

Al Rajhi Bank Investor Presentation

1Q 2024



1Q 2024 Investor Presentation

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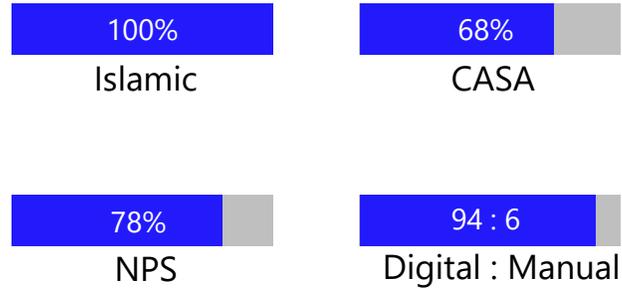
31 FY 2024 Guidance

34 IR Contact Information

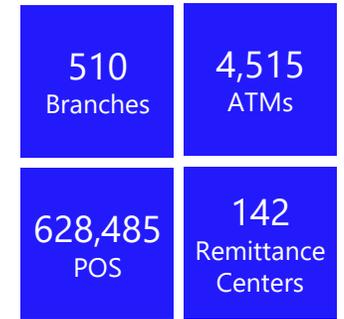
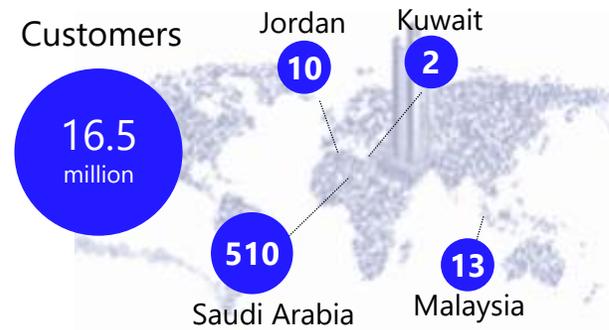


The World's Leading Islamic Bank

At a glance, 1Q 2024



Presence & Branches, 1Q 2024



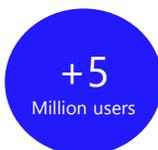
Largest network in Saudi Arabia

1Q 2024 Group Highlights

Emkan financing portfolio



Urpay wallets



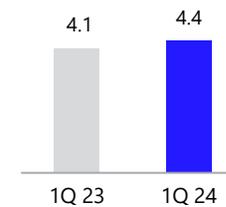
Female workforce



Alrajhi Capital, market share

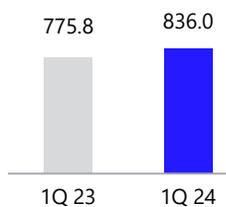


Q1 2023 Financial Highlights

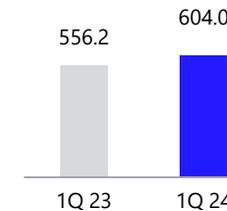


Group Net Income
After Zakat
▲ +6.3%

- 5.5% YoY Net Financing Growth
- 20.2% Total Capital ratio
- 2.76% Cost of Funds



Total Assets
▲ +7.8%



Customer Deposits
▲ +8.6%



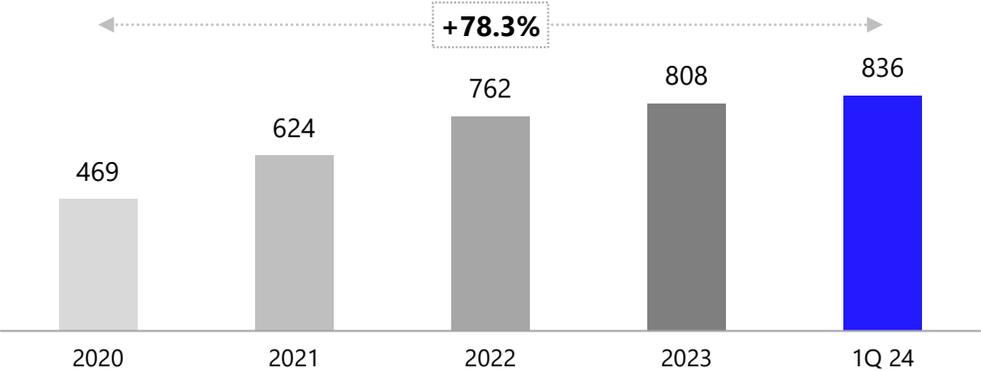
Top 10 Facts About Al Rajhi Bank

- 1** Largest Islamic Bank worldwide
(by Assets & Market Cap)
- 2** #1 Retail Bank in Middle East
(Retail Deposits & Income)
- 3** One of the highest NPB deposit ratios
(68% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC
(20.2% Total Capital ratio)
- 5** #1 NPS in KSA
(78% as on Mar 2024)
- 6** #1 Bank in KSA
(by number of customers)
- 7** #1 Distribution network in Middle East
(by # of Branches, POS, ATMs, Remittance Centres)
- 8** #1 Banking transactions in KSA
(893mn per month, average)
- 9** #1 Bank for remittances in Middle East
(by payment value)
- 10** #1 Bank brand in KSA
(Brand Power Score)

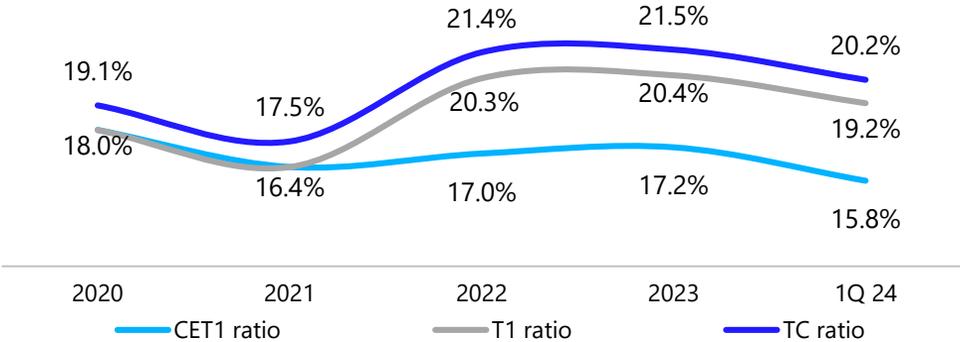


The World's Leading Islamic Bank | Robust balance sheet with 68% CASA deposits in the first quarter 2024

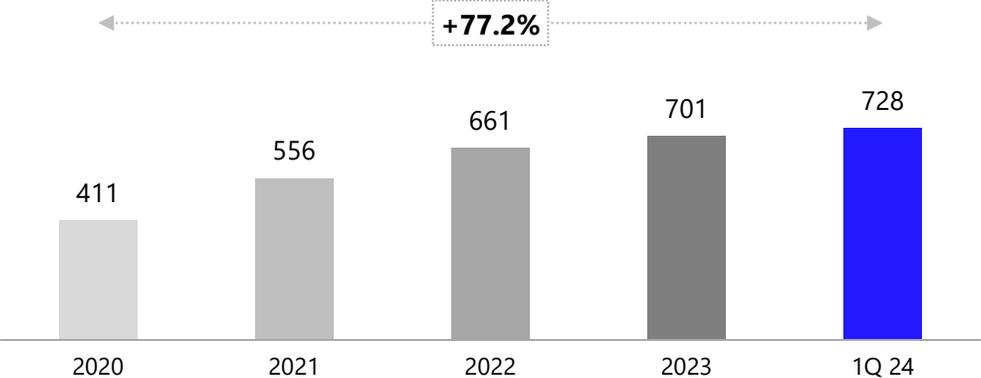
Total Assets (SARbn)



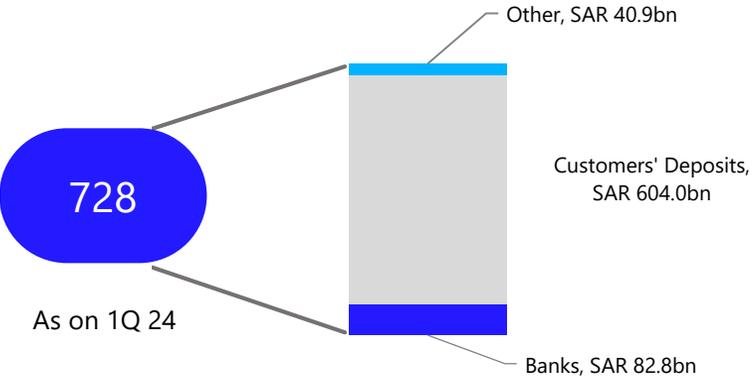
Capital Ratios (%)



Total Liabilities (SARbn)

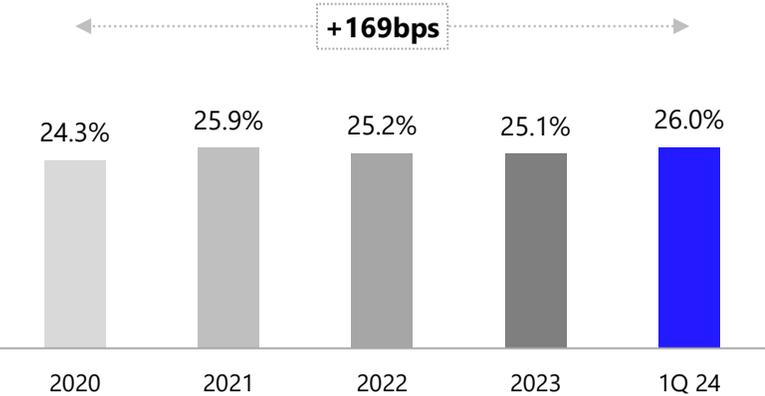


Total Liabilities Mix By Type (SARbn)



What sets Al Rajhi Bank Apart | ARB has the largest retail banking business in the Middle East

Market Share - Demand Deposits

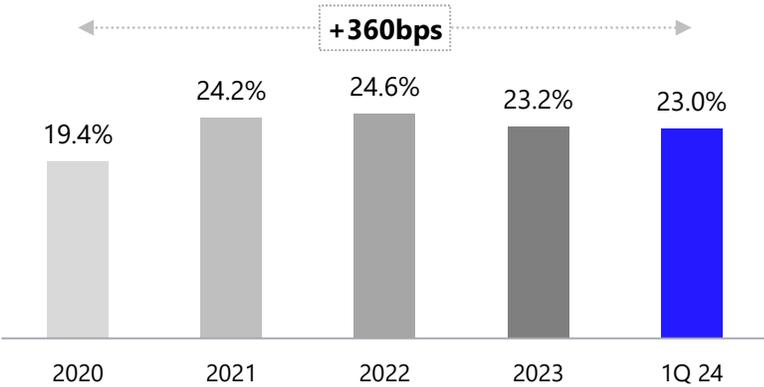


#2 in Saudi Arabia

16.5
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



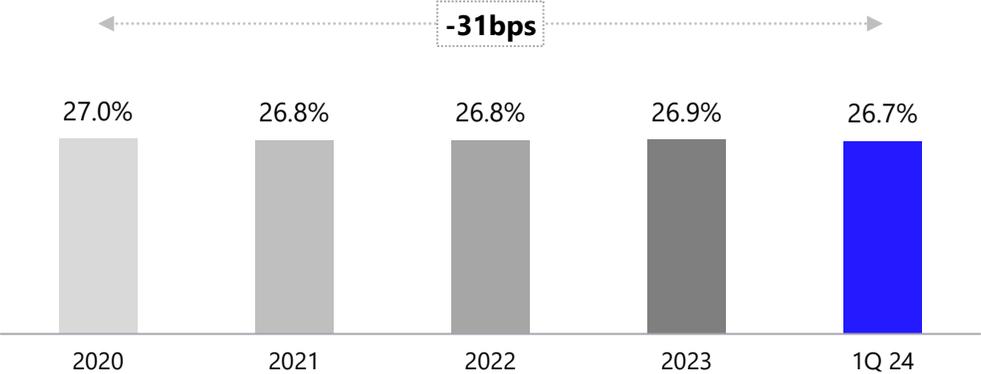
#2 in Saudi Arabia



Al Rajhi Bank's Leading Network | The Bank has the largest distribution network in Saudi Arabia

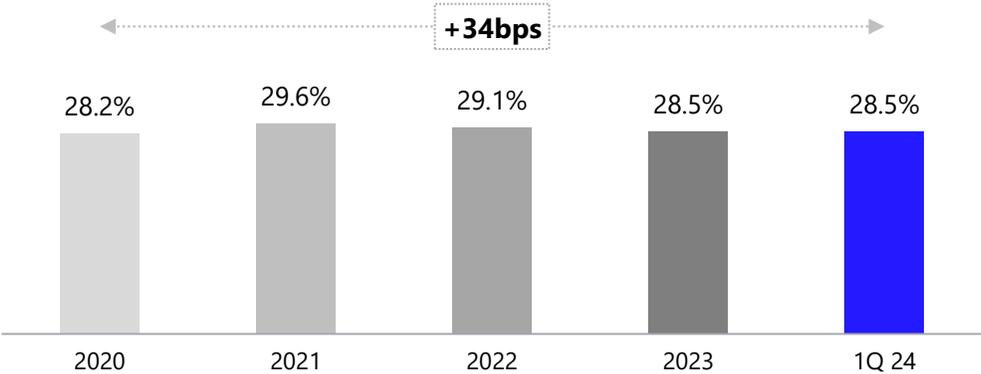
#1 in Branches

Market Share - Branches



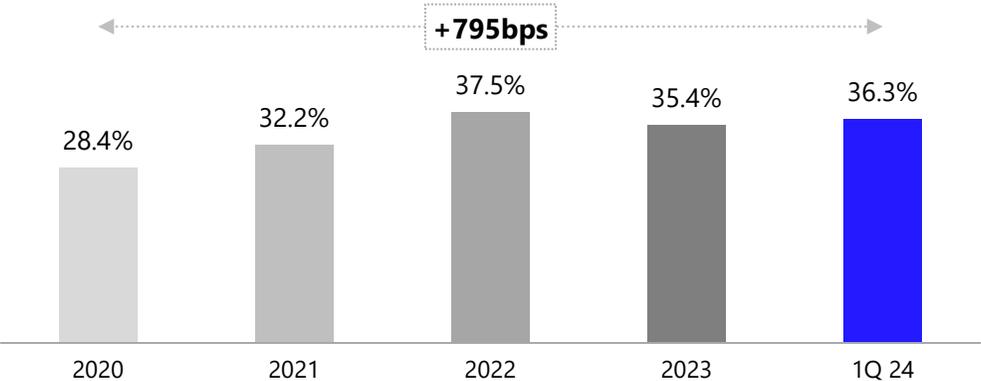
#1 in ATMs

Market Share - ATMs



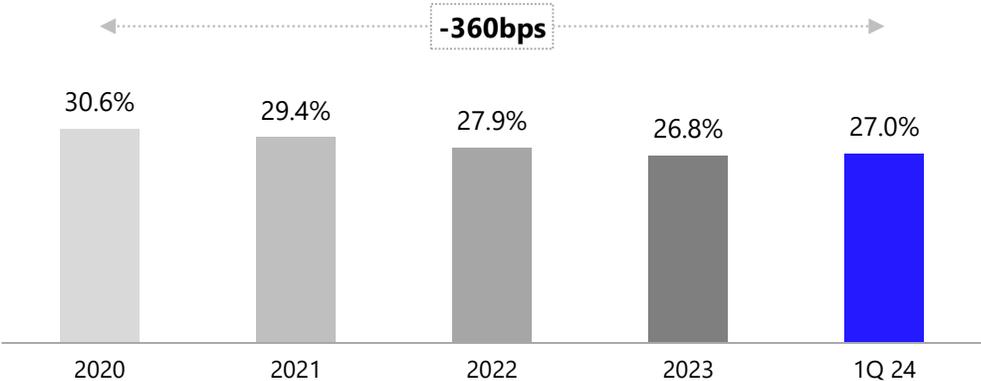
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

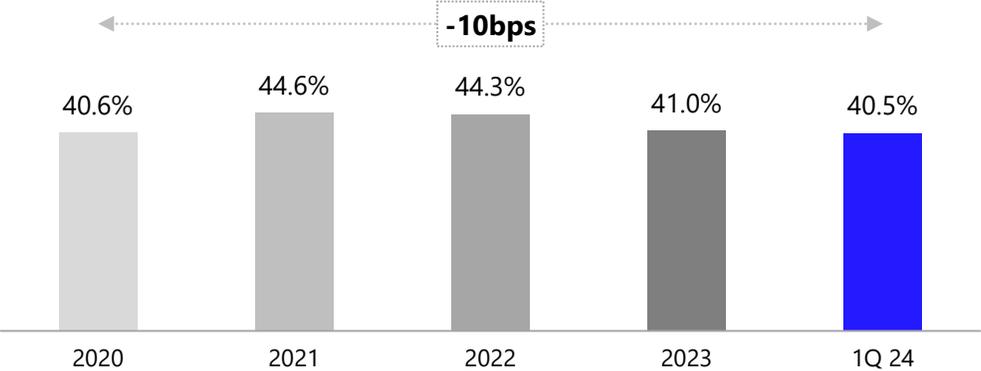
Market Share - Remittance Centers



Al Rajhi Bank has a unique franchise | We maintain a leading market share across key products

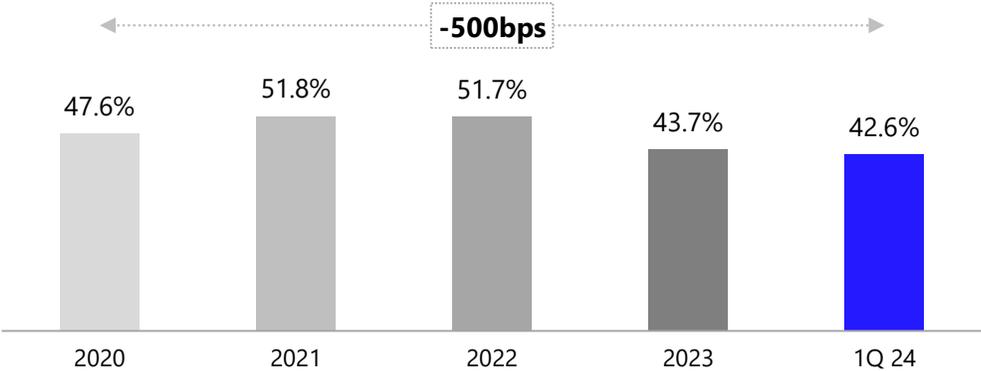
#1 in Personal Loans

Market Share - Personal Loans



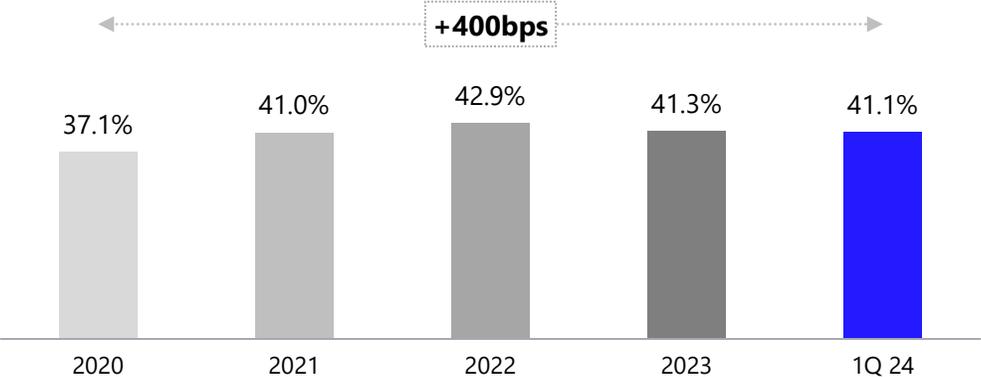
#1 in Auto Loans

Market Share - Auto Loans



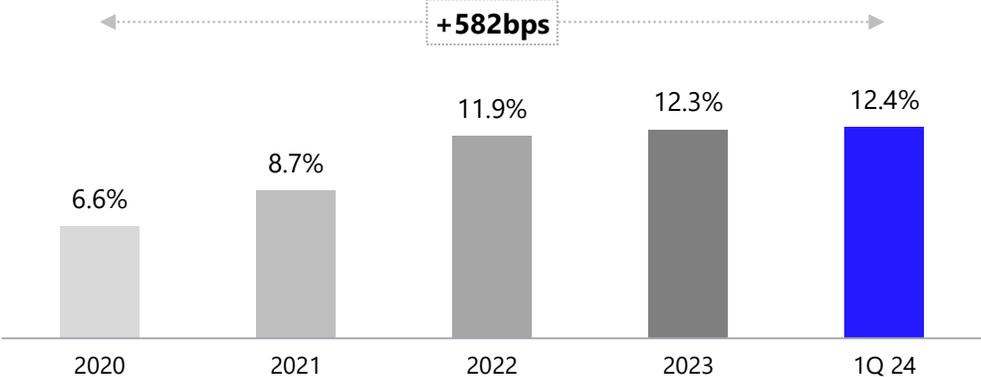
#1 in Mortgages

Market Share - Mortgages Loans



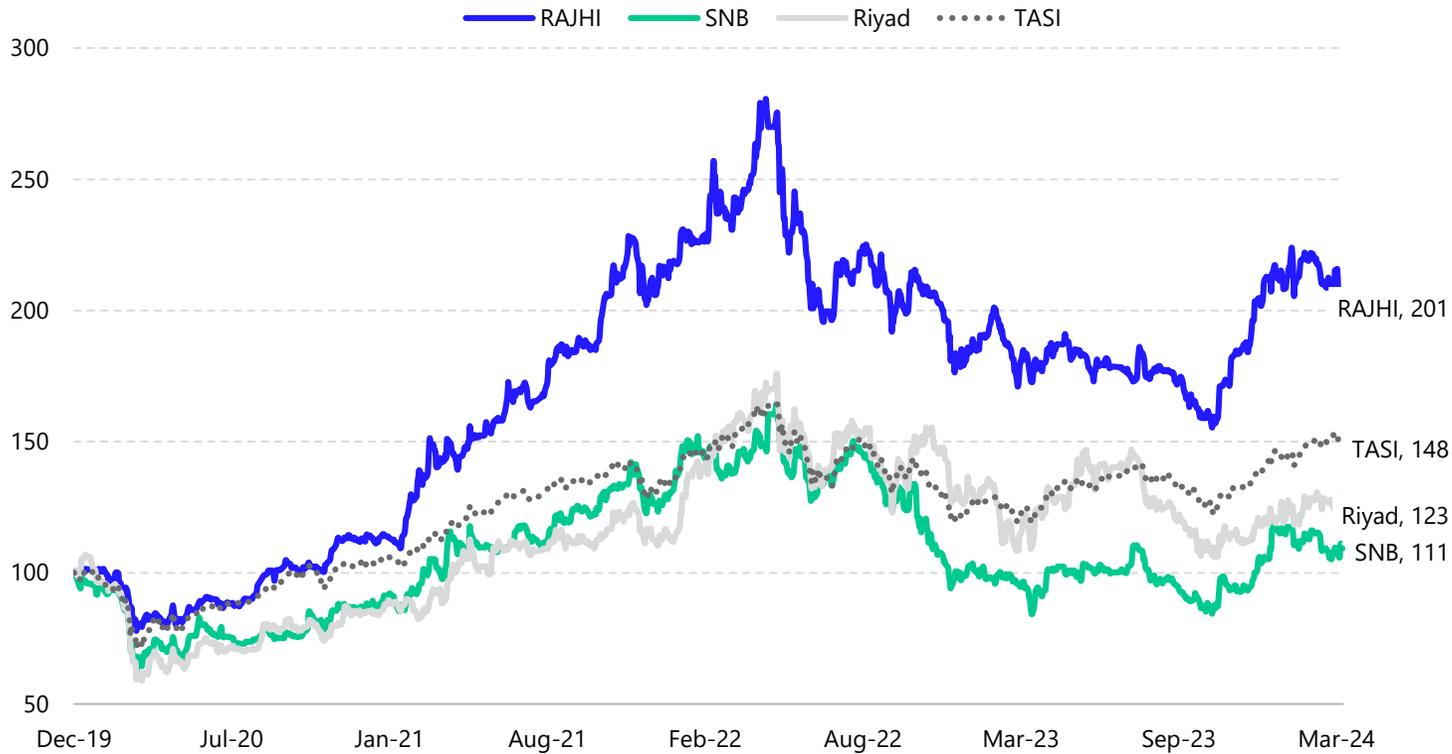
#3 in Corporate Loans

Market Share - Corporate Loans



Al Rajhi Bank Market Performance | ARB maintained its momentum and outperform its peer group

- Share Price Performance Top 3 KSA Banks (Daily; Rebased to 100)



31 Mar 2024

Key Metrics

| | |
|-------------------------|------------|
| Closing Price | SAR 82.3 |
| Market Cap | SAR 329 bn |
| Market Cap / % Industry | 32.5% |
| Market Cap / % Tadawul | 3.0% |
| Shares outstanding | 4.0 bn |
| 90D Volatility | 23.4 |
| Price / Earnings | 20.5 x |
| Price / Book | 3.7 x |

Sources: Bloomberg; Tadawul; RAJHI Financials

Ratings

| | |
|---------|----|
| Moody's | A1 |
| S&P | A- |
| Fitch | A- |

| | Al Rajhi Bank | SNB | Riyadh Bank | Kuwait Finance House | First Abu Dhabi Bank | Qatar National Bank | Emirates NBD |
|--------------------------|---------------|----------|-------------|----------------------|----------------------|---------------------|--------------|
| Rebased to 100 | 201 | 109 | 123 | 144 | 88 | 69 | 135 |
| As of 31 Mar 2024 | 82.3 SAR | 40.2 SAR | 29.4 SAR | 0.730 KWD | 13.2 AED | 14.23 QAR | 17.5 AED |



ESG Highlights

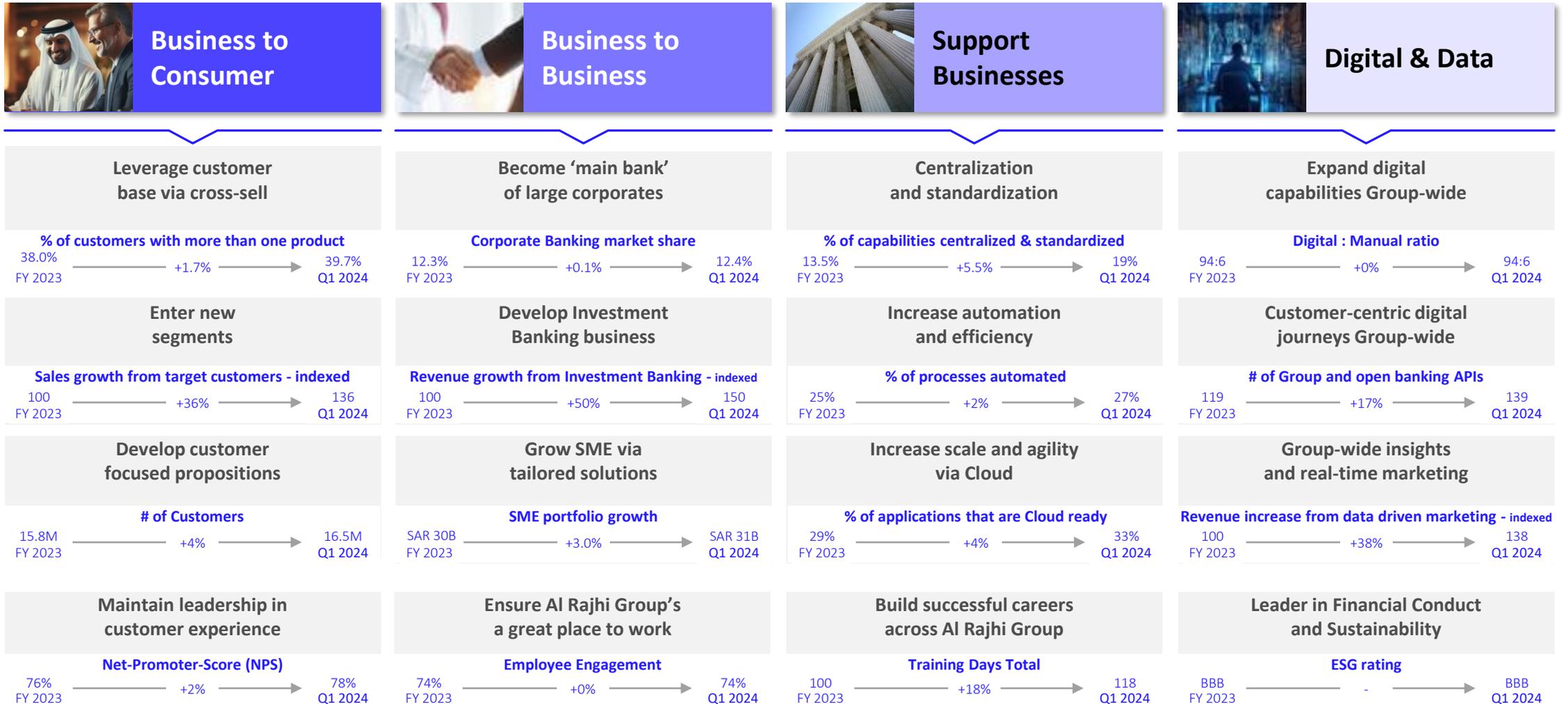
| | | | | | |
|---|--|---|--|---|---|
| | USD 2.6 bn Green syndicated loan | | 200 Scholarships to Orphan students to join Universities | ISO/DIS 37301:2020 Compliance | |
| | Started using solar energy system in 61 branches to reduce utilities consumption | +39k Families have been benefited from the affordable housing solutions | +21k Employees across the group | ISO 22301:2019 Business Continuity Management | |
| SAR 836bn Total Assets | Around SAR 3bn of financing renewable energy projects | SAR 509mn Zakat paid | 66 Kidney transplants in 2024 | 260 Sharia Board Resolutions in 2023 | 12% growth in female employees in 2023 |
| SAR 4.41bn Net Profit after Zakat | USD 2.0bn Sustainable Sukuk | SAR 899mn In salaries and benefits paid | 11 Batches of Graduate Development Program since 2015 | 137 Policies & Frameworks | 30% of female employees at the group level |
| 0% Financing exposure in Tobacco, Alcohol & Gambling | 94:6 Digital to Manual Ratio | SAR 31.1bn in financing for SMEs | +119k total training days since 2023 | 4 out of 11 Independent Board Directors | +100% growth in female customers since 2015 |
| Financial Sustainability | Environmental | Social | | Governance | Gender Diversity |

■ 1Q 2024 figures



Our new strategy
“Harmonize the group”

“Harmonize the Group” | Highlights on our strategy performance

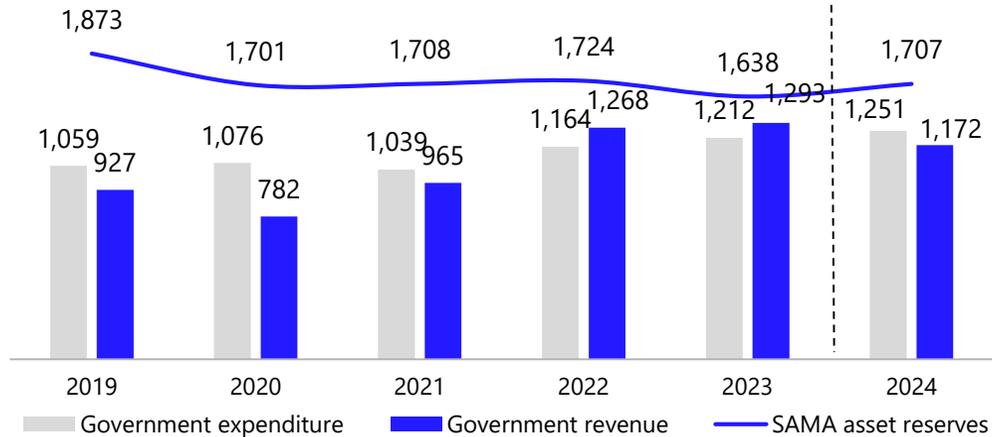


KSA's Macro-Economic Environment

Highlights

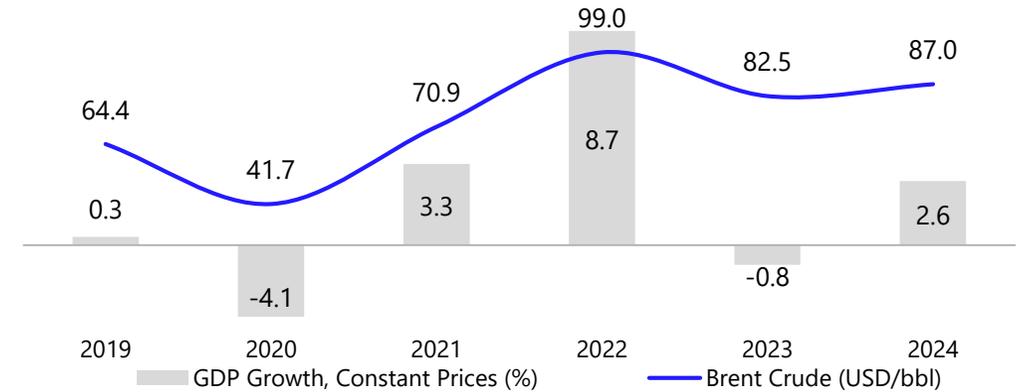
- GDP declined by 0.8% for the year 2023 driven by lower oil activities
- IMF revised Saudi's GDP growth forecasts to 2.6% for 2024 and estimated 2025 to grow by 6.0%
- Unemployment rate by end of 2023 reached all time low of 7.7%

Expenditure/Revenue and Asset Reserves (SARbn)



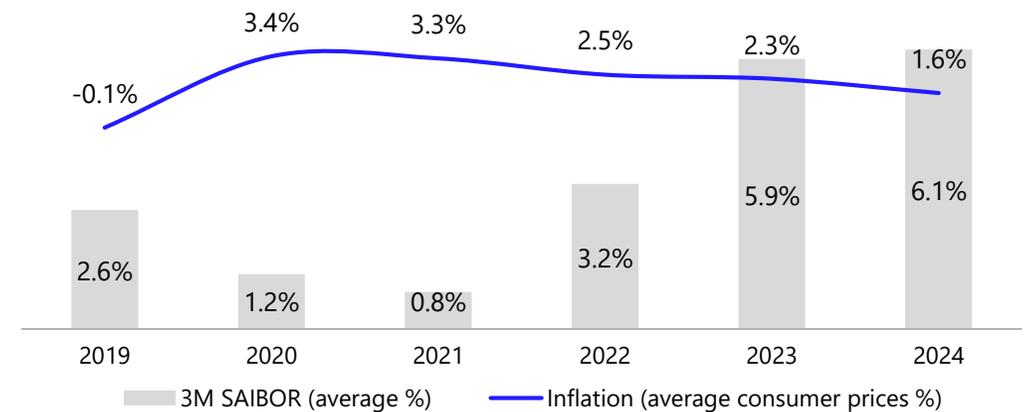
Source: MoF, SAMA

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

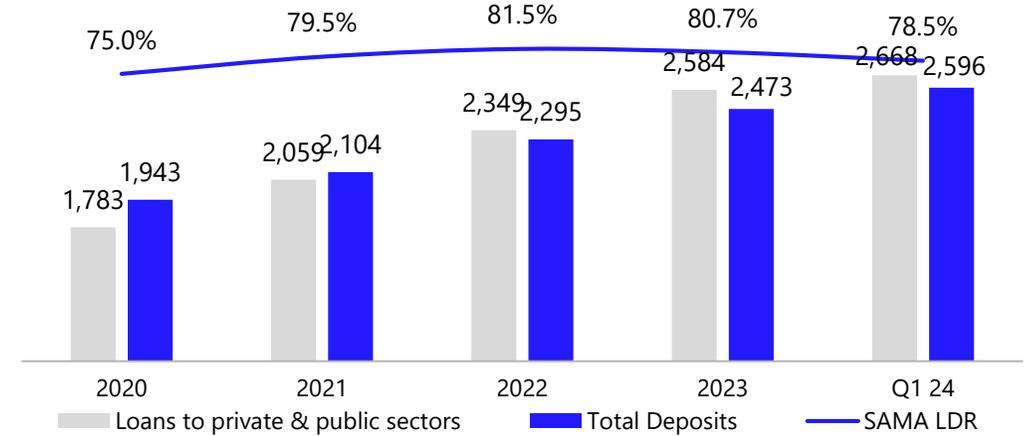


Banking Sector Highlights | Banking system deposits continue growing in the first quarter 2024

Recent Developments

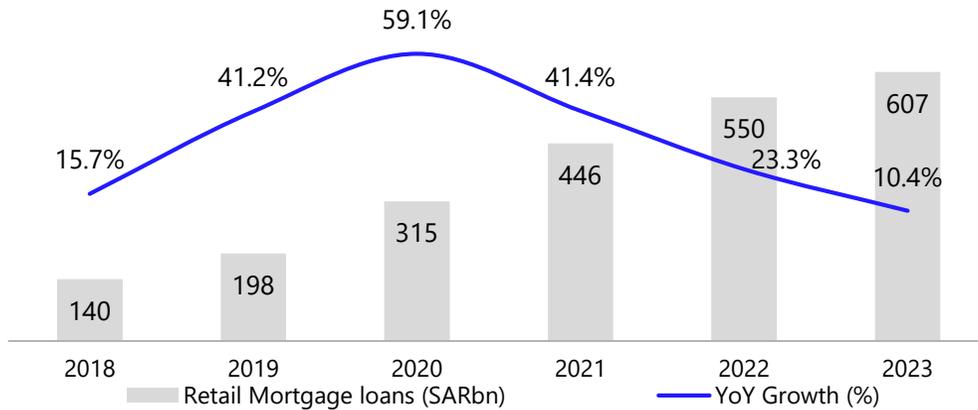
- Deposits have grown in the banking system during the first quarter align with loans growth.
- SRC benchmark rates increased to 7.6% in April 2024
- Consumer spending increased by 9.3% by March 2024 with continuous migration to cashless payment methods

SAMA LDR (%) & Bank Loans and Deposits (SARmn)



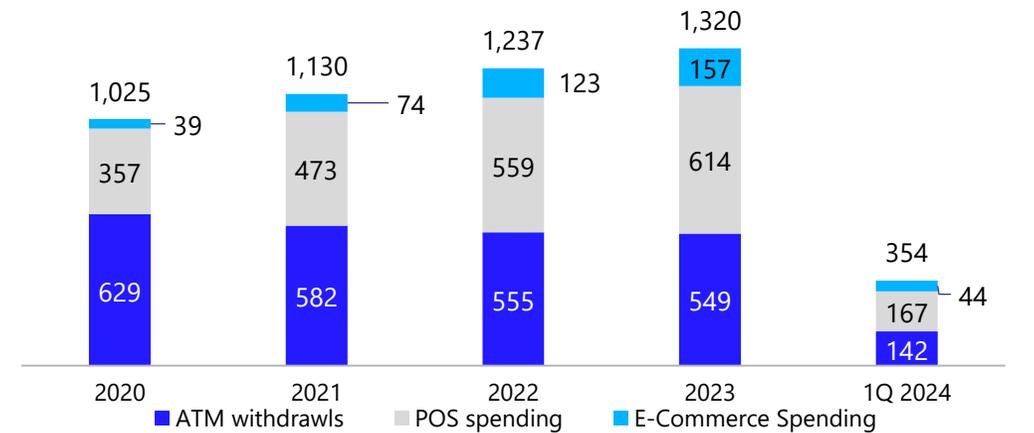
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



1Q 2024 Financial Highlights

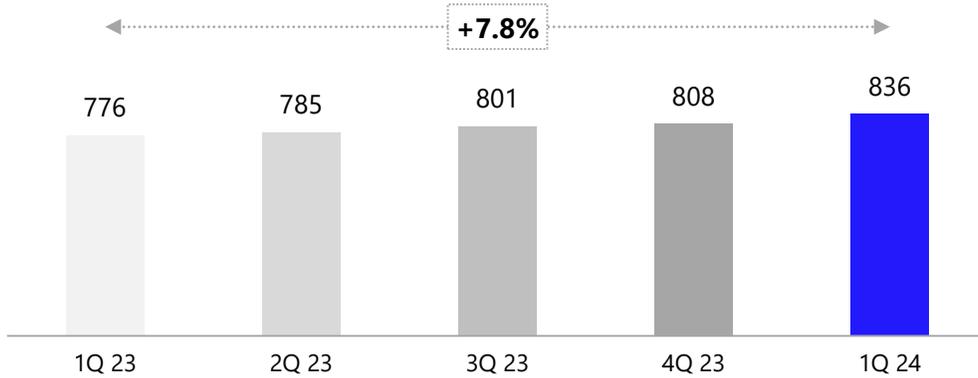
1Q 2024 Results Summary | Results are in line with expectations

| | | | |
|-------------------------------|--|--|---|
| 3.5% YTD Balance Sheet Growth | 2.5% YTD Growth in financing portfolio | 3.8% Growth in liabilities | LDR below regulatory minima |
| | <p>Net Financing</p> <p>594.2bn $\xrightarrow{+2.5\%}$ 609.0bn</p> <p>FY 23 1Q 24</p> | <p>Total Liabilities</p> <p>701.3bn $\xrightarrow{+3.8\%}$ 727.7bn</p> <p>FY 23 1Q 24</p> | <p>Loan to Deposit Ratio</p> <p>82.9% $\xrightarrow{\text{down}}$ 78.7%</p> <p>FY 23 1Q 24</p> |
| 6.3% higher net income YoY | 10.2% growth in net yield income | 4.4% lower Non yield income | 6.6% higher operating income |
| | <p>Net Yield income</p> <p>5,125mn $\xrightarrow{+10.2\%}$ 5,647mn</p> <p>1Q 23 1Q 24</p> | <p>Non Yield Income</p> <p>1,655mn $\xrightarrow{-4.4\%}$ 1,582mn</p> <p>1Q 23 1Q 24</p> | <p>Operating Income</p> <p>6,781mn $\xrightarrow{+6.6\%}$ 7,229mn</p> <p>1Q 23 1Q 24</p> |
| Stable credit quality | 3 bps COR increase | 5 bps Higher in NPL ratio | NPL coverage remained strong |
| | <p>Cost of risk</p> <p>0.25% $\xrightarrow{\text{up}}$ 0.28%</p> <p>FY 23 1Q 24</p> | <p>NPL</p> <p>0.71% $\xrightarrow{\text{up}}$ 0.77%</p> <p>FY 23 1Q 24</p> | <p>NPL Coverage</p> <p>203% $\xrightarrow{\text{down}}$ 175%</p> <p>FY 23 1Q 24</p> |
| Key Ratios | Operating efficiency remains solid | Strong capital position | Higher NPM |
| | <p>Cost to income ratio</p> <p>26.5% $\xrightarrow{\text{down}}$ 26.2%</p> <p>1Q 23 1Q 24</p> | <p>Total Capital Adequacy Ratio</p> <p>20.9% $\xrightarrow{\text{down}}$ 20.2%</p> <p>1Q 23 1Q 24</p> | <p>NPM</p> <p>3.00% $\xrightarrow{\text{down}}$ 3.03%</p> <p>1Q 23 1Q 24</p> |

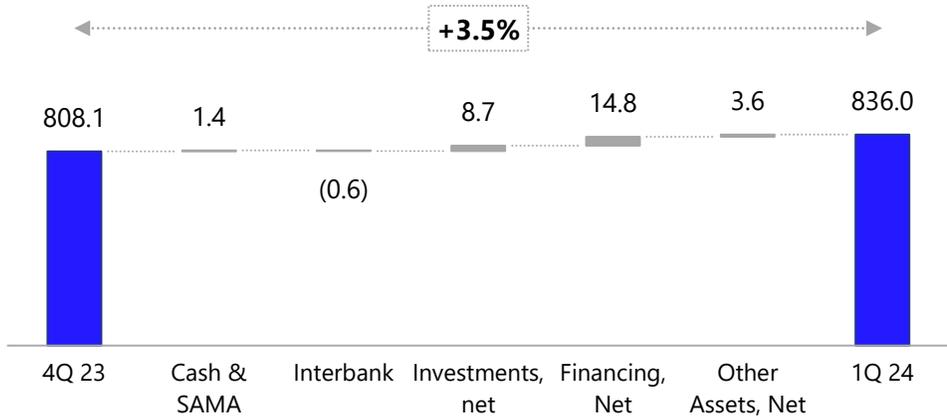


Balance Sheet Trends (1) | Balance sheet growth of 3.5% YTD driven by Financing and Investments

Total Assets (SARbn)



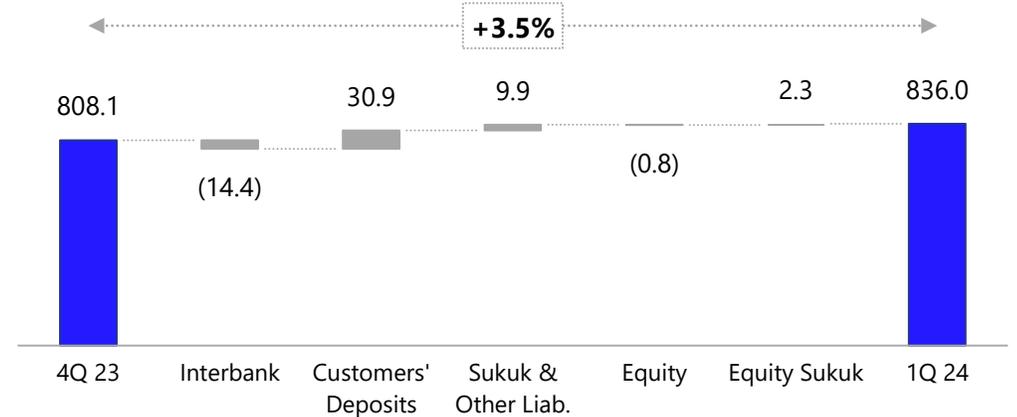
Movement in Assets (SARbn)



SAR (mn)

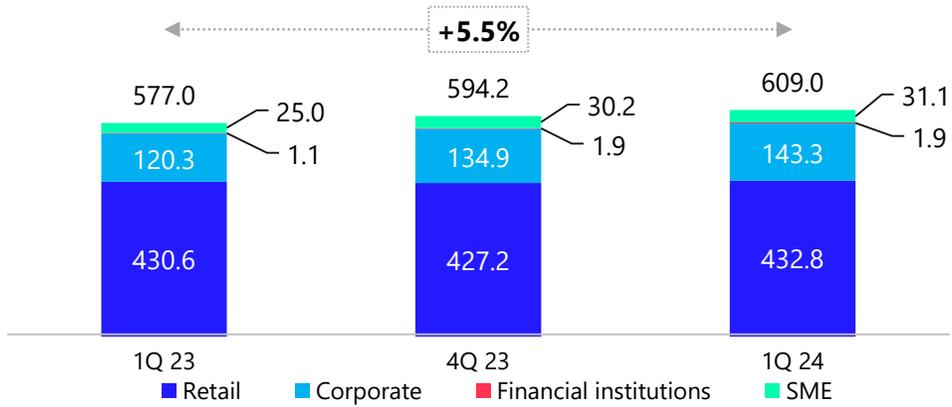
| | 1Q 24 | 4Q 23 | QoQ | 1Q 23 | YoY |
|---------------------------|----------------|----------------|------------|----------------|------------|
| Cash & balances with SAMA | 43,171 | 41,768 | +3% | 45,625 | -5% |
| Due from banks & other FI | 8,913 | 9,507 | -6% | 13,010 | -31% |
| Investments, net | 143,040 | 134,299 | +7% | 114,737 | +25% |
| Financing, net | 608,990 | 594,205 | +2% | 577,011 | +6% |
| Other assets, net | 31,877 | 28,321 | +13% | 25,413 | +25% |
| Total assets | 835,992 | 808,098 | +3% | 775,796 | +8% |
| Due to banks & other FI | 82,836 | 97,247 | -15% | 88,086 | -6% |
| Customers' deposits | 603,978 | 573,101 | +5% | 556,197 | +9% |
| Sukuk issued | 8,091 | 3,789 | +114% | 0 | 0 |
| Other liabilities | 32,816 | 27,202 | +21% | 32,286 | +2% |
| Total liabilities | 727,720 | 701,339 | +4% | 676,568 | +8% |
| Total equity | 108,272 | 106,759 | +1% | 99,227 | +9% |

Movement in Funding (SARbn)

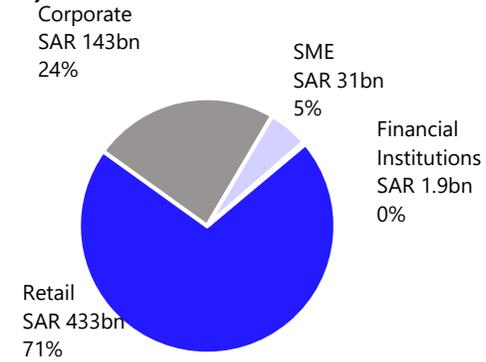


Balance Sheet Trends (2) | Financing growth driven by Mortgage and Corporate

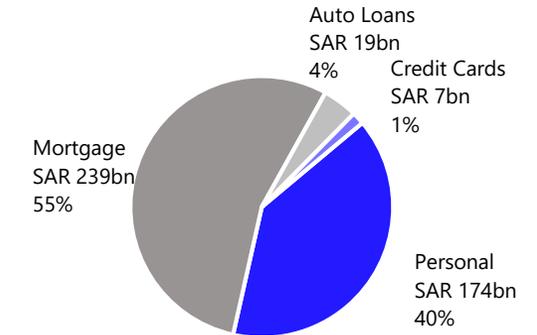
Financing, Net (SARbn)



Financing, Net Mix By Segment (SARbn)



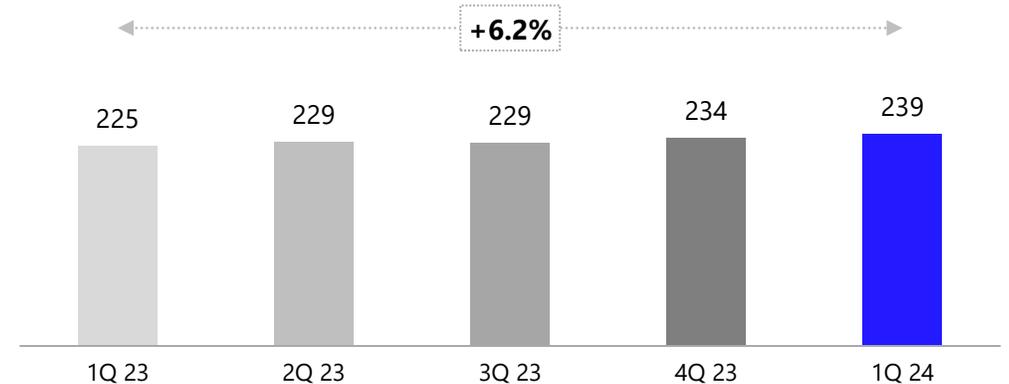
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

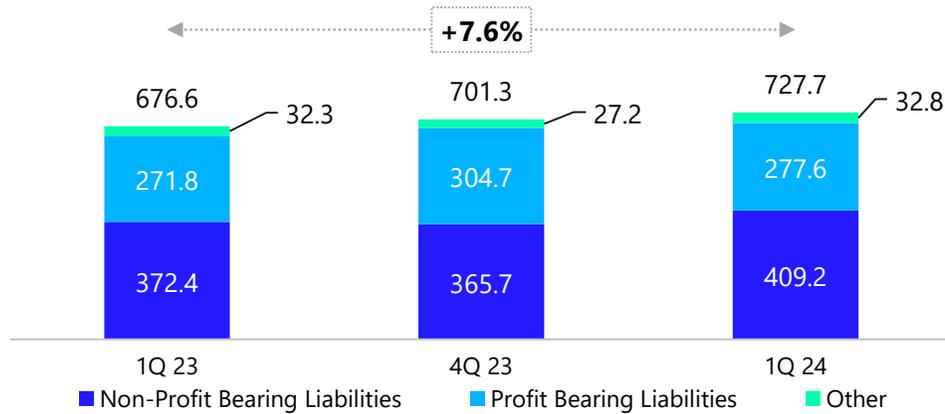


Mortgage Financing (SARbn)

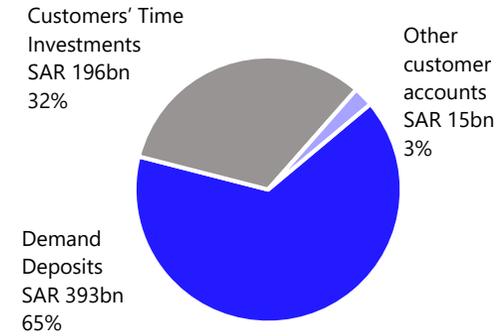


Balance Sheet Trends (3) | Balance sheet shows improving funding mix

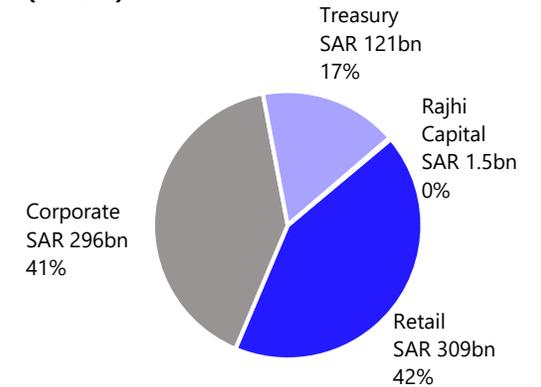
Total Liabilities (SARbn)



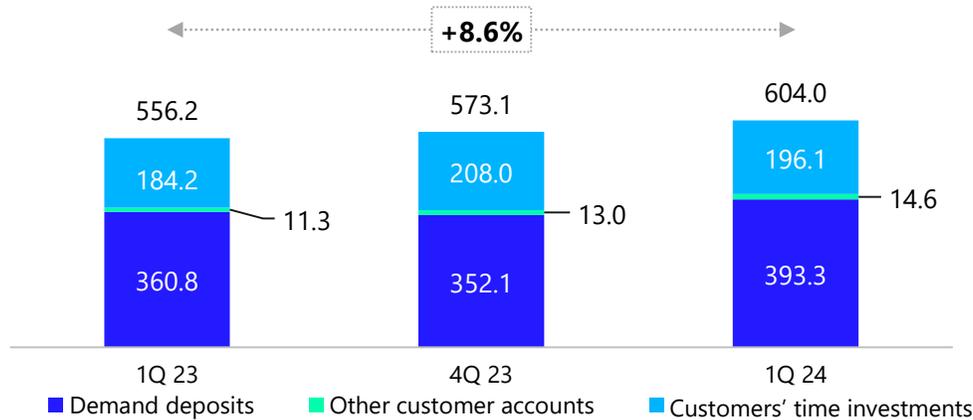
Total Customers' Deposits Mix By Type (SARbn)



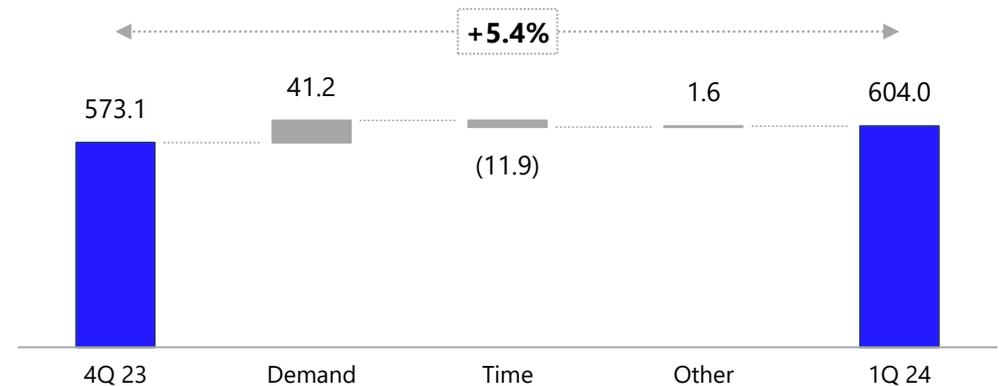
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

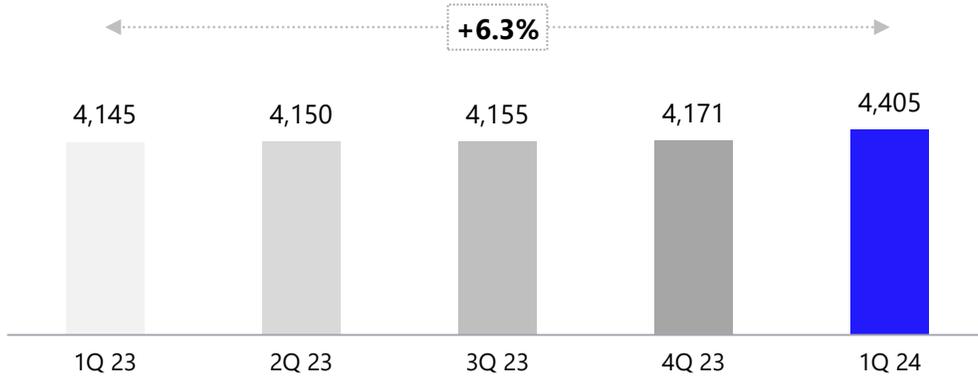


Movement in Total Customers' Deposits (SARbn)



Net Income Trends | net profit higher by 6.3% in the first quarter 2024

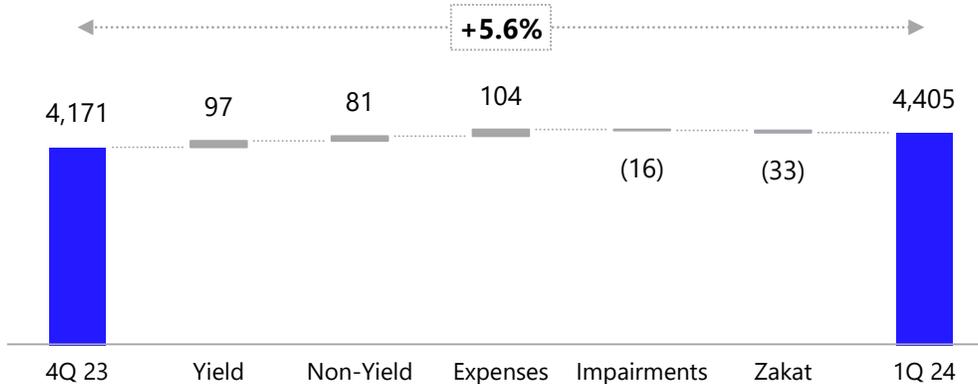
Net Income For The Period After Zakat (SARmn)



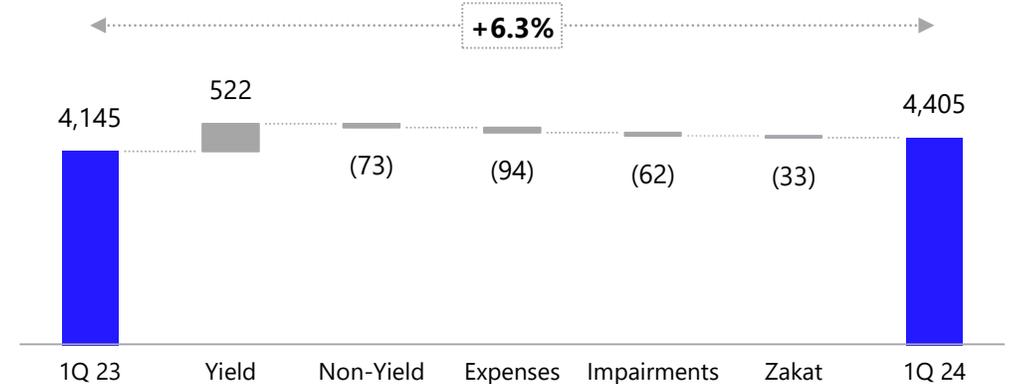
SAR (mn)

| | 1Q 24 | 1Q 23 | YoY | 1Q 24 | 4Q 23 | QoQ |
|---|--------------|--------------|-------------|--------------|--------------|------------|
| Net financing & investment income | 5,647 | 5,125 | +10% | 5,647 | 5,550 | +2% |
| Fee from banking services, net | 1,039 | 1,210 | -14% | 1,039 | 988 | +5% |
| Exchange Income, net | 295 | 298 | -1% | 295 | 322 | -8% |
| Other operating income, net | 249 | 148 | +69% | 249 | 192 | +30% |
| Fees and other income | 1,582 | 1,655 | -4% | 1,582 | 1,501 | +5% |
| Total operating income | 7,229 | 6,781 | +7% | 7,229 | 7,051 | +3% |
| Operating expenses | -1,894 | -1,800 | +5% | -1,894 | -1,998 | -5% |
| Pre-provision profit | 5,335 | 4,980 | +7% | 5,335 | 5,053 | +6% |
| Total impairment charge | -421 | -359 | +17% | -421 | -406 | +4% |
| Net income for the period before Zakat | 4,914 | 4,622 | +6% | 4,914 | 4,647 | +6% |
| Zakat | -509 | -477 | +7% | -509 | -477 | +7% |
| Net income for the period after Zakat | 4,405 | 4,145 | +6% | 4,405 | 4,171 | +6% |

Net Income After Zakat Growth Drivers By Type (SARmn)

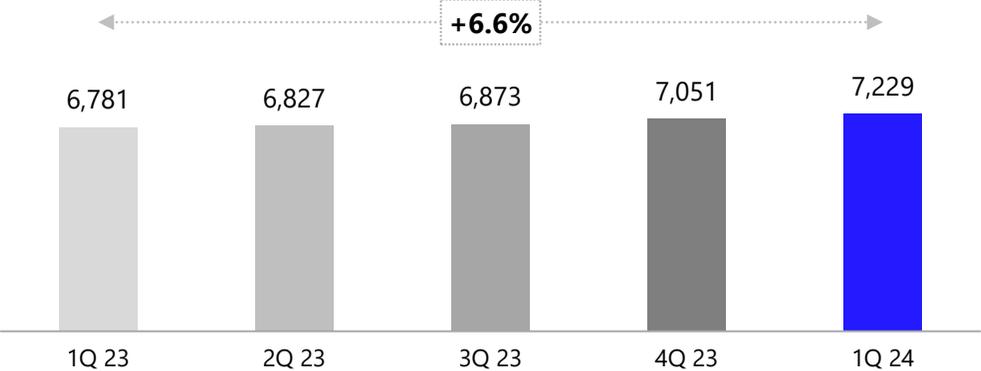


Net Income After Zakat Growth Drivers By Type (SARmn)

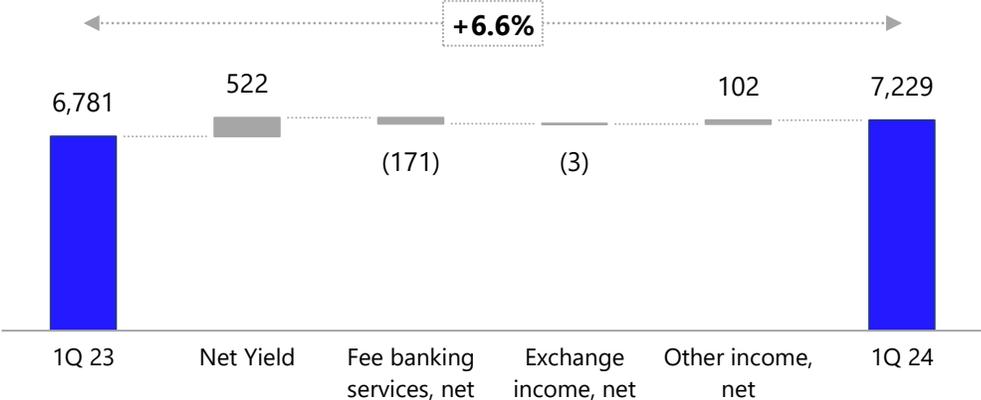


Operating Income Trends | Higher operating income driven by net yield income growth

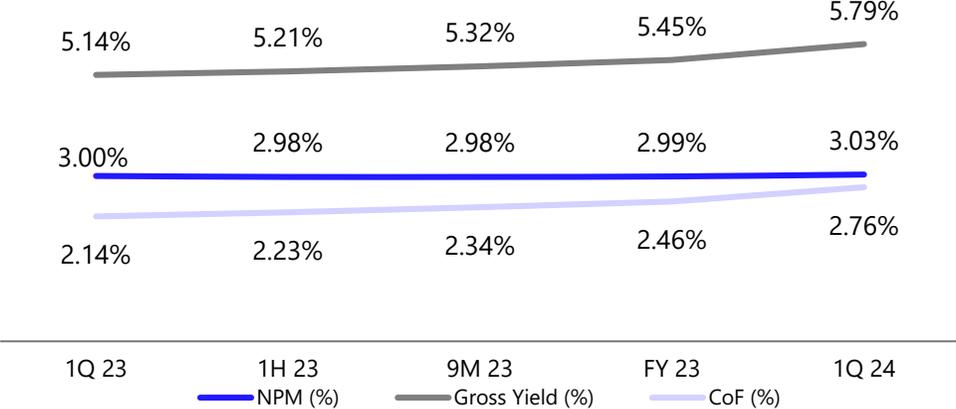
Total Operating Income (SARmn)



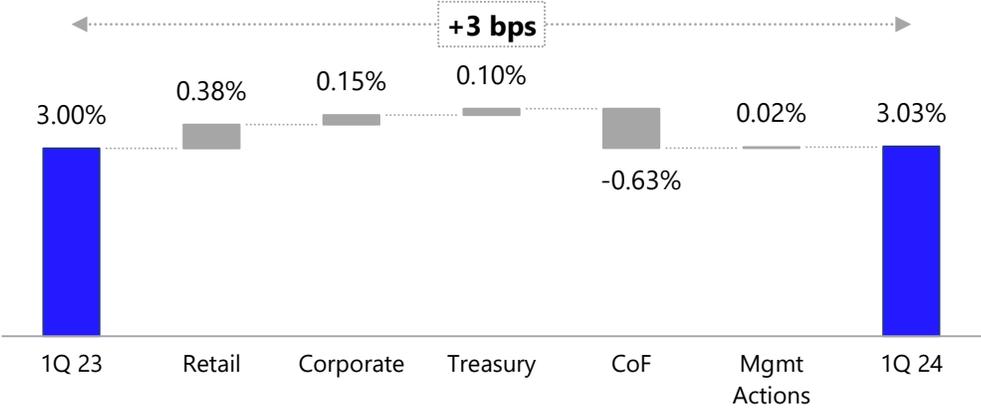
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

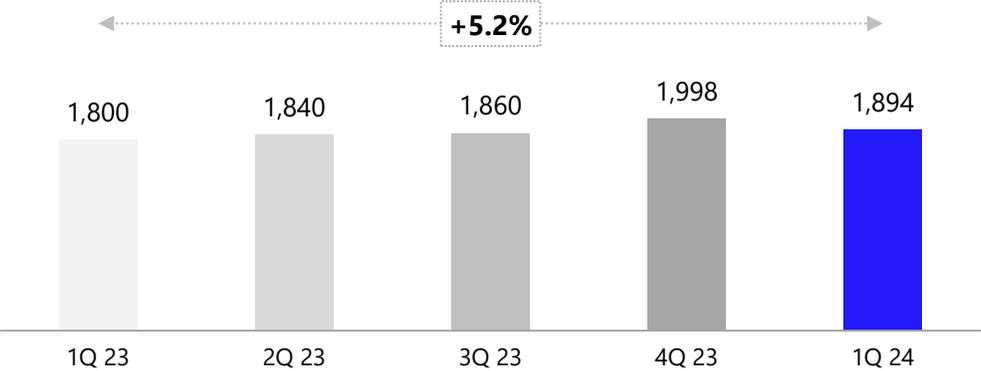


NPM Drivers (%)

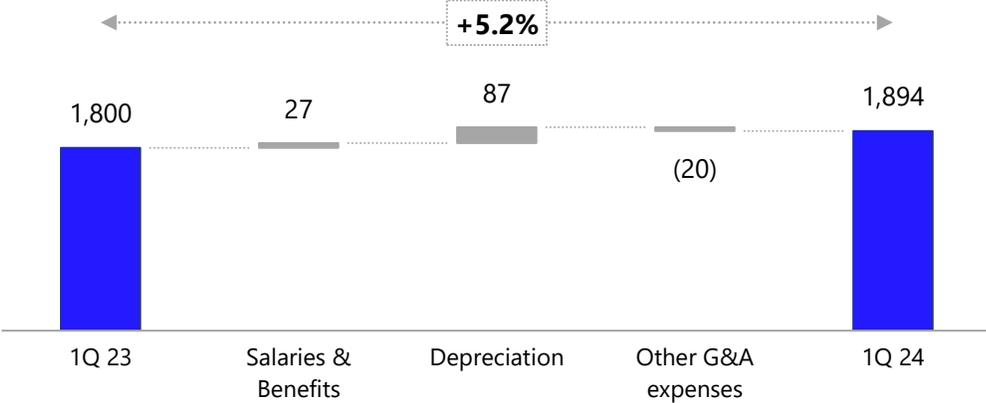


Expenses Trends | Cost efficiencies remains solid

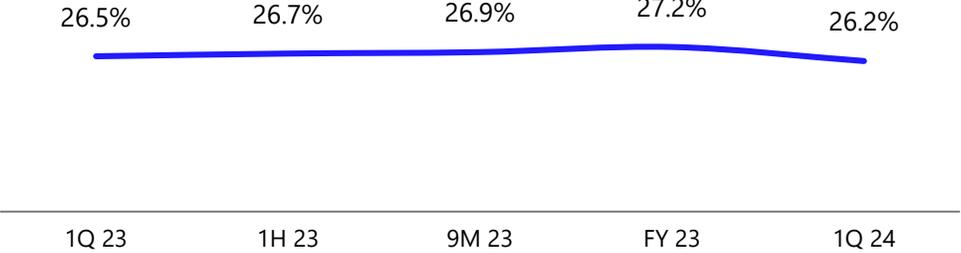
Operating Expenses (SARmn)



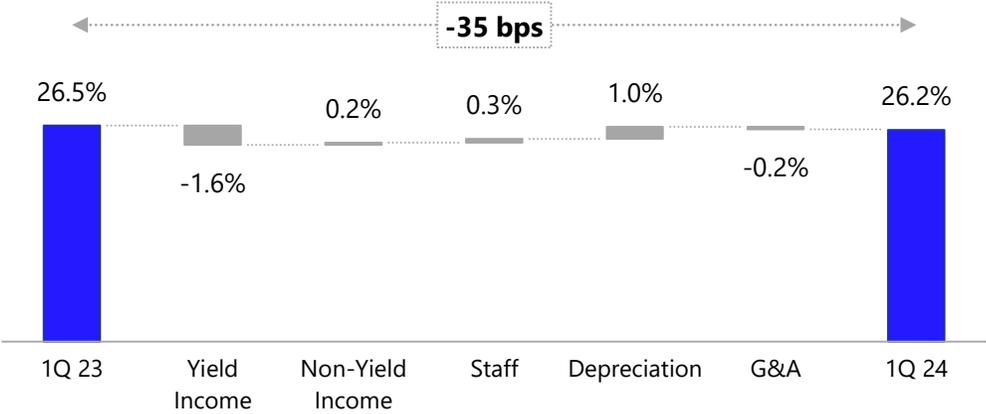
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

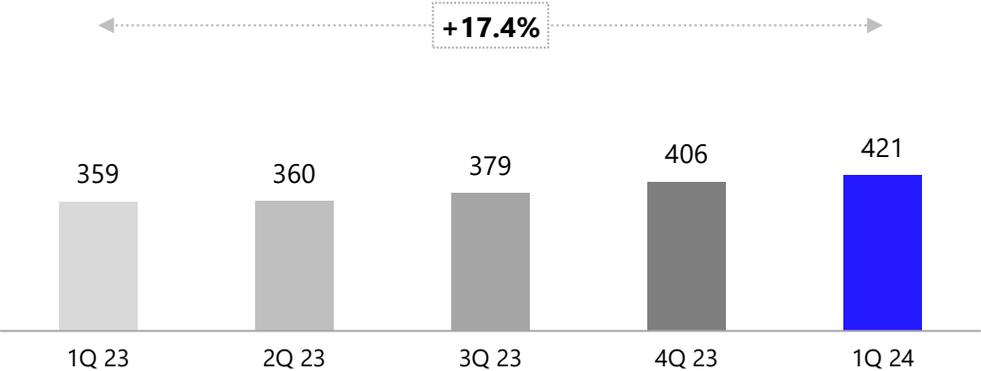


Cost to Income Ratio Drivers (%)

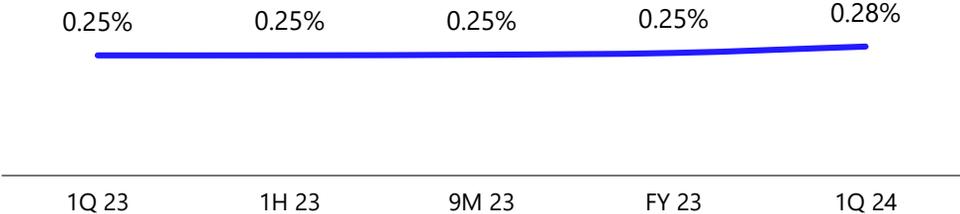


Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

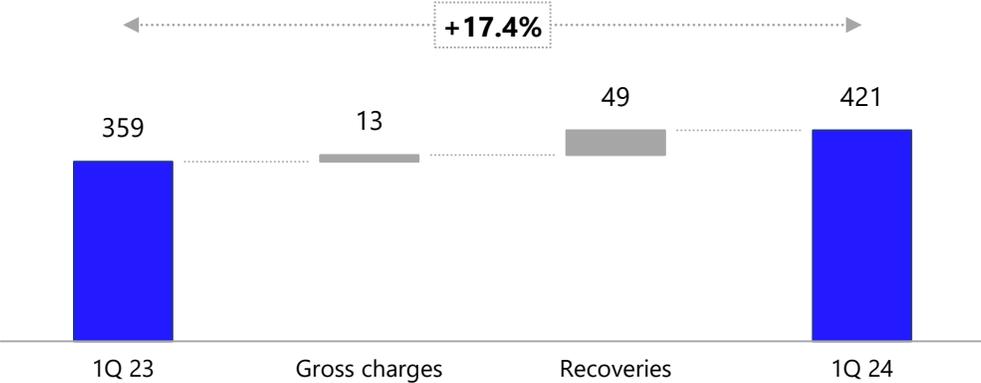
Net Impairment Charges (SARmn)



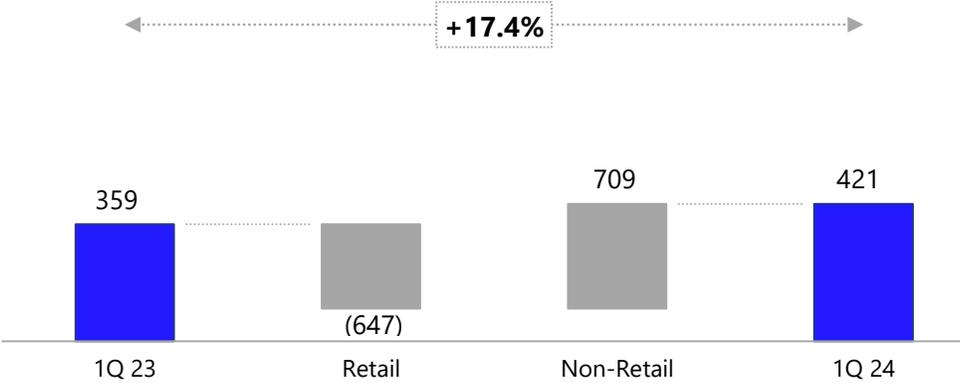
Cost of Risk (%)



Movement in Net Impairment (SARmn)



Movement in Net Impairment by Group (SARmn)

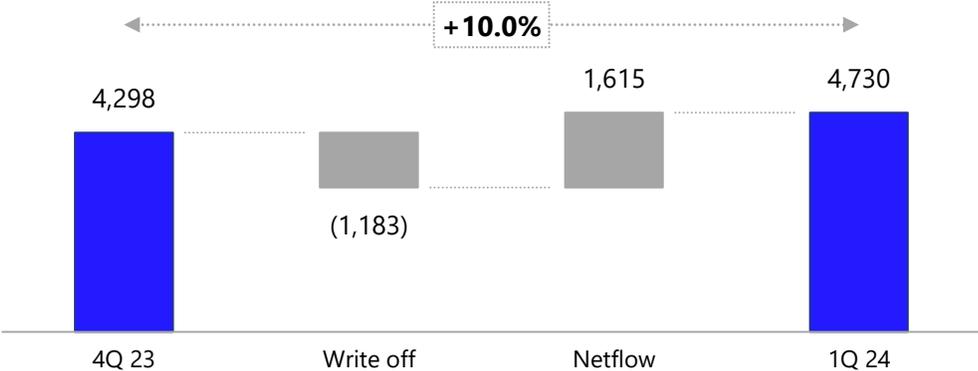


Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

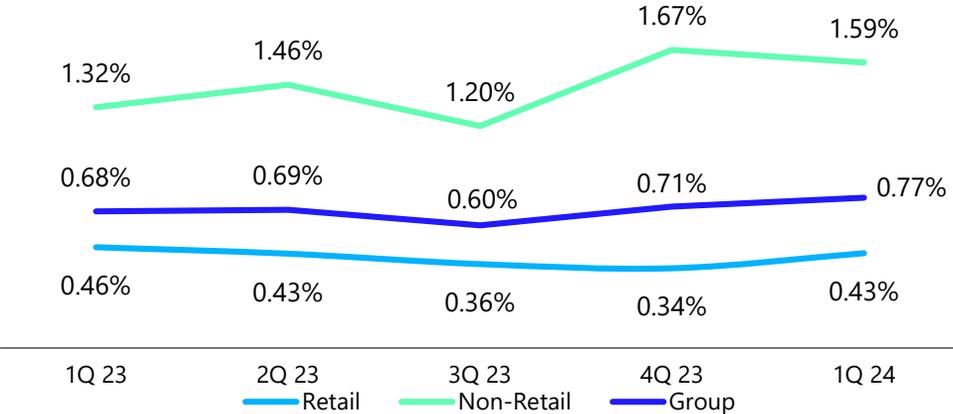
Movement in NPL (SARmn)



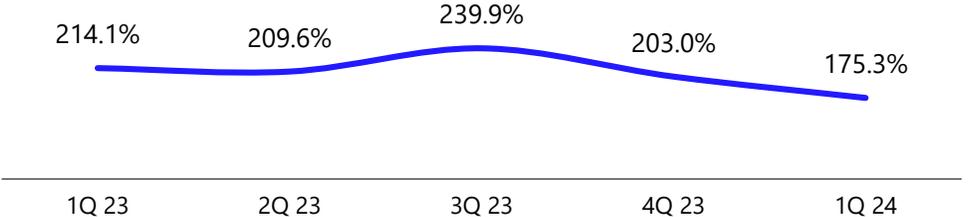
NPL Formation (SARmn)



NPL Ratio (%)

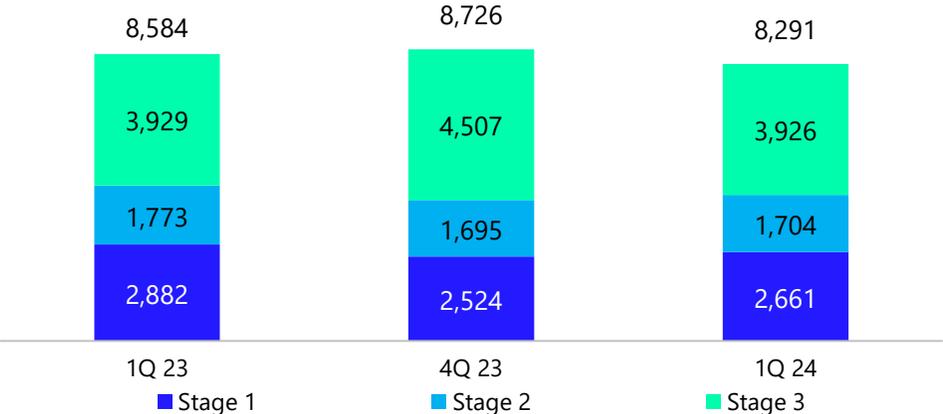


NPL coverage ratio (%)

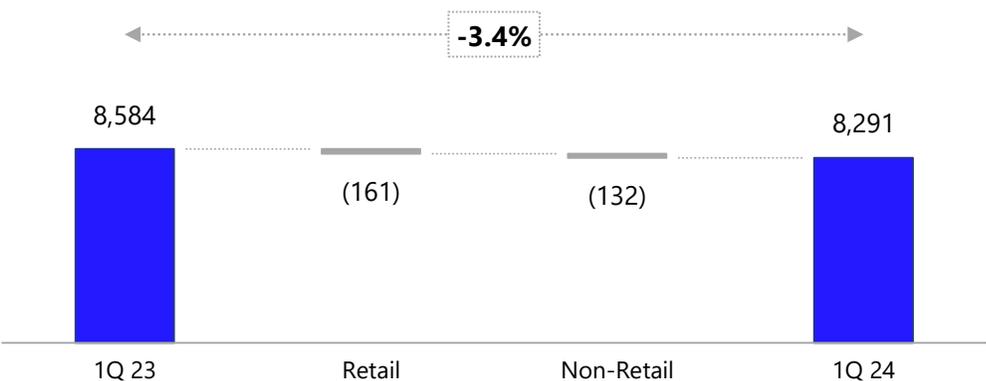


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

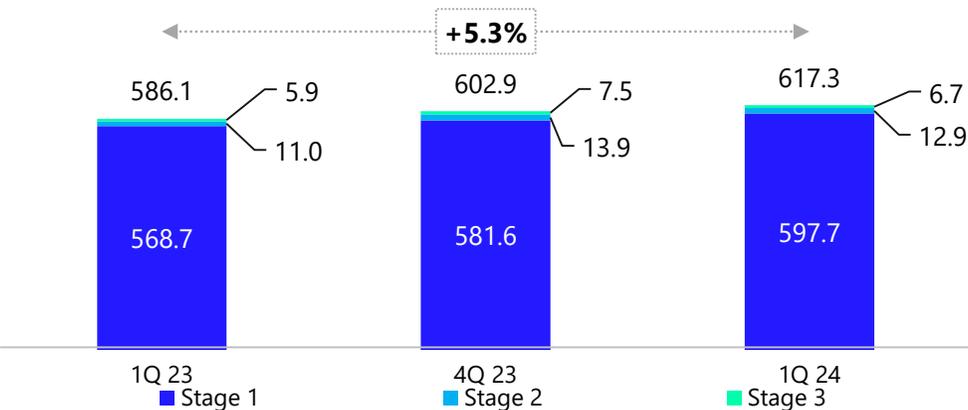
ECL by Stage (SARmn)



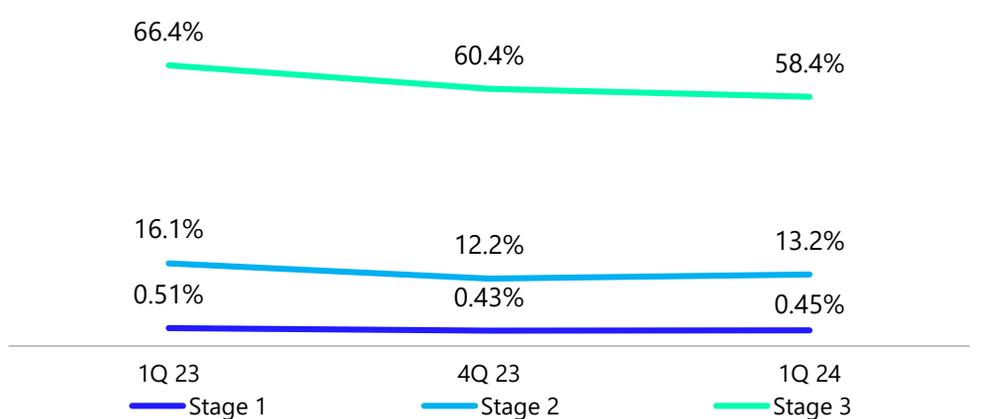
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

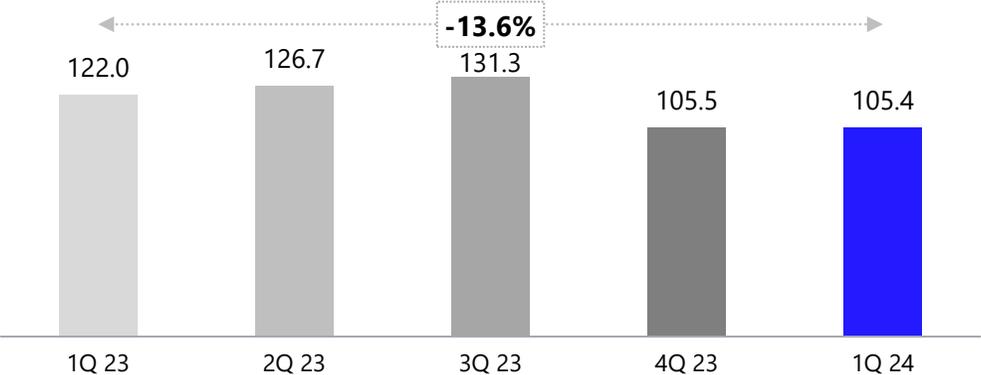


ECL Coverage (%)

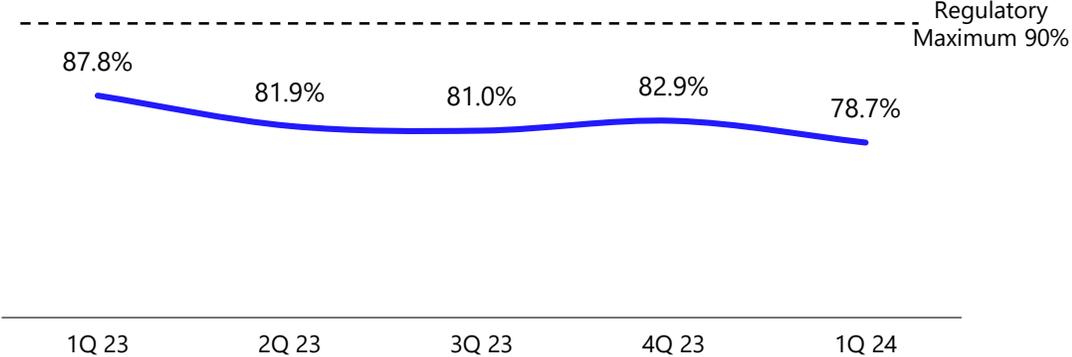


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

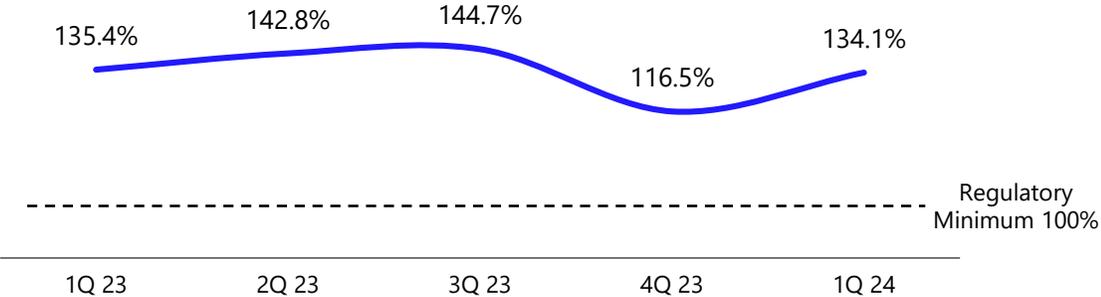
HQLA (SARbn)



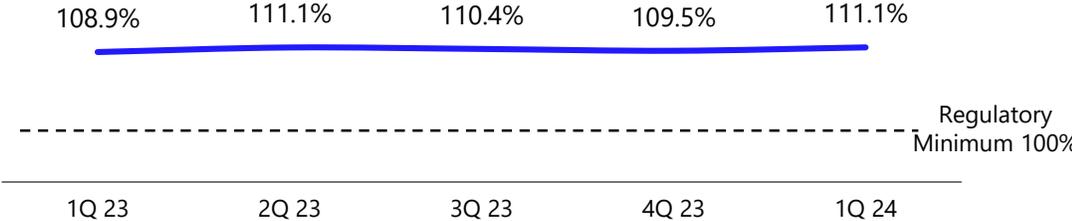
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

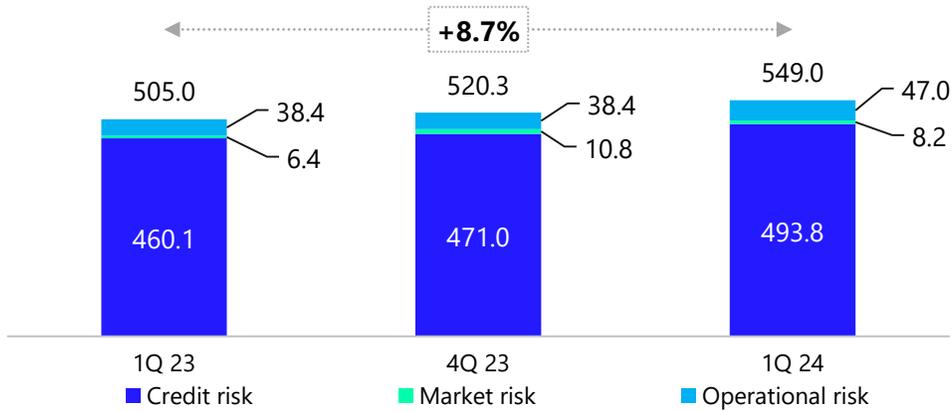


NSFR (%)

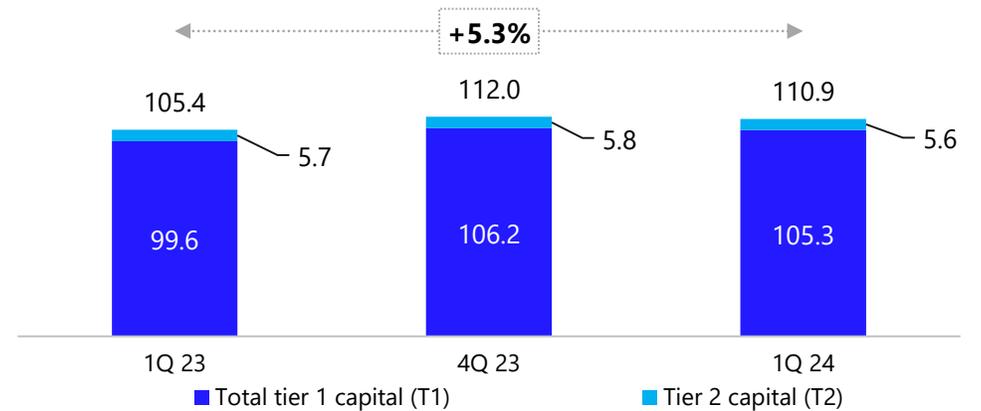


Capitalization Trends | Capital position well above regulatory minima

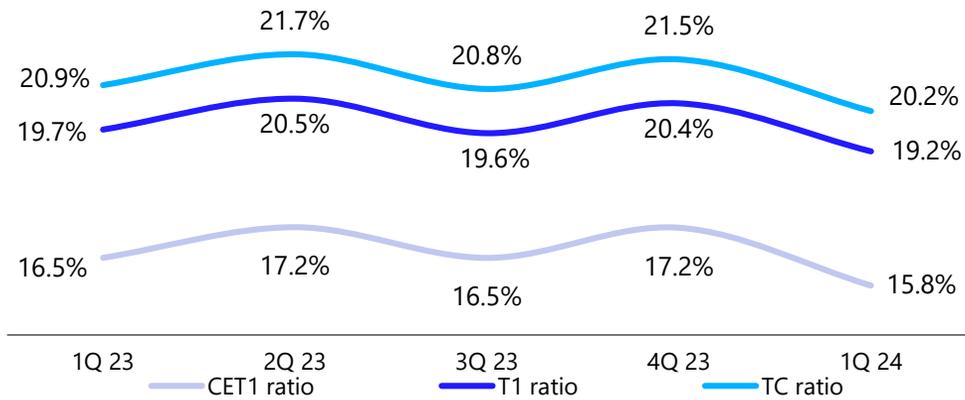
RWA (SARbn)



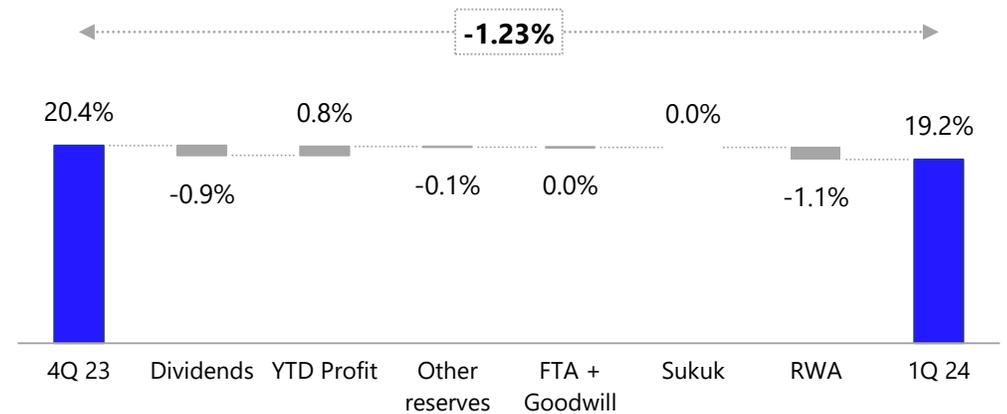
Total Capital (SARbn)



Capital Ratios (%)

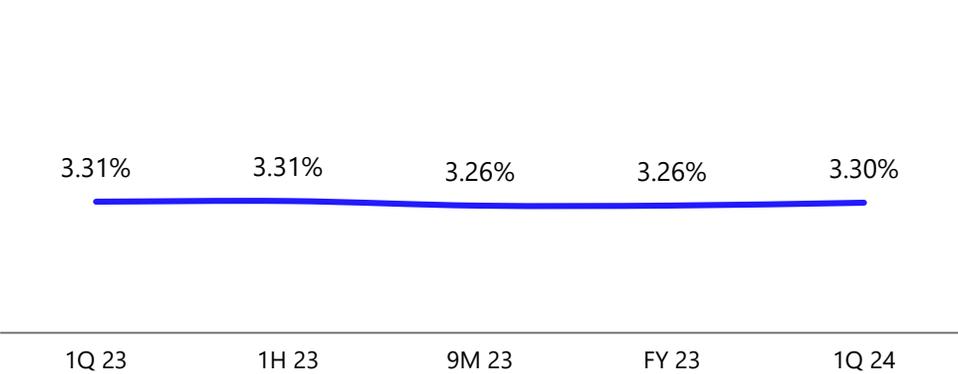


Tier 1 Drivers (%)

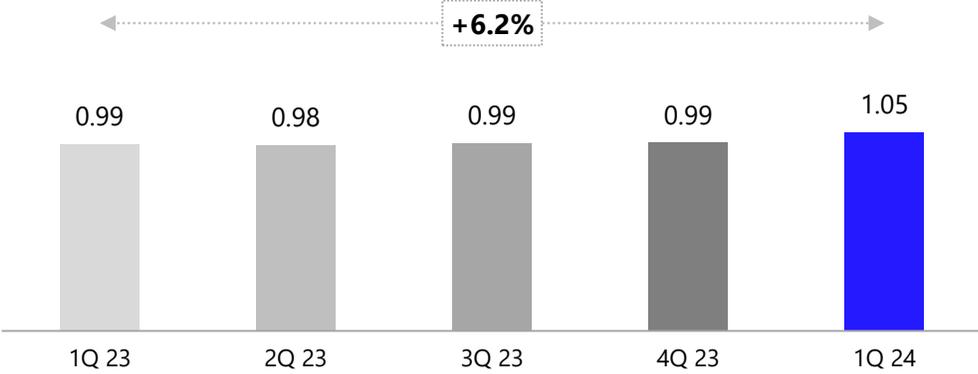


Return Metrics | Al Rajhi Bank's returns remain industry-leading

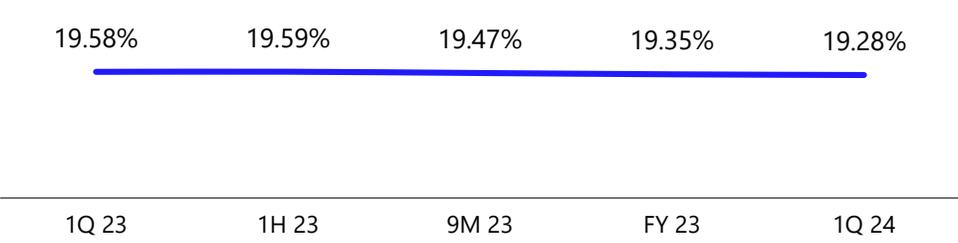
Return on RWA (%)



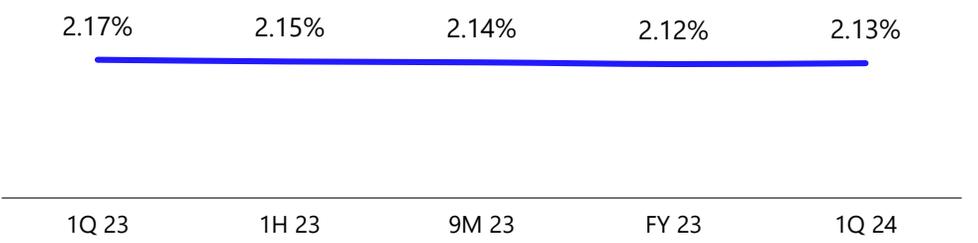
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2024 Guidance

FY 2024 Assumptions and Outlook | Interest rates are expected to go lower by end of 2024

Economy



- Expansionary fiscal policy in 1Q 2024 increased to support funding for capital projects, as CAPEX grew by 33% YoY
- IMF has revised Saudi GDP growth forecasts to 2.6% in 2024 and projected 6.0% for 2025
- Consumer spending increased by 9.3% in Mar 2024 on the back of improved economic activities
- Credit demand is expected to remain positive over the medium term due to economic diversification

Interest Rates



- Rate environment are volatile recently, we are expecting one rate cut at the end of 2024
- The outlook of the interest rates environment will have an impact on both credit demand and deposit mix
- NIM is expected to continue expanding on a positive trend in 2024 and beyond
- SRC benchmark rates have increased to 7.6%+ levels in April 2024

Strategy & Execution



- In February 2024, we have launched our “Harmonize the Group” strategy
- Our new Strategy will be focused on providing a financial ecosystem through a universal bank offering
- The focus will continue to improve the overall banking experience through several initiatives
- ESG remains a focus for the management to build a sustainable business that contributes to the bottom line



FY 2024 Guidance | For our newly launched strategy “Harmonize the Group”

| | | FY 2024 Guidance | 1Q 2024 Actual | Guidance Revision |
|----------------------|----------------------|-------------------------|-----------------------|--------------------------|
| Balance Sheet | Financing | Mid single digit | +2.5% | — Mid single digit |
| Profitability | Net profit margin | +5 bps to +15 bps | +3 bps | — +5 bps to +15 bps |
| | Cost to income ratio | Below 27% | 26.2% | — Below 27% |
| | ROE | Above 19% | 19.28% | — Above 19% |
| Asset Quality | Cost of risk | 0.25% - 0.35% | 0.28% | — 0.25% - 0.35% |
| Capital | Tier 1 ratio | Above 20% | 19.2% | — Above 20% |



IR Contact Information

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Visit our website ([here](#)) for more Investor disclosures:

- Annual Report
- Financial Statements
- Investor Presentation
- Factsheet
- Data Supplement
- Earnings Release



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Alrajhi Tadawul Mobile App



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