

Al Rajhi Bank Results Presentation

2Q 2024 Earnings Conference Call and Webcast



2Q 2024 Earnings Call

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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 594.2bn $\xrightarrow{+4.7\%}$ 621.9bn FY 23 1H 24	Total Liabilities 701.3bn $\xrightarrow{+7.0\%}$ 750.6bn FY 23 1H 24	Loan to Deposit Ratio 82.9% $\xrightarrow{\text{green line}}$ 79.7% 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 10,319mn $\xrightarrow{+11.5\%}$ 11,504mn 1H 23 1H 24	Non Yield Income 3,289mn $\xrightarrow{+2.2\%}$ 3,362mn 1H 23 1H 24	Operating Income 13,608mn $\xrightarrow{+9.2\%}$ 14,866mn 1H 23 1H 24
Stable credit quality	3 bps COR increase	7 bps Higher in NPL ratio	NPL coverage remained strong
	Cost of risk 0.25% $\xrightarrow{\text{red line}}$ 0.28% FY 23 1H 24	NPL 0.71% $\xrightarrow{\text{red line}}$ 0.78% FY 23 1H 24	NPL Coverage 203% $\xrightarrow{\text{red line}}$ 168% FY 23 1H 24
Key Ratios	Operating efficiency remains solid	Strong capital position	Higher NPM
	Cost to income ratio 26.7% $\xrightarrow{\text{green line}}$ 25.9% 1H 23 1H 24	Total Capital Adequacy Ratio 21.7% $\xrightarrow{\text{red line}}$ 21.0% 1H 23 1H 24	NPM 2.98% $\xrightarrow{\text{green line}}$ 3.03% 1H 23 1H 24



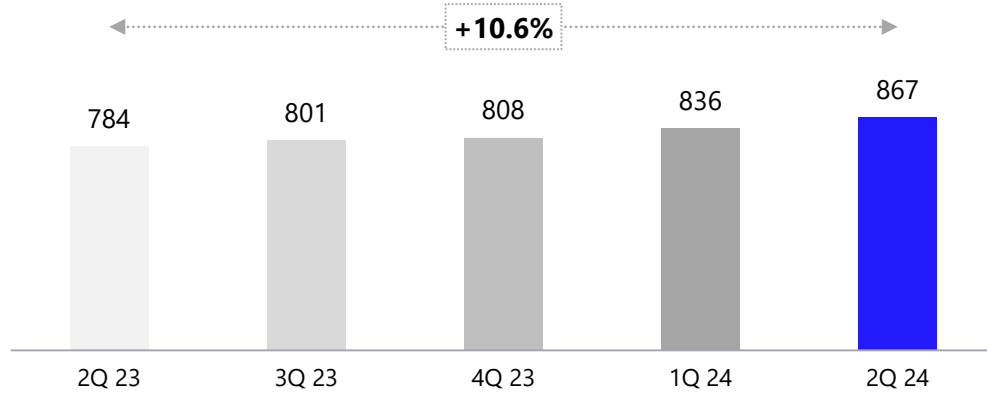
“Harmonize the Group” | Highlights on our strategy performance



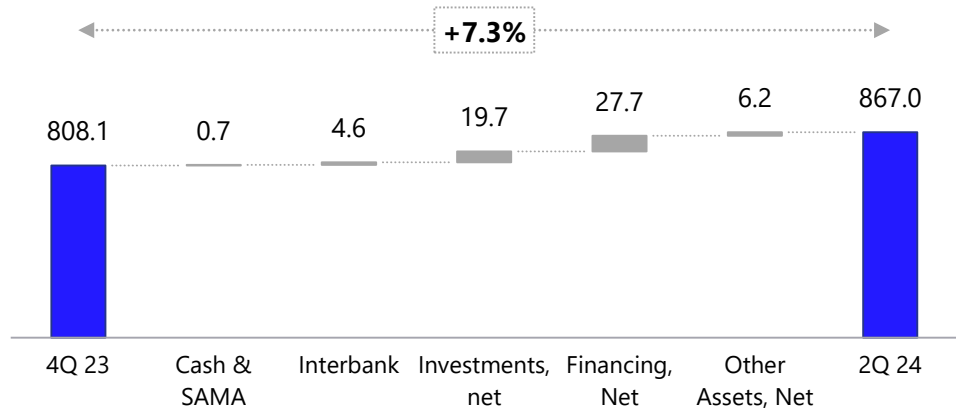
2Q 2024 Financial Highlights

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

Total Assets (SARbn)



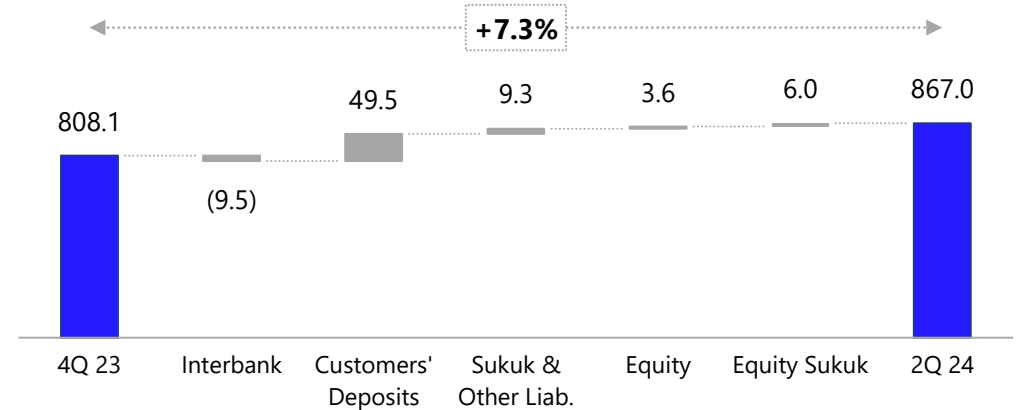
Movement in Assets (SARbn)



SAR (mn)

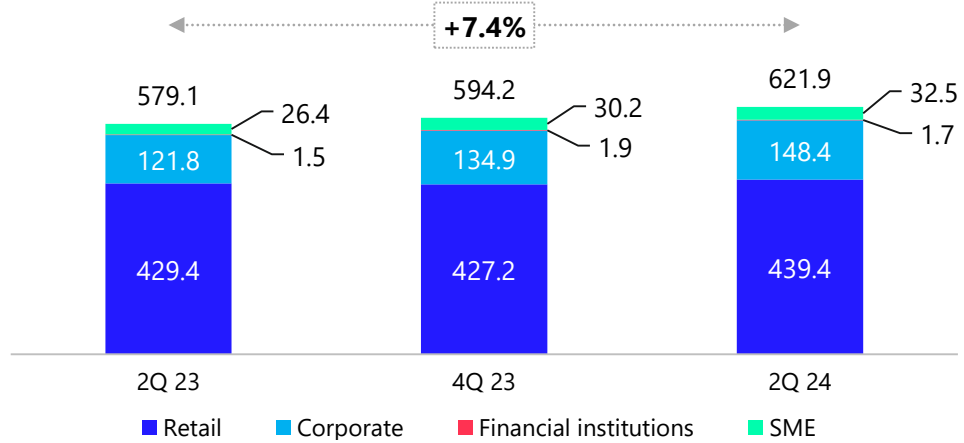
	2Q 24	1Q 24	QoQ	4Q 23	YTD
Cash & balances with SAMA	42,467	43,171	-2%	41,768	+2%
Due from banks & other FI	14,126	8,913	+58%	9,507	+49%
Investments, net	154,001	143,040	+8%	134,299	+15%
Financing, net	621,891	608,990	+2%	594,205	+5%
Other assets, net	34,475	31,877	+8%	28,321	+22%
Total assets	866,960	835,992	+3.7%	808,098	+7%
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%
Total liabilities	750,563	727,720	+3%	701,339	+7%
Total equity	116,396	108,272	+8%	106,759	+9%

Movement in Funding (SARbn)

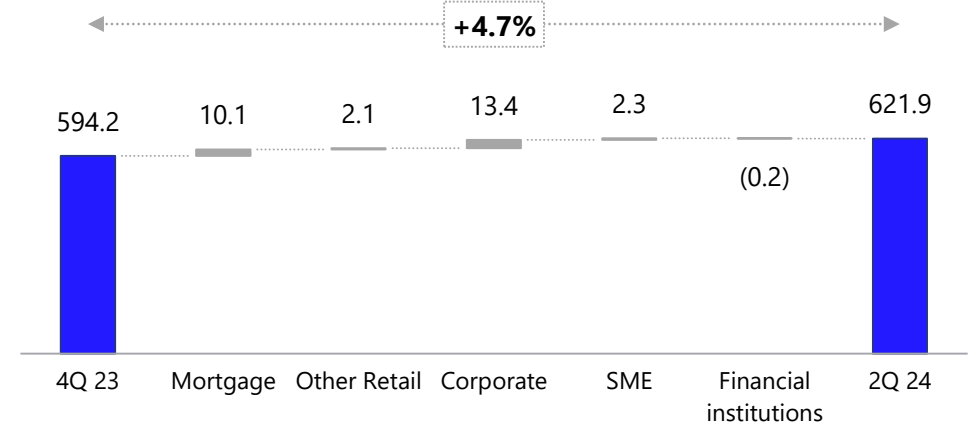


Balance Sheet Trends (2) | Financing growth driven by Mortgage and Corporate

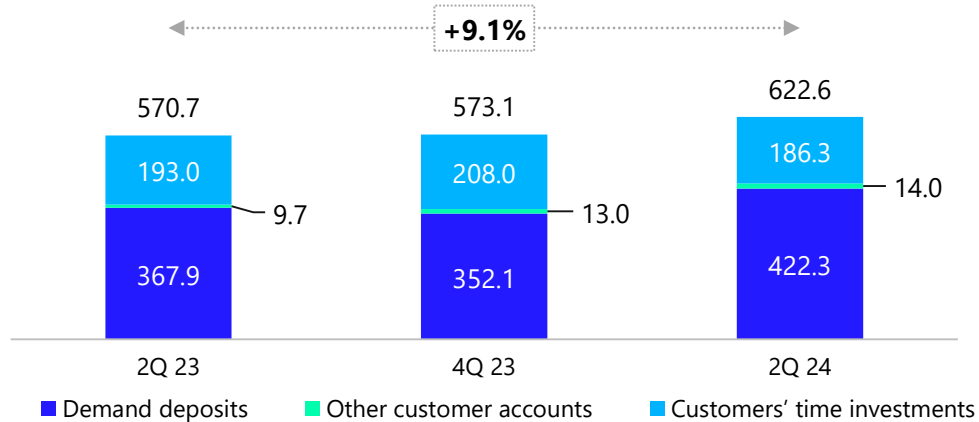
Financing, Net (SARbn)



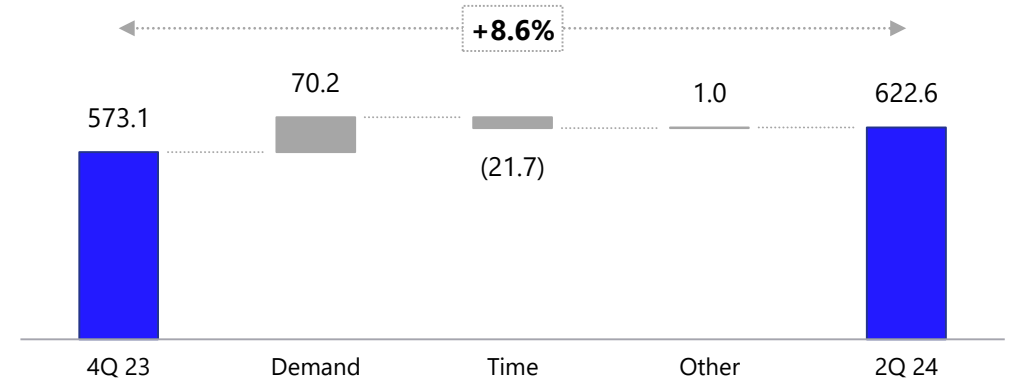
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

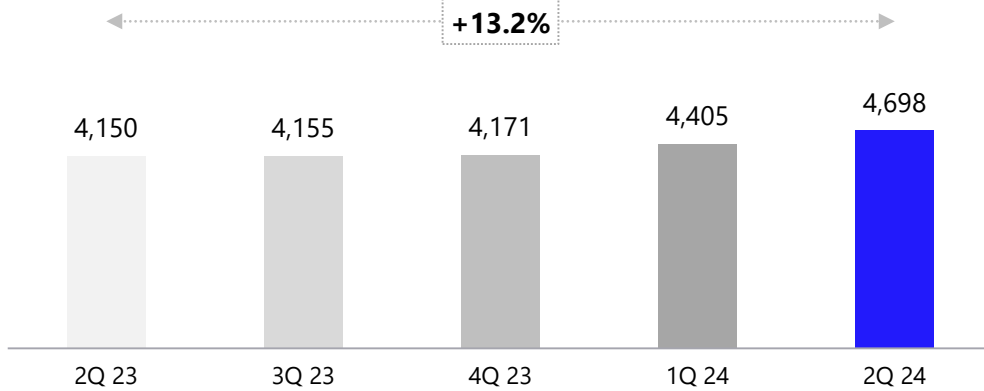


Movement in Total Customers' Deposits (SARbn)



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

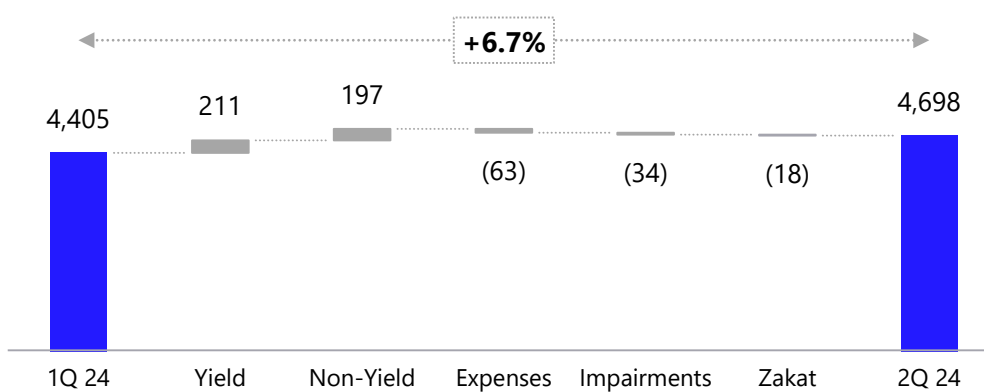
Net Income For The Period After Zakat (SARmn)



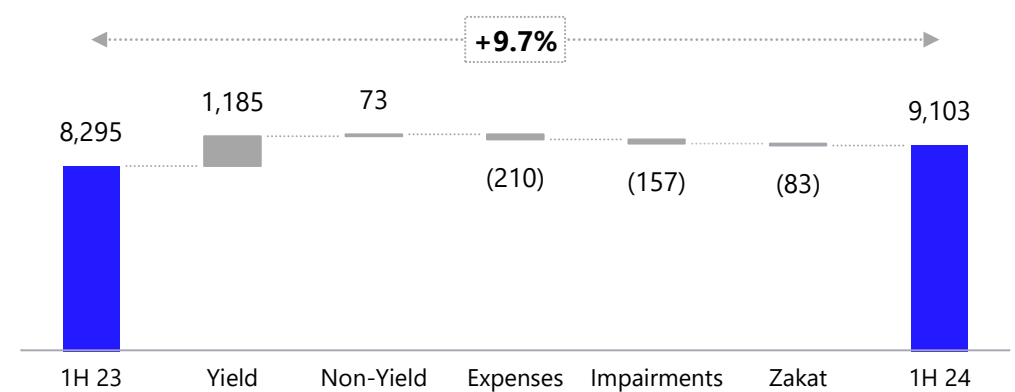
SAR (mn)

	1H 24	1H 23	YoY	2Q 24	2Q 23	YoY
Net financing & investment income	11,504	10,319	+11%	5,857	5,194	+13%
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%
Fees and other income	3,362	3,289	+2%	1,780	1,634	+9%
Total operating income	14,866	13,608	+9%	7,637	6,827	+12%
Operating expenses	-3,850	-3,640	+6%	-1,956	-1,840	+6%
Pre-provision profit	11,016	9,968	+11%	5,681	4,988	+14%
Total impairment charge	-876	-719	+22%	-455	-360	+26%
Net income for the period before Zakat	10,140	9,249	+10%	5,226	4,627	+13%
Zakat	-1,037	-954	+9%	-528	-477	+11%
Net income for the period after Zakat	9,103	8,295	+10%	4,698	4,150	+13%

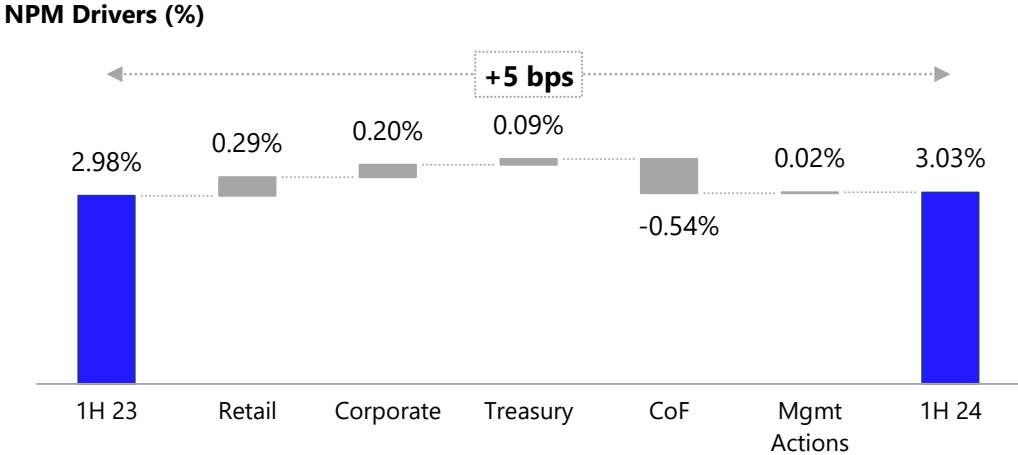
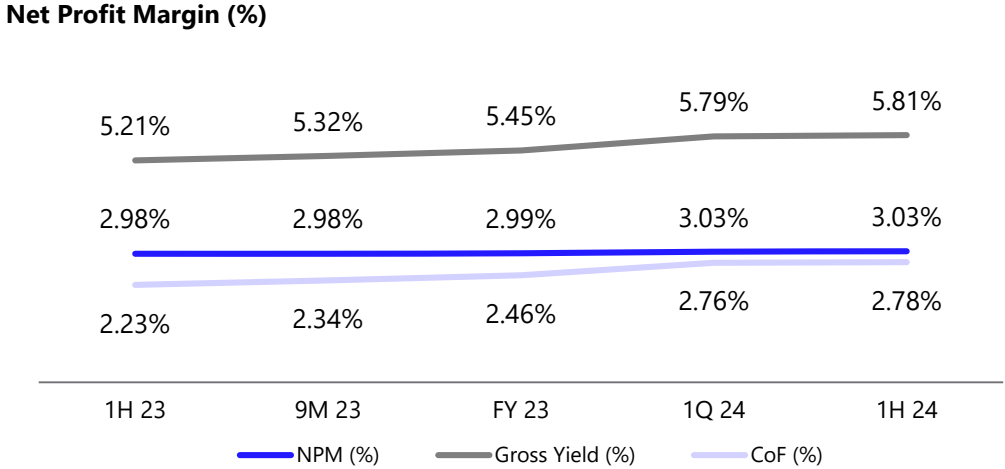
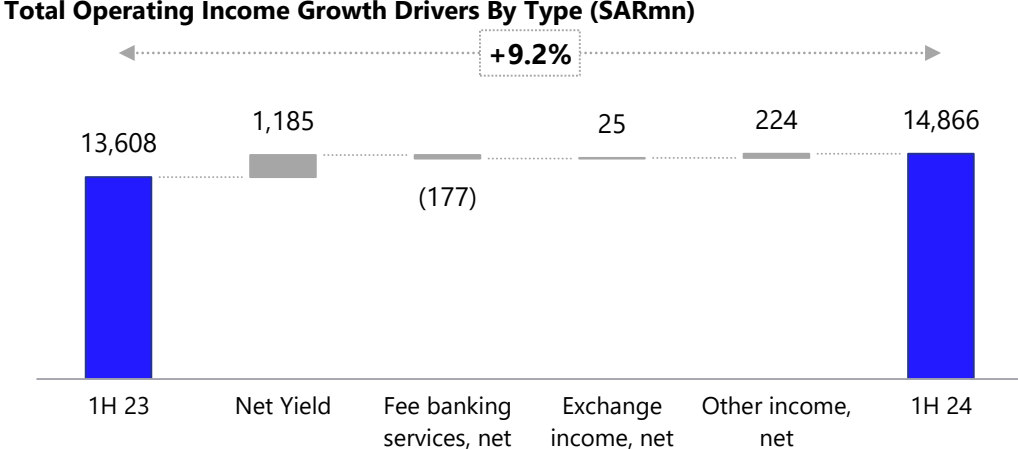
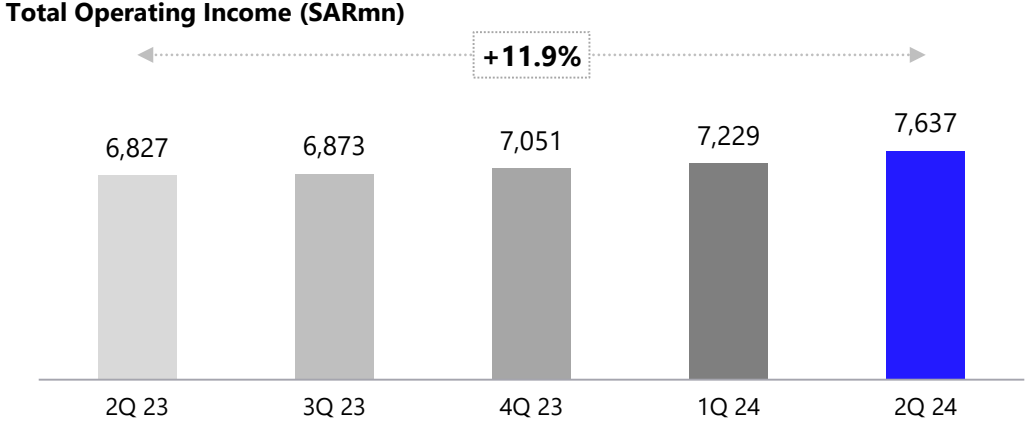
Net Income After Zakat Growth Drivers By Type (SARmn)



Net Income After Zakat Growth Drivers By Type (SARmn)

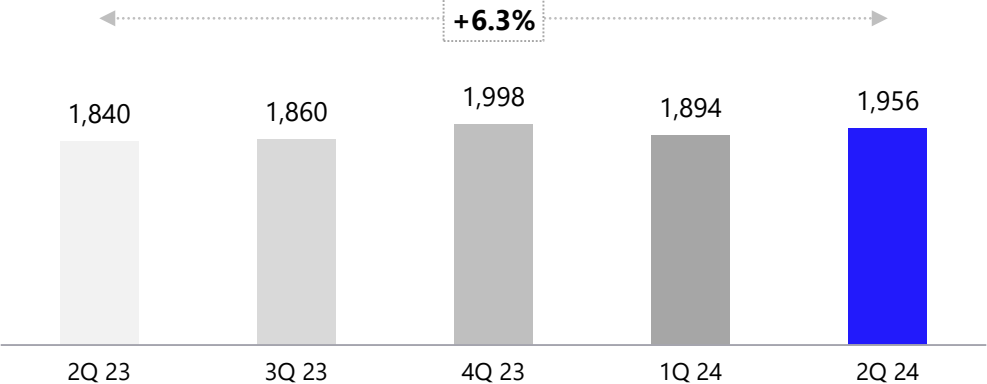


Operating Income Trends | Higher operating income driven by net yield income growth

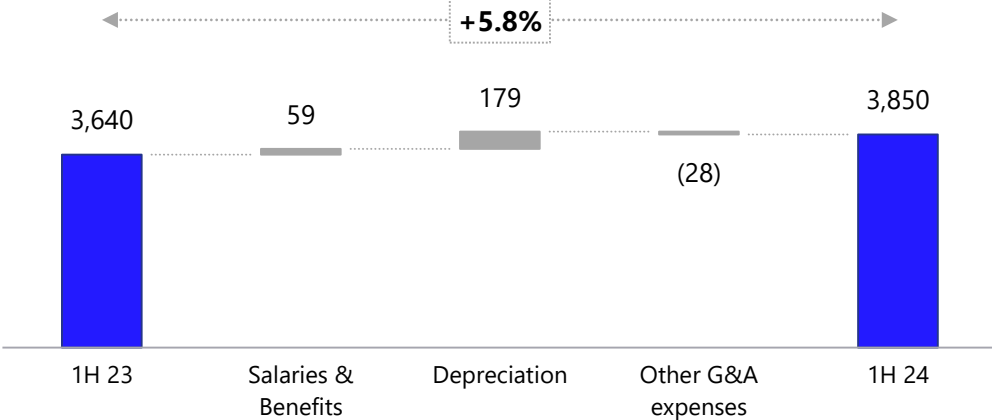


Expenses Trends | Cost efficiencies remains solid

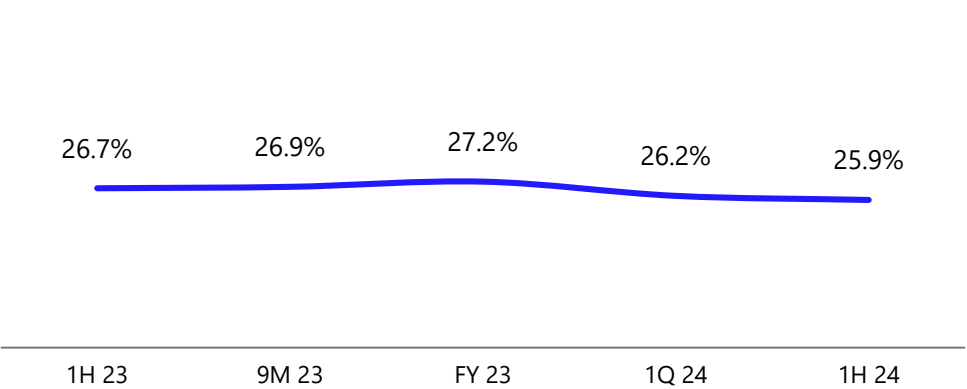
Operating Expenses (SARmn)



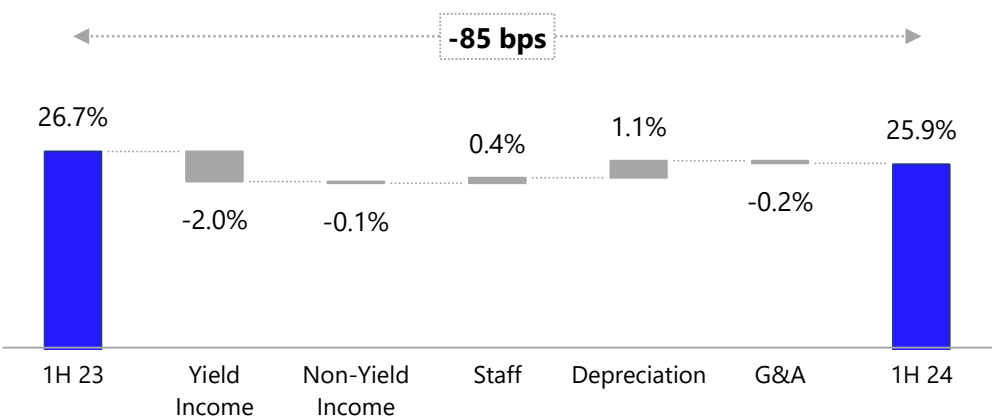
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

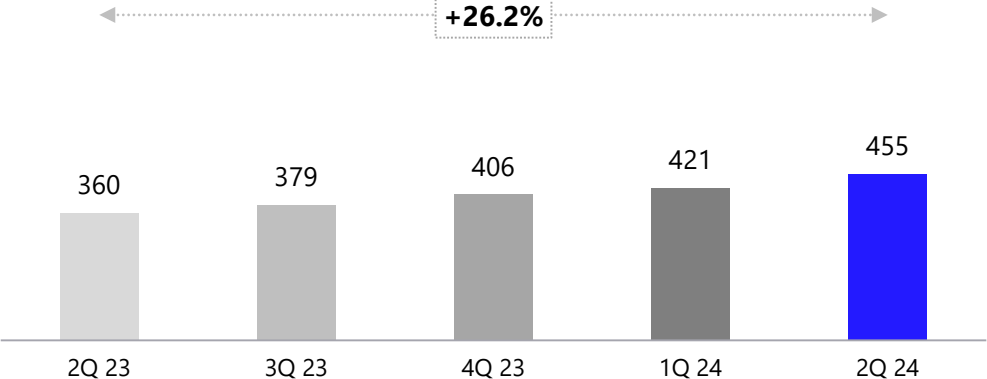


Cost to Income Ratio Drivers (%)

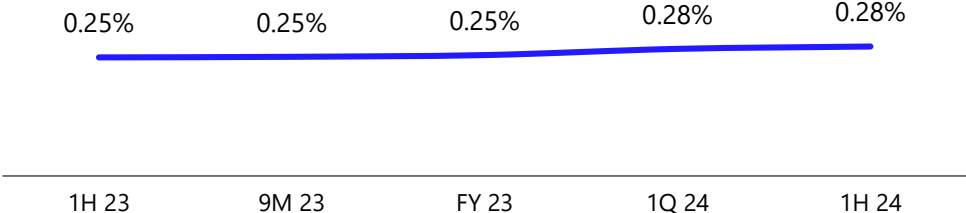


Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

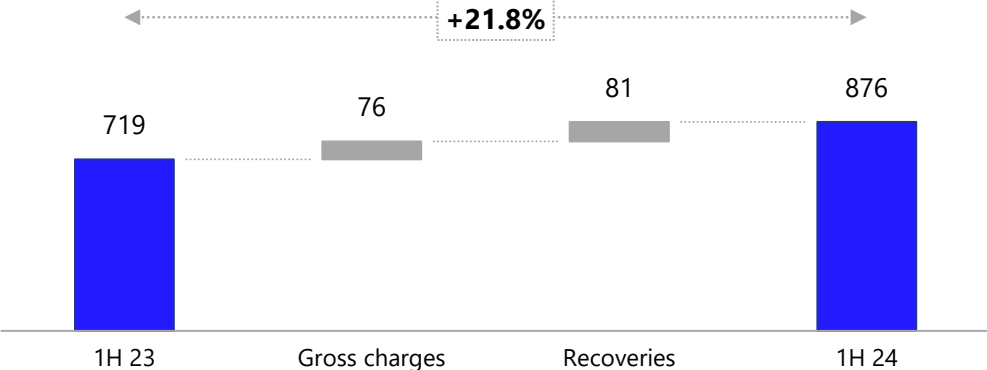
Net Impairment Charges (SARmn)



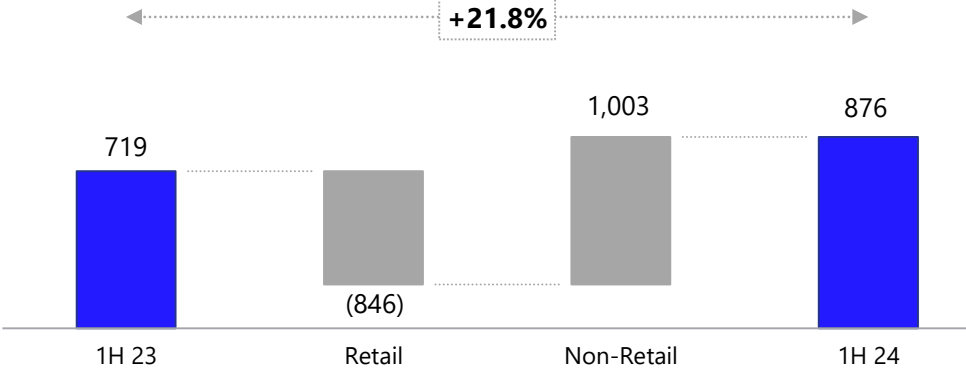
Cost of Risk (%)



Movement in Net Impairment (SARmn)

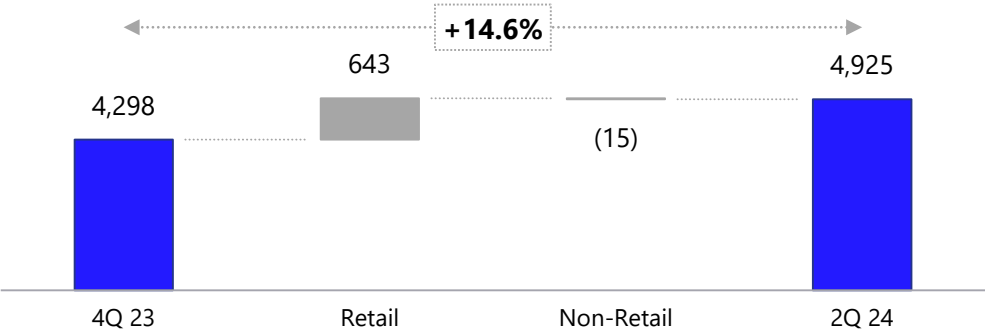


Movement in Net Impairment by Group (SARmn)

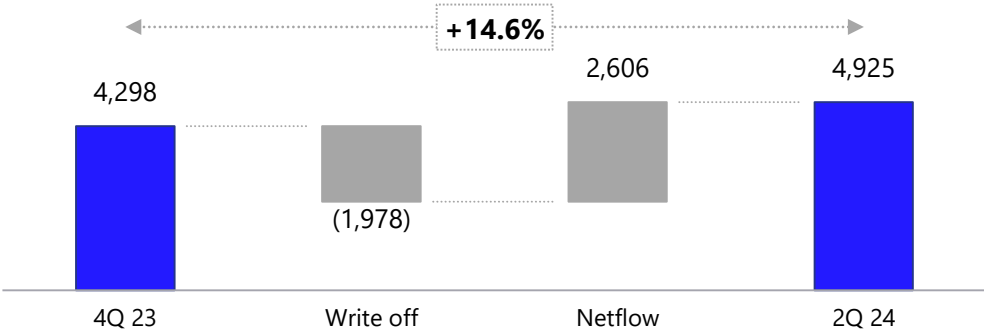


Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

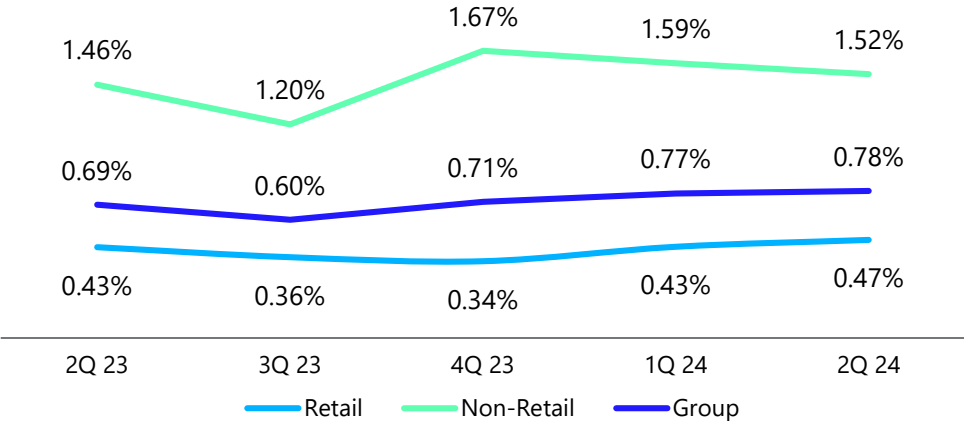
Movement in NPL (SARmn)



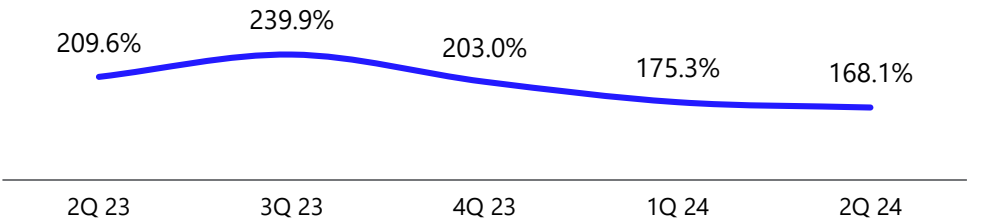
NPL Formation (SARmn)



NPL Ratio (%)

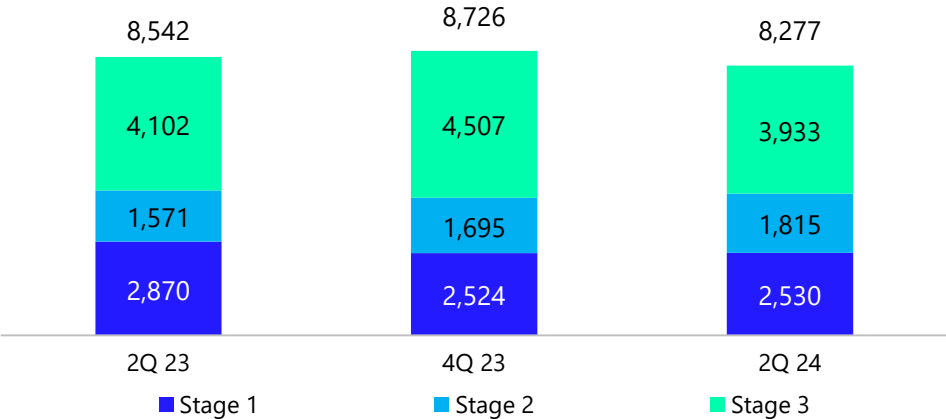


NPL coverage ratio (%)

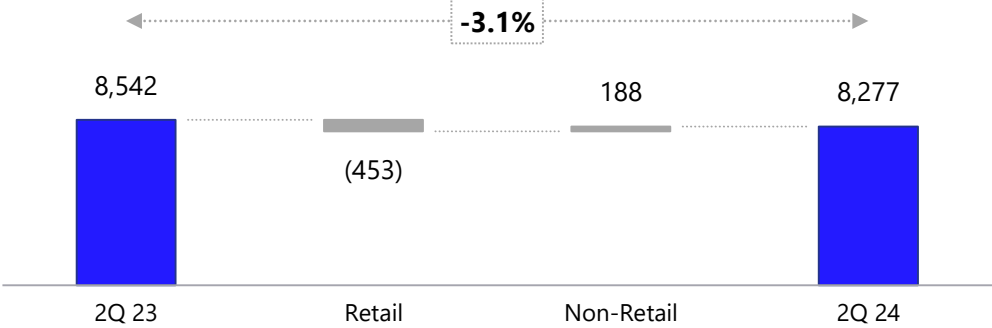


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

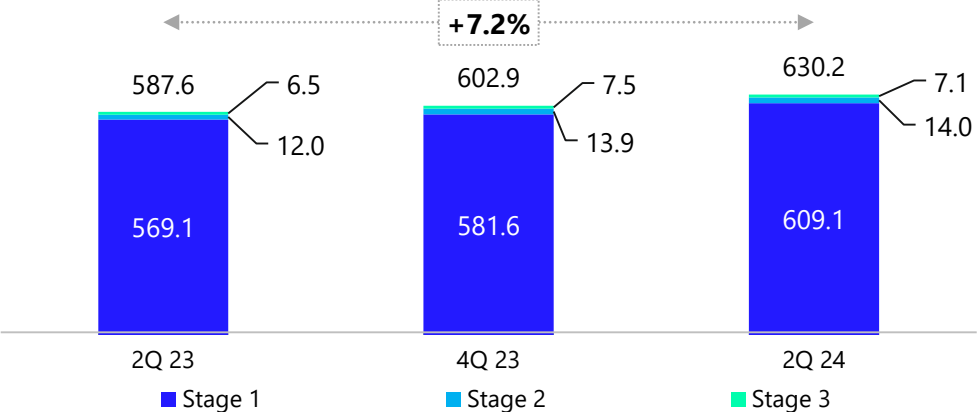
ECL by Stage (SARmn)



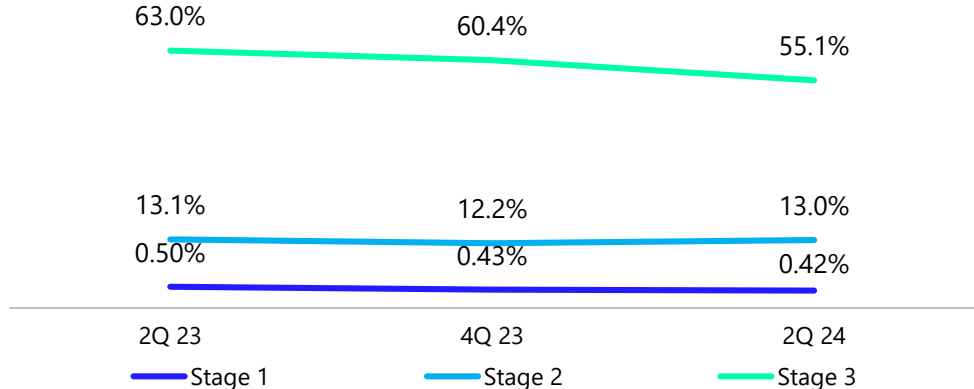
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

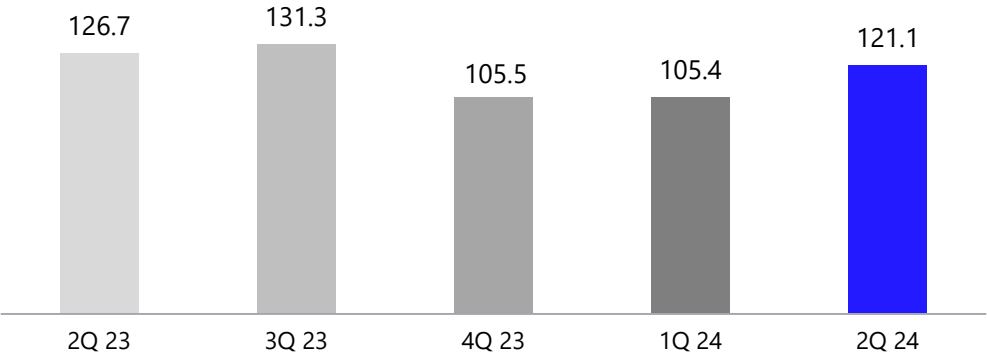


ECL Coverage (%)

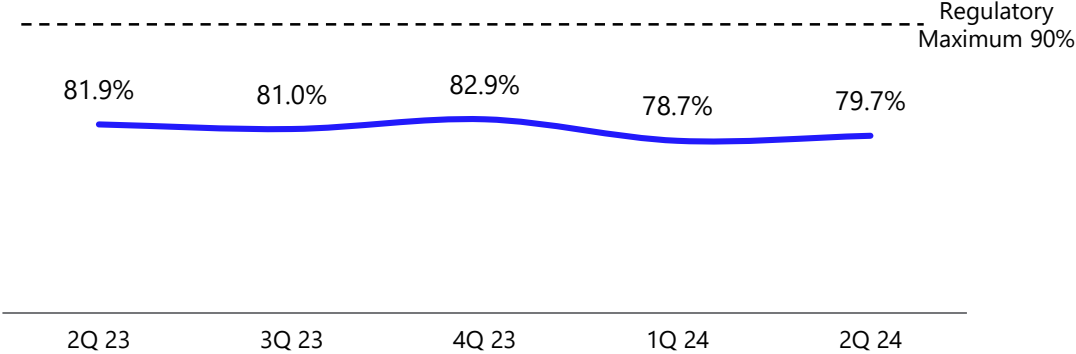


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

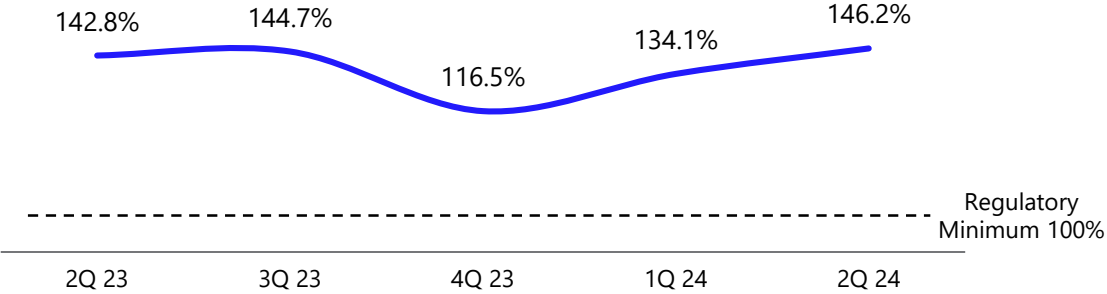
HQLA (SARbn)



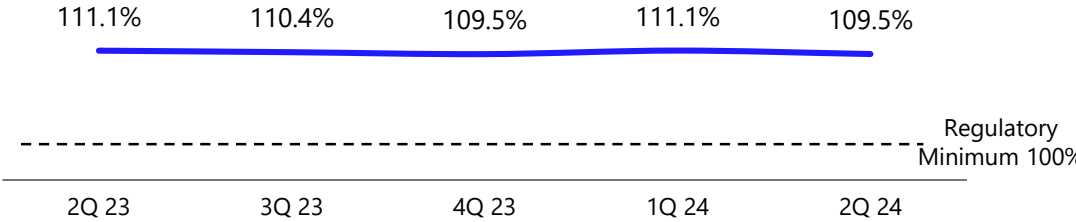
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

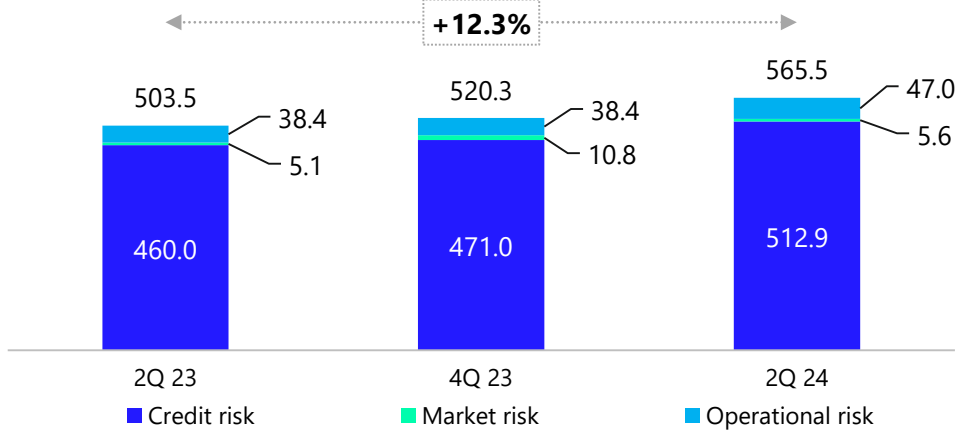


NSFR (%)

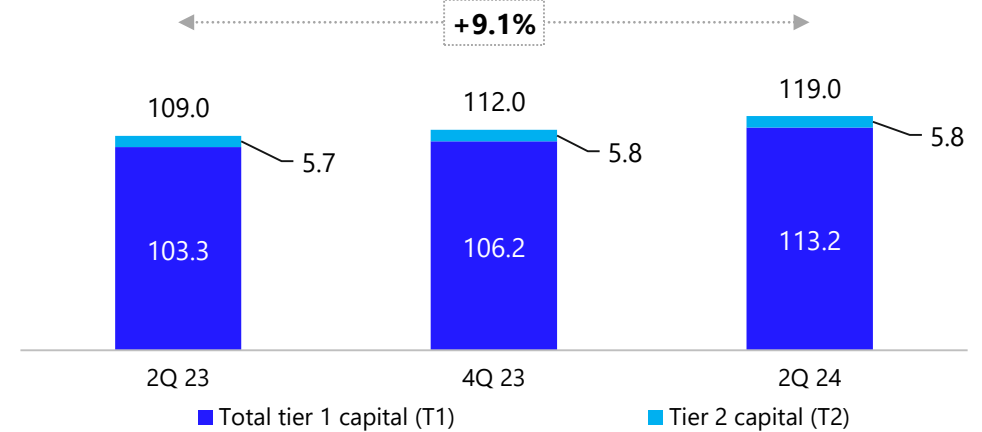


Capitalization Trends | Capital position well above regulatory minima

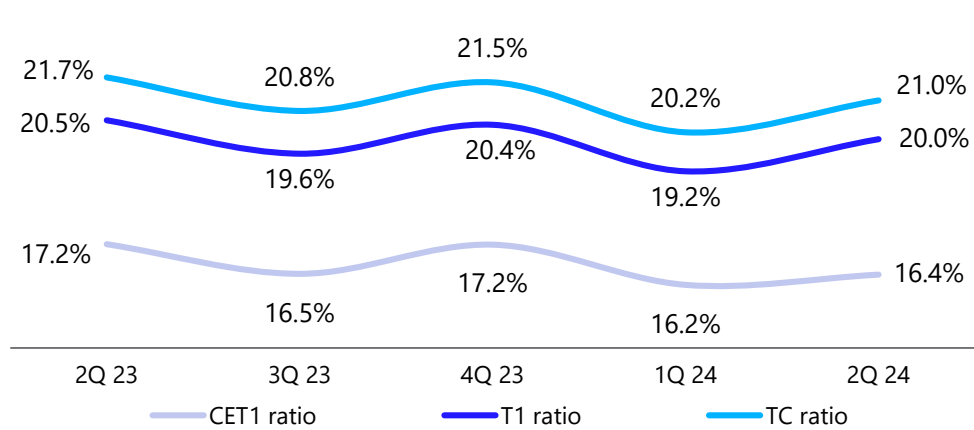
RWA (SARbn)



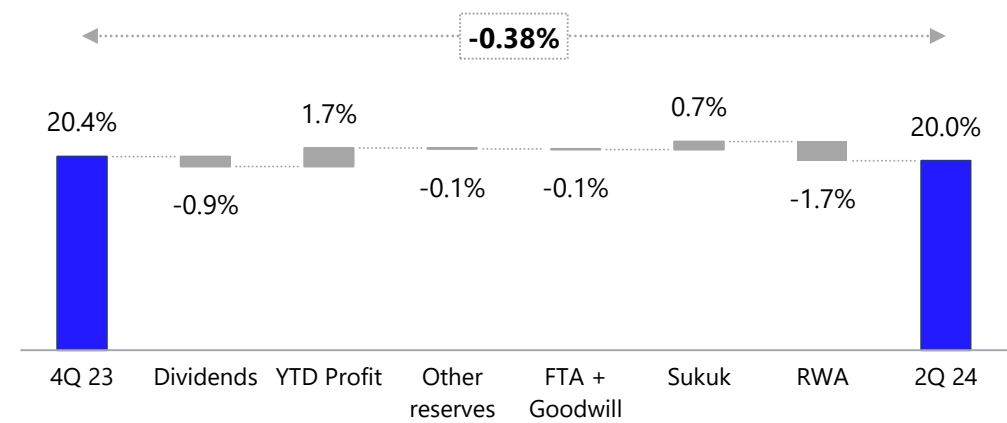
Total Capital (SARbn)



Capital Ratios (%)

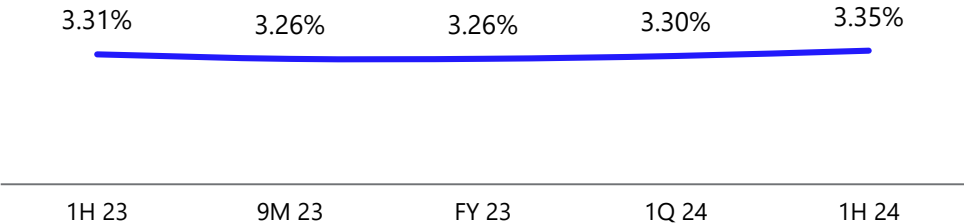


Tier 1 Drivers (%)

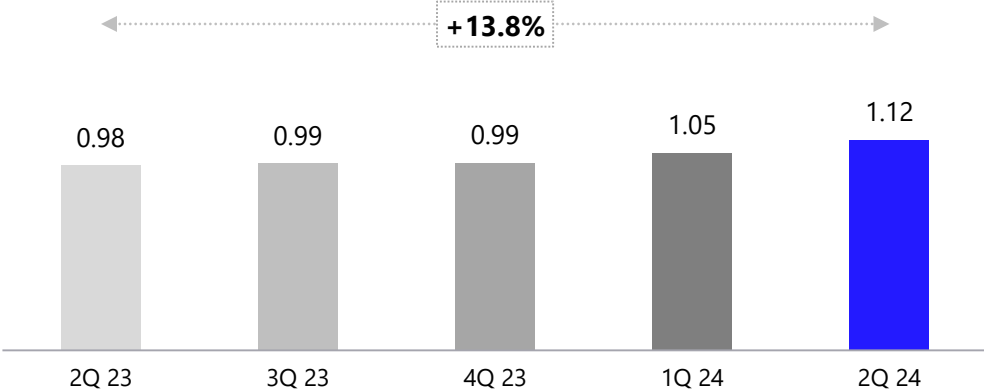


Return Metrics | Al Rajhi Bank's returns remain industry-leading

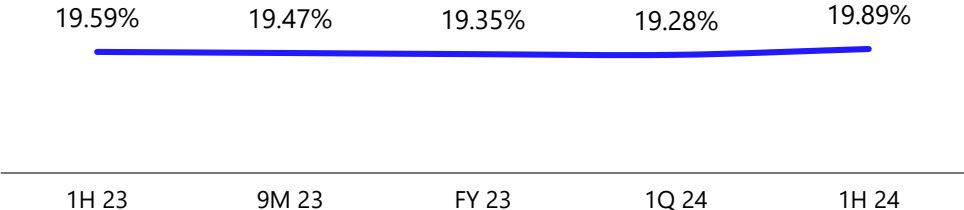
Return on RWA (%)



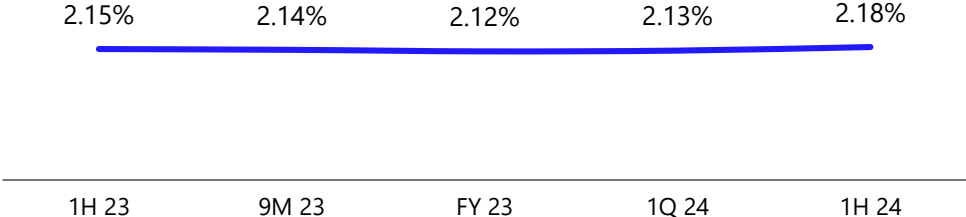
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2024 Guidance

FY 2024 Assumptions and Outlook | Interest rates are expected to go lower 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”

		FY 2024 Guidance	1H 2024 Actual		Guidance Revision
Balance Sheet	Financing	Mid single digit	+4.7%	↑	High single digit
Profitability	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%
Asset Quality	Cost of risk	0.25% - 0.35%	0.28%	—	0.25% - 0.35%
Capital	Tier 1 ratio	Above 20%	20.0%	—	Above 20%



Q & A

ESG Highlights

ESG Highlights | 2Q 2024

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

■ 2Q 2024 figures

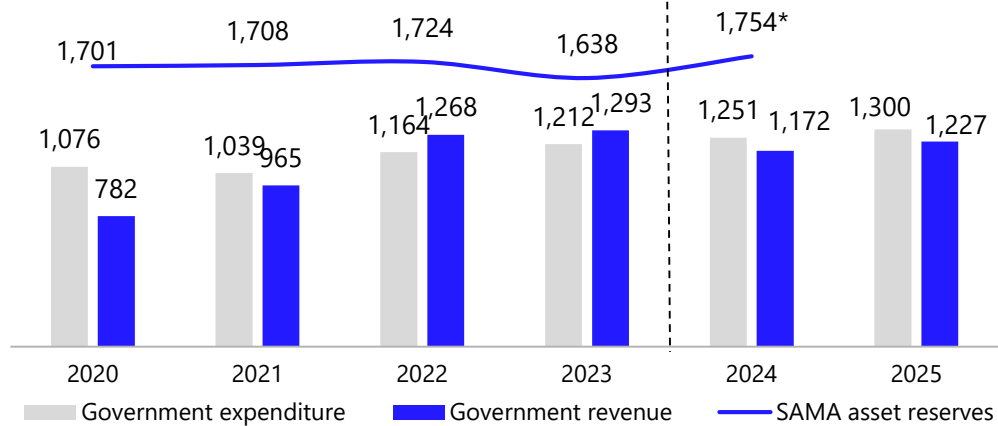


KSA's Macro-Economic Environment

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

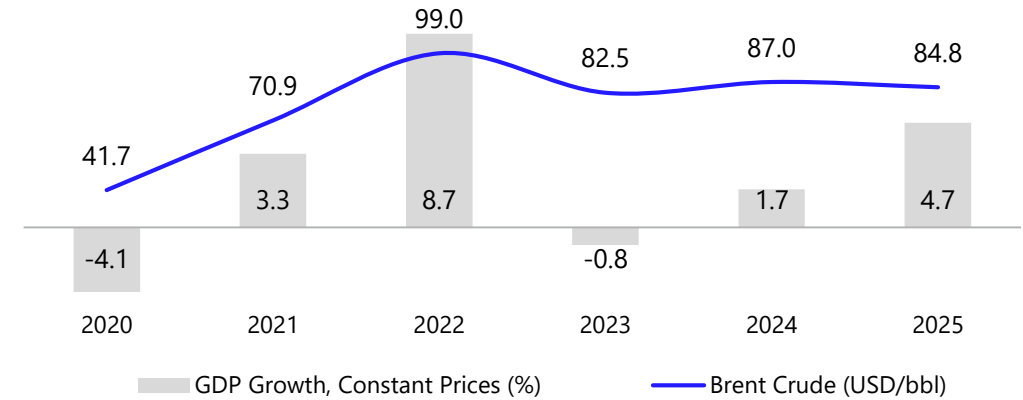
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

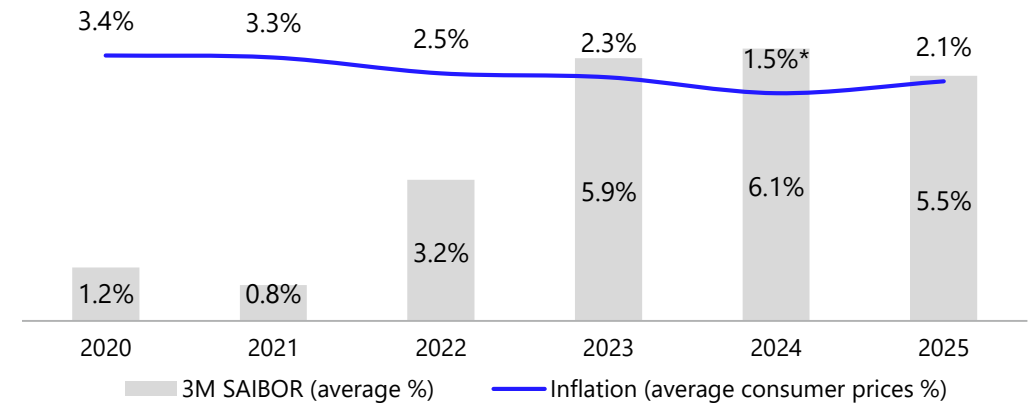
* June 2024 figure

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

* June 2024 figure

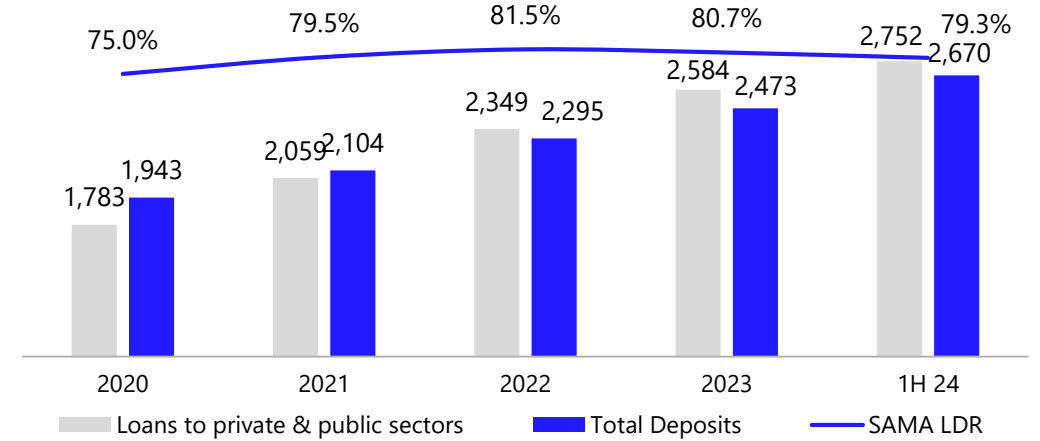


Banking Sector Highlights | Banking system deposits continue growing in the first half 2024

Recent Developments

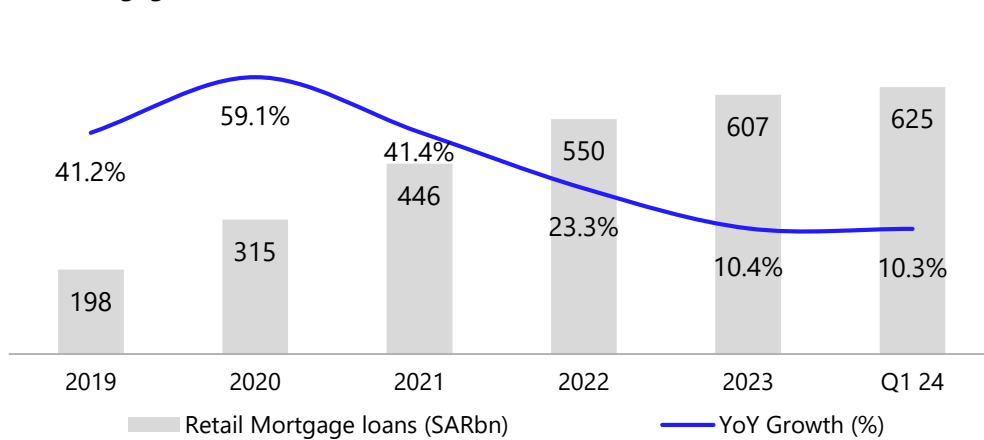
- Deposits have grown in the banking system during the first half 2024 align with loans growth.
- SRC benchmark rates increased to 7.6% in August 2024
- Consumer spending increased by 6.6% in the first half 2024 with continuous migration toward cashless payment methods

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



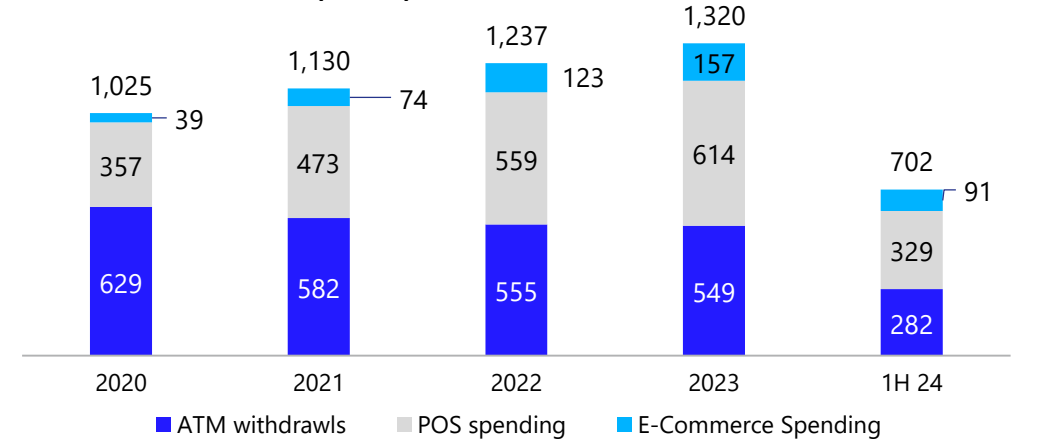
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



IR Contact Information

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

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



Alrajhi Mobile App



Alrajhi Tadawul Mobile App



Alrajhi Business App



Emkan App



Alrajhi IR App



urpay App



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