

# Al Rajhi Bank Investor Presentation

2Q 2024



# 2Q 2024 Investor Presentation

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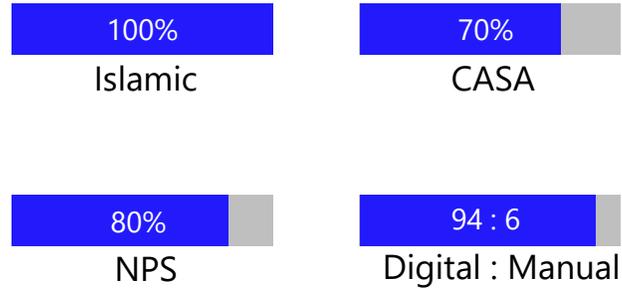
**34** IR Contact Information



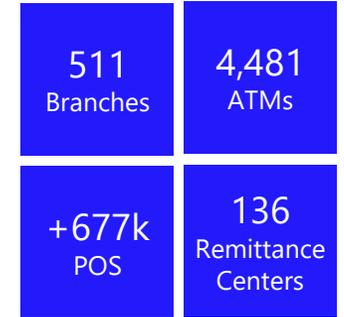
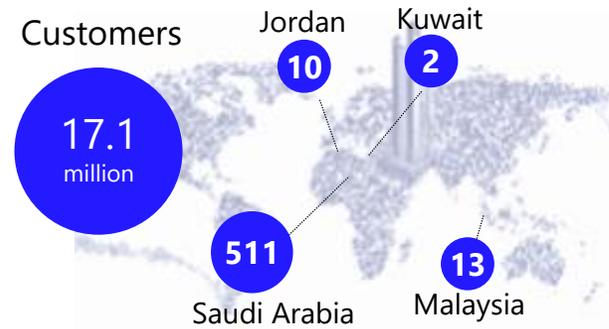
# The World's Leading Islamic Bank

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## At a glance, 2Q 2024



## Presence & Branches, 2Q 2024



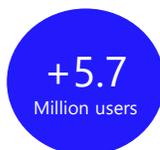
Largest network in Saudi Arabia

## 2Q 2024 Group Highlights

Emkan financing portfolio



Urpay wallets



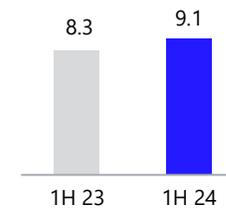
Female workforce



Alrajhi Capital, market share

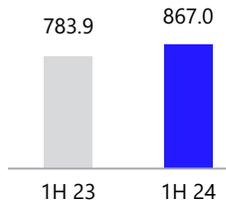


## 2Q 2024 Financial Highlights

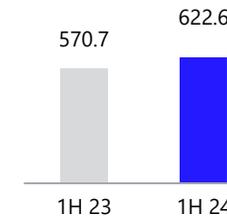


Group Net Income  
After Zakat  
▲ +9.7%

- 7.4% YoY Net Financing Growth
- 21.0% Total Capital ratio
- 2.78% Cost of Funds



Total Assets  
▲ +10.6%



Customer Deposits  
▲ +9.1%



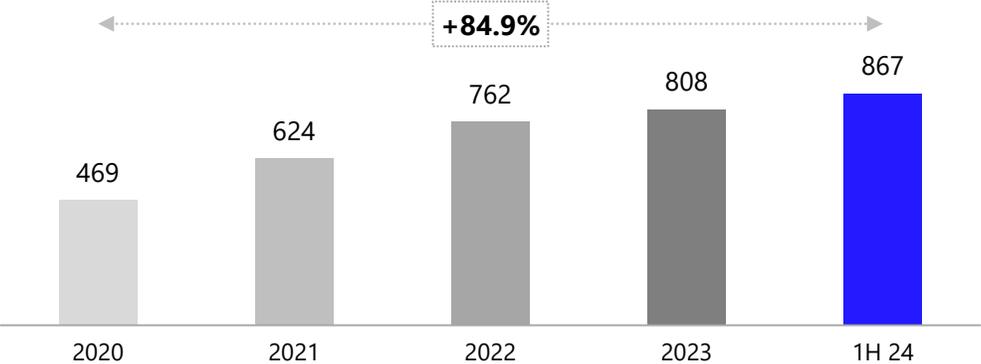
# Top 10 Facts About Al Rajhi Bank

- 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  
(70% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC  
(21.0% Total Capital ratio)
- 5** One of the highest NPS in KSA  
(80% as on June 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  
(939mn per month, average)
- 9** #1 Bank for remittances in Middle East  
(by payment value)
- 10** #1 Bank brand in KSA  
(Brand Power Score)

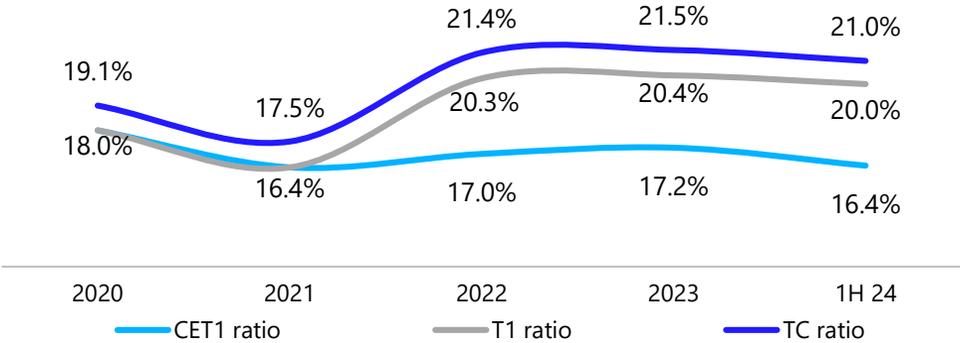


# The World's Leading Islamic Bank | Robust balance sheet with 70% CASA deposits in the first Half 2024

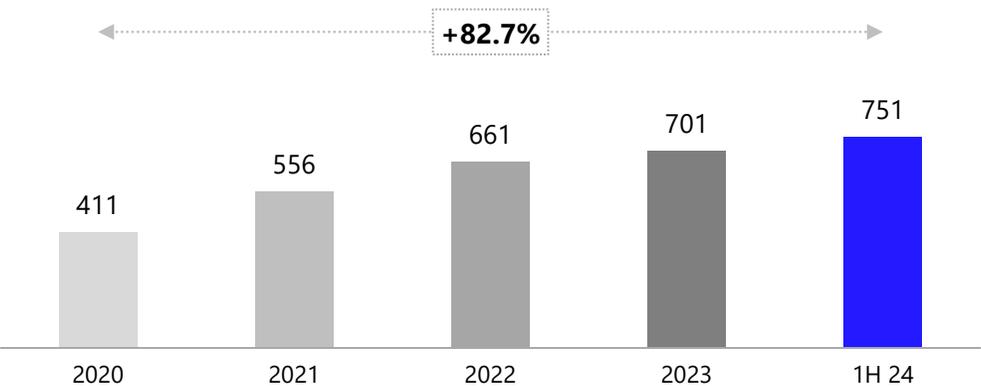
**Total Assets (SARbn)**



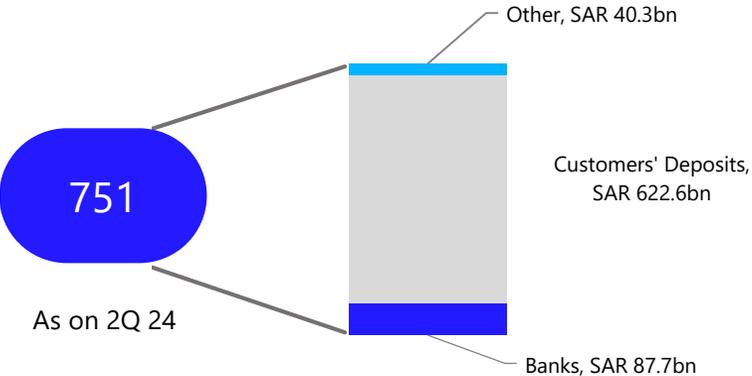
**Capital Ratios (%)**



**Total Liabilities (SARbn)**

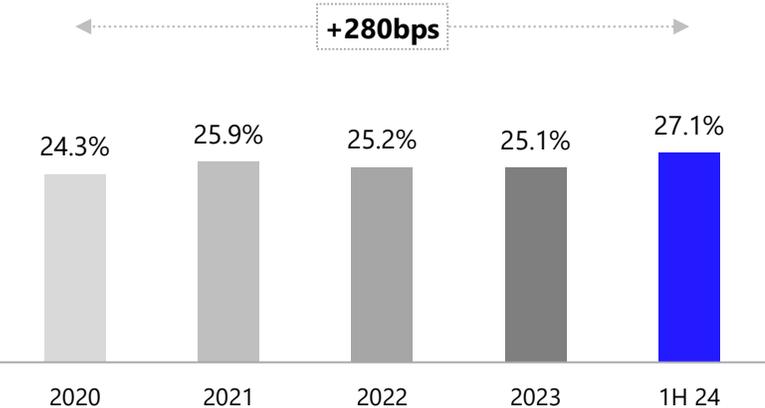


**Total Liabilities Mix By Type (SARbn)**



# What sets Al Rajhi Bank Apart | ARB has the largest retail banking business in the Kingdom

Market Share - Demand Deposits

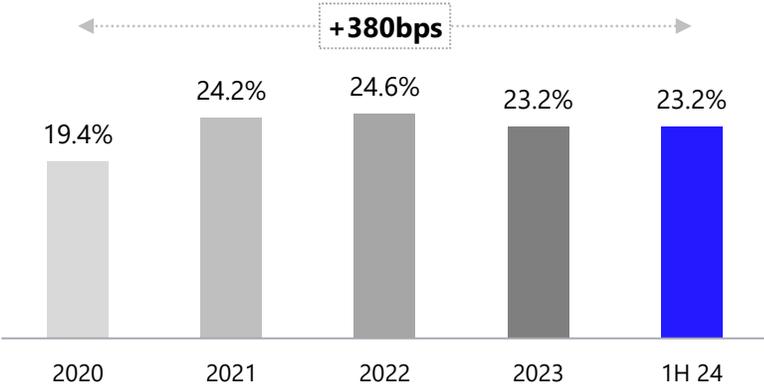


#2 in Saudi Arabia

**17.1**  
**Million**  
**Active Customers**

#1 in Saudi Arabia

Market Share - Deposits



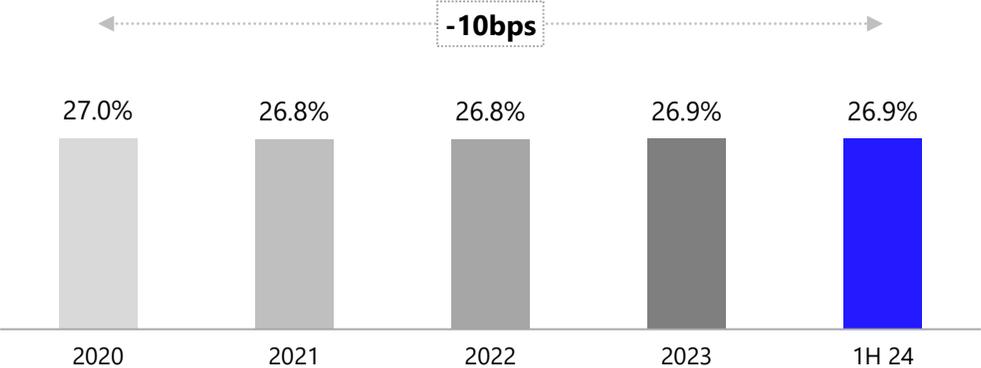
#2 in Saudi Arabia



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

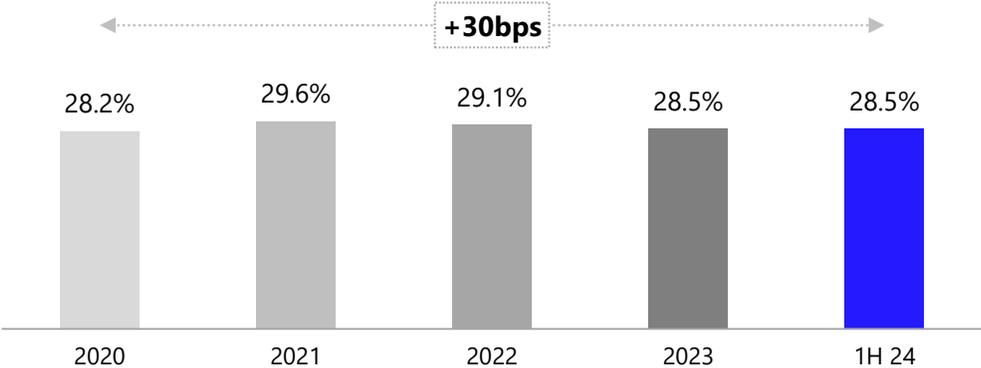
## #1 in Branches

Market Share - Branches



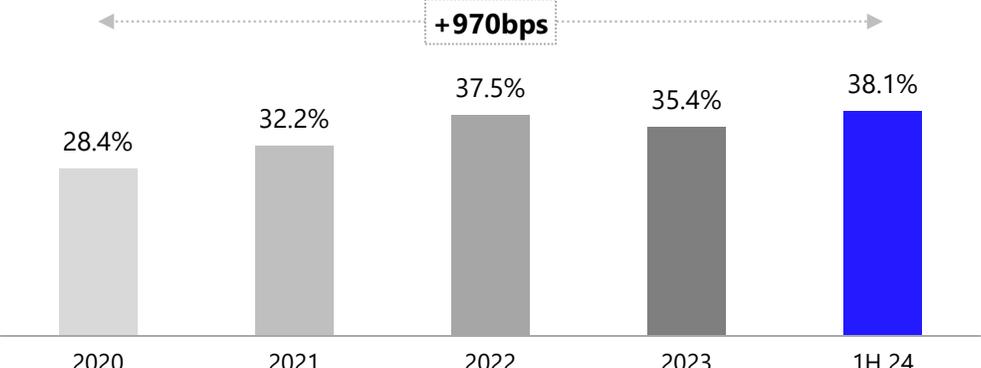
## #1 in ATMs

Market Share - ATMs



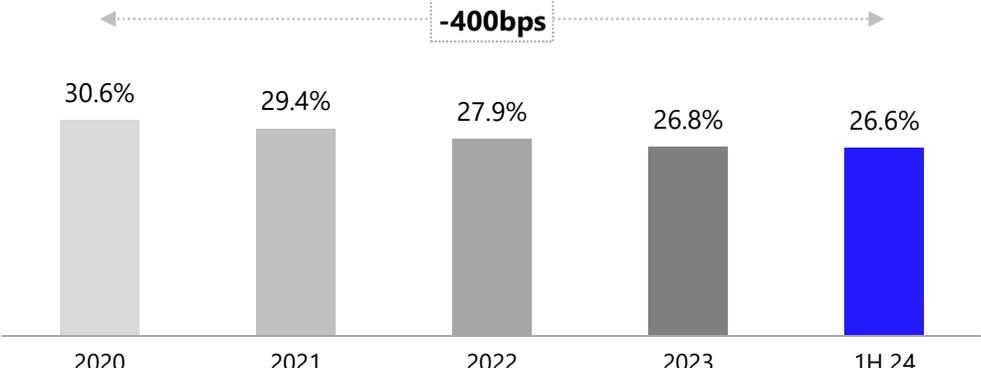
## #1 in POS

Market Share - POS (Terminals)



## #1 Remittance Centres

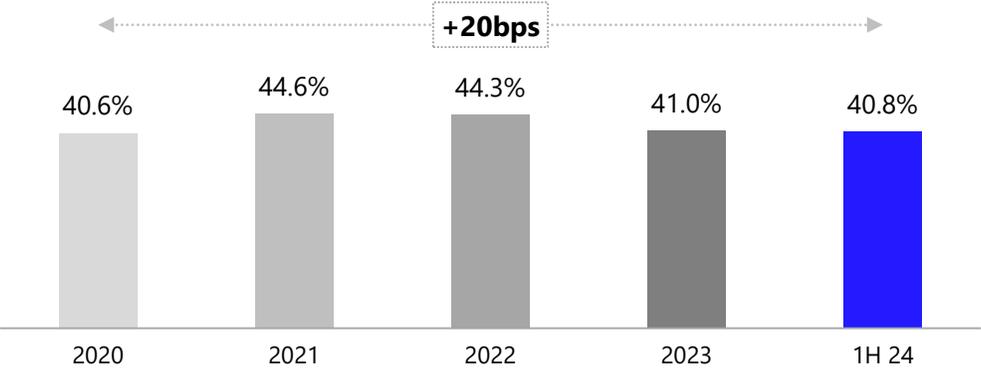
Market Share - Remittance Centers



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

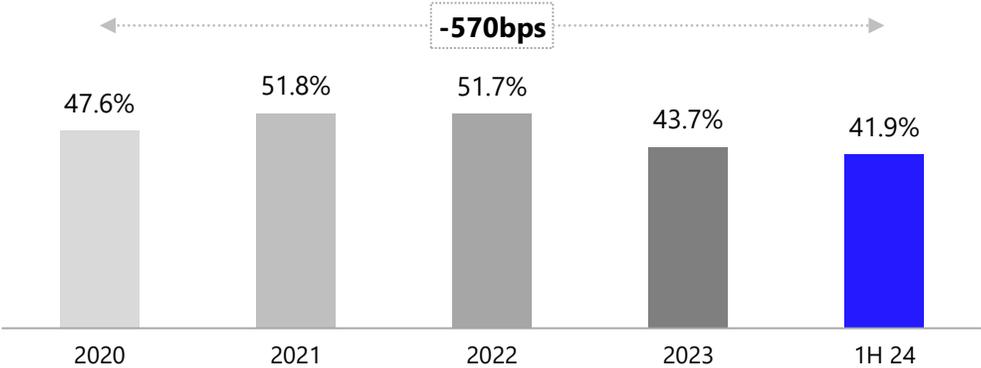
## #1 in Personal Loans

Market Share - Personal Loans



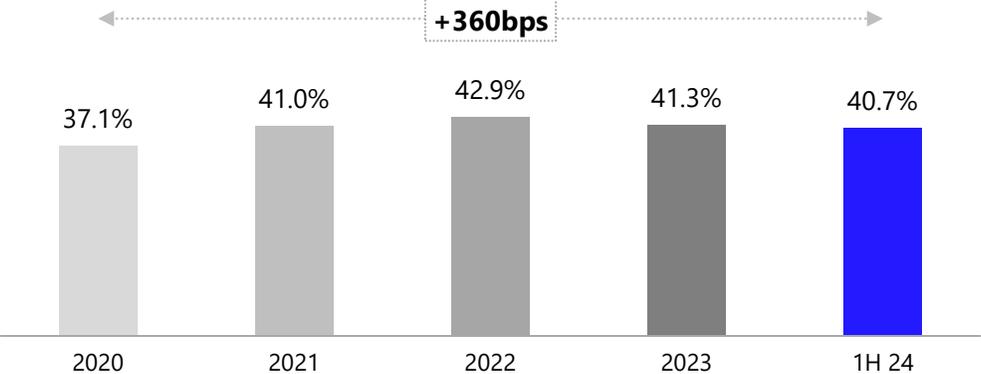
## #1 in Auto Loans

Market Share - Auto Loans



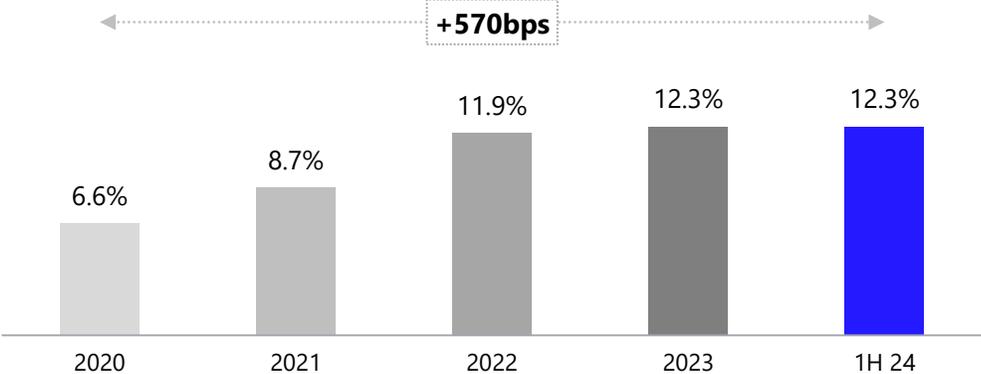
## #1 in Mortgages

Market Share - Mortgages Loans



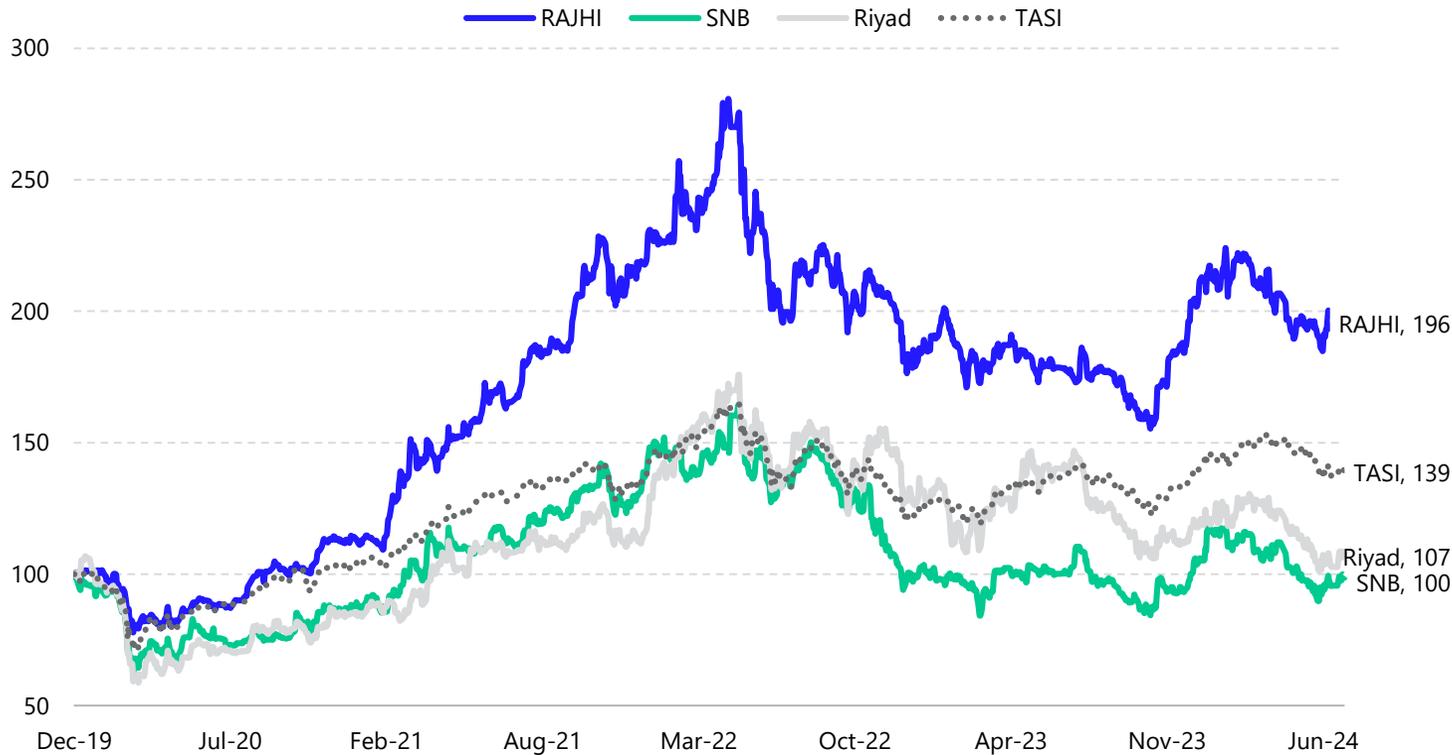
## #3 in Corporate Loans

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)



30 Jun 2024

### Key Metrics

|                         |            |
|-------------------------|------------|
| Closing Price           | SAR 80.0   |
| Market Cap              | SAR 320 bn |
| Market Cap / % Industry | 34.5%      |
| Market Cap / % Tadawul  | 3.2%       |
| Shares outstanding      | 4.0 bn     |
| 90D Volatility          | 20.4       |
| Price / Earnings        | 19.3 x     |
| Price / Book            | 3.4 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 |
|--------------------------|---------------|----------|-------------|----------------------|----------------------|---------------------|--------------|
| <b>Rebased to 100</b>    | 196           | 99       | 107         | 139                  | 83                   | 71                  | 139          |
| <b>As of 30 Jun 2024</b> | 80.0 SAR      | 36.3 SAR | 25.7 SAR    | 0.705 KWD            | 12.5 AED             | 14.7 QAR            | 16.5 AED     |



# ESG Highlights

|   |  |   |  |   |   |
|---|--|---|--|---|---|
|   | USD <b>2.7 bn</b><br>Green syndicated loan                                       |   | <b>214</b><br>Scholarships to Orphan students to join Universities | ISO/DIS 37301:2020 Compliance                     |   |
|   | Started using solar energy system in 61 branches to reduce utilities consumption | <b>+39k</b><br>Families have been benefited from the affordable housing solutions | <b>+21k</b><br>Employees across the group                          | ISO 22301:2019 Business Continuity Management     |   |
| SAR <b>867bn</b><br>Total Assets                            | Around SAR <b>3bn</b> of financing renewable energy projects                     | SAR <b>1.04mn</b><br>Zakat paid   | <b>72</b><br>Kidney transplants in 2024                            | <b>260</b> Sharia Board Resolutions in 2023       | <b>12%</b><br>growth in female employees in 2023      |
| SAR <b>9.1bn</b><br>Net Profit after Zakat                  | USD <b>2.0bn</b><br>Sustainable Sukuk  | SAR <b>1.82mn</b><br>In salaries and benefits paid                                | <b>11</b><br>Batches of Graduate Development Program since 2015    | <b>137</b><br>Policies & Frameworks               | <b>30%</b><br>of female employees at the group level  |
| <b>0%</b> Financing exposure in Tobacco, Alcohol & Gambling | <b>94:6</b><br>Digital to Manual Ratio   | SAR <b>32.5bn</b><br>in financing for SMEs  | <b>+136k</b><br>total training days since 2023                     | <b>4 out of 11</b><br>Independent Board Directors | <b>+100%</b><br>growth in female customers since 2015 |
| <b>Financial Sustainability</b>                             | <b>Environmental</b>   | <b>Social</b>   |  | <b>Governance</b>                                 | <b>Gender Diversity</b>                               |

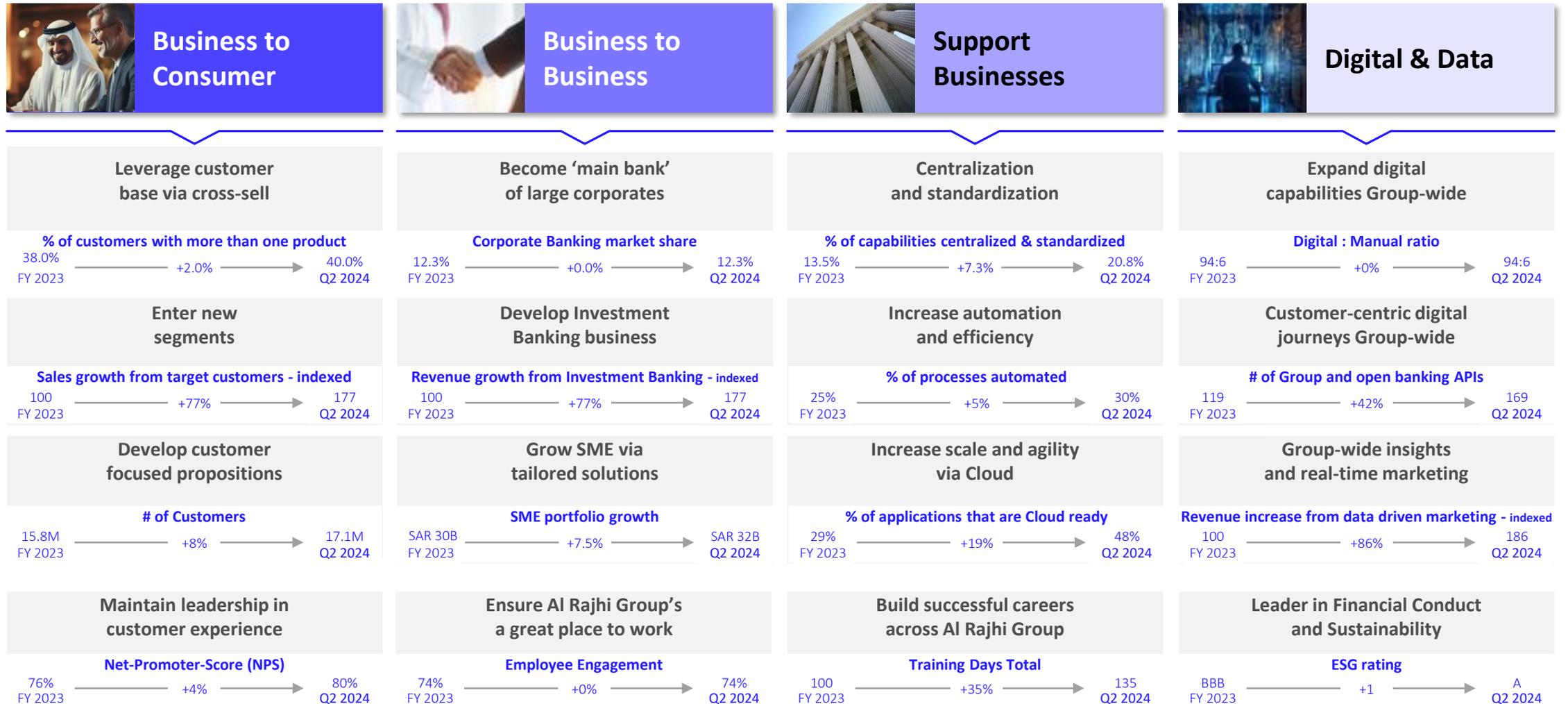
■ 2Q 2024 figures



Our strategy  
**“Harmonize the group”**

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# “Harmonize the Group” | Highlights on our strategy performance



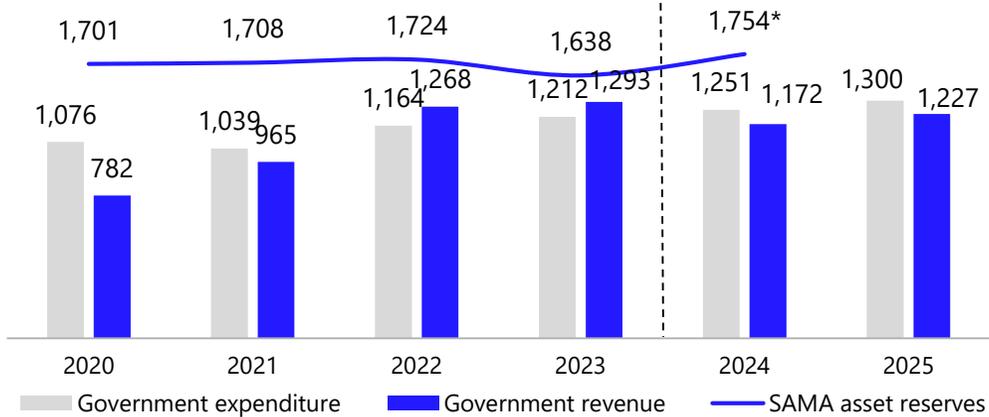
# KSA's Macro-Economic Environment

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## Highlights

- Flash estimates show that Saudi GDP declined slightly by 0.4% in 2Q 2024 driven by lower oil activities
- IMF revised Saudi's GDP growth forecasts to 1.7% for 2024 and estimated 2025 to grow by 4.7%
- Unemployment rate reached all time low of 7.6% in 1Q 2024

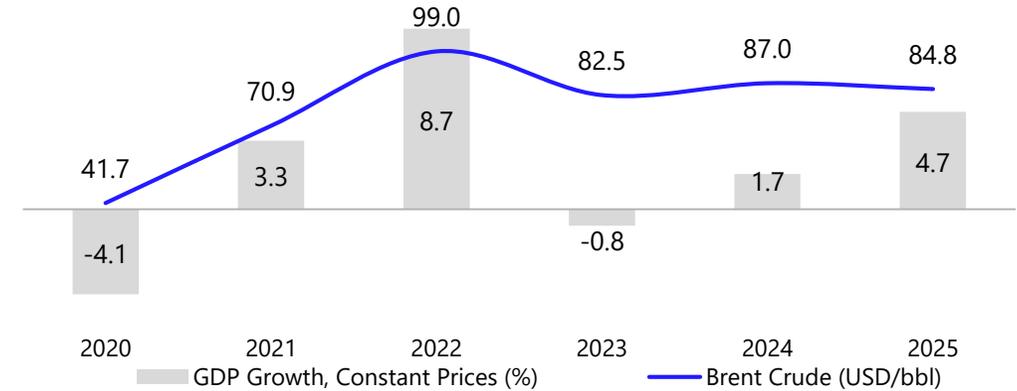
### Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

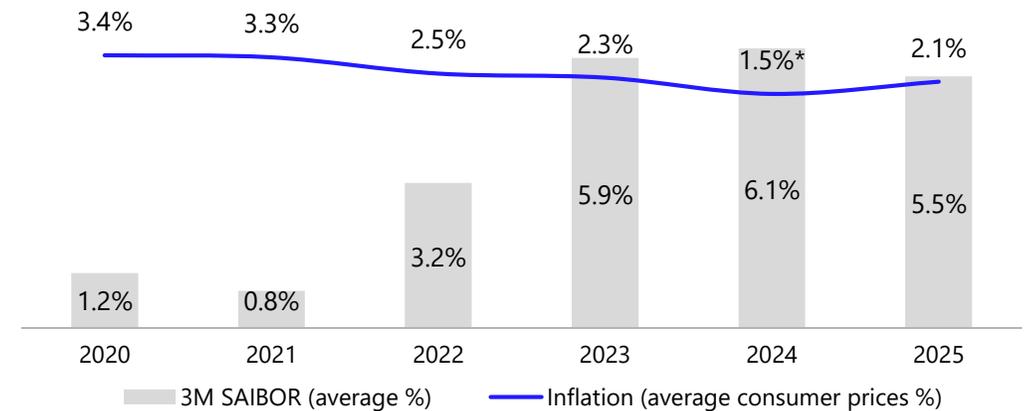
\*June 2024 figure

### GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

### 3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

\*June 2024 figure

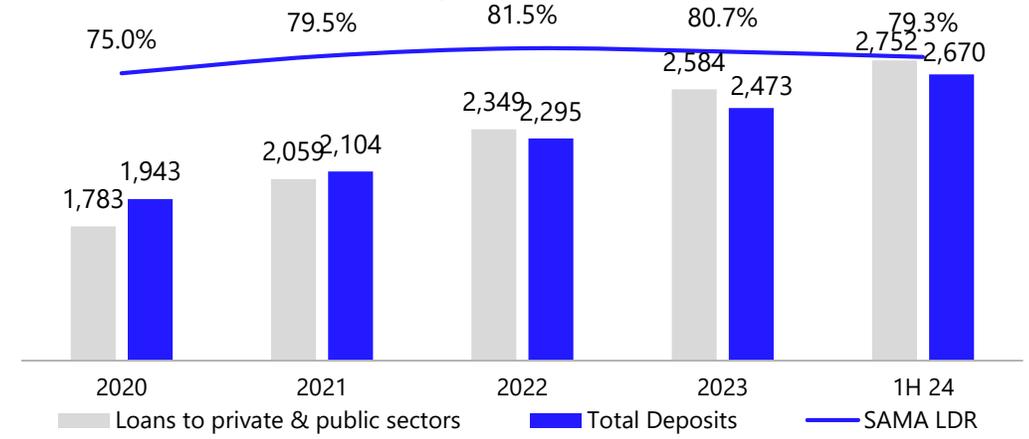


# Banking Sector Highlights | Banking system deposits continue growing in the first half 2024

## Recent Developments

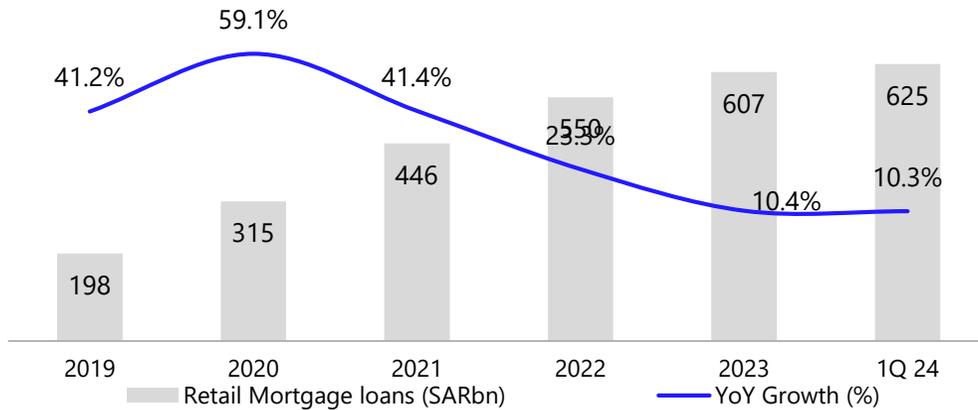
- Deposits have grown in the banking system during the first half 2024 align with loans growth.
- SRC benchmark rates reduces to 7.6% in August 2024
- Consumer spending increased by 6.6% in the first half 2024 with continuous migration toward cashless payment methods

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



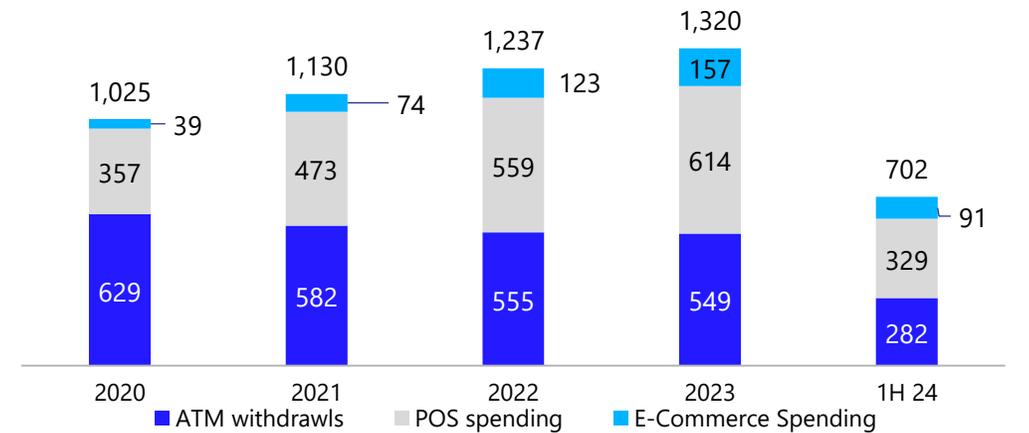
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



# 2Q 2024 Financial Highlights

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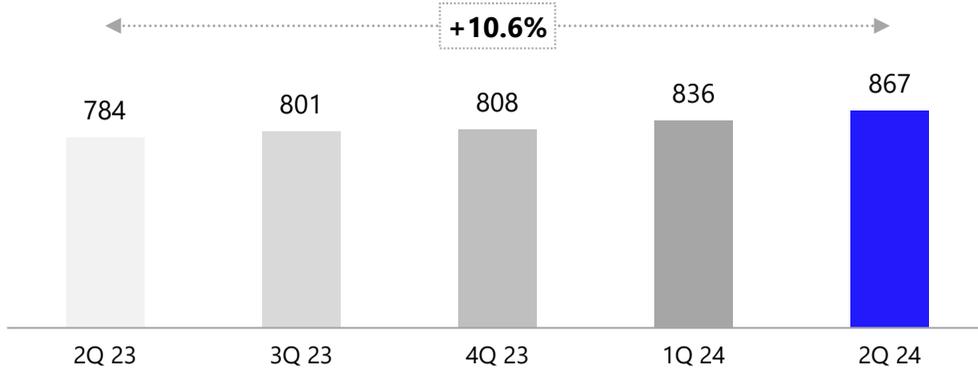
## 2Q 2024 Results Summary | Results are above expectations in the first half 2024

|                               |  |  |   |
|-------------------------------|--|--|---|
| 7.3% YTD Balance Sheet Growth | 4.7% YTD Growth in financing portfolio   | 7.0% Growth in liabilities   | LDR below regulatory minima   |
|                               | Net Financing<br><b>594.2bn</b> $\xrightarrow{+4.7\%}$ <b>621.9bn</b><br>FY 23 1H 24               | Total Liabilities<br><b>701.3bn</b> $\xrightarrow{+7.0\%}$ <b>750.6bn</b><br>FY 23 1H 24                 | Loan to Deposit Ratio<br><b>82.9%</b> $\xrightarrow{\text{green line}}$ <b>79.7%</b><br>FY 23 1H 24 |
| 9.7% higher net income YoY    | 11.5% growth in net yield income   | 2.2% higher Non yield income   | 9.2% higher operating income  |
|                               | Net Yield income<br><b>10,319mn</b> $\xrightarrow{+11.5\%}$ <b>11,504mn</b><br>1H 23 1H 24         | Non Yield Income<br><b>3,289mn</b> $\xrightarrow{+2.2\%}$ <b>3,362mn</b><br>1H 23 1H 24                  | Operating Income<br><b>13,608mn</b> $\xrightarrow{+9.2\%}$ <b>14,866mn</b><br>1H 23 1H 24           |
| Stable credit quality         | 3 bps COR increase   | 7 bps Higher in NPL ratio  | NPL coverage remained strong  |
|                               | Cost of risk<br><b>0.25%</b> $\xrightarrow{\text{red line}}$ <b>0.28%</b><br>FY 23 1H 24           | NPL<br><b>0.71%</b> $\xrightarrow{\text{red line}}$ <b>0.78%</b><br>FY 23 1H 24                          | NPL Coverage<br><b>203%</b> $\xrightarrow{\text{red line}}$ <b>168%</b><br>FY 23 1H 24              |
| Key Ratios                    | Operating efficiency remains solid   | Strong capital position  | Higher NPM  |
|                               | Cost to income ratio<br><b>26.7%</b> $\xrightarrow{\text{green line}}$ <b>25.9%</b><br>1H 23 1H 24 | Total Capital Adequacy Ratio<br><b>21.7%</b> $\xrightarrow{\text{red line}}$ <b>21.0%</b><br>1H 23 1H 24 | NPM<br><b>2.98%</b> $\xrightarrow{\text{green line}}$ <b>3.03%</b><br>1H 23 1H 24                   |

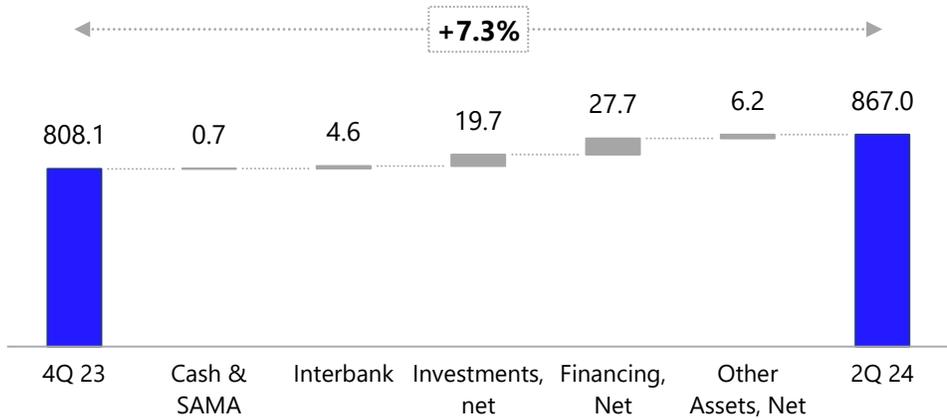


# Balance Sheet Trends (1) | Balance sheet growth of 7.3% YTD driven by Financing and Investments

## Total Assets (SARbn)



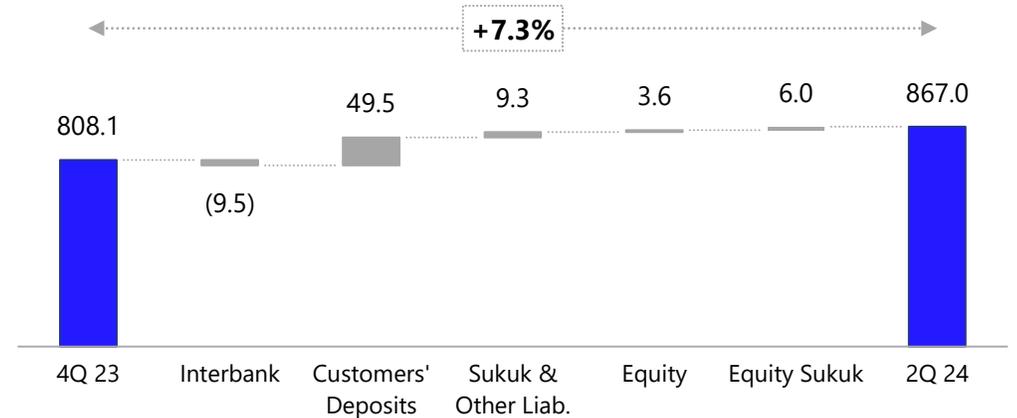
## Movement in Assets (SARbn)



## SAR (mn)

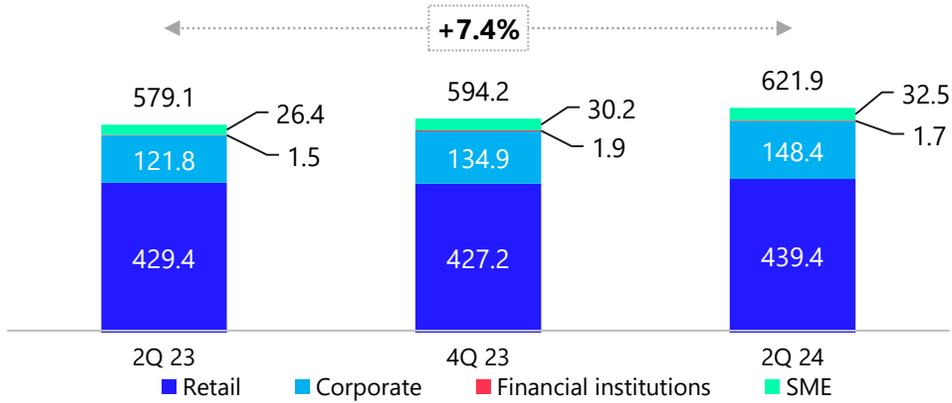
|                           | 2Q 24          | 1Q 24          | QoQ          | 4Q 23          | YTD        |
|---------------------------|----------------|----------------|--------------|----------------|------------|
| Cash & balances with SAMA | 42,467         | 43,171         | -2%          | 41,768         | +2%        |
| Due from banks & other FI | 14,126         | 8,913          | +58%         | 9,507          | +49%       |
| Investments, net          | 154,001        | 143,040        | +8%          | 134,299        | +15%       |
| Financing, net            | 621,891        | 608,990        | +2%          | 594,205        | +5%        |
| Other assets, net         | 34,475         | 31,877         | +8%          | 28,321         | +22%       |
| <b>Total assets</b>       | <b>866,960</b> | <b>835,992</b> | <b>+3.7%</b> | <b>808,098</b> | <b>+7%</b> |
| Due to banks & other FI   | 87,701         | 82,836         | +6%          | 97,247         | -10%       |
| Customers' deposits       | 622,572        | 603,978        | +3%          | 573,101        | +9%        |
| Sukuk issued              | 8,087          | 8,091          | -0%          | 3,789          | +113%      |
| Other liabilities         | 32,204         | 32,816         | -2%          | 27,202         | +18%       |
| <b>Total liabilities</b>  | <b>750,563</b> | <b>727,720</b> | <b>+3%</b>   | <b>701,339</b> | <b>+7%</b> |
| <b>Total equity</b>       | <b>116,396</b> | <b>108,272</b> | <b>+8%</b>   | <b>106,759</b> | <b>+9%</b> |

## Movement in Funding (SARbn)

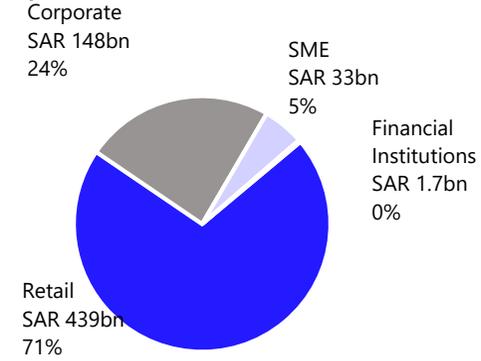


# Balance Sheet Trends (2) | Financing growth is driven by Mortgage and Corporate

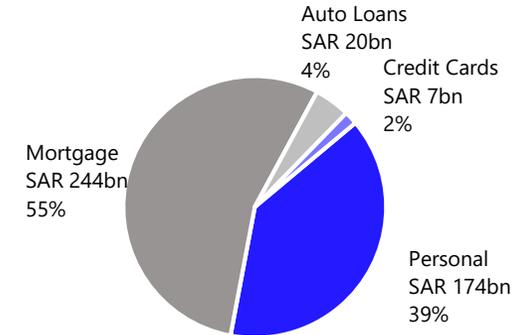
**Financing, Net (SARbn)**



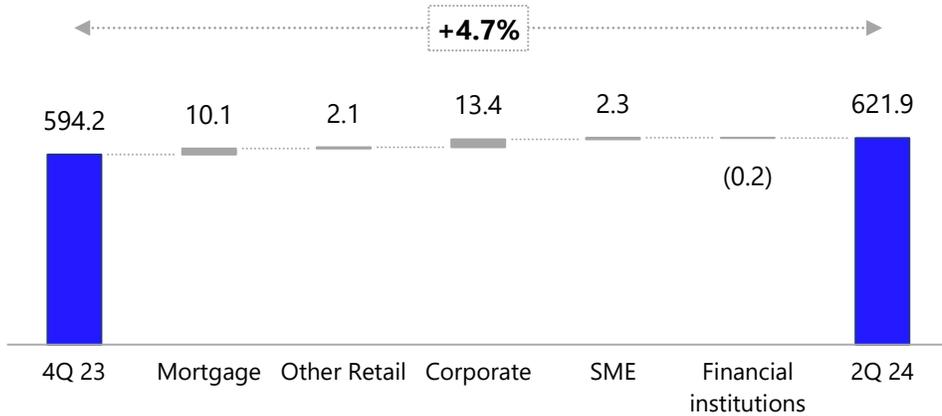
**Financing, Net Mix By Segment (SARbn)**



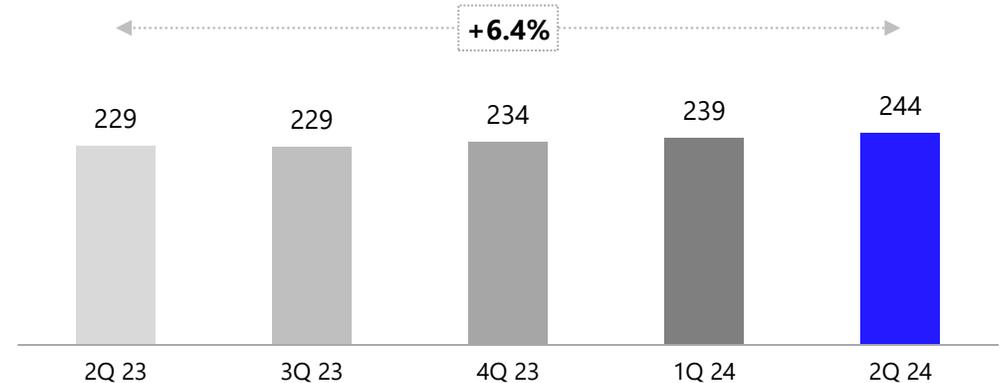
**Retail Financing Mix By Segment (SARbn)**



**Movement in Financing (SARbn)**

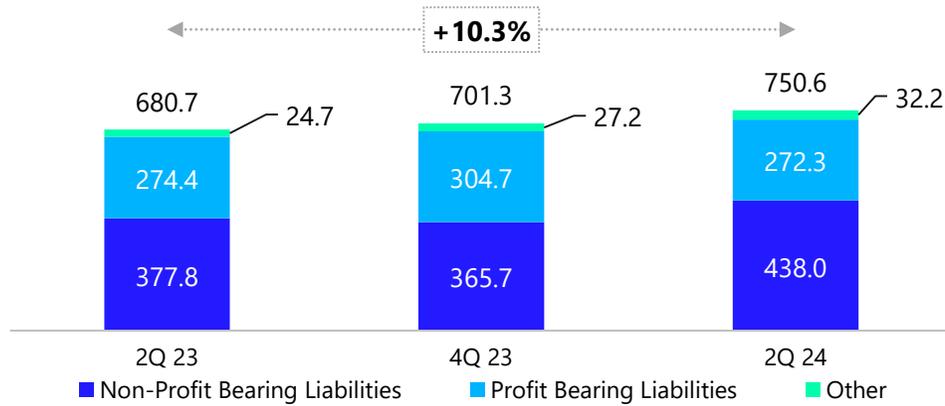


**Mortgage Financing (SARbn)**

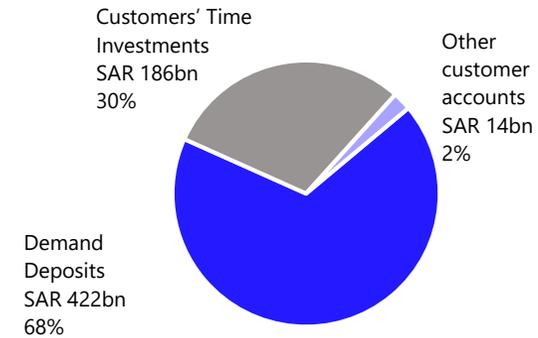


# Balance Sheet Trends (3) | Balance sheet shows improving funding mix

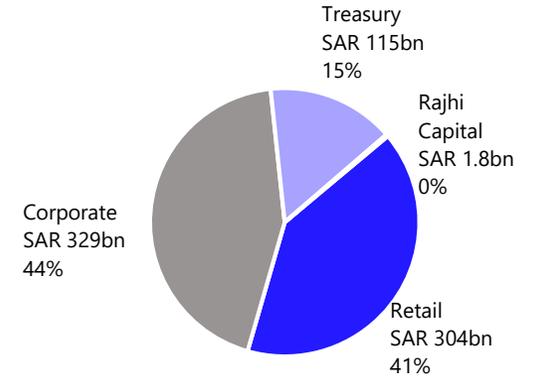
**Total Liabilities (SARbn)**



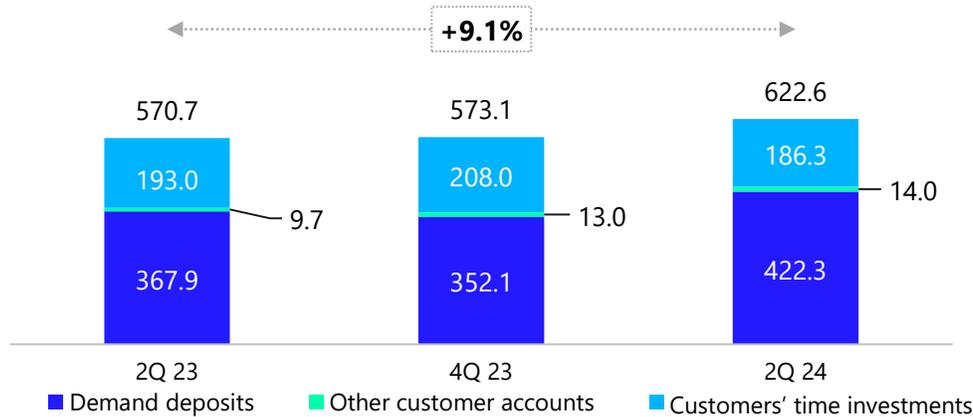
**Total Customers' Deposits Mix By Type (SARbn)**



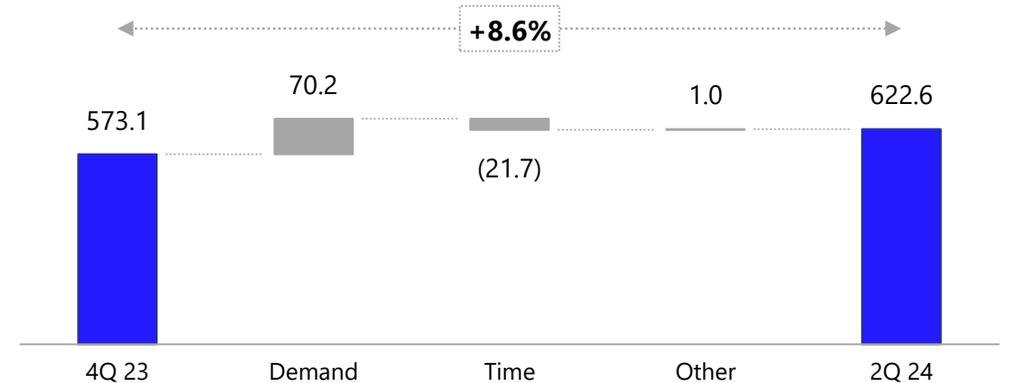
**Total Liabilities Mix By Segment (SARbn)**



**Total Customers' Deposits (SARbn)**

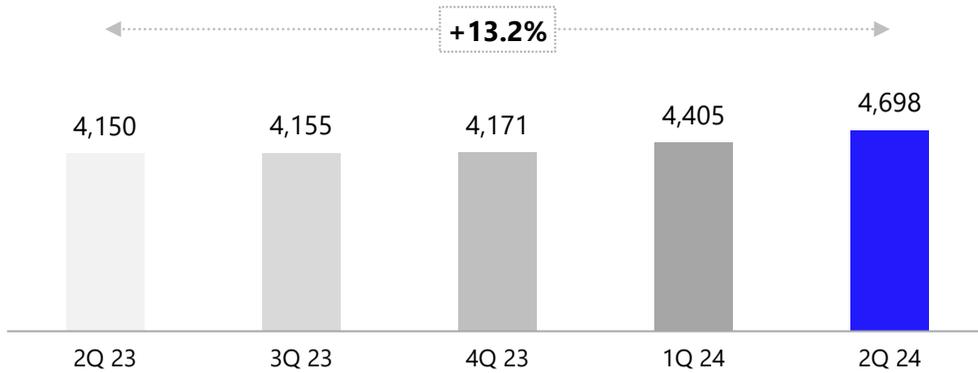


**Movement in Total Customers' Deposits (SARbn)**



# Net Income Trends | highest-ever semiannual net income with a 9.7% growth in the first half 2024

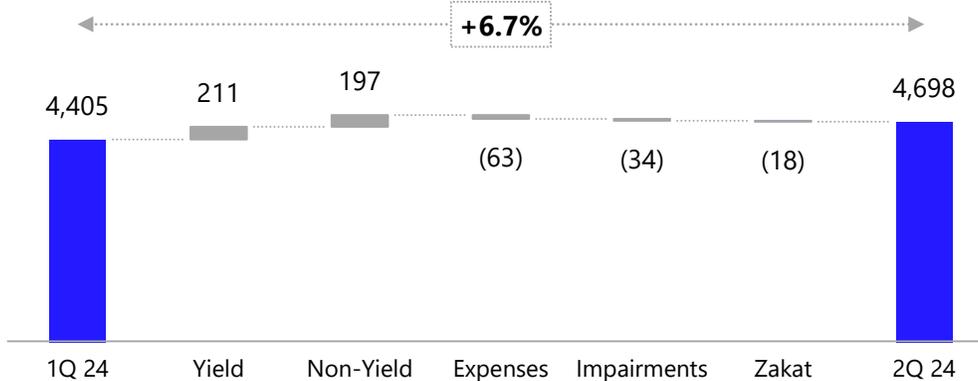
Net Income For The Period After Zakat (SARmn)



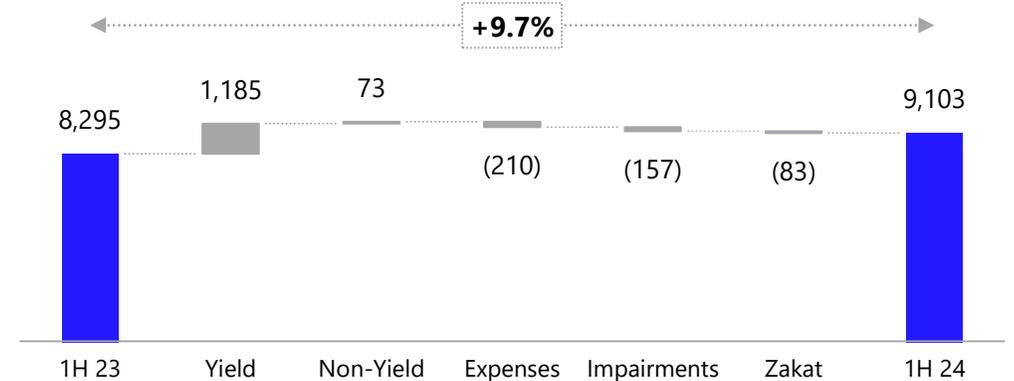
SAR (mn)

|   | 1H 24         | 1H 23         | YoY         | 2Q 24        | 2Q 23        | YoY         |
|---|---------------|---------------|-------------|--------------|--------------|-------------|
| <b>Net financing &amp; investment income</b>  | <b>11,504</b> | <b>10,319</b> | <b>+11%</b> | <b>5,857</b> | <b>5,194</b> | <b>+13%</b> |
| Fee from banking services, net                | 2,162         | 2,339         | -8%         | 1,123        | 1,129        | -0%         |
| Exchange Income, net                          | 614           | 589           | +4%         | 319          | 291          | +10%        |
| Other operating income, net                   | 586           | 362           | +62%        | 337          | 214          | +57%        |
| <b>Fees and other income</b>                  | <b>3,362</b>  | <b>3,289</b>  | <b>+2%</b>  | <b>1,780</b> | <b>1,634</b> | <b>+9%</b>  |
| <b>Total operating income</b>                 | <b>14,866</b> | <b>13,608</b> | <b>+9%</b>  | <b>7,637</b> | <b>6,827</b> | <b>+12%</b> |
| Operating expenses                            | -3,850        | -3,640        | +6%         | -1,956       | -1,840       | +6%         |
| <b>Pre-provision profit</b>                   | <b>11,016</b> | <b>9,968</b>  | <b>+11%</b> | <b>5,681</b> | <b>4,988</b> | <b>+14%</b> |
| Total impairment charge                       | -876          | -719          | +22%        | -455         | -360         | +26%        |
| <b>Net income for the period before Zakat</b> | <b>10,140</b> | <b>9,249</b>  | <b>+10%</b> | <b>5,226</b> | <b>4,627</b> | <b>+13%</b> |
| Zakat   | -1,037        | -954          | +9%         | -528         | -477         | +11%        |
| <b>Net income for the period after Zakat</b>  | <b>9,103</b>  | <b>8,295</b>  | <b>+10%</b> | <b>4,698</b> | <b>4,150</b> | <b>+13%</b> |

Net Income After Zakat Growth Drivers By Type (SARmn)

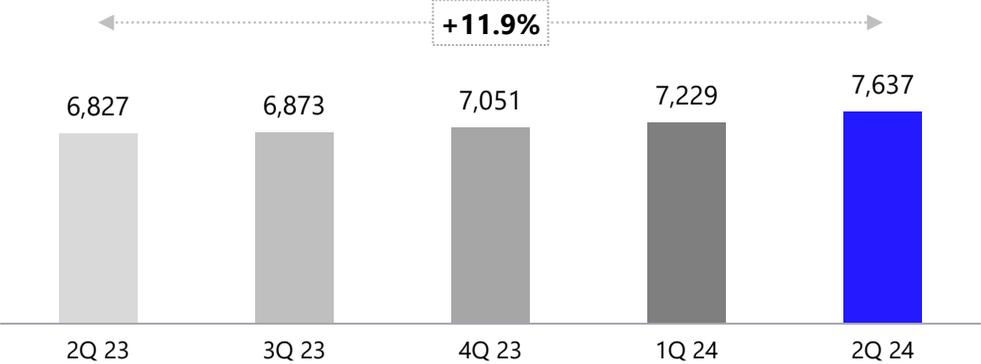


Net Income After Zakat Growth Drivers By Type (SARmn)

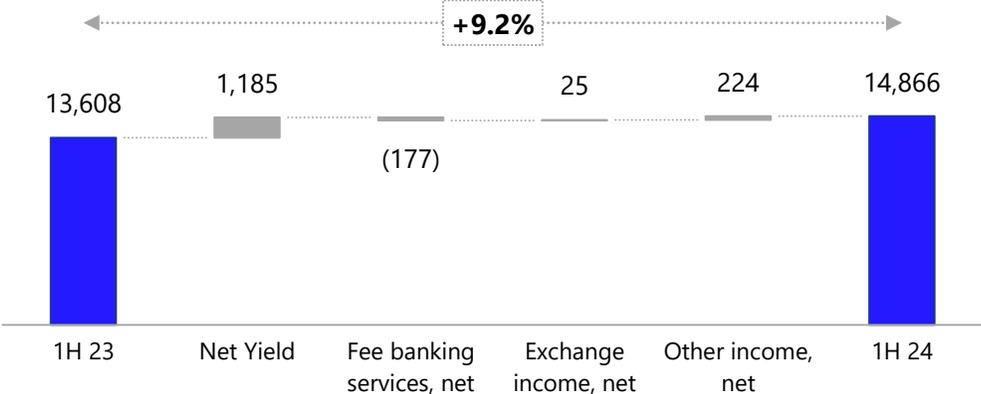


# Operating Income Trends | Higher operating income driven by net yield income growth

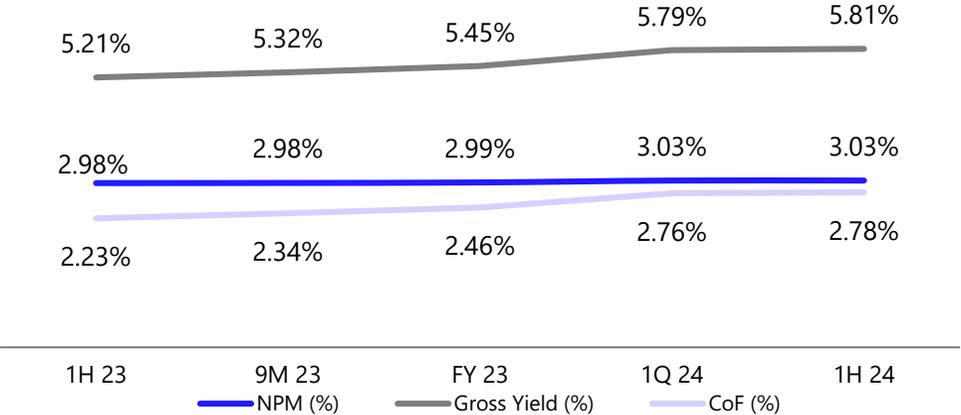
**Total Operating Income (SARmn)**



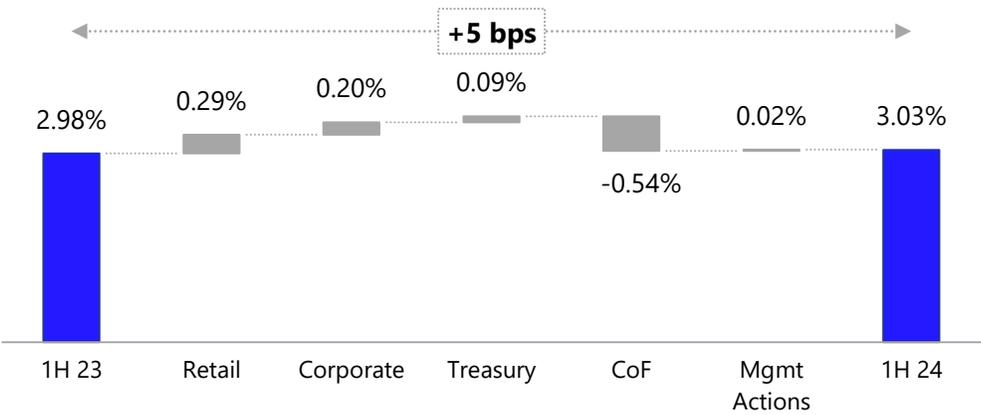
**Total Operating Income Growth Drivers By Type (SARmn)**



**Net Profit Margin (%)**

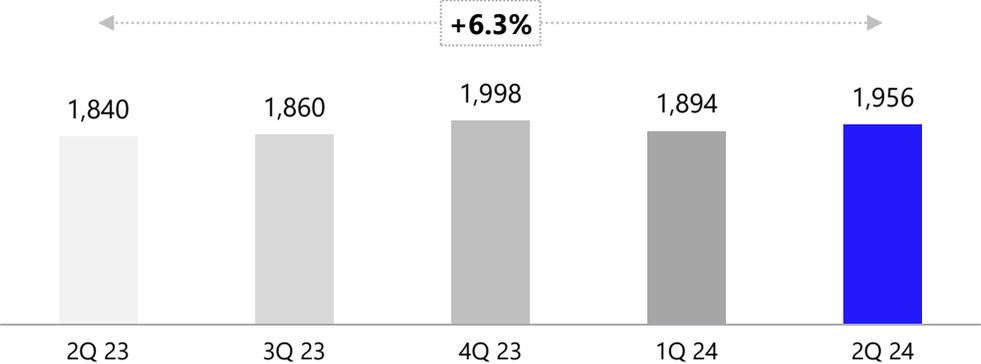


**NPM Drivers (%)**

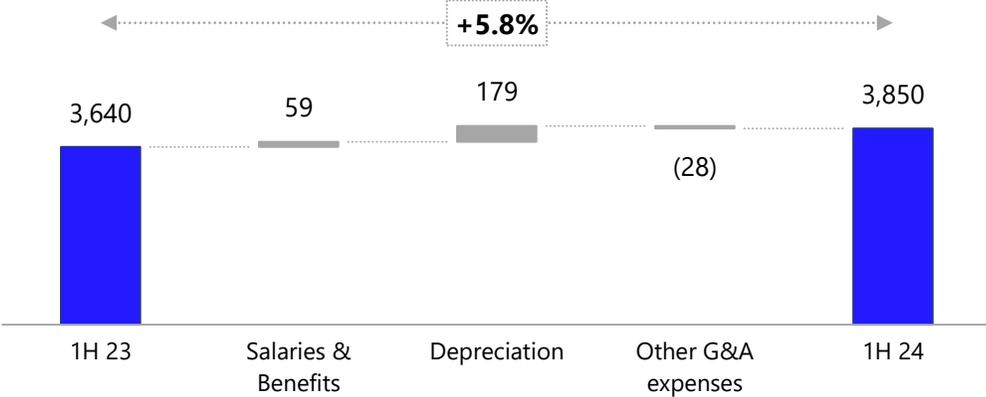


# Expenses Trends | Cost efficiencies remains solid

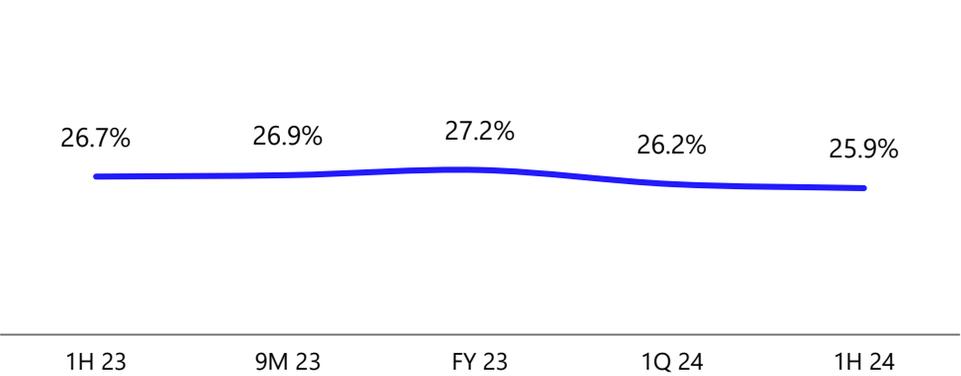
Operating Expenses (SARmn)



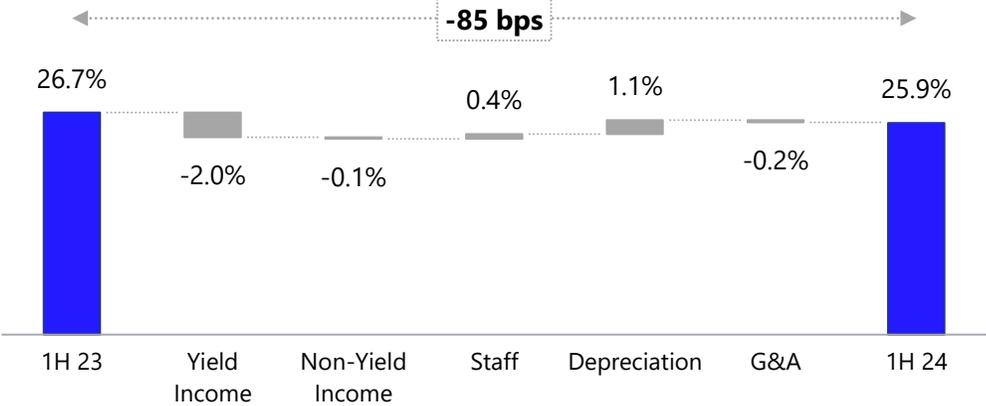
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

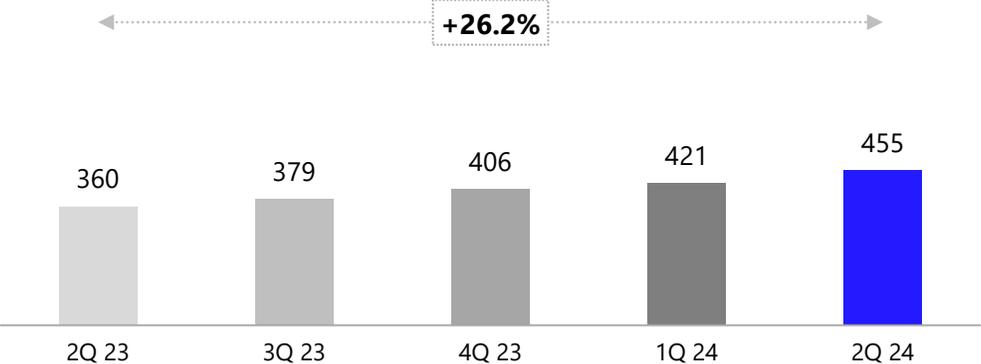


Cost to Income Ratio Drivers (%)

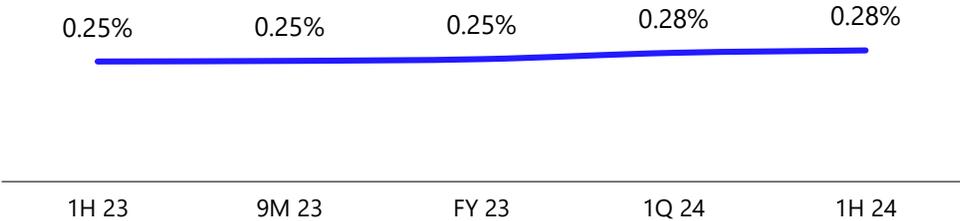


# Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

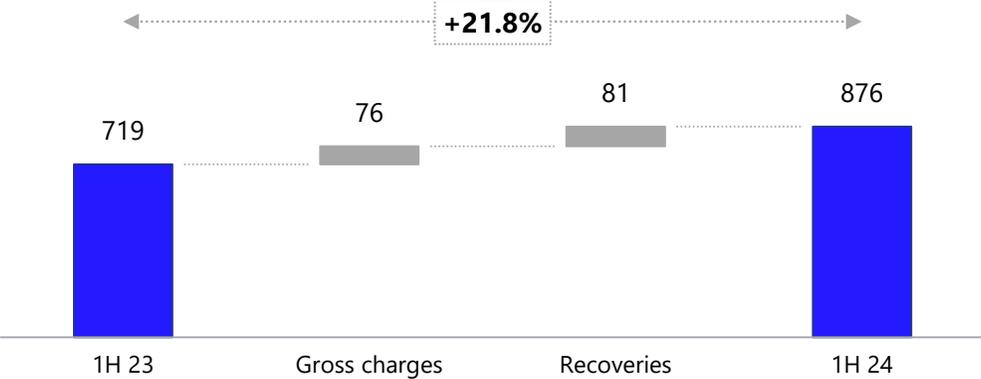
**Net Impairment Charges (SARmn)**



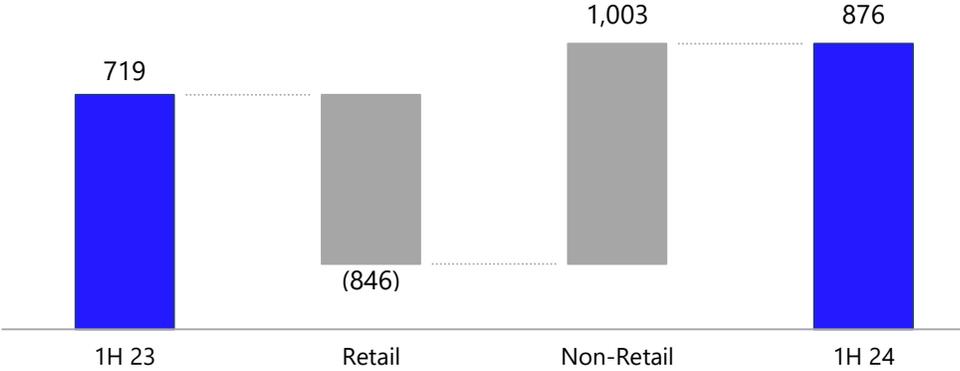
**Cost of Risk (%)**



**Movement in Net Impairment (SARmn)**

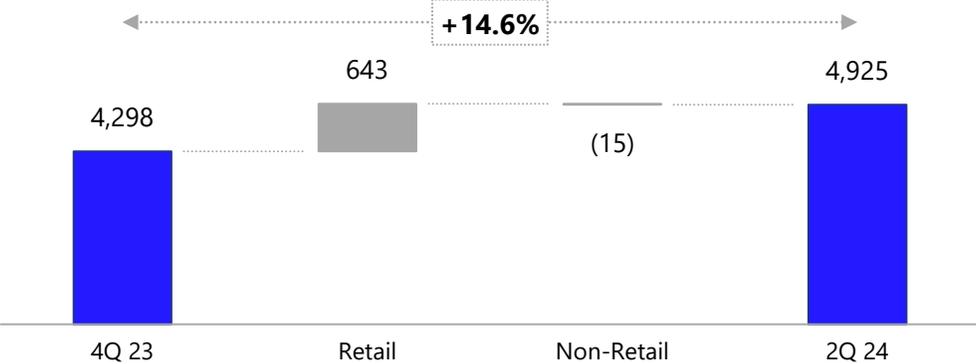


**Movement in Net Impairment by Group (SARmn)**

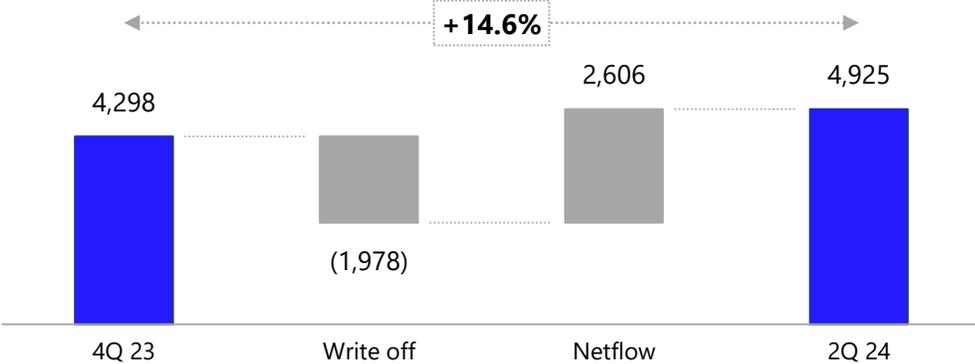


# Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

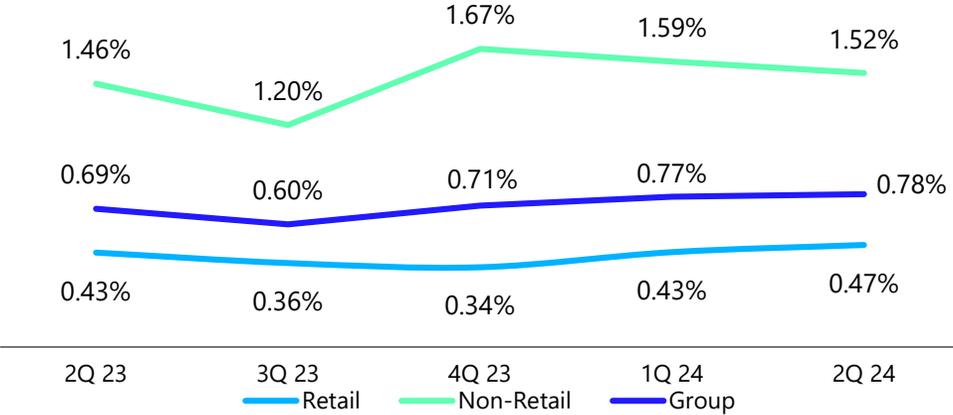
**Movement in NPL (SARmn)**



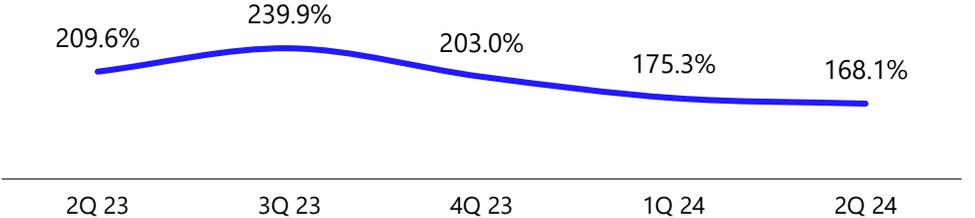
**NPL Formation (SARmn)**



**NPL Ratio (%)**

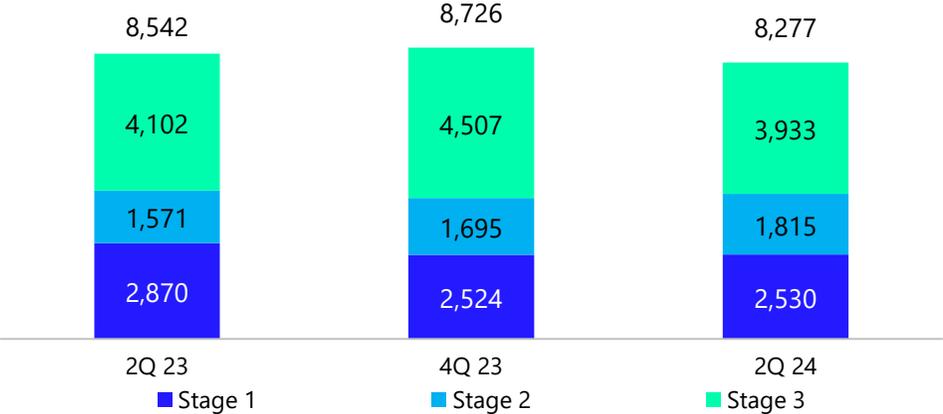


**NPL coverage ratio (%)**

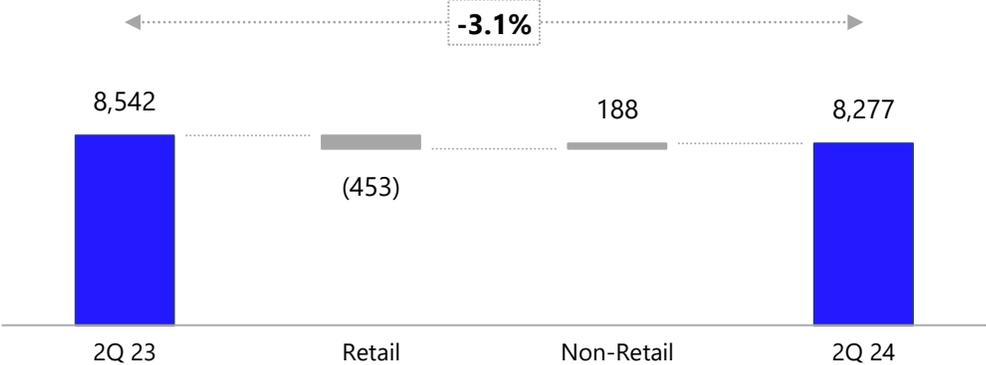


# Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

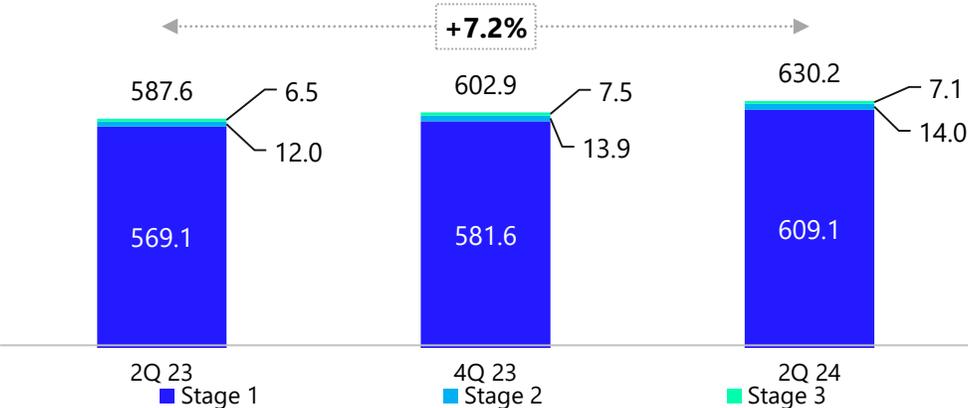
**ECL by Stage (SARmn)**



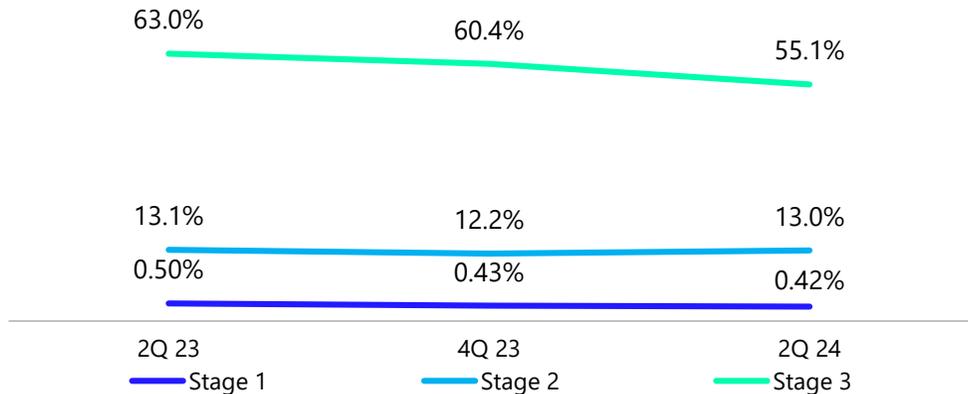
**Movement in ECL by Group (SARmn)**



**Gross Loans by Stage (SARbn)**

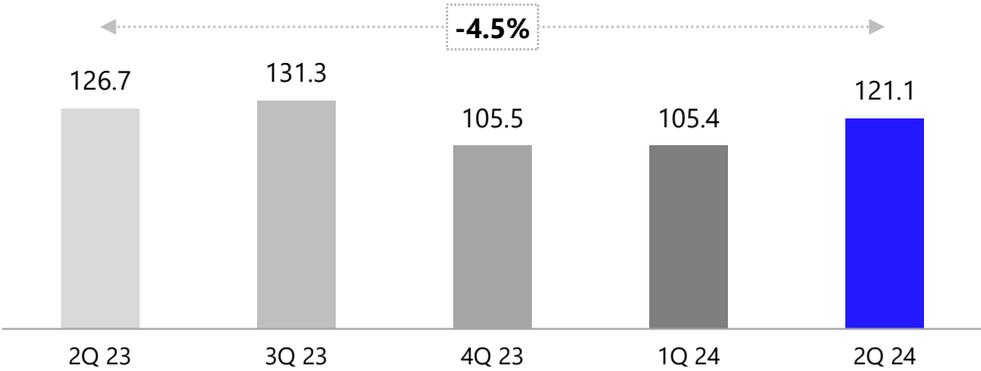


**ECL Coverage (%)**

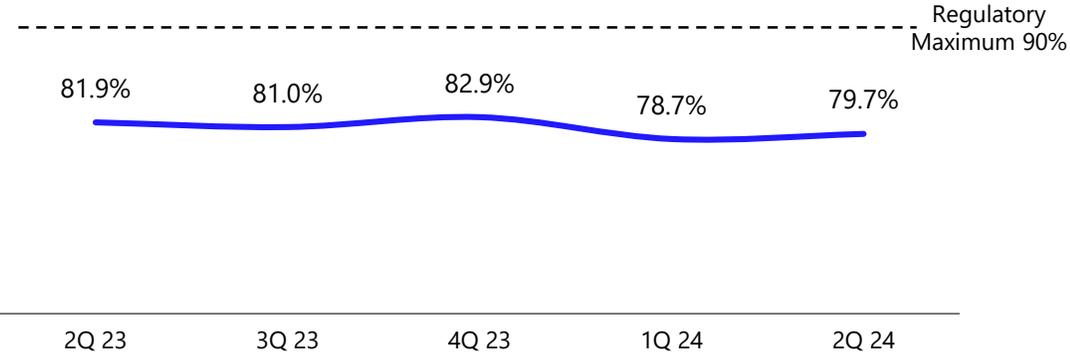


# Liquidity Trends | Liquidity remains comfortably within regulatory requirements

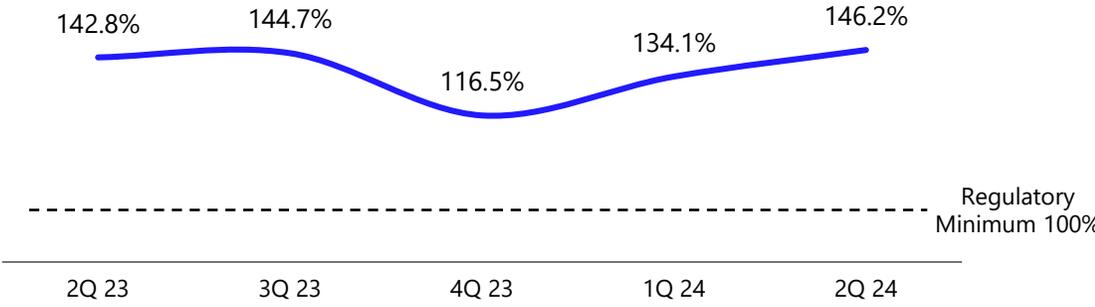
**HQLA (SARbn)**



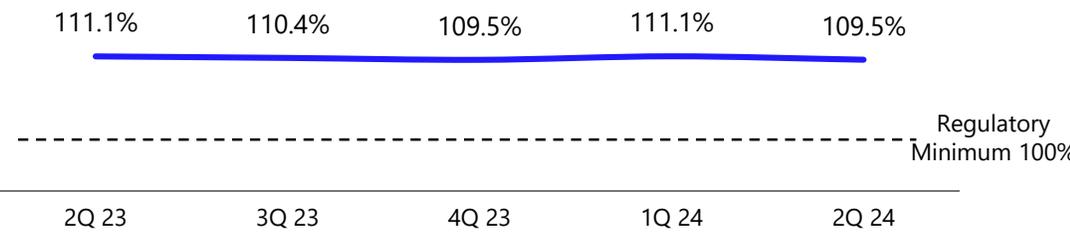
**Loan to Deposits Ratio (SAMA) (%)**



**LCR (%)**

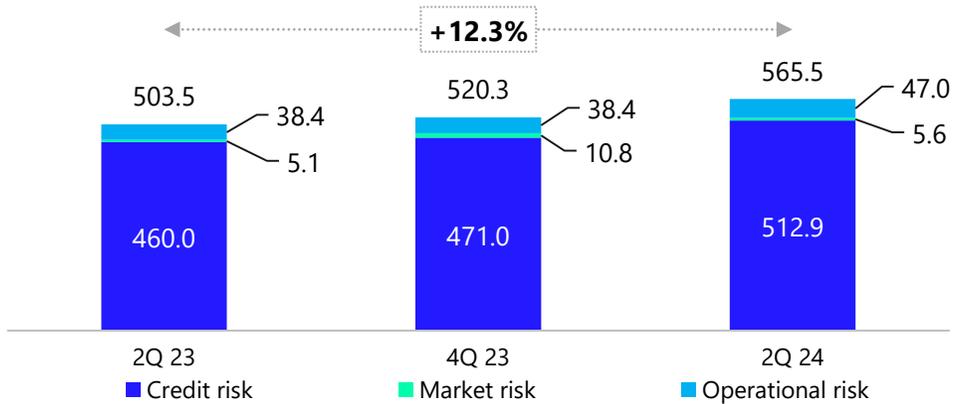


**NSFR (%)**

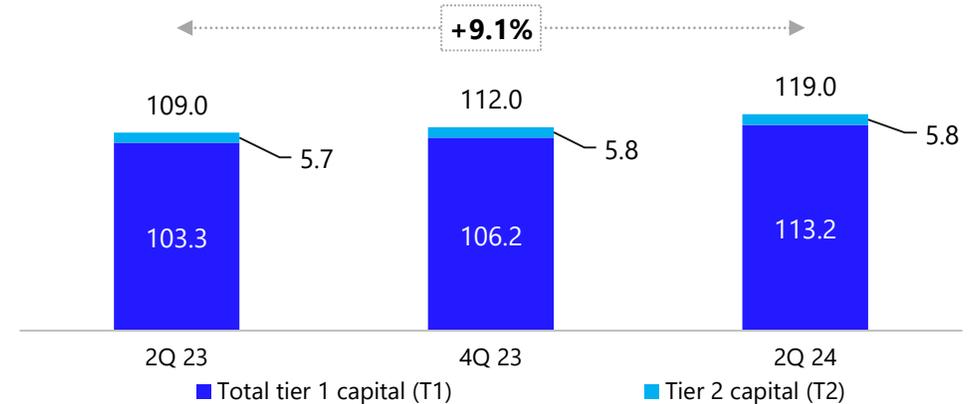


# Capitalization Trends | Capital position well above regulatory minima

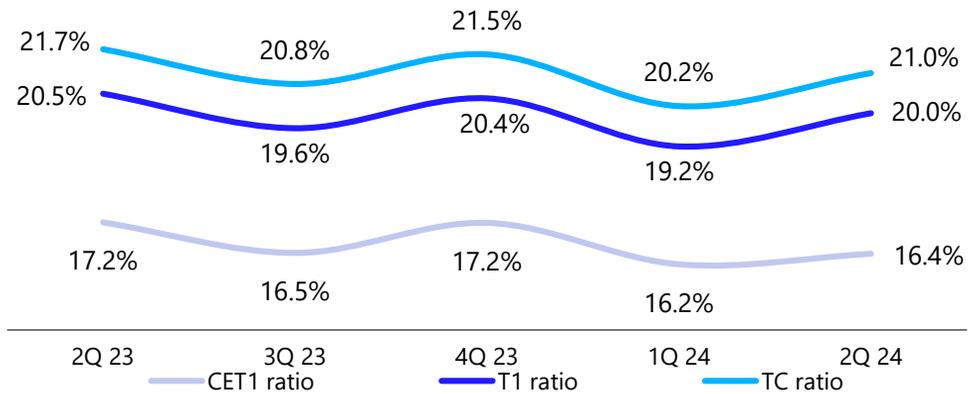
RWA (SARbn)



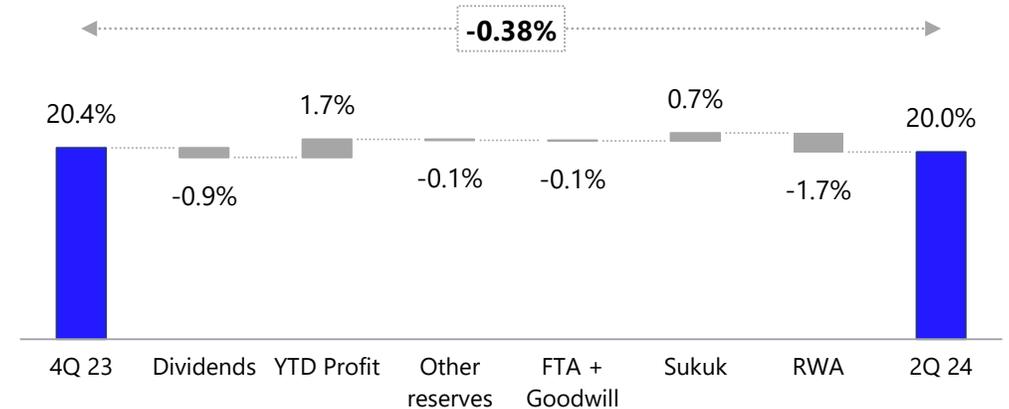
Total Capital (SARbn)



Capital Ratios (%)

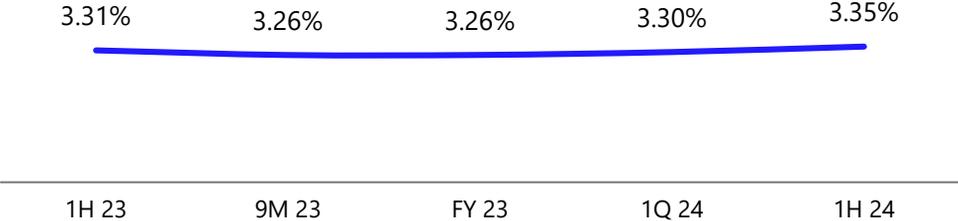


Tier 1 Drivers (%)

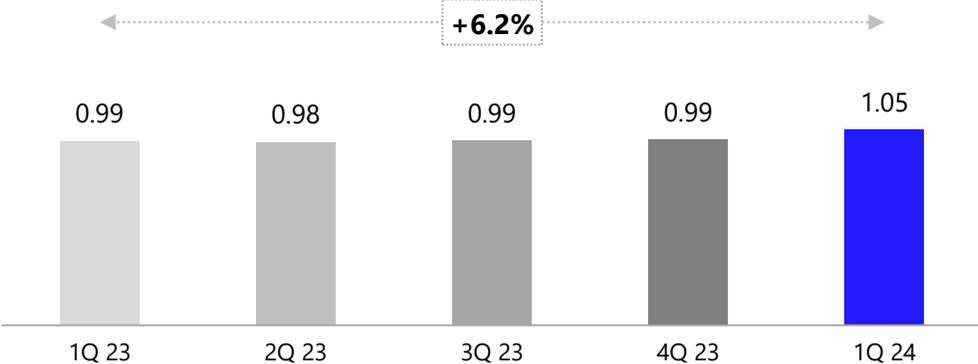


# Return Metrics | Al Rajhi Bank's returns remain industry-leading

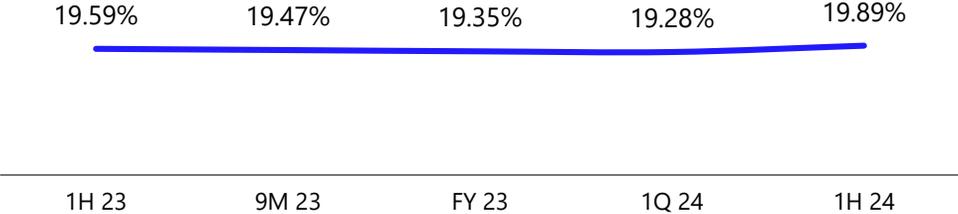
Return on RWA (%)



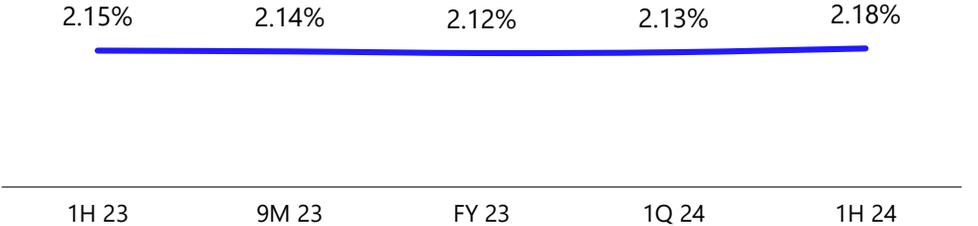
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



# FY 2024 Guidance

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## FY 2024 Assumptions and Outlook | Interest rates are expected to go lower during the second half 2024

### Economy



- Flash estimates show a decline in Saudi real GDP by 0.4% in 2Q 2024, while non-oil activities increase by 4.4%
- IMF has revised Saudi GDP growth forecasts to 1.7% in 2024 and projected 4.7% for 2025
- Consumer spending increased by 6.6% in the first half 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



- Based on the recent U.S data, we expect several rate cuts in 2024 starting from September
- 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 decreased to 7.6% levels in August 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 strategy “Harmonize the Group”

|                      |                      | <b>FY 2024 Guidance</b> | <b>1H 2024 Actual</b> |   | <b>Guidance Revision</b> |
|----------------------|----------------------|-------------------------|-----------------------|---|--------------------------|
| <b>Balance Sheet</b> | Financing            | Mid single digit        | +4.7%                 | ↑ | High single digit        |
| <b>Profitability</b> | Net profit margin    | +5 bps to +15 bps       | +4 bps                | — | +5 bps to +15 bps        |
|                      | Cost to income ratio | Below 27%               | 25.9%                 | ↑ | Below 26%                |
|                      | ROE                  | Above 19%               | 19.89%                | ↑ | Above 19.5%              |
| <b>Asset Quality</b> | Cost of risk         | 0.25% - 0.35%           | 0.28%                 | — | 0.25% - 0.35%            |
| <b>Capital</b>       | Tier 1 ratio         | Above 20%               | 20.0%                 | — | Above 20%                |



# IR Contact Information

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## Additional Information | Contact investor relations for more information

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