarter 2023 Earnings Results

February 2024



Forward-looking statements



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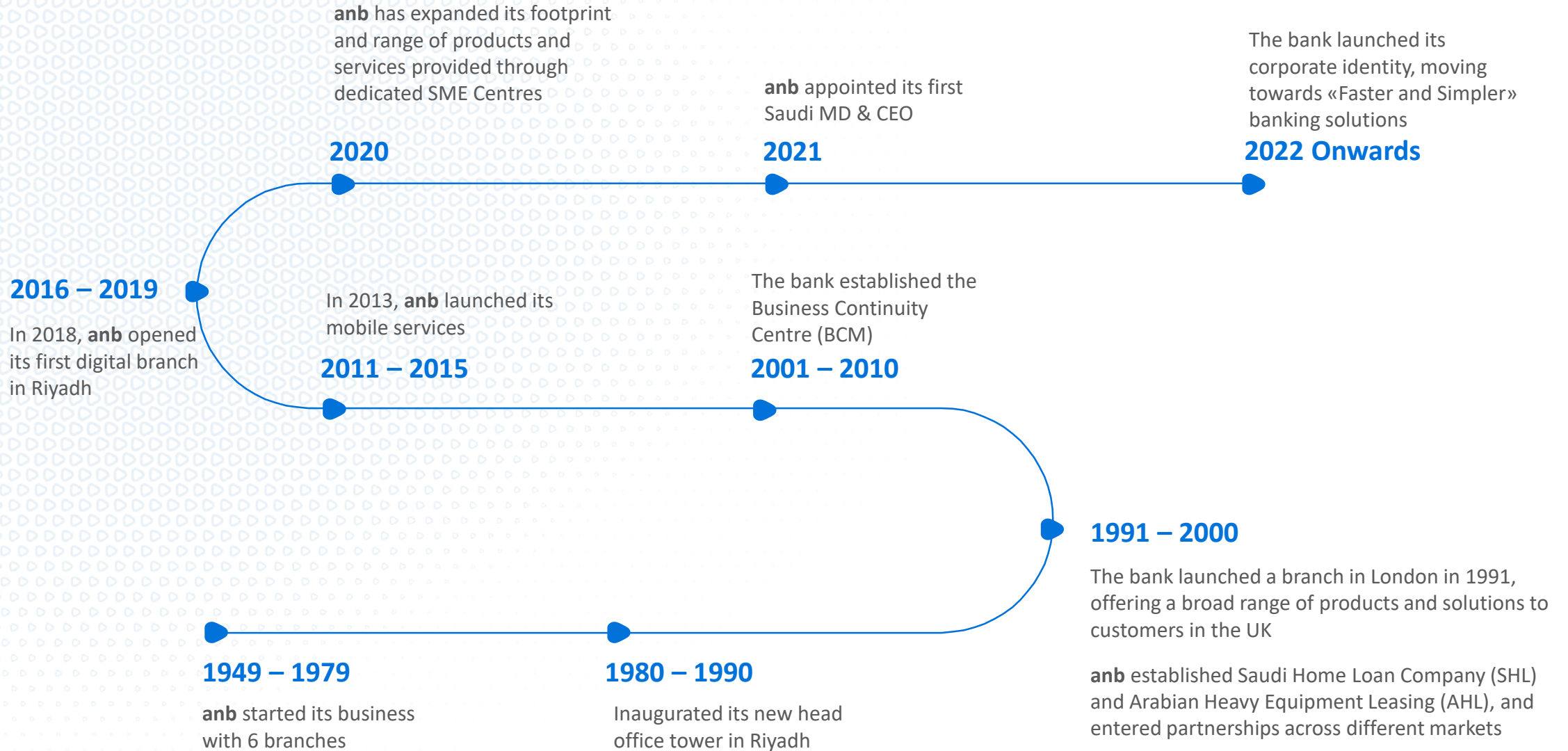
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01

AT A GLANCE

Long story of banking services to retail and corporate customers



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



**Bader
Alboqami**

Head of Marketing and
Customer Experience



**Khalid
Quadri**

Chief
Credit Officer



**Waleed
Alkhulayfi**

Chief
Compliance Officer

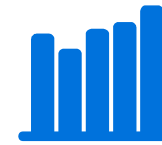
Your exposure to the structural turnaround story in the KSA



Supportive regional macro
and ongoing Vision 2030
implementation



Well-balanced
business mix



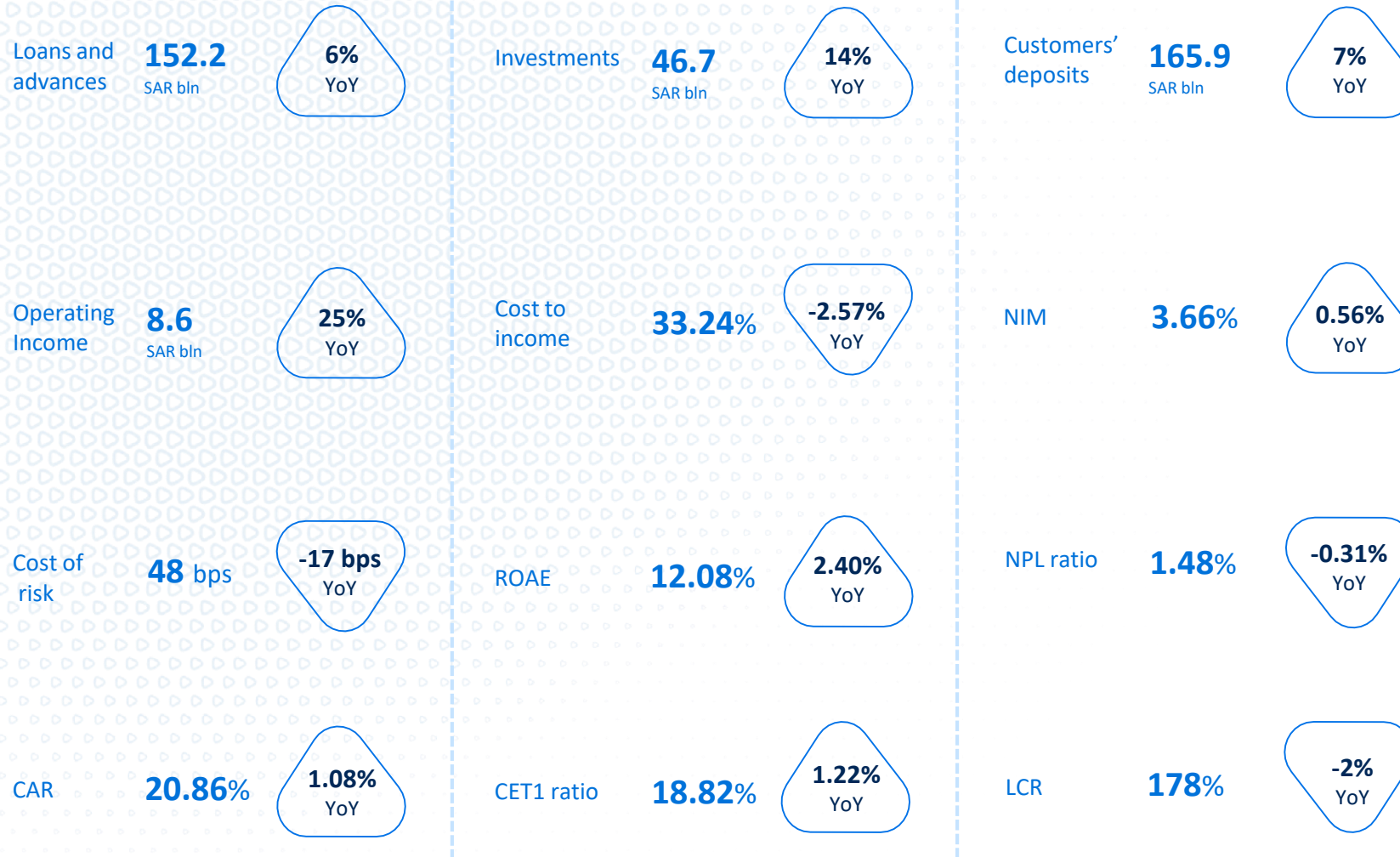
Healthy profitability
driving lucrative dividend
returns, supported
by strong balance sheet



Business digitalization
inside out in line with
the bank's strategy



FY2023 highlights: improvement across key metrics



Balance sheet

- Loans and advances increased by 6% YoY
- Investments increased by 14% YoY
- Customers' deposits increased by 7% YoY

Profitability

- Operating income grew to SAR 8.6bln by 25% YoY
- Cost to income declined from 35.81% to 33.24%
- Net interest margin trended up to 3.66% following the increase in operating income

Credit Quality

- Cost of risk in 2023 stood at 48 bps, down from 65 bps in 2022
- Return on average equity amounted to 12.08%, compared to 9.68% for 2022
- NPL ratio declined 0.31% YoY

Capital & Liquidity

- CAR continued to grow by 1.08% YoY
- CET1 Ratio increased to 18.82% against 17.60% in 2022
- LCR slightly decreased YoY by 2%



02

Strategy overview

Strategy: key pillars & enablers



VISION

Top 5 bank in the kingdom

PILLARS



Wholesale

Becoming the bank of choice for large and mid-size corporations



Retail & Private

Aiming to be the bank of choice for affluents



Treasury

Diversifying our revenue streams and supporting growth



Capital

Aspiring to be a top player in capital markets

Enablers



Becoming digital first



Improving organizational effectiveness



Enhancing excellence in customer services to strengthen brand equity



Optimizing our infrastructure to accelerate digitalization



Enhancing risk management to support our growth



Investing in human capital to deliver our ambition

Since the launch of the strategy, we have had several significant achievements ...



Key pillars



Wholesale Banking

- Enhancement of wholesale **profitability and portfolio quality**
- Maintained our position as a **leading SME banking** partner for Kafala and Monshaat
- Enhanced our **fintech enablement proposition**



Retail

- Retail division **growth and expansion of product offerings**
- Increased **emphasis on affluent segment** growth
- Launched **revamped 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



Treasury

- **Diversified into higher yielding assets** with new investments
- **Upgraded Treasury infrastructure and systems**



Capital

- Completed a number of **high-profile** investment banking transactions
- Launched new **real estate funds** and **private equity** business lines

Organizational Effectiveness

- Successfully launched anb **rebrand and corporate identity** to shift market perception
- **Optimized organizational structure** to improve synergies across groups

Infrastructure and Digital

- Invested in our **digital capabilities** and **product offerings across various client segments**
- Launched CBS upgrade project to strengthen our infrastructure and resilience



... with key strategic milestones planned for the upcoming period as part of our ambitious transformation



Key pillars



Wholesale Banking

- Optimization of retail **digital and physical channels** to cater to our different client segments
- Driving **healthy balance sheet growth** through **project finance**
- Enhancing our deposit offerings to **enhance liabilities**
- Strengthen our position as a **generational wealth partner**



Retail

- Modernization and **digitization of retail offerings**
- Develop **SME ecosystem and partnerships** including end-to-end digital services
- Expansion into **strategic sectors and Vision 2030 opportunities**
- Diversification of our **product offerings** to drive asset growth (specifically credit cards, auto loans, and micro-lending)
- Expand **fintech enablement business** to extend market lead and provide tailored solutions



Treasury

- 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

Infrastructure and Digital

- Invest enhancing our **Data and AI infrastructure** to support business and operational use-cases



Digital Banking



Forging a Spectacular Digital Bank: Pioneering Financial Innovation and Exquisite Customer Experiences

anb's trailblazing Digital Strategy for 2024 and beyond:

Personalized Experience on anb Digital Channels



- Debut of the transformative Hyper-app in the KSA, redefining banking customer segmentation
- The Hyper-app transcends conventional financial services
- Digital expansion through innovative ventures, alliances and ecosystem fusion

Reimagined Business Engagements



- Customized digital tools for SMEs, enhancing cash management and better facilitates digital borrowing
- Complete digital transformation of the wholesale client experience
- Solidifying our role as a pre-eminent force in the MENA region's wholesale banking landscape

Synergy with Financial Ecosystem and Fintech Partnerships



- Propelling fintech growth with strategic 'debt & equity financing'
- Being a leader in digital innovation to spearhead banking technology solutions
- Maintaining our dominance as a leader in the fintech domain across the MENA region

Innovation



- Innovating with digital factories and innovation hubs
- Employing AI, RPA and machine learning to generate new revenues streams and refine risk profiles

Key achievements in Digital Banking

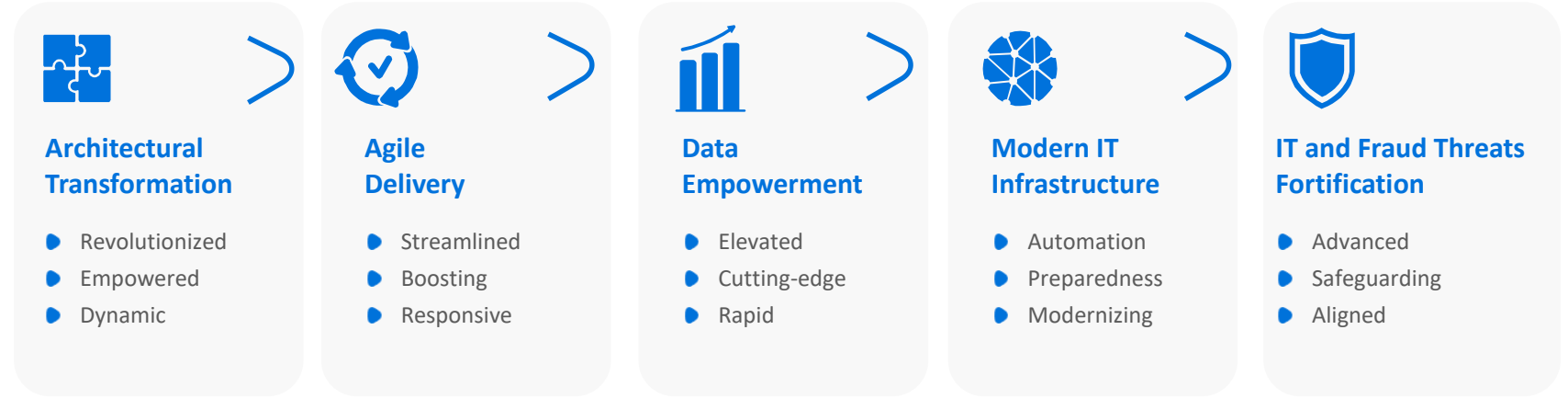
- **Seamless integration of digital channels:** mobile banking, online banking, and self-service kiosks for enhanced accessibility and consistent customer journey
- **Expansion of Digital Product Portfolio** with comprehensive digital solutions covering retail, wholesale, and anb capital, including account opening, savings, investments, financing, online payments, and insurance
- **Establishment of anb Connect**, an open banking platform fostering partnerships with financial companies and fintechs through API interfaces
- **Launch of Cashee**, a financial education platform tailored for children and young customers to promote financial literacy and savings habits

anb Digital Banking: Our Vision and Technical Capabilities



Our Vision of 'Financial Excellence'

- Redefining digital customer journeys for retail and wholesale banking
- Delivering advanced wholesale banking solutions and leading the fintech ecosystem's growth and digital transformation in MENA region
- Enhancing IT efficiency with full automation for faster, error-free banking operations
- Utilizing data, AI and machine learning for enhanced banking experience



Digital Customer Acquisition

83.0%

Digital Transactions

99.0%

Digital Products Sales Growth

+87.5% YoY

Overview of Key ESG achievements and initiatives



ENVIRONMENTAL

- Treasury investments in green bonds worth **150Mn USD**
- Bookrunner on PIF's green bond issue worth **11.35Bn SAR** (~3Bn 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 1.6Bn SAR given to 3,000+ customers in 2023
- Partnership with SDB³ to develop products to improve saving habits of consumers (e.g., ZOOD program)
- 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 **6Mn+ SAR** on education, healthcare, and other philanthropic initiatives in 2022



GOVERNANCE

- Regulatory adherence to SAMA⁴, CMA⁵ and international bank governance policies
- 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)
- Establishment of ESG Management committee, with defined stakeholders and meeting cadence
- Collaboration with regulatory ESG Advisory Committee and its four workstreams



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



03

FINANCIAL
PERFORMANCE

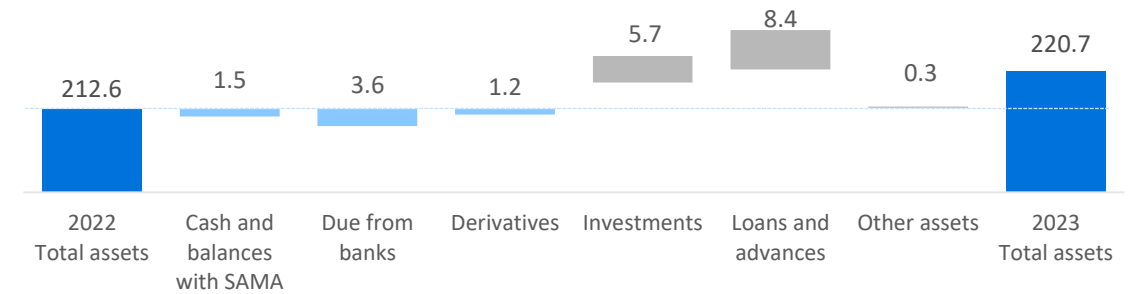
anb balance sheet overview



SAR mln,	4Q 2023	4Q 2022	Diff %	3Q 2023	Diff %
Cash and balances with SAMA	10,892	12,434	-12%	11,487	-5%
Due from banks and other financial institutions	2,478	6,048	-59%	1,998	24%
Positive fair value of derivatives	1,802	2,960	-39%	2,799	-36%
Investments	46,676	41,018	14%	45,356	3%
Loans and advances	152,235	143,829	6%	149,372	2%
Other assets	6,600	6,340	4%	7,179	-8%
Total assets	220,683	212,628	4%	218,190	1%
Due to banks, SAMA and other financial institutions	8,430	13,511	-38%	16,988	-50%
Negative fair value of derivatives	1,403	2,164	-35%	1,790	-22%
Customers' deposits	165,861	154,871	7%	154,220	8%
Issued Sukuk	2,829	2,829	0%	2,852	-1%
Other liabilities	7,062	6,895	2%	8,580	-18%
Total liabilities	185,585	180,270	3%	184,431	1%
Share capital	15,000	15,000	0%	15,000	0%
Statutory reserve	10,648	9,630	11%	9,630	11%
Other reserves	437	59	646%	0,42	943%
Retained earnings	8,985	6,819	32%	9,060	-1%
Proposed dividends	0	827	-100%	0	0%
Total equity	35,069	32,334	8%	33,732	4%

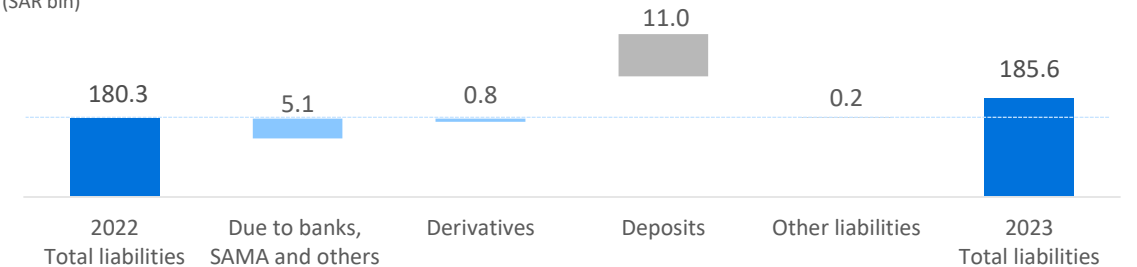
Total Assets Movements

(SAR bln)



Total Liabilities Movements

(SAR bln)



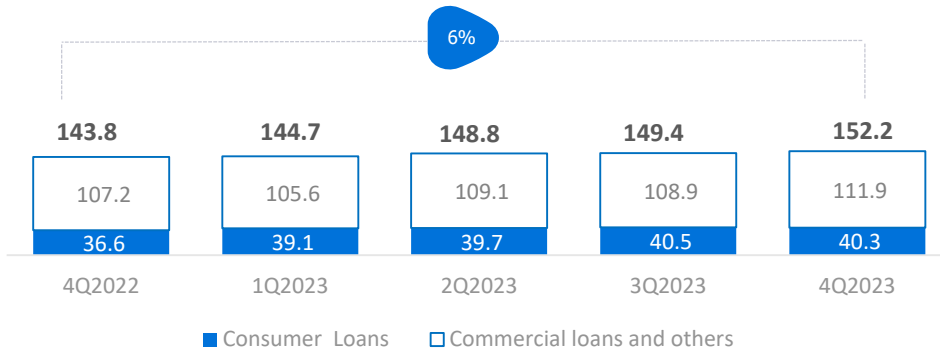
- Loans and advances increased by 6% YoY, mainly driven by growth in retail by 10% and corporate by 4%
- Investments posted a YoY increase of 14%
- Customer deposits gained 7% YoY, reflecting growth in both CASA and time deposits

anb balance sheet overview: KSA-focused loan portfolio

well diversified across business segments and economic sectors



Loans and Advances

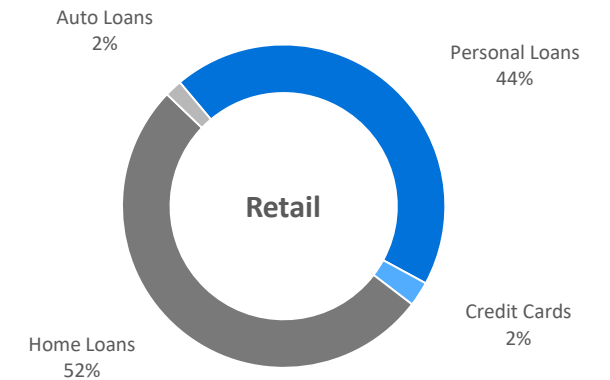
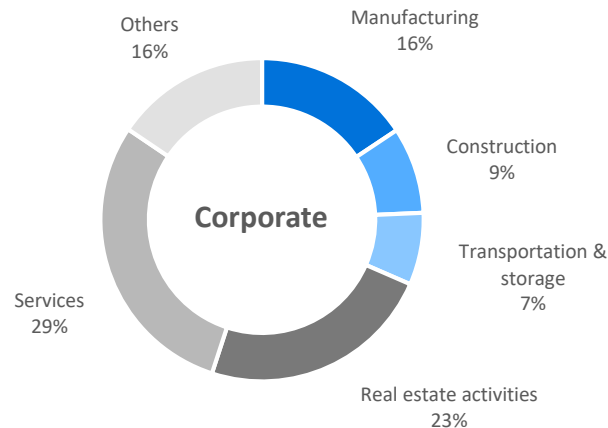
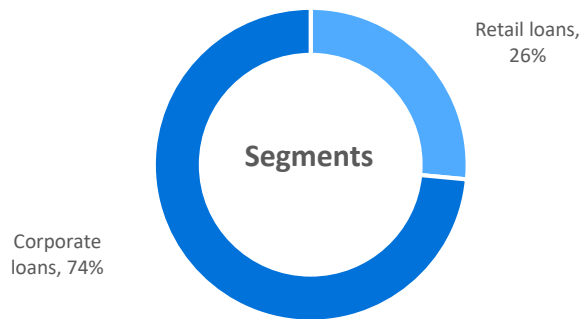


152.2
(SAR bln)

+6% YoY

- Loans and advances portfolio increased by 6% YoY
- Retail grew by 10%, driven by mortgages growth by 13% and personal loans by 8%
- Corporate loans grew by 4%

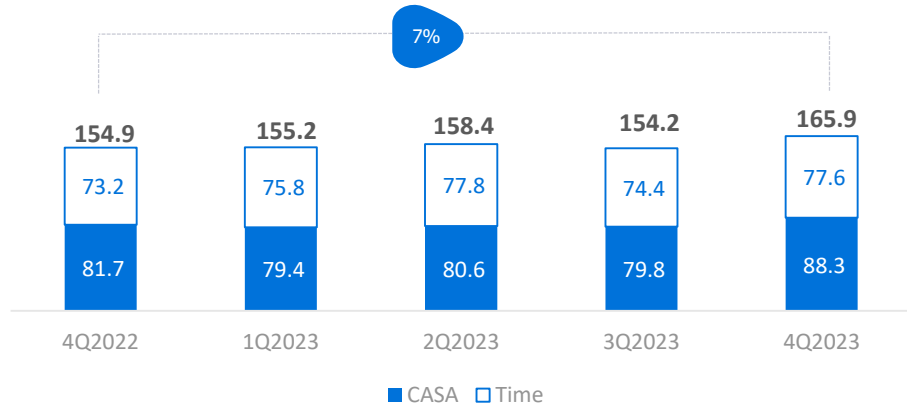
Loans breakup as of 2023



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



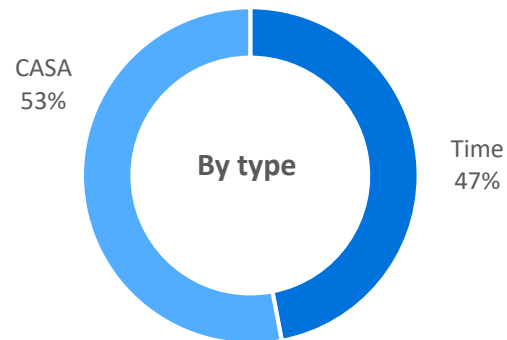
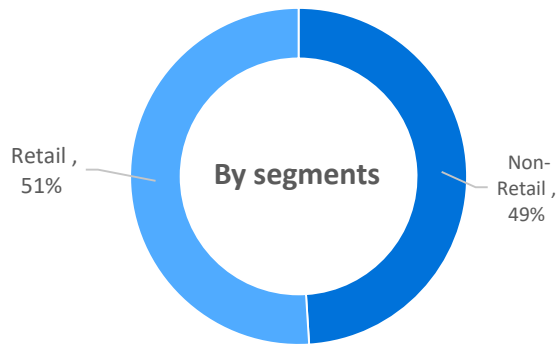
Customer Deposits



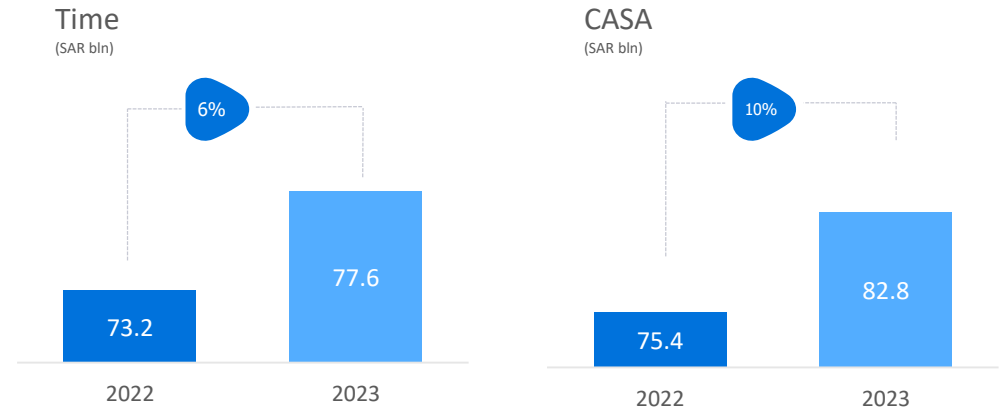
165.9
(SAR bln)
+7% YoY

- Customer deposits grew 7% YoY, reflecting SAR 4.3 bln growth in time deposits and SAR 6.6 bln increase in CASA deposits
- Total deposits 51% retail, 49% non-retail
- CASA represents 53% of total deposits.
- Time deposits represents 47% of total deposits.

Deposits breakdown as of 2023



Deposits dynamics

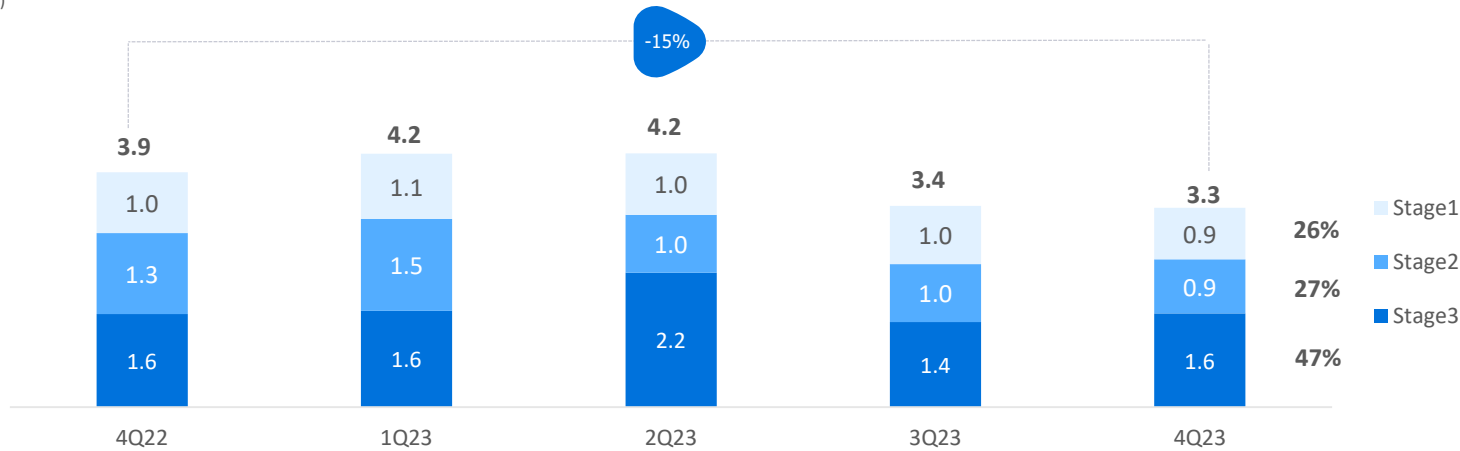


anb balance sheet overview: NPL Coverage



ECL stage-wise for loans and advances

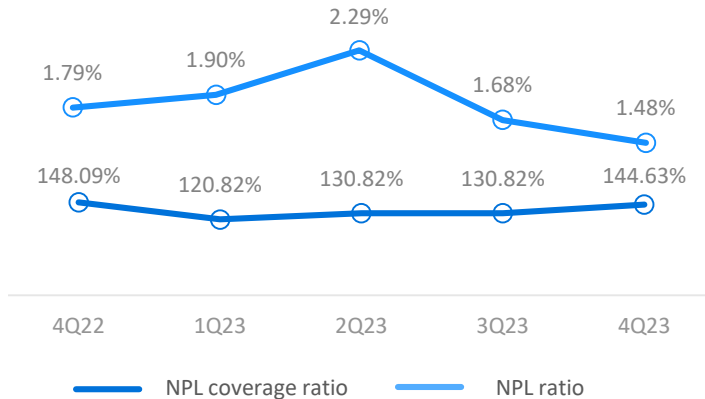
(SAR bln)



- anb maintains a robust risk management with an NPL coverage ratio resiliently at 144.63%
- On the other hand, anb succeeded to optimize provisioning of loan portfolio by 15% YoY due to high quality of its portfolio

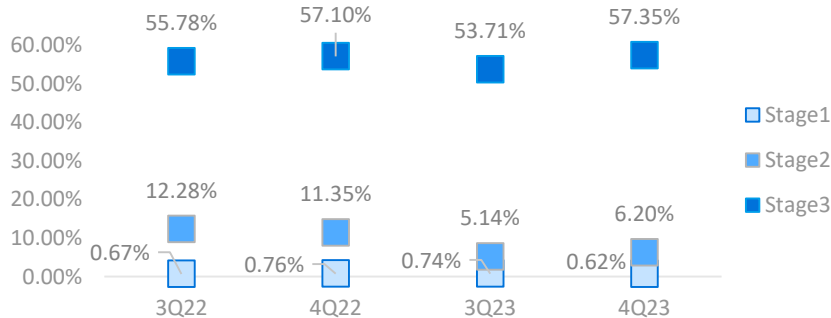
NPL Coverage Ratio and NPL ratio

(%)



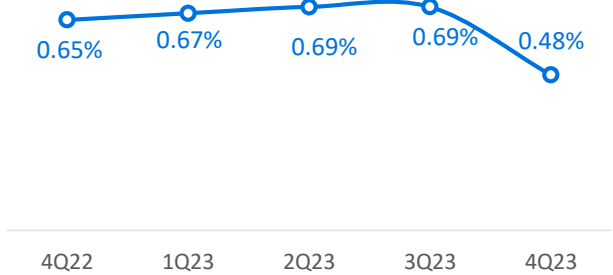
Stage-wise Coverage

(%)



Cost of Risk

(%)

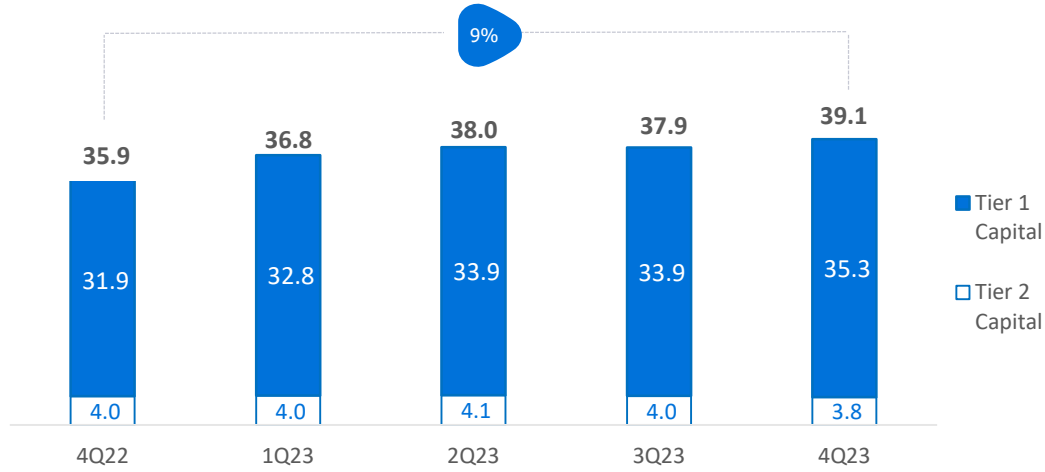


anb Capitalization



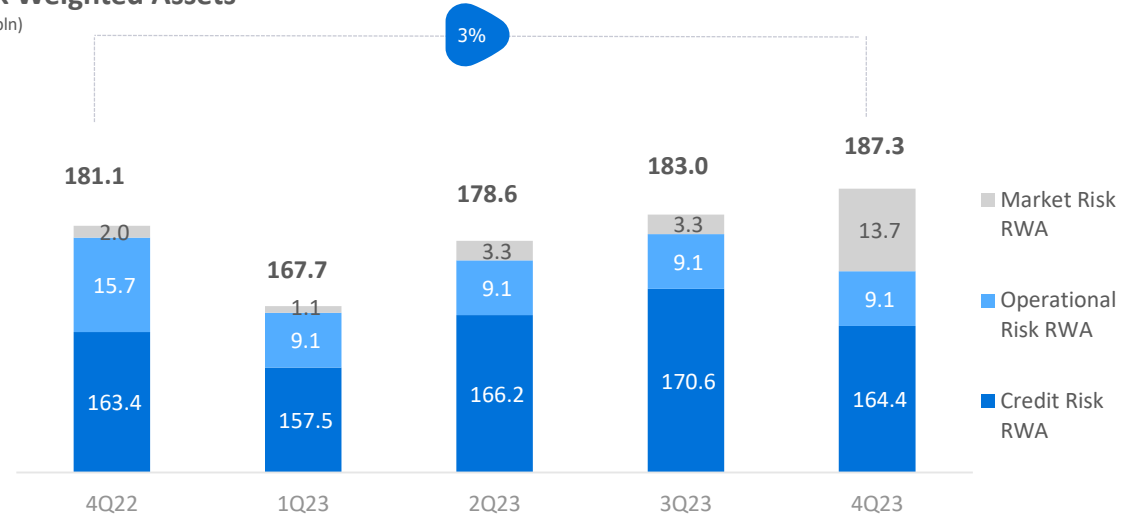
Tier I & Tier II Capital

(SAR bln)



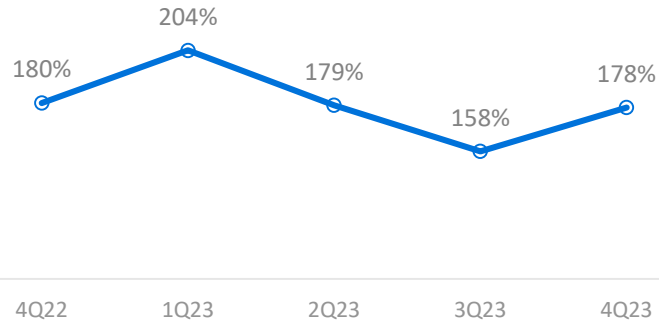
Risk Weighted Assets

(SAR bln)



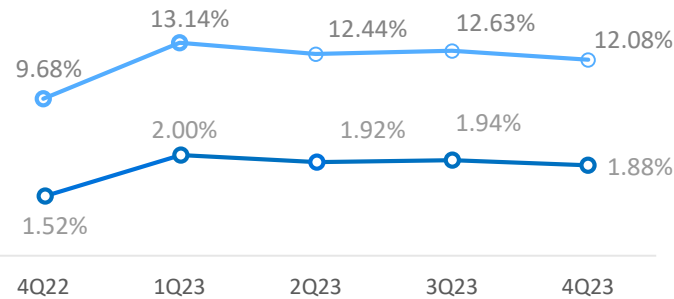
LCR

(%)



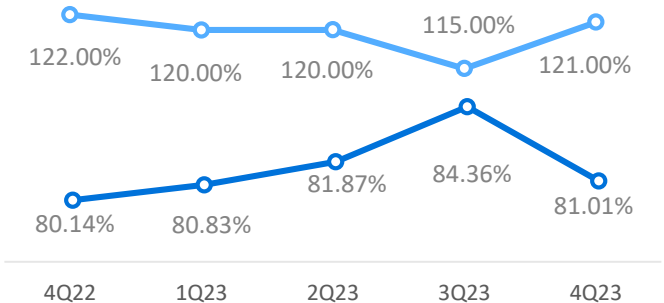
ROAE & ROAA

(%)



NSFR & Weighted LDR

(%)



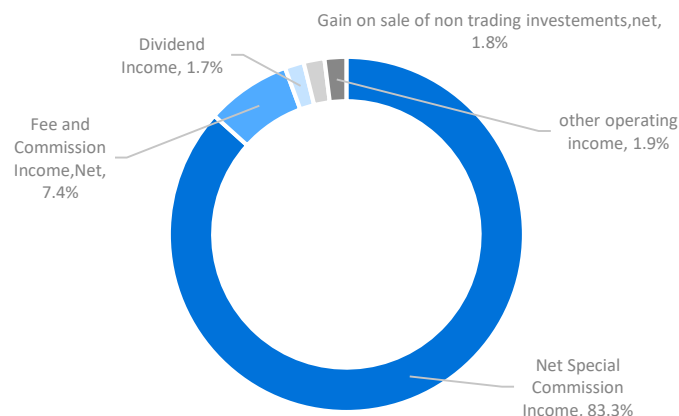
anb P&L overview: top-line YoY growth contributed to strong net profit



SAR mln,	FY 2023	FY 2022	Diff	4Q 2023	4Q 2022	Diff
Net interest income	7,137	5,636	27%	1,834	1,645	11%
Special commission income	12,477	7,657	63%	3,363	2,521	33%
Special commission expense	5,340	2,020	164%	1,529	876	75%
Fee and commission income, net	637	546	17%	122	129	-6%
Exchange income, net	331	354	-7%	85	106	-20%
Gains on non-trading instruments, net	156	0	100%	1	0	100%
Other operating income, net	306	326	-6%	55	38	44%
Total operating income	8,567	6,862	25%	2,097	1,918	9%
Salaries and employee related expenses	1,547	1,380	12%	416	373	12%
Depreciation and amortisation	228	214	7%	59	54	10%
Other expenses	1,072	864	24%	317	286	11%
Total operating expenses before impairment	2,848	2,458	16%	792	713	11%
Allowance charges of ECL and other provisions, net	670	880	-24%	-90	270	-133%
Impairment charges on other real estate owned	322	0	100%	272	0	100%
Total operating expenses	3,840	3,338	15%	974	983	-1%
Earnings from associates, net	20	108	-81%	-17	17	-200%
Net Income before Zakat and Tax	4,747	3,632	31%	1,103	953	16%
Zakat and tax	671	566	19%	163	161	1%
Net after Zakat and Tax (equity holders of the Bank)	4,071	3,070	33%	941	792	19%

- Total operating income grew by 25% YoY mainly due to 27% growth in NII
- Operating expenses increased 15% YoY mostly due to G&A-related expense growth
- Impairment charge grew by 13% YoY

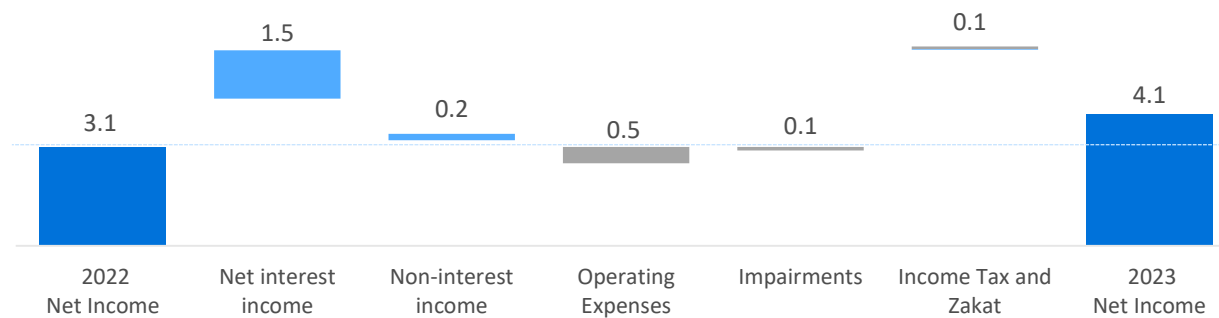
Operating Income Structure



- Fees and commission income increased YoY by 16.7%, mainly due to growth in credit facilities and trade finance fees
- Gains on non-trading instruments increased YoY due to hedging gain from a one-off sale of hedged Saudi Gov Sukuk

Net Income Movements

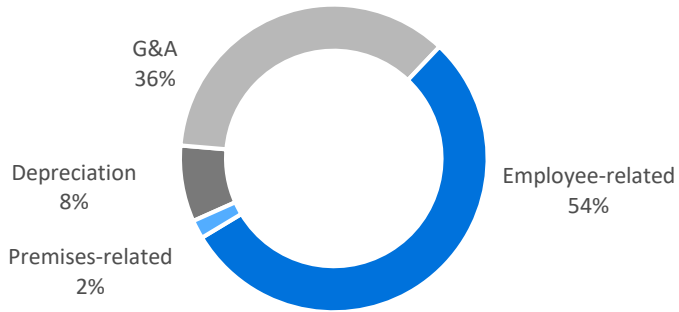
(SAR bln)



anb P&L overview: OPEX rose by 9% YoY, in line with NII growth for the same period



Operating expenses breakdown



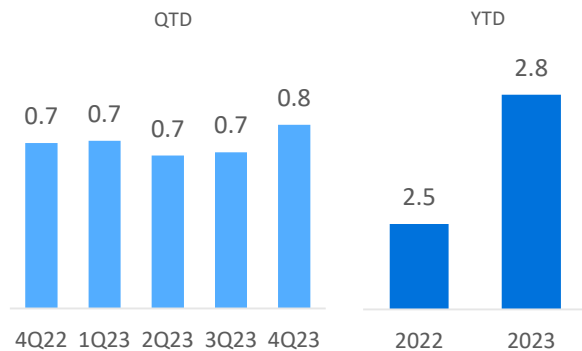
Cost to Income

33.24%
-2.57%
YoY

- Cost to income declined by 2.57% reaching to 33.2%
- OPEX added 16% YoY to SAR 2.9 bln for FY2023
- The structure of operating expenses had low volatility due the period

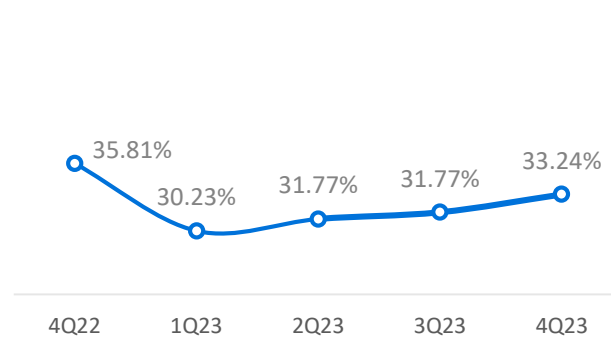
OPEX before impairment

(SAR bln)



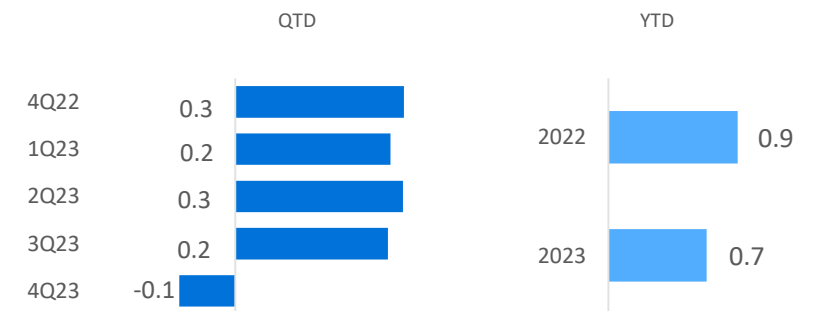
Cost to income

(%)



Impairment charge for ECL

(SAR bln)

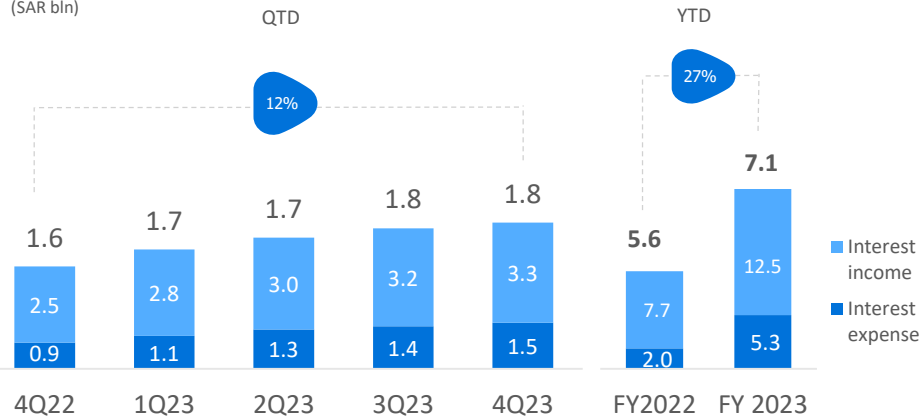


anb P&L overview: continued increase in yields driven by rising benchmark rates fueled net interest income



Net interest income

(SAR bln)



NIM

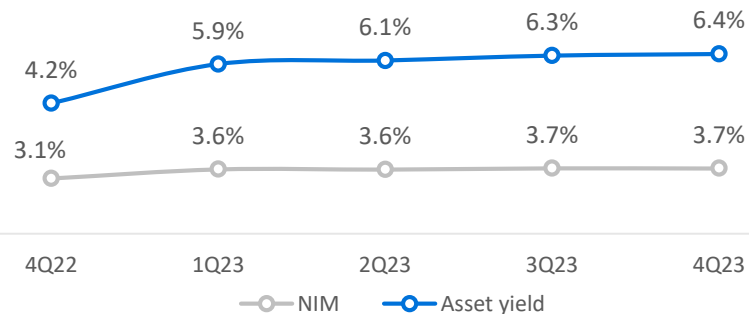
3.7%

+0.56 bps YoY

- NIM gained 56 bps to 3.7% following an increase in operating income on the back of rising rates
- Assets yield added 219bps, while cost of funds rose by 43bps

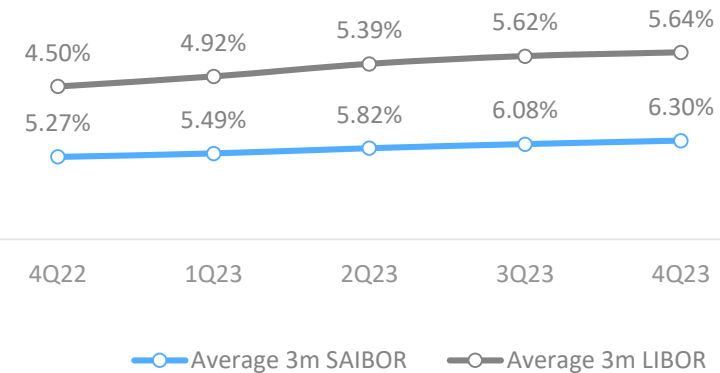
NIM and assets yield

(%)



Market benchmarks

(%)



anb returns value to shareholders, while its capital remains strong



Per Share Data

	2023	2022	2021
EPS (SAR)	2.71	2.05	1.45
EPS Before XO Items	2.61	2.02	1.34
Book Value (BV)	23.40	21.51	20.73
Dividends Per Share (SAR)	1.35	1.10	0.80
Price/book	1.08	1.49	1.10
P/E	9.32	15.66	15.77

Aggregate Return

ca. 6.8
(SAR / share)

MOODY'S
A2/P-1
Outlook: Positive

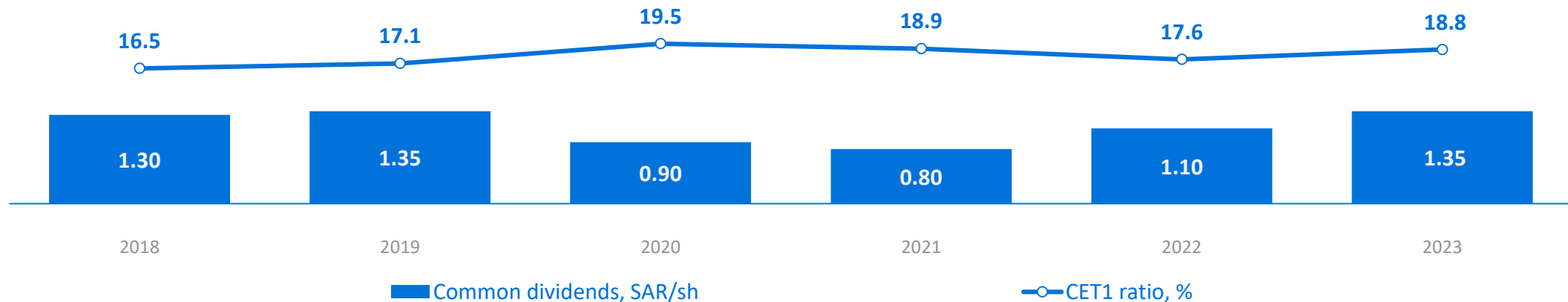
S&P Global
Ratings
A2/A-2
Outlook: Stable

FitchRatings
A-/F2
Outlook: Stable

Credit Ratings

- We expect **anb** to maintain solid liquid buffers to withstand any short-term deposit volatility
- We expect asset-quality risks to be subdued for the next 12-18 months supported by the resilient operating environment for banks
- The stable outlook reflects anb's strong capitalization, balanced by below average, although improving, asset quality indicators
- We view the Saudi banking sector as well capitalized with strong earnings capacity through economic cycles
- anb's 'A-' long-term IDRs are driven by potential support from the Saudi Arabian authorities, as reflected by its Government Support Rating (GSR) of 'a -'.
- anb's risk profile considers its sound underwriting standards and increasing focus on lower-risk retail mortgages as well as high concentration risks.

Capital return





04

GUIDANCE

FY2023 highlights: improvement across key metrics



Metric	FY2023		Guidance
Loans & advances, net	152.2	6% YoY	Mid Teens
NIM	3.66%	0.56% YoY	-5 to 5 bps
Cost to income	33.24%	-2.57% YoY	Below 32%
ROAE	12.08%	2.40% YoY	Above 13%
Cost of Risk	48bps	-17bps YoY	50 – 60 bps
CET1 Ratio	18.82%	1.22% YoY	Above 19%