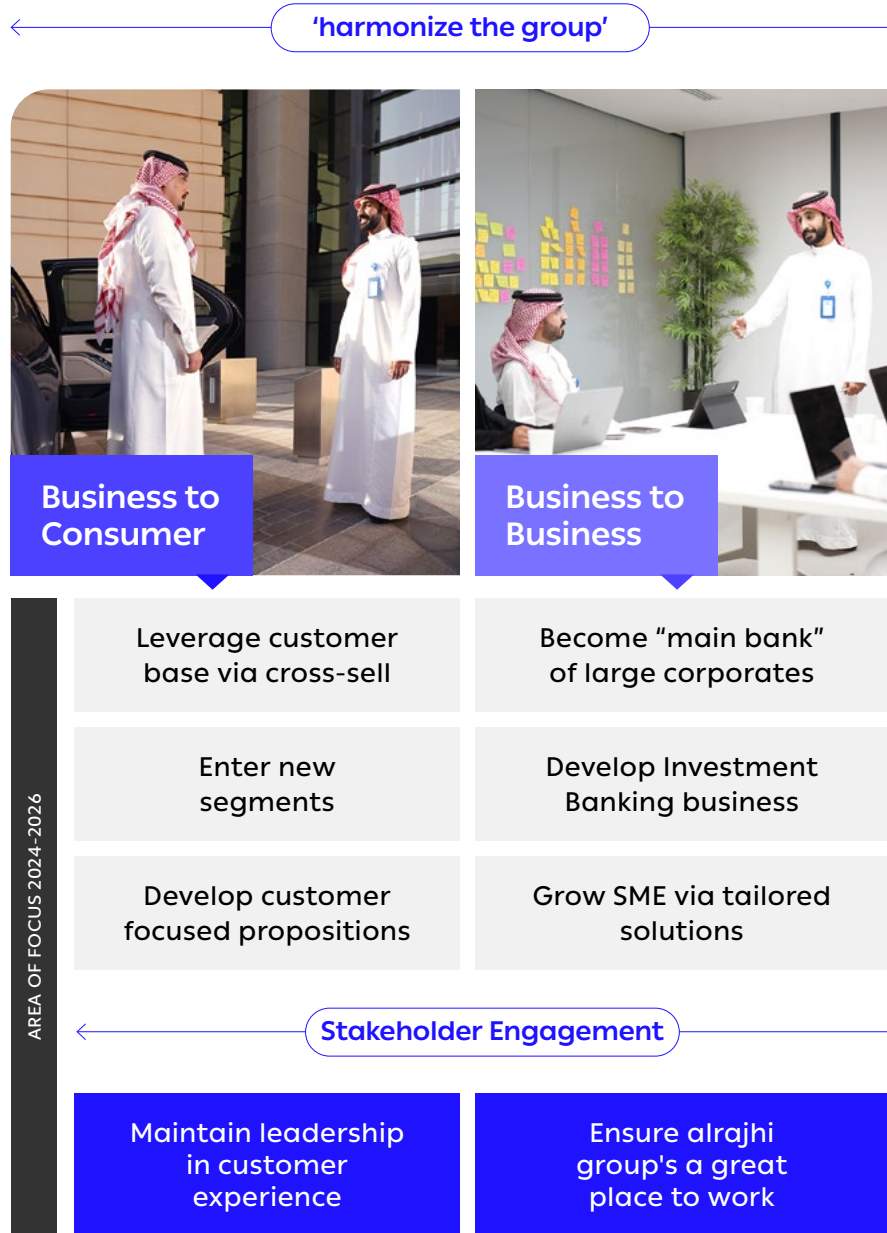


# strategic direction

2024 marked the launch of alrajhi bank's new **'harmonize the group'** strategy; leveraging the synergistic connections both within the bank and across its subsidiaries; to create greater value for our stakeholders, while serving as an enabler in achieving the Kingdom's Vision 2030 objectives.

The bank of the Future (BOTF) strategy cycle from 2020 - 2023 has successfully concluded; we grew our core banking franchise, while penetrating new segments such as payments and microfinancing through newly established businesses. We have now evolved into a full-service bank supported by subsidiaries and future-ready capabilities; powered by the latest technology infrastructure and digital core systems; it all coming together to service the full range of financial needs of our growing customer base.

In 2024, we rolled out the new **'harmonize the group'** strategy; with the aim of creating strong, seamless connections between the bank's various business verticals as well as with our subsidiaries; to create an **"ecosystem"** of financial services. The comprehensive new strategy comprises four pillars; **Business to Consumer (B2C)**, **Business to Business (B2B)**, **Support Businesses**, and **Digital and Data**. These four pillars, each with three measurable strategic imperatives, are underpinned by four key objectives that reinforce our commitment towards our broader stakeholders.



## strategic direction

**Our strategy 'harmonize the group' is customer-focused and supports increased cross-sales with efficiency from support businesses; creating multiple growth opportunities**

### Business to consumer (B2C)

The B2C pillar focuses on bringing together alrajhi's banking and financial services ecosystem to service our retail customers. One of the key strategic objectives under the B2C pillar, is to identify and **'Enter New Customer Segments'**, which allows us to build a deeper understanding of each demographic's needs; thereby designing and delivering unique customer value propositions. alrajhi conducted a quantitative analysis to understand existing retail market share and identified four key customer segments we wished to penetrate or expand our existing presence in; Premium, Expat, Family, and the Mass market. Each segment is broken down further to address varying needs among each demographic, e.g. the Premium segment addresses the needs of a growing high net-worth individual (HNWI) market; the traditionally blue-collared Expat segment is expanding to address needs of the rapidly growing demographic of white-collar expats, who are taking on higher paying professional service roles in Saudi Arabia resulting from Vision 2030 projects; the Family segment was established to cover evolving financial needs of youth and young families; and the Mass segment will focus on consumer financial needs of the mass market.

### Support Businesses

### Digital & Data

Centralisation and standardisation

Expand digital capabilities group-wide

Increase automation & efficiency

Customer-centric digital journeys group-wide

Increase scale and agility via Cloud

Group-wide insights and real-time marketing

Build successful careers across alrajhi group

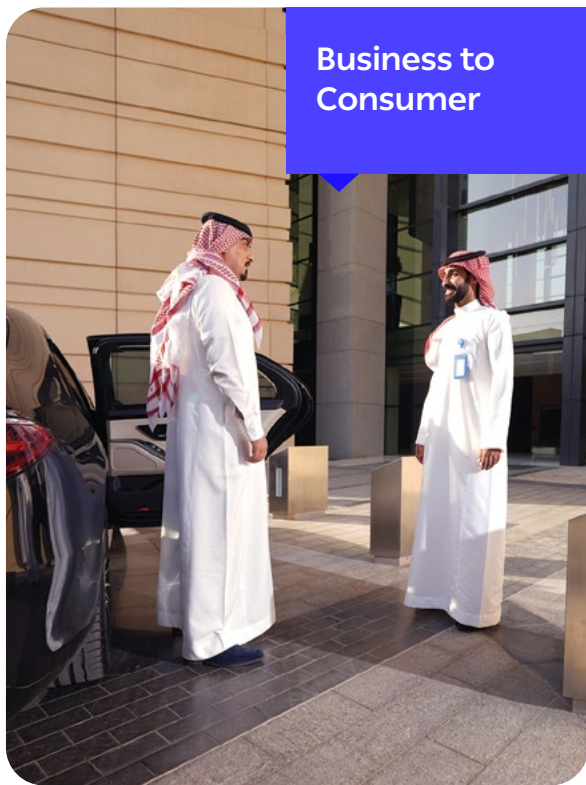
Leader in Financial Conduct and Sustainability

# strategic direction

With the segmentation approach, we are able to **'Develop Customer-focused Value Propositions'** for each customer profile, based on the core needs of any retail customer; the need to transact, the need for credit (both on secured and unsecured basis), the need to manage risks (be insured against the unexpected), and the need to create wealth (through a range of investments). Building on these value propositions, and orchestrating how best to connect each customer segment to the bank's growing retail products and solutions, we aim to **'Leverage the Customer Base via Cross-Sell'**. alrajhi bank's Retail Banking Group will collaborate with other business verticals and subsidiaries across the alrajhi group to meet

varying consumer needs. Customers can choose from a multitude of options such as microfinancing solutions via Emkan, payment wallets by Neoleap, wealth management and brokerage solutions via Al Rajhi Capital, and personal insurance solutions via alrajhi takaful. Customers are also encouraged to utilise alrajhi's market leading 'mokaftaa' loyalty programme to avail rewards based on the broader use of alrajhi group solutions.

The progress of each strategic imperative against the FY 2023 baseline is demonstrated via a key metric, and communicated quarterly to our shareholders and investors. At the close of FY 2024, all key metrics of the B2C pillar were showing strong progress.



## Business to Consumer

### Leverage customer base via cross-sell

% of customers with more than one product



### Enter new segments

Sales growth from target customers - indexed



### Develop customer focused propositions

# of Customers



## strategic direction

### Business to business (B2B)

The second strategic pillar focuses on alrajhi's corporate consumer segments. One of our three key strategic objectives here is to **'Become the Main Bank' of Large Corporates**. Over the past few years, alrajhi bank has grown in repute as a highly sought-after partner in Corporate Banking, by offering a comprehensive set of services and corporate financial solutions to meet evolving market needs. With the launch of the new strategy, alrajhi brings together its ecosystem of products and services to the B2B segments, expanding our relationship as main bank beyond simple transactions and financing, to become a partner in their long-term success.

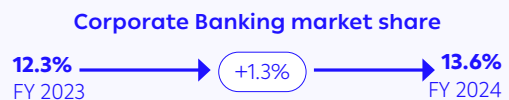
alrajhi's Corporate Banking group offers wide ranging corporate products and advisory services, complemented by B2B services in Wealth

Management and Brokerage from Al Rajhi Capital, corporate/group insurance products from alrajhi takaful, while also cross-selling exclusive Private Banking services for HNWI customers. We leverage the region's most expansive Financial Institutions (FI) network to facilitate cross-border transactions and forex trading through the Treasury Group, and provide a range of Trade Finance products to facilitate foreign trade and commerce.

The measure of progress for this strategic imperative is the growth in corporate banking market share in the Kingdom, which went up 1.3% from the baseline year to 13.6% at the close of FY 2024. alrajhi's commitment to improve its B2B offerings over the past few years is reflected in its steady rise in the ranks to be among the top 3 corporate banks in Saudi Arabia, and significantly narrowing the gap to the market leaders.



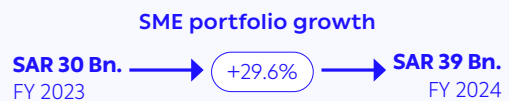
**Become "main bank" of large corporates**



**Develop Investments Banking business**



**Grow SME via tailored solutions**



## strategic direction

### 'Developing the Investment Banking Business'

is the second key objective under the B2B pillar. With Vision 2030 projects attracting foreign capital inflows into Saudi Arabia, alrajhi bank identified an opportunity to serve as the Corporate Bank for foreign investors, and the syndication of such deals. All operations are underpinned and supported by Treasury capabilities which help organise the funding for the bank, as well as provide investment and income and hedging services. The measure of success for this objective is the indexed revenue growth from investment banking, which recorded a notable 119% increase over the FY 2023 baseline value at the close of the year.

The third strategic imperative in B2B is to '**Grow SME via Tailored Solutions**', which comprises both micro as well as small and medium enterprises. The SME sector is a major area of focus in Vision 2030, and serves as an engine for future economic growth in Saudi Arabia, while also taking on the role of catalyst in terms of economic diversification, technological innovation and job creation across the Kingdom. In alrajhi bank's role as an enabler of Vision 2030; we have amplified our efforts to support the growth of both micro and SME businesses over the past few years by introducing multiple financial services and solutions. With nearly 41% market share of physical Point-of-Sale (POS) terminals in the Kingdom, we offer POS financing solutions against cash flows, and a full range of other digital banking solutions, providing SMEs with quick and easy access to funds, while also reducing their operational expenses. As with large corporations, we continue to build a unique, digitised value proposition by adding other beneficial components to the SME solutions, such as access to Marketplaces, and access to "mokafaa" – the largest loyalty program in the Kingdom with 16.85 million members.

We also introduced the 'qaema' FinTech Accounting Solution for simplified financial management, allowing for SMEs to conduct day-to-day financial operations while meeting accounting and regulatory compliance. The progress of this objective is measured by the growth of our SME portfolio, which showed a notable 29.6% increase to SAR 39 Bn. as at 31 December 2024, from an SAR 30 Bn. baseline value in 2023.

### Support businesses

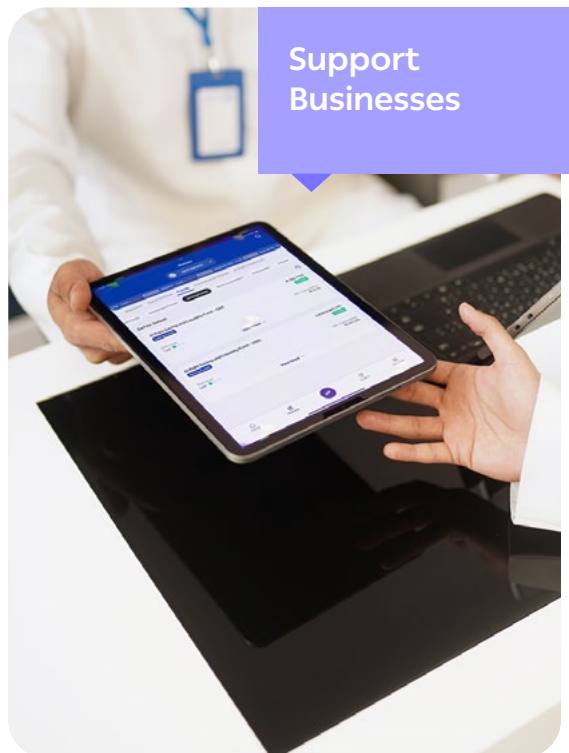
The third pillar comprises IT and other support operations servicing the alrajhi group. During our previous BOTF Strategy cycle, all back-office operations across the bank were upgraded with advanced, contemporary digital technologies. All legacy-core banking systems have now been replaced with real-time, digital-core banking systems, while all technology infrastructure across alrajhi's key business verticals have also been simultaneously upgraded. Our efforts resulted in a digital transformation of a scale, scope, and speed that was unprecedented in Saudi Arabia's banking industry, and ensured alrajhi group is equipped for the digital future.

As alrajhi bank successfully concluded the BOTF Strategy and transitioned to '**harmonize the group**' at the onset of 2024, the first key objective of this pillar – '**Centralisation and Standardisation**' was already in progress alongside the second objective of '**Increasing Automation and Efficiency**'. A number of operations across the bank were absorbed under one corporate entity instead of remaining spread around as siloed departments and workflows were streamlined, re-engineered and automated; leading to significant economies of scale, lower cost to serve, and improved customer experience. The company – atmaal – now runs centralised operations, staffing solutions, automation, and call centre operations, streamlining processes to improve operational efficiencies and reduce overhead costs.

The bank's real estate and property management arm Tudor oversees alrajhi's large real estate footprint consisting of our growing network of branches and offices, and provides other real estate services such as engineering, consulting, property evaluations, facility management, and real estate documentation and registration. Tawtheeq is a fully automated and scalable operation that provides financial registration services to both alrajhi bank as well as third-party customers. The percentage of capabilities centralised and standardised at the close of the reporting period was 35.7% with the bank recording an 22.2% improvement over the baseline value of 13.5%. The percentage of processes automated was 52% at the close of the year, with a 27% improvement on the baseline value.



## strategic direction



### Support Businesses

#### Centralisation and standardisation

##### % of capabilities centralised & standardised

13.5% FY 2023 → +22.2% → 35.7% FY 2024

#### Increase automation and efficiency

##### % of processes automated

25% FY 2023 → +27% → 52% FY 2024

#### Increase scale and agility via Cloud

##### # of applications that are Cloud ready

29% FY 2023 → +39% → 68% FY 2024

The successful acquisition of Ejada Systems by alrajhi bank took place in 2022, with the IT services and solutions provider assisting the bank's IT and digital team in rapidly building and deploying digital capabilities to keep pace with competitors as well as market needs. Apart from increased levels of automation, the bank was also upgrading infrastructure and systems to be cloud-ready, aligning with the last strategic imperative under the Support Businesses pillar, '**Increase Scale and Agility via Cloud**'. With Saudi Arabia now supporting cloud adoption, a number of major global cloud-service providers are also operating in KSA. alrajhi bank's foresight to integrate cloud-ready technologies across our upgraded infrastructure and systems enabled us to take advantage of these recent developments, with 68% of all applications cloud ready at the close of the year. Apart from the improved scalability and agility acquired through cloud adoption, alrajhi bank will also continue to explore cloud technologies to enhance business continuity by enabling advanced disaster recovery capabilities.

### Digital and data

The fourth pillar of **harmonize the group** recognises the critical role of digital in modern banking, and focuses on strengthening the connectivity of the alrajhi ecosystem through digital capabilities, as well as the bank's efforts in the open banking domain. The first two key objectives under this pillar go hand-in-hand; we are committed to '**Expand Digital Capabilities Group-wide**' and build '**Customer-centric Digital Journeys Group-wide**'. alrajhi bank continues to be on a very successful journey of building and expanding our digital estate; digitising almost all service and sales journeys at the bank. We are now extending this expertise Groupwide; using the digital and data expertise we have created within the bank; this centre of excellence continues to be leveraged across the entire alrajhi ecosystem to create unique, customer-centric digital experiences. Seamless digital journeys enable customers to choose a bundled banking solution that meets their needs, with the bank bringing together all products and services required by the customer via digital journeys.

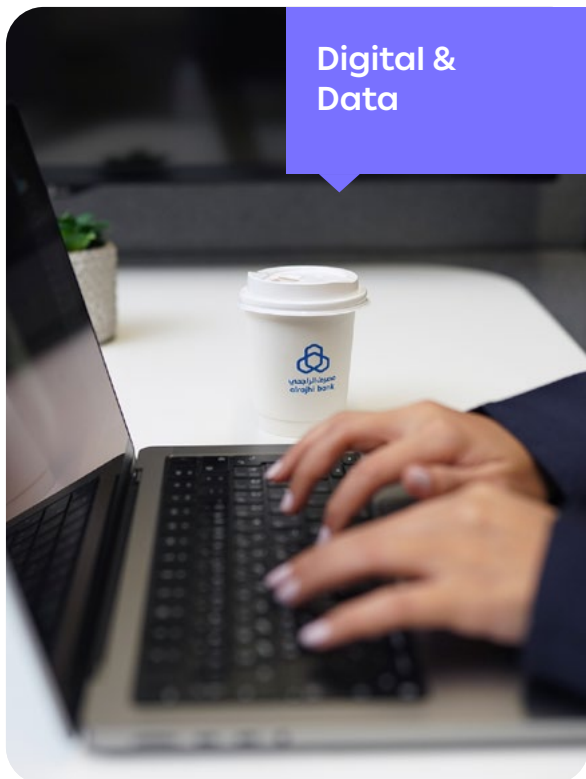
# strategic direction

alrajhi bank's FinTech investments also fall under this pillar. As Open Banking starts to redefine Saudi Arabia's banking landscape, alrajhi bank's financial-services ecosystem has been complemented by our payments company Neoleap, the newly established data aggregation fintech Neotek, and Drahim, a personal finance manager (PFM) app. With the customer's explicit and well-informed consent under Open Banking regulations and strict security protocol, customers are able to share their data across alrajhi bank, its subsidiaries, as well as other financial institutions, making their digital journeys hyper-personalised, and seamless across multiple apps and experiences. alrajhi bank will continue its investments in FinTechs, and remains ready and equipped to take full advantage of the opportunities presented as the Open Banking environment develops in KSA.

The progress of the expanding digital capabilities is measured by the Digital : Manual ratio, which has reached 95:5 at the close of the year from a baseline ratio of 94:6. The metric to measure the progress of customer-centric digital journeys is the number of group and open banking APIs, which has increased 83% from 119 APIs in 2023 to reach 218 APIs at the end of the reporting period.

The third component of the Digital and Data pillar is '**Group-wide Insights and Real-time Marketing**'. With real-time event processing enabled through our upgrade to digital core banking systems, alrajhi bank is able to follow the customer's progress across their journeys, and track their behaviour in real-time. This also enables the bank to respond to customer behaviour and actions in real-time, based on the nature of the occurring event, or anticipated trigger, and complement their journey with data-driven marketing or services. The events could range from a large value transaction on a credit card, or the rejection of a purchase due to lack of funds, to a trigger notification of the nearing expiration date of a fixed facility. Each event or trigger will activate a unique, automated response from among hundreds of pre-programmed real-time responses, i.e. a text or push-message notification, an offer to increase a credit limit, or a curated loyalty offer from a partner merchant at the point of purchase.

This unique capability, while greatly enriching our customer experience, has also generated greater value for alrajhi bank, with a 180% revenue increase from data-driven marketing at the close of the year.



**Expand digital capabilities  
Group-wide**

Digital: Manual ratio



**Customer-centric digital journeys  
Group-wide**

% of Group and open banking APIs



**Group-wide insights and  
real-time marketing**

Revenue increase from data driven marketing - Indexed



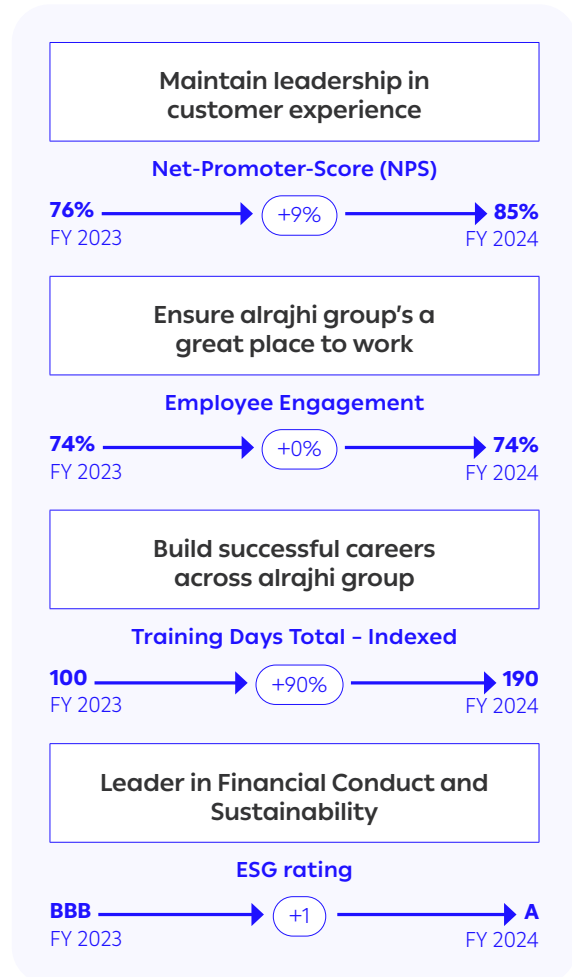
## strategic direction

### Stakeholder engagement

Underpinning the four strategic pillars, we have four more strategic imperatives that demonstrate our commitment to our key stakeholders.

The first is to **'Maintain Leadership in Customer Experience'**, with the progress of the objective demonstrated by the Net Promoter Score (NPS) – a well-recognised measure of customer satisfaction. The long-standing loyalty of our customers and our well-established reputation as a customer-centric bank comes from the effort we continue to put towards understanding our customers, and proactively anticipating and addressing their needs to ensure customer satisfaction.

A constant theme of alrajhi bank's strategies has been our focus on customers, especially with 'customer-centricity' being the connecting priority between the BOTF strategy and its successor – harmonize the group. Where we built product and infrastructure from a customer-focused lens during BOTF; the new strategy brings the new products, new technologies, new subsidiaries and new capacities together to create value and build deeper, data-driven relationships with customers by truly understanding and addressing their full set of financial needs. The customer experience is further enriched by alrajhi bank providing the best sales and aftersales services, ensuring all customer touchpoints provide consistent attention and engagement to customers. Customer satisfaction was reflected via an improving overall NPS, going up by 9 points from a baseline value of 76 recorded in FY 2023 to reach 85 at the close of 2024.



The second and third imperatives are employee-centric, with the objective to **'Ensure alrajhi group is a Great Place to Work'** and to **'Build successful careers across alrajhi group'**. As a highly sought-after employer in the Kingdom, alrajhi bank has maintained its strong standing as a financial institution with benchmarked talent attraction, development and retention practices, especially among the top talent of the Kingdom. The bank's employee engagement rating of 74% evidences our dedicated efforts to foster workplaces where all employees feel empowered, encouraged, and equipped to drive forward alrajhi's ambitious goals and strategic objectives, while experiencing rewarding careers.

## strategic direction

Employees are also able to enjoy career progression within the alrajhi group, across our business verticals and subsidiaries. We use training as a key input for this objective, with alrajhi bank investing in the knowledge transfer, capacity building and skill development of our employees. The total training increased by 90% in the reporting period compared to the baseline.

The fourth and final strategic imperative is to **'Be a Leader in Financial Conduct and Sustainability'**. alrajhi bank remains conservatively managed, conducts responsible business with current and informed regulatory compliance, and applies good governance practices across all banking operations. We build upon our reputation as a Leader in Financial Conduct in our position as the World's largest Islamic Bank, as Islamic banking remains compatible with 21st century sensibilities surrounding ESG ideals and the broader objectives of sustainable finance.

alrajhi bank has been a proactive adopter of ESG principles in the Kingdom of Saudi Arabia led by our core-focus on being a provider of Shariah-led Islamic Finance. The bank is actively embedding sustainability across all business and operational functions, and aligning the overarching business strategy with the bank's four key sustainability priorities: **Supporting the Kingdom's vision 2030 and KSA Net Zero, Creating a Digital Future, Conducting Responsible Business with Good Governance and Fostering Ties with Communities.**

As part of our commitment to addressing climate change, we developed a Sustainable Finance Framework, an initiative that was spearheaded by the Sustainable Finance Working Group, an ESG Committee which oversees the bank's broader ESG agenda. This framework acts as the foundation of our sustainable financing instruments. Our Sustainable Finance Framework is aligned with the Social Bond Principles, ICMA, 2021, Social Loan Principles, LMA/LSTA/APLMA, 2021, Green Bond Principles, ICMA, 2021, Green Loan Principles, LMA/LSTA/APLMA, 2021 and Sustainability Bond Guidelines ICMA, 2021 and has been independently verified by S&P Global. Additionally, through our sustainable financing projects, we support the advancement of the United Nation's Sustainable Development Goals (UN SDGs) and proactively drive investments in renewable energy, water and wastewater management, pollution prevention,

clean transportation, green buildings, employment generation, affordable housing and access to essential services. We also publish an annual Allocation Impact Report to provide details regarding the allocation of proceeds of sustainable financing instruments issued under the Framework, and the impact of the projects benefiting from these allocations.

Our chosen metric to measure the final strategic imperative is our ESG Rating; a score that is provided based on the assessment of our ESG disclosures in the public domain by third-party ESG rating agencies. The bank is primarily focussing on its MSCI rating for its new strategy, which has improved one notch to A at the close of this year from a BBB baseline rating in 2023.

We remain dedicated to working with our stakeholders, peers and regulators such as SAMA, the Saudi Stock Exchange and the Ministry of Economy and Planning, to establish regulatory requirements and guidelines for ESG disclosures for the Saudi banking industry, broadly covering taxonomy, risk policy, ESG data and metrics, and ESG criteria qualifying for financing and financial solutions.

alrajhi bank will continue to implement the **'harmonize the group'** strategy across its three-year cycle from 2024-2026, and further strengthen and expand its ecosystem of financial-services during the strategy execution.

