

business portfolio review

retail banking group

The Saudi retail banking sector performed strongly in 2025, in an operating environment shaped by a resilient GDP growth of 4.5%, increased consumer spending, and continued government investments in housing and infrastructure. However, headwinds came in the form of increased funding costs and margin pressure resulting from an elevated SAIBOR borrowing rate that averaged 5.3% throughout the year. Liquidity tightened slightly due to intensified competition for deposits among banks and aggressive savings rate promotions. The increase in digital banking players entering the market further fuelled the competition, with digital-only banks aggressively taking the lead in customer acquisition, and raising customer expectations for seamless digital journeys.

Against this challenging backdrop, retail banking group (RBG) maintained a stable performance through customer growth, portfolio diversification, pricing optimisation, active liquidity management, and expansion in low-cost deposit segments. The bank's continued investment through the past five years in digital transformation, product innovation and customer segmentation has enabled RBG to sustain its leadership status in Saudi Arabia's retail banking sector, firmly positioning retail banking as a cornerstone of alrajhi bank's growth platform.

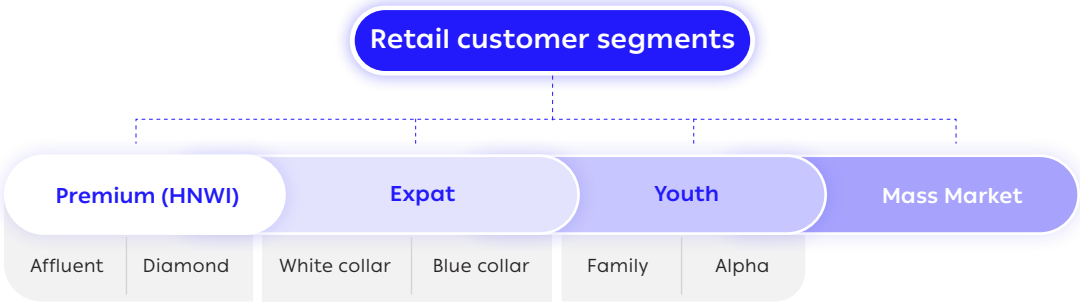
In 2025, alrajhi bank exceeded ﷼ 1 Tn. in assets, an extraordinary achievement for the bank. RBG's contribution to this outstanding performance through its digital-first product launches, targeted segment growth, and cross-product enhancements, further strengthened its role in the Bank's overall performance, contributing to deposit growth (a 7% growth YoY), fee income (13% YoY increase) and non-interest income (a significant growth of 19% YoY) from the retail segment.

Enhanced efficiencies and AI-based KYC verification delivered a frictionless digital onboarding process, reducing RBG's acquisition cost per customer. From the total new accounts opened in 2025, 97% were opened digitally, consistent with RBG's 2025 digital transformation targets, and reflective of the strong customer preference for self-service banking in KSA. This high rate of digital onboarding coupled with campaign-driven acquisitions drove a significant 25% YoY increase in savings accounts, which contributed to the overall growth in deposits.

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Growth across key target segments



RBG continued to align with the bank's 'harmonize the group' strategy, leveraging group synergies to deliver several strategic objectives falling under the Business-to-Consumer (B2C) pillar. Key among these is the needs-based segmented approach with customers, where RBG continued to deepen relationships across Mass Market, Youth, Expat and Premium segments, developing unique customer value propositions in a highly contested environment.

The retail customer base expanded by 1.5 Mn. new customers YoY, of which 1.1 Mn. were acquired from the Expat segment through successful remittance-linked acquisition campaigns. The Youth customer base increased by 115,000, spurred by digital gamification and student-focused product launches. The Mass Market grew by 2% YoY as a result of bundled products and salary-backed financing, while the Premium customer base grew by 8% YoY, a growth reflecting the success of tailored wealth solutions. A modernised customer relationship management (CRM) system with centralised customer profiles enabled an uplift in sales conversions. Overall, the retail segment reached a total of 19.5 Mn. customers at the close of the year. Retail cross-selling remained a primary objective of the bank's strategy, with 44.6% of retail customers holding two or more products.

Product innovation and portfolio expansion

In 2025, RBG further expanded its diversified product portfolio, capturing new opportunities through segment-based product innovation and digital first propositions. One of the key highlights of the reporting period was the launch of the enhanced variant of Tharwa, which allows customers to finance new properties, or unlock value of existing properties by converting rental income as the basis of repayment, and removing the need for salary-based financing. At the close of the year, Tharwa had contributed approximately 8% to total mortgage sales.

The reporting period saw RBG expand its suite of shariah-compliant personal financing solutions with the introduction of Watani Extra, an innovative product offering a higher financing amount against additional income, with no salary transfer deduction required.

During the reporting period, retail financing increased by 1.4% YoY, driven by a 3.2% growth in the total mortgage book, At the close of the year, RBG's personal finance market share held strong at 38.5%, with a robust share of 34.4% in the auto leasing market.

RBG maintained its leadership position in the mortgage market, holding a dominant 37.7% share. Ongoing partnerships with the Ministry of Housing and National Housing Company (NHC) were strengthened by streamlining digital journeys for property-linked products, simplifying customer journeys and supporting the growing demand for housing across the Kingdom. In 2025, alrajhi bank also expanded its cooperation with the Saudi Real Estate Refinance Company (SRC) through a landmark ﷼ 10 Bn. Originate-to-Distribute (OTD) agreement. This strategic initiative facilitates the efficient transfer of mortgage portfolios, significantly boosting the bank's fee income through deal structuring and distribution. The model optimises capital efficiency while strengthening alrajhi bank's role as a leading financial intermediary in the Kingdom.

RBG continued to introduce tailored credit card products to meet segmented needs of retail customers, with credit card market share increasing from 35.4% in 2024 to 38.4% in 2025. Total credit card spend increased by 84% from 2023 supported by segment play as well as enhanced rewards and incentives. This year, RBG launched a Premium Rewards Credit Card tailored to meet the affluent lifestyles and spending habits of the bank's HNWI segment. The successful Student Credit Card and Gamer Prepaid Card launched in 2024 were further expanded with merchant partnerships and cashback tiers, further improving engagement with the growing demographic in 2025.

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The increasing frequency and sophistication of cyberthreats resulted in RBG introducing Cyber Security Insurance to its list of General Insurance products for retail SME customers in 2025. This expanded the current portfolio of Shariah-compliant Takaful insurance products offered to retail customers, including saving and protection programmes, travel insurance plans, comprehensive health insurance covers and motor insurance programmes. A new Private Conservative Investment Fund was introduced under RBG's broader suite of savings and protection programmes. Total insurance sales for the year reached ﷼ 4.91 Bn., a 10% YoY increase driven by digital issuance, with bundled protection and motor programmes.

Real estate finance risk

The bank's total outstanding residential real estate finance portfolio as of 31 December 2025 stood at ﷼ 277 Bn. We have prudently developed adequate policies and procedures to ensure appropriate insurance coverage is in place to hedge against potential financial losses associated with residential real estate portfolio. However, risk elements which are not part of the insurance coverage continue to be dealt according to the bank's internal risk management framework.

Types of insurance covers that the bank could utilise to hedge various risks associated with its residential real estate finance portfolio, are listed below:

1. **Life Insurance:** provides financial protection in the event of death resulting from natural or accidental events, or a specified cause as per the insurance policy in order to recover the outstanding finance amount from the insurance company.
2. **Disability Insurance:** provides financial protection to recover the outstanding financing amount in the event that the policyholder becomes fully and permanently disabled and is unable to work or engage in an income earning activity.
3. **Property Insurance:** provides coverage for physical damage or loss to the property caused by events such as fire, flood, or natural disasters etc. This is aimed to mitigate the financial impact of property damage, allowing the bank to recover the costs due to unexpected/unforeseen events.

Enhancing digital infrastructure and capabilities

RBG continued to rationalise its physical network in 2025, adapting to the market's pace in digital adoption. Low-performing branches were relocated to more favourable locations, while new smart branches opened in favourable locations, including Riyadh and Dammam growth corridors, strategically placed near transport hubs and retail centres.

RBG leveraged AI and advanced analytics to deploy real-time credit decisioning to significantly reduce time-to-approval, while utilising sophisticated next-best-offer models to maximise cross-sell opportunities through personalised product recommendations. Overall, close to 80% of customer-facing analytics workloads have been migrated to the cloud, enhancing operational resilience and enabling scalability to meet growing demand.

RBG also invested in strategic hiring in 2025 to build capability aligned to its digital growth, recruiting over 120 specialists with expertise across digital banking, data science, risk, and customer experience.

A superior customer experience

During the course of the year, RBG further enriched the retail customer experience, with the overall value proposition evolving towards **'Digital-first with personalised human support'**, focusing on perfecting the combination of digital efficiency and human interaction for its retail customers.

RBG utilised several tools and metrics to gauge customer satisfaction levels in 2025, across a wide range of focus areas. Retail Digital Channels and Contact Centre teams primarily used the Customer Effort Score (CES) to measure effort reduction and customer journey simplicity. A redesign of high-volume digital retail journeys was carried out in 2025, resulting in a CES of 82% to demonstrate minimised friction on key journeys such as account openings, card activations, and personal financing pre-approvals.

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Post-interaction surveys were also conducted across branches, call centres and mobile banking to capture real-time customer feedback. Independent validation methods such as mystery shopping and benchmarking were also used to gain objective, third-party perspectives of service quality and retail channel performance in 2025. Documentation requirements were simplified for major retail products. Self-service options across ATMs and digital channels were expanded to keep pace with evolving modern consumer needs.

We achieved a high NPS score of 82 in 2025, primarily driven by deeper personalisation and communication via segmentation, and supported by faster, more intuitive digital journeys alongside improved service consistency across alrajhi's retail branch network.

Overall, these comprehensive initiatives collectively contributed to a significant enhancement in the overall customer experience, driving stronger loyalty, increasing operational efficiencies, and creating superior digital journeys for customers, solidifying RBG's customer-centric and market-leading retail position in the Kingdom.

Fostering financial inclusion

RBG expanded its financial-inclusion initiatives through programmes that strengthened awareness, access, and community wellbeing. At Cityscape 2025, advisory sessions on home financing and digital services reached thousands of visitors. The 'Quick Donation' feature enabled more than ৳ 600 Mn. in charitable contributions from over 200,000 customers. Our empowerment programmes supported the employment of 668 individuals from social security beneficiaries and vulnerable groups, enhancing livelihoods and living standards. Complementing these efforts, RGB continued to drive other initiatives such as the Orphan Education programmes supporting over 200 students, and the national kidney-transplant initiative, where the bank funded 91 procedures during the year. For more details on outreach programmes, please read the **Community Development** chapter on page 166.

Female participation in the workforce in Saudi Arabia has more than doubled since 2017 as a result of the Kingdom's Vision 2030 initiatives. RBG recognised this growing demographic, developing and enhancing several offerings tailored to women, including advisory services, investment products, and dedicated relationship support in selected flagship branches. Enhanced card benefits were also introduced for female-focused spending categories based on purchasing habits (i.e. health, wellness, retail, etc.). RBG also facilitated financial literacy sessions tailored to women covering budgeting, entrepreneurship, and digital banking.

RBG continued to promote financial inclusion by empowering demographics that have been traditionally underserved, introducing **Zero-Minimum-Balance Accounts** for low-income customers, and a dedicated **'Easy Account'** designed for low-literacy and first-time banking users with simplified onboarding.

For persons with disabilities, accessibility-friendly enhancements such as ramps, braille ATMs, priority service lanes have been integrated into select branches, while digital accessibility features including screen readers, simplified UI, and visual contrast modes have also been introduced. RBG further broadened the approach via partnerships with community organisations to support financial access for the unbanked and special needs customers.

Awards and recognition

In 2025, RBG achieved strong industry recognition, earning several prestigious regional and international awards that underscore its leadership in retail banking, digital excellence and customer experience. Key awards included:

- **Best Retail Bank in Saudi Arabia** – Global Banking & Finance Review
- **Best Digital Consumer Bank** – Global Finance Magazine
- **Excellence in Customer Experience Award** – Middle East Banking Innovation Forum
- **Best Innovation in Cards** for segment-based card products, recognising RBG's advancement in tailored card propositions
- **Outstanding Mobile Banking Experience Award** for enhancements to digital journeys and service reliability
- **Leadership in Financial Inclusion Award** for initiatives supporting underserved and special-needs segments

Future outlook

RBG will continue to strengthen the bank's B2C offering as it continues to implement and complete the strategic goals and objectives of 'harmonize the group' strategy in 2026, the final year of its strategy cycle. Customer primacy remains top priority for RBG as it continues to improve its customer value proposition through focused segmentation, orchestration of data, insights and technology.