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Malaysia's economy in 2024 demonstrated resilience despite a complex global environment. Strong domestic demand and private sector activity drove GDP growth, supported by government initiatives to stimulate consumption and investments. Inflation moderated compared to previous years, with the banking sector benefitting from Bank Negara Malaysia's (BNM) stable monetary policy stance. However, external pressures, including global economic slowdown and geopolitical uncertainties, continued to impact trade and currency stability.

For alrajhi bank Malaysia (ARBM), the operating environment provided both challenges and opportunities. Malaysia's strong position as an Islamic finance leader aligns well with ARBM's own strategic objectives. ARBM continued to leverage its strong brand reputation and alrajhi bank's expertise in offering world-class Islamic bank products, meeting the needs of retail and SME customers seeking ethical financial solutions.

alrajhi bank Malaysia continued digital transformation also resonated with Malaysia's growing preference for online and mobile

banking, particularly among the urban and young demographic. This digital focus allowed ARBM to enhance operational efficiency, deepen customer engagement, and strengthen its position as a critical player in the local market.

Despite rising competition, particularly from local digital banks, ARBM's commitment to innovation, customer-centricity, and adherence to Shariah principles enabled steady growth across its business verticals. These results underscore the Malaysian bank alignment with expanding alrajhi bank's international footprint and reinforcing alrajhi's role as a leader in Islamic finance.

A strong performance

In 2024, alrajhi bank Malaysia recorded a growth rate of 8% in financing, closing the year at MYR 10.8 Bn., while Sukuk holdings reached MYR 6.1 Bn. with a 26% YoY increase. Powered by the growth in financing and Sukuk holdings, ARBM's net profit recorded a substantial 77% YoY growth at the close of the reporting year.



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During the year, ARBM addressed the challenge of rising borrowing costs by implementing new strategies to attract customer deposits across retail and SME segments. To improve acquisition rates of new-to-bank customers, alrajhi bank Malaysia also focused on seeking more mutually beneficial partnerships to improve brand salience across Malaysia through association. The strategic focus on attracting deposits resulted in ARBM's CASA market share growing to 1.98% in 2024, compared to 1.70% in 2023. Total assets market share grew to 1.58% at the close of 2024. (2023 – 1.37%)

alrajhi bank Malaysia (ARBM) also focused on enhancing fee income by leveraging existing customer relationships and launching campaigns with the aim of increasing retail productivity and asset management. ARBM also launched an unfunded Trade Risk Participation program (TRP) to introduce new non-yield revenue streams during the reporting period.

With quality asset acquisition remaining a key objective of ARBM during the year in review, the Home Financing (HF) product was restarted and was supported by the HF Acceleration Campaign, which aimed to grow the HF portfolio and achieve an optimal portfolio balance. The successful implementation of this campaign saw the HF product reaching MYR 15 Mn. in monthly bookings by Q4 2024. ARBM also introduced a Refinancing scheme under the Personal Financing product as part of anti-attribution measures.

Making a significant leap from its lowest position in the Malaysian Banking Sector in 2020, ARBM became the third-largest asset holding Foreign Islamic Bank in 2024, a milestone achievement. The profitability of ARBM has shown a remarkable improvement, recording a 68% compound annual growth rate (CAGR) on its Return on Equity (ROE) from 2020, closing the year in review with an ROE of 8.4%. These performances highlight the focused effort and remarkable progress made by the bank to strengthen its position in the industry.

Promoting sustainable banking practices

ARBM formed a Sustainability Committee during the preceding financial year to better align with sustainability mandates of both Malaysia as well as the alrajhi group. ARBM is a member of the Value-Based Intermediation (VBI) Community of Practitioners (CoP) of Malaysia, contributing towards generating a positive sustainable impact for Malaysia's recovering economy, community and environment, and its overarching objective to deliver the intended outcomes of Shariah through practice.

In line with the VBI Principle of Community Empowerment, ARBM has disbursed MYR 2.4 Bn. to 213 SME accounts, predominantly supporting entrepreneurial activities. This aligns with ARBM's commitment to fostering entrepreneurship, economic growth, and sustainable development within the SME sector, reinforcing our role in responsible and impactful financing. The bank also provided MYR 1.34 Bn. across 39 corporate accounts for public amenity financing, directing funding towards upgrading essential public amenities including infrastructure such as roads, schools, hospitals, and green/renewable energy projects.

In tandem with the VBI Principle of Good Self-Governance, ARBM demonstrated its readiness to encourage financial flows towards companies and projects that meet climate objectives and provide greater transparency in reporting climate-related exposures. alrajhi bank Malaysia drafted the 'Environmental, Social and Governance (ESG) Assessment Checklist' to better categorise the customer's nature of business and economic activity based on BNM's Guiding Principles as per the Climate Change and Principle-based Taxonomy (CCPT). ARBM implemented The ESG Risk Management Policy (Corporate Credit Policy & Sustainability Policy), as well as the ESG classification requirement for ARBM's entire corporate book. To further enhance its risk assessment framework, ARBM plans to introduce an ESG scorecard developed by leading global data, intelligence and analytics company Moody's in 2025. This scorecard, subject to management approval, will be used alongside the CCPT score and corporate customer credit rating.

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alrajhi bank Malaysia also incorporated sectoral guidelines into its existing evaluation, assessment, and financing processes. ARBM representatives participated in the sectoral guide review exercise during the reporting period for the Construction and Infrastructure (C&I) sector.

Furthermore, ARBM continued to provide financing under the "My First Home Scheme" from BNM's Fund for Affordable Homes to lower-income families in line with its commitment to promoting social equity and financial inclusivity for the B40 (low-income) market segment. At the close of 2024, 50% of ARBM's Retail Home Financing portfolio comprised of first-time home buyers, focusing on financial empowerment and long-term stability for individuals entering the housing market. Personal financing solutions are also made easily accessible to lower income groups and underserved segments through solutions such as Rize and Cashline-*i* (overdraft facility).

ARBM successfully launched the 5kali3 Cashback Campaign to encourage customers to adopt smart saving habits and empower them to achieve their financial goals. This campaign offered cashback rewards over three months to new customers, motivating them to save and make transactions using their ARBM accounts or debit cards.

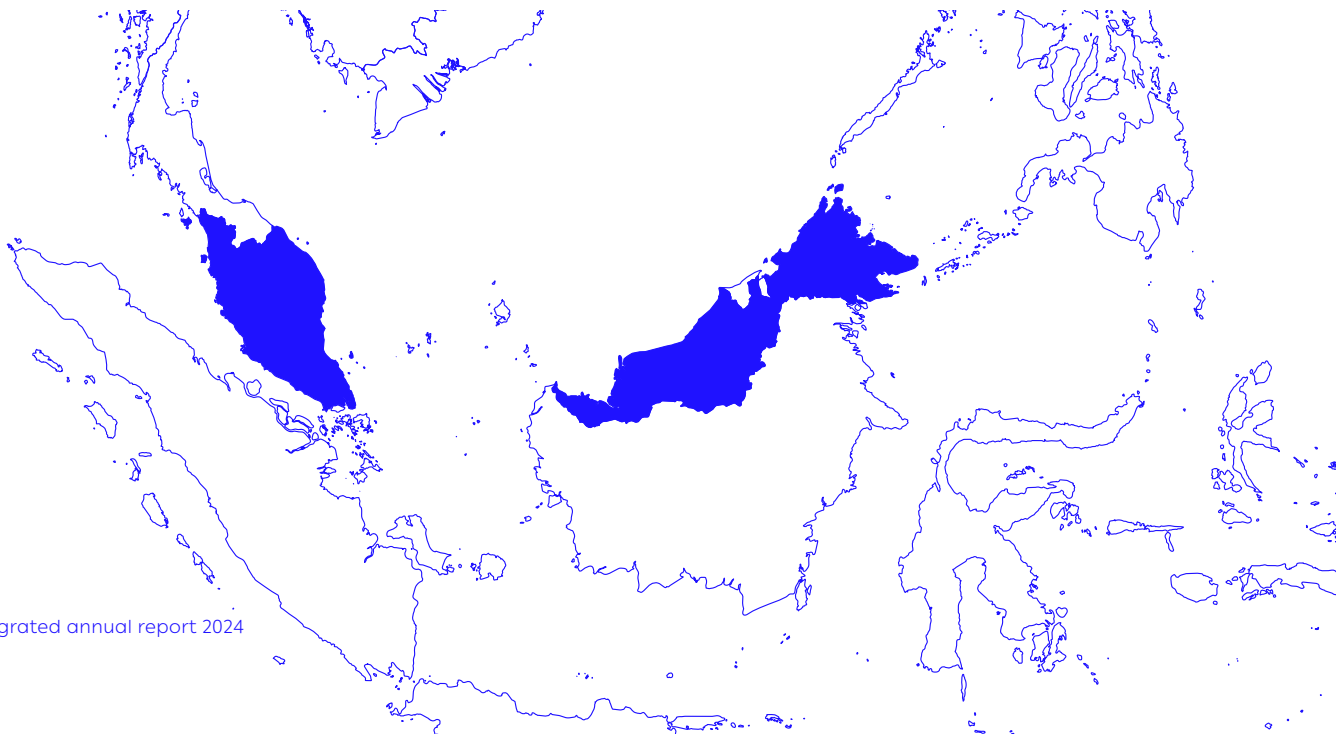
Earning greater brand recognition

ARBM's focused efforts as a member of the VBI CoP has greatly strengthened its brand recognition as a bank that creates greater impact through Islamic financing with the aim of delivering the intended outcomes of Shariah. ARBM was included in the Annual VBI Report for 2023 highlighting its VBI initiatives and achievements under sustainable banking, financial inclusion, and caring for society. The ARBM CEO is featured in an exclusive interview in this Report, to provide industry insights by CoP Member Banks. This was followed by ARBM's very own video and social media posts on ARBM's VBI journey, further strengthening the bank's standing.

This, along with various other media releases by ARBM covering key milestones of 2024 including the C-Suite appointments, campaign launches and other events earned over MYR 414k in collective PR value during the year.

Future-proofing IT infrastructure

The Malaysian bank launched a three-phase IT System Consolidation Roadmap in 2024, with Phase One addressing End of Life (EOL) and End of Support (EOS) Systems currently on track, in line with BNM regulatory requirements. Phases Two and Three of the Roadmap is scheduled to be implemented from 2024 – 2026, aiming to consolidate the technology stack for improved cost optimisation, greatly improving customer acquisition costs.



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One of the key initiatives of this Roadmap is the 'Rize Enhancement Project', which resulted in the launch of a new, enhanced front end/user interface for ARBM's Rize digital bank during the reporting period. The new front end was created in collaboration with Ejada, with ARBM leveraging alrajhi group synergies and capabilities to improve operations.

Vendor dependency was reduced by identifying and putting in place key IT resources for critical roles. A Technology Governance Forum was also set up in 2024, to drive technology decisioning and design at the working level, leading to more efficient ways of working.

ARBM fully complies with ISO 20022 for payments, trade services, and other financial operations. Project Phoenix – ARBM's Real-Time Retail Payments Platform (RPP) migration project was implemented in 2024, resulting in cost savings of USD 2.6 Mn. for a 5-year cost of ownership (TCO). New services introduced via API included real-time payment options through Malaysia's national payments channels DuitNow QR, DuitNow Transfer (both interbank and intrabank), and a host of new process improvement features such as enabling auto reversal for rejected entries, bank host reversal, etc. ARBM's real-time retail payments volume increased a remarkable 94% YoY as a result of the successful roll-out of Project Phoenix during 2024. Several more services are on schedule to be implemented in 2025 and beyond.

The 'Rize' digital experience

Rize, the first-of-its-kind digital bank in Malaysia, which was officially launched to the public in February 2023, went through a number of upgrades, as well as product and service expansions and enhancements during the reporting period. Part of this continuous improvement included the migration of the mobile app development framework from native to 'react native', allowing for more agile development of complex user interfaces for the Rize app, with the ability to respond more quickly to user input. The onboarding journey was greatly enhanced, with the number of clicks reducing from 76 to 44.

In 2024, ARBM achieved remarkable YoY growth in Rize customer acquisitions and product performance, showcasing the success of targeted strategies. The bank onboarded 28,180 new Rize Savings Account customers, successfully surpassing the 23,645 signed up in 2023. This milestone was driven by customer-centric campaigns, competitive profit rates, and seamless digital onboarding processes, which appealed to Malaysia's digitally savvy population.

Other notable advancements made during 2024 include deploying a new corporate website, rebranding, and launching partnerships with strong local and community-focused brands in Malaysia; these updates align with the bank's commitment to enriching customer experiences while supporting local businesses. By teaming up with well-recognised local brands across various sectors, the partnerships drove higher engagement with our products and strengthened customer loyalty.

Transformation and sustainability: laying the foundation for 2025 and Beyond

2024 was a pivotal year for ARBM, setting the stage for a transformative journey towards becoming a leader in Islamic banking. Guided by a clear strategy, ARBM achieved significant milestones in digital transformation, operational efficiency, and sustainability, providing a strong foundation for future growth. These accomplishments will drive the bank's continued evolution in 2025 and beyond.

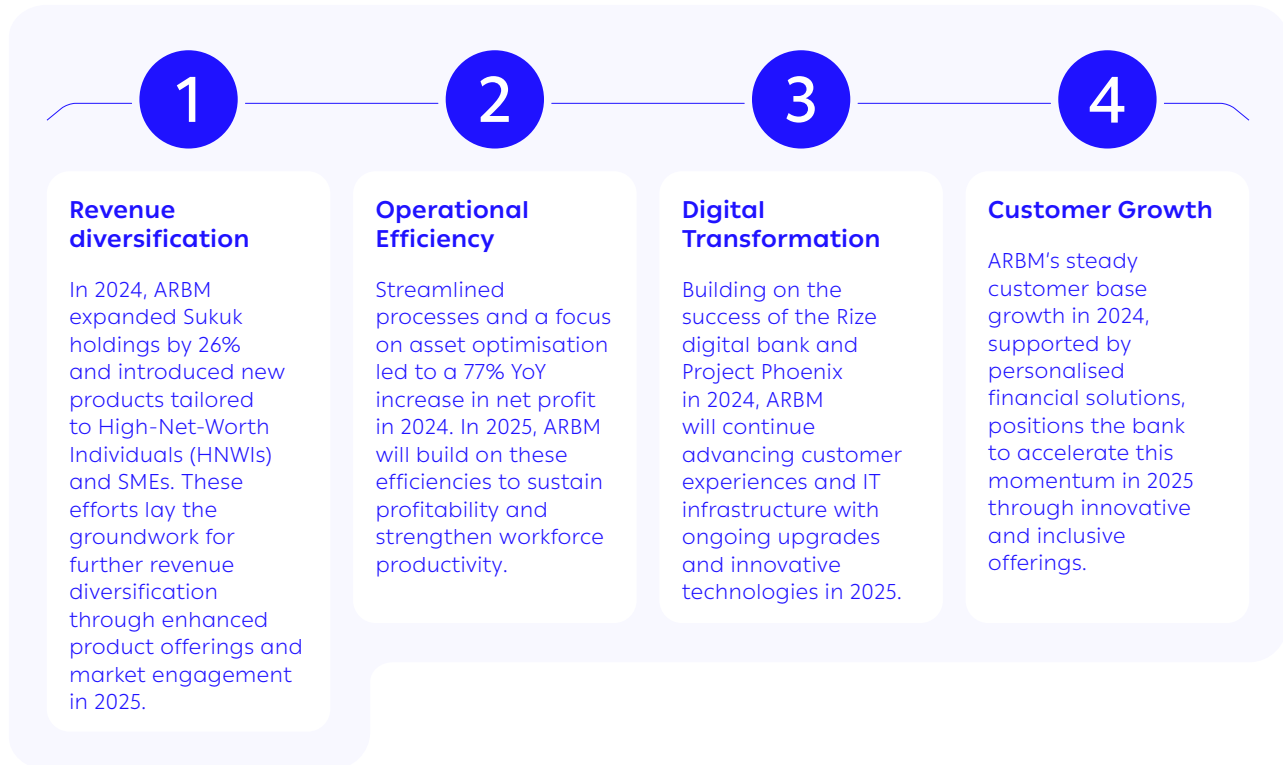


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Strategic pillars for growth



Community impact

In 2024, ARBM's initiatives empowered underserved communities through programmes like the "My First Home Scheme" and tailored financial products for the B40 segment. These programmes will expand in 2025 to drive greater financial inclusion. Employee-driven efforts, such as "Kempen Semarak Zakat" and "Waqf for All," further reinforced our commitment to social responsibility and cultural values. ARBM will also introduce new initiatives aimed at addressing emerging community needs and enhancing societal well-being, ensuring a sustained positive impact.

Future outlook

As ARBM progresses, the bank remains steadfast in balancing growth with sustainability. By leveraging the achievements of 2024 and driving forward its strategic pillars in 2025, ARBM aims to solidify its position as a trusted leader in Islamic banking while delivering long-term economic and social value for Malaysia.

