

Al Rajhi Bank Investor Presentation

4Q 2023 Results



FY 2023 Investor Presentation

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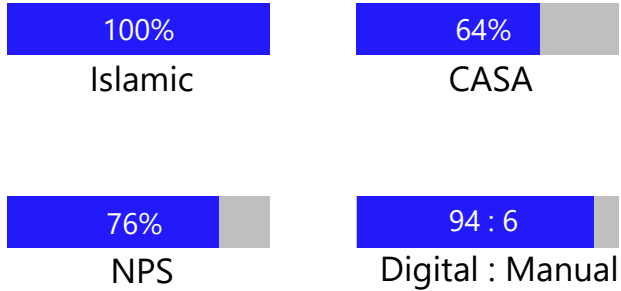
32 FY 2024 Guidance

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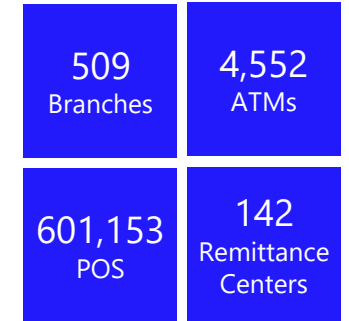
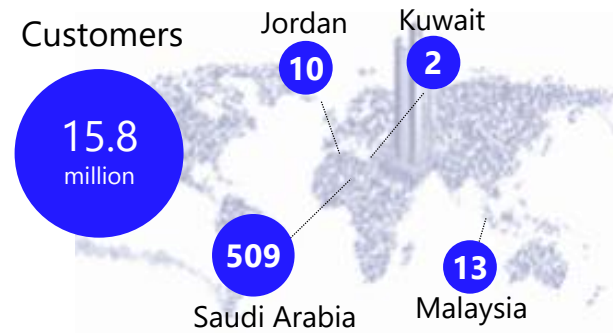


The World's Leading Islamic Bank

At a glance, FY 2023



Presence & Branches, FY 2023



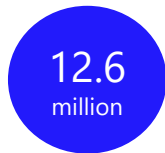
Largest network in Saudi Arabia

FY 2023 Strategic Highlights

Avg Trans./mth



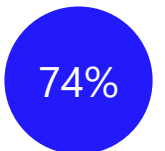
Active Digital Customers



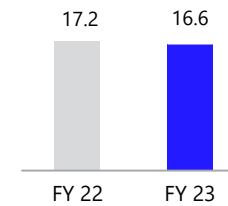
Training Days



Employee Engagement Index

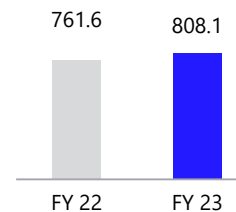


Q4 2023 Financial Highlights

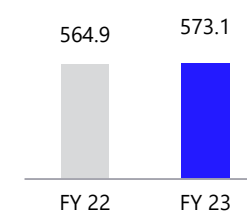


Group Net Income After Zakat
▼ -3.1%

- 4.6% YoY Net Financing Growth
- 21.5% Total Capital ratio
- 2.46% Cost of Funds



Total Assets
▲ +6.1%



Customer Deposits
▲ +1.4%



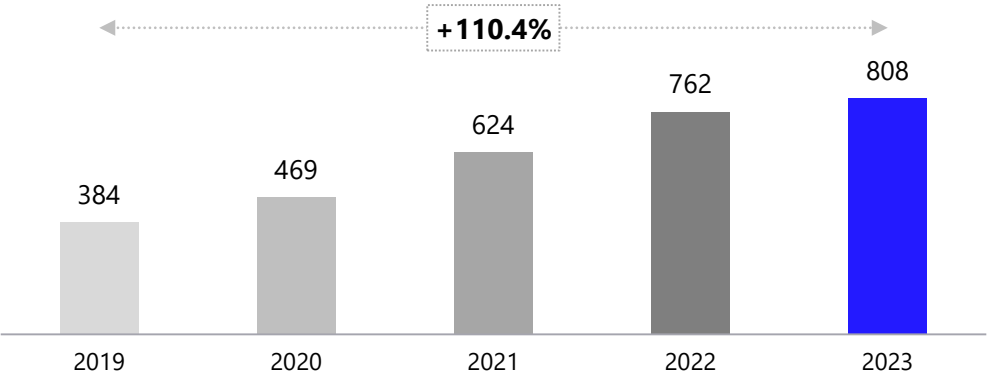
Top 10 Facts About Al Rajhi Bank

- 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
(64% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC
(21.5% Total Capital ratio)
- 5** #1 NPS in KSA
(76% as on Dec 2023)
- 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
(866mn per month, average)
- 9** #1 Bank for remittances in Middle East
(by payment value)
- 10** #1 Bank brand in KSA
(Brand Power Score)

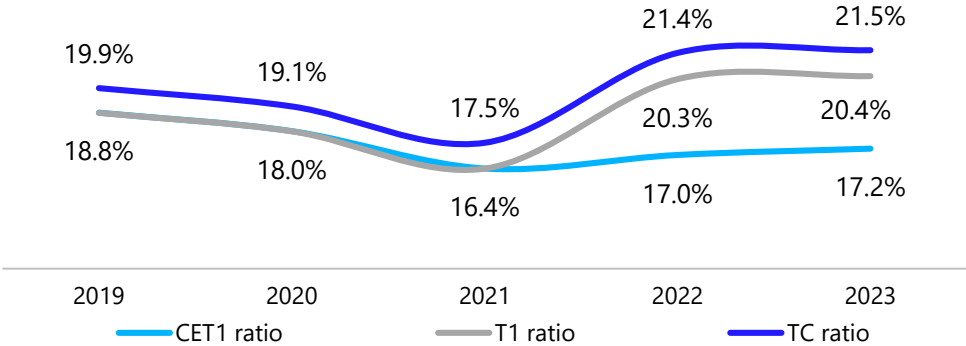


The World's Leading Islamic Bank | Robust balance sheet with 64% CASA deposits in 2023

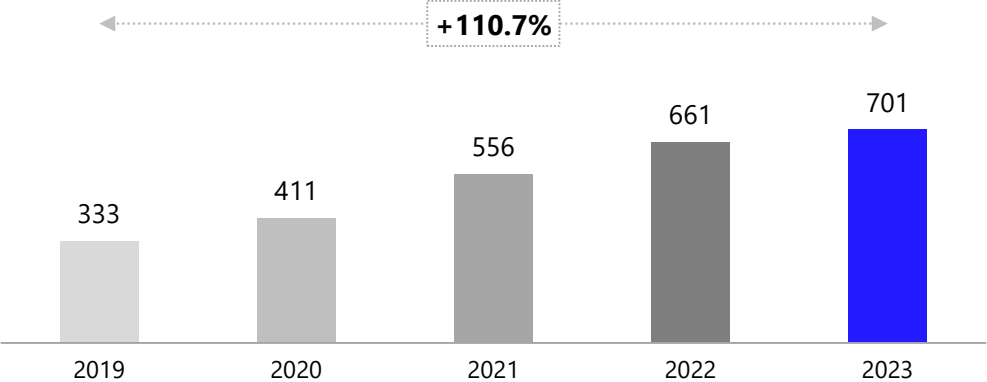
Total Assets (SARbn)



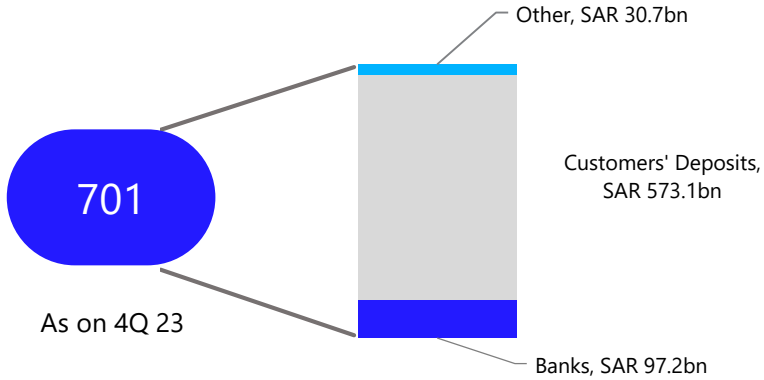
Capital Ratios (%)



Total Liabilities (SARbn)

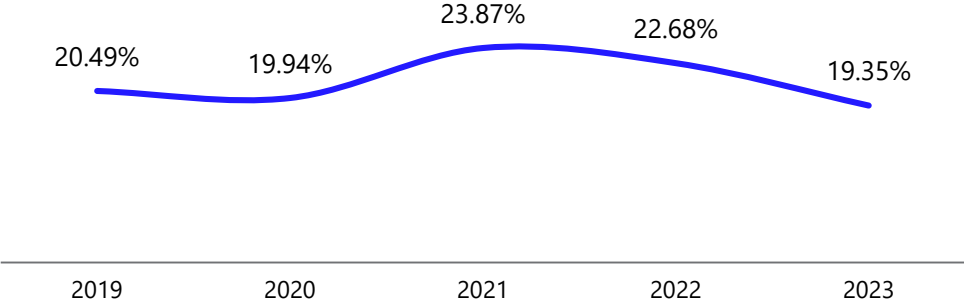


Total Liabilities Mix By Type (SARbn)

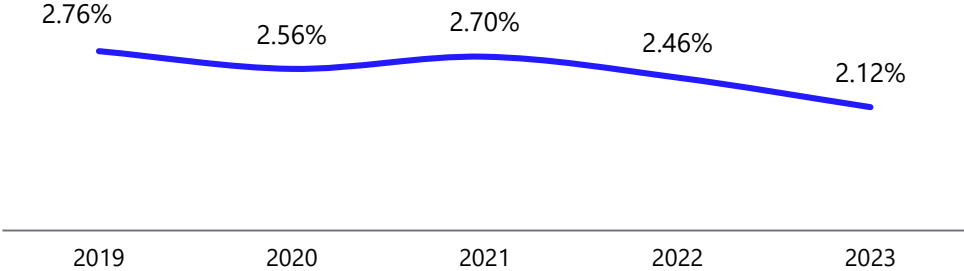


The World's Leading Islamic Bank | Outstanding foundation and strong returns

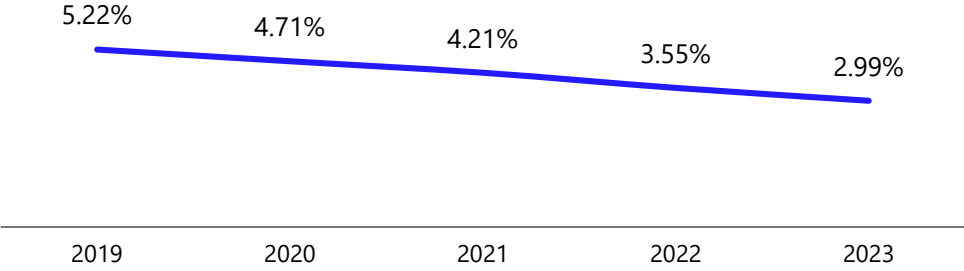
ROE (%)



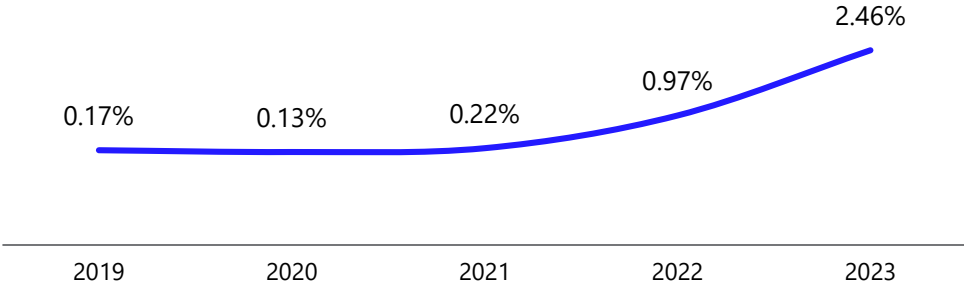
ROA (%)



Net Profit Margin (%)

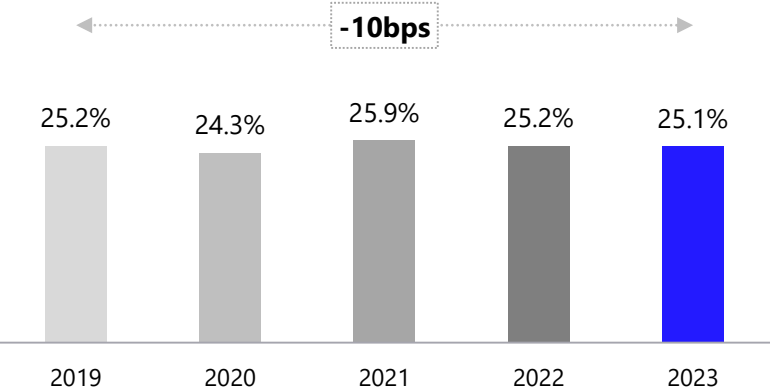


Cost of Funds (%)



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

Market Share - Demand Deposits

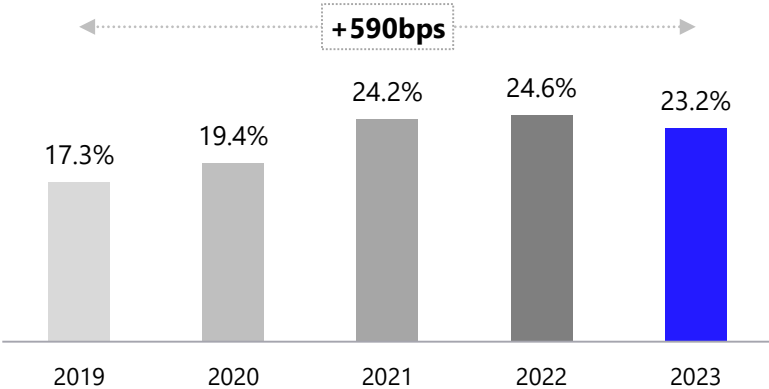


#2 in Saudi Arabia

15.8
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



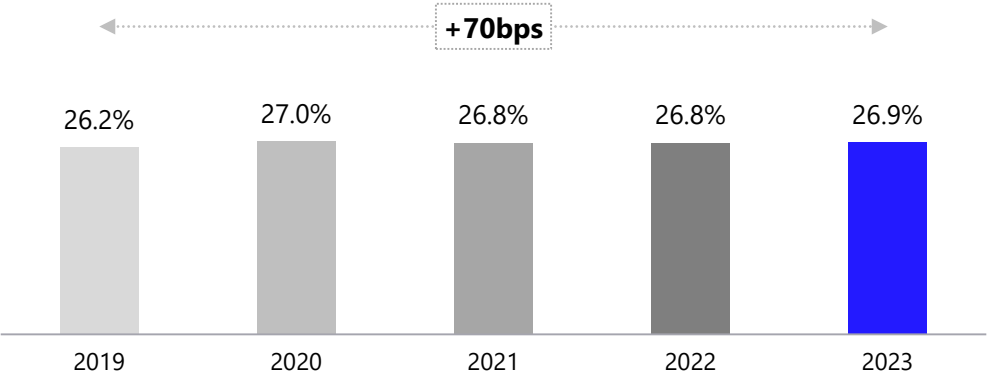
#2 in Saudi Arabia



Al Rajhi Bank's Leading Network | The Bank has a large distribution network in Saudi Arabia

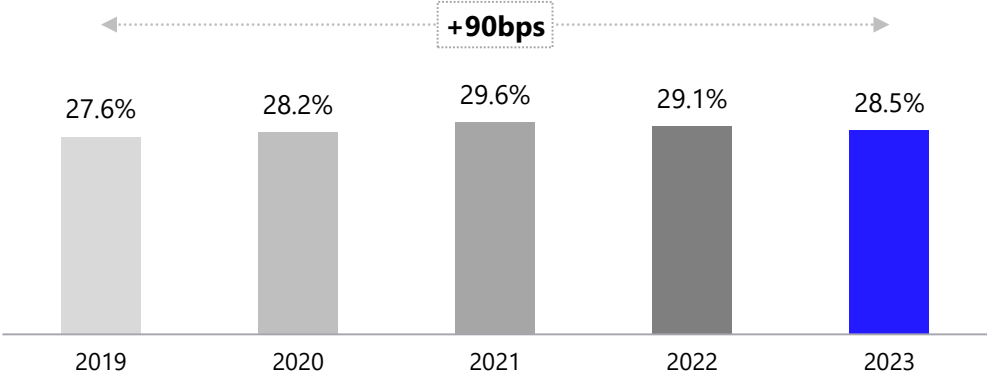
#1 in Branches

Market Share - Branches



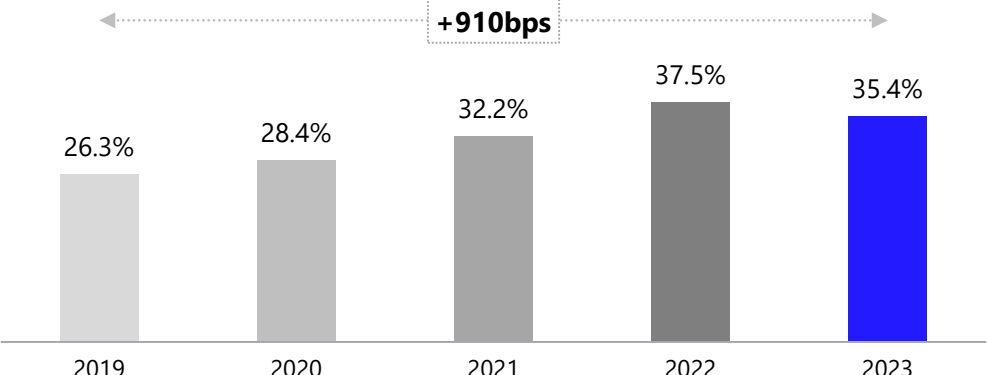
#1 in ATMs

Market Share - ATMs



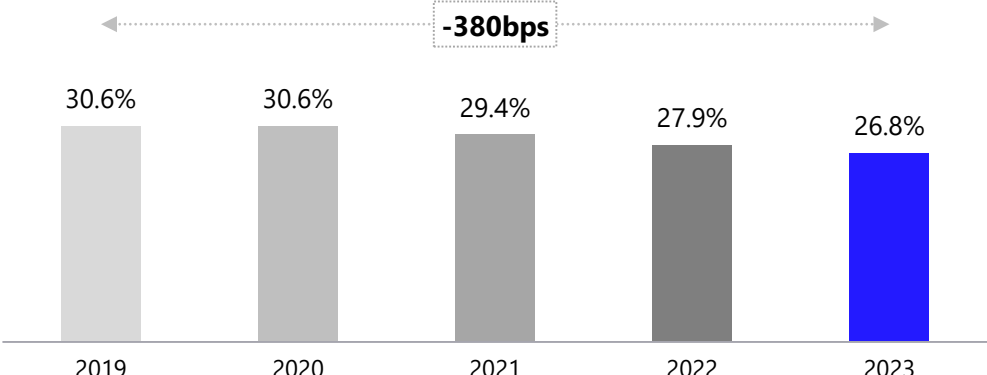
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

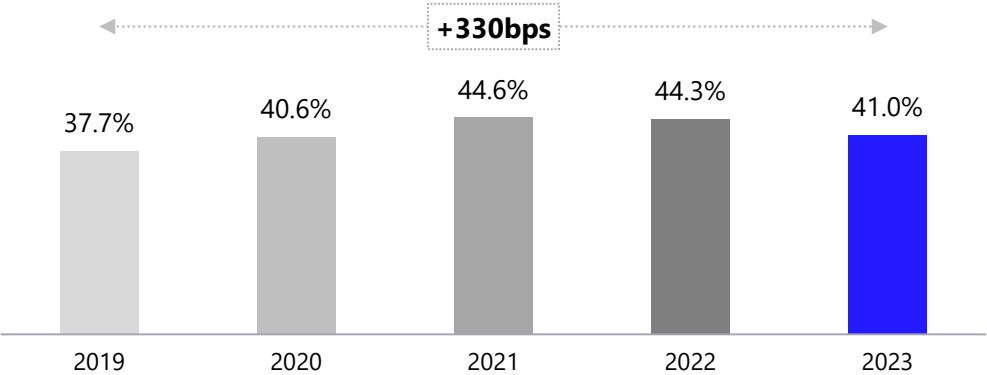
Market Share - Remittance Centers



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

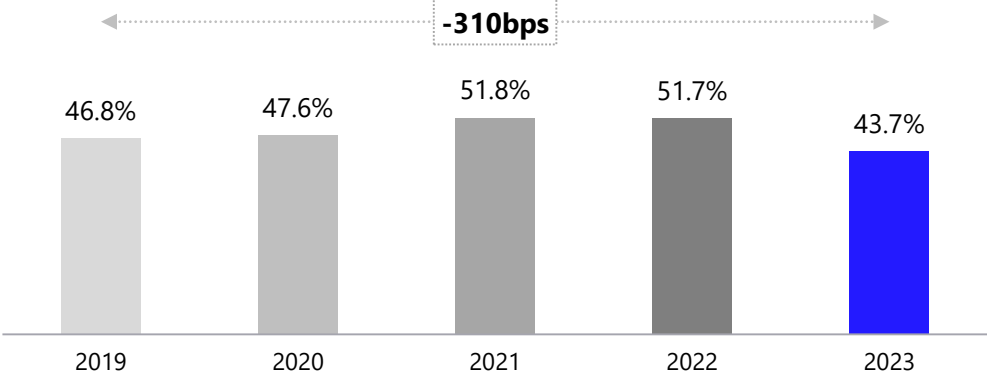
#1 in Personal Loans

Market Share - Personal Loans



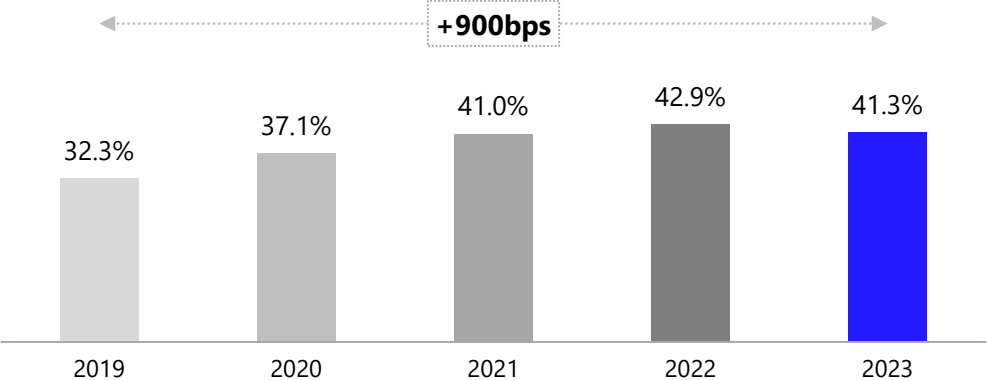
#1 in Auto Loans

Market Share - Auto Loans



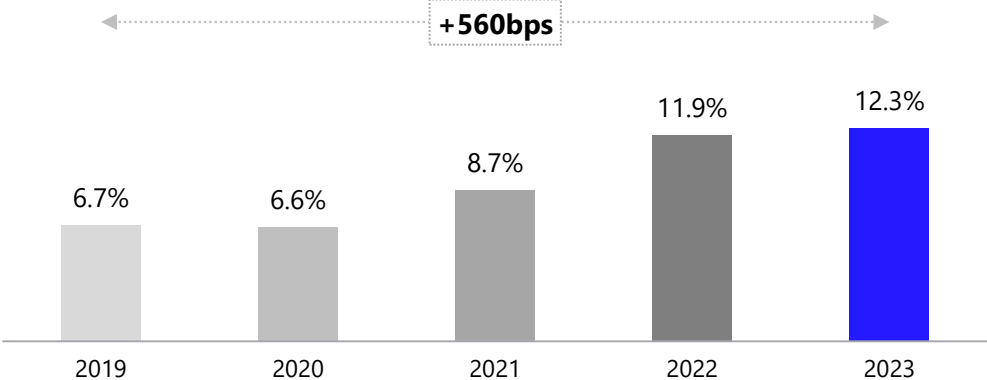
#1 in Mortgages

Market Share - Mortgages Loans



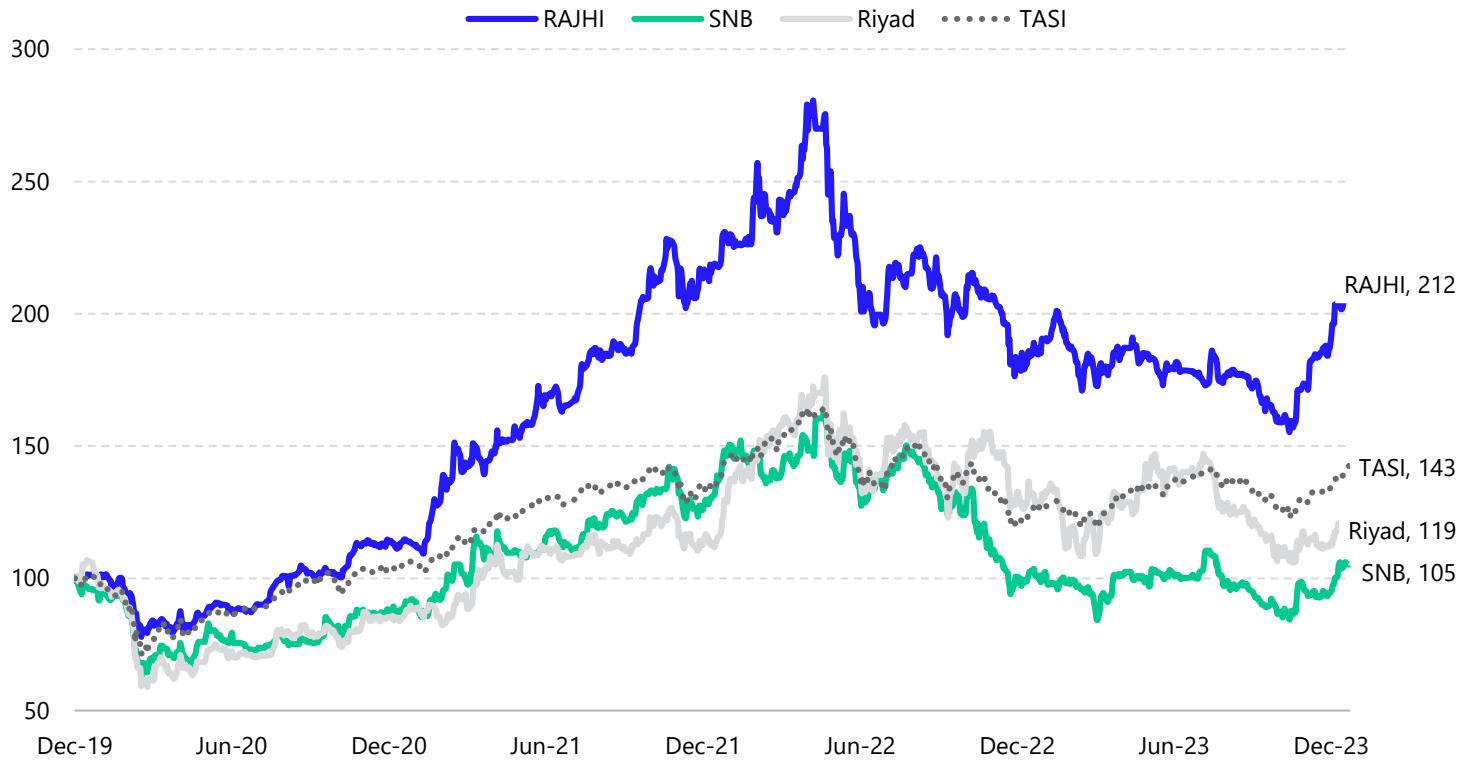
#3 in Corporate Loans

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 Dec 2023

Key Metrics

Closing Price	SAR 86.5
Market Cap	SAR 346 bn
Market Cap / % Industry	35.2%
Market Cap / % Tadawul	3.1%
Shares outstanding	4.0 bn
90D Volatility	19.9
Price / Earnings	21.9 x
Price / Book	3.8 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	212	105	119	131	93	80	133
As of 31 Dec 2023	86.5 SAR	38.7 SAR	28.5 SAR	0.726 KWD	14.0 AED	16.53 QAR	17.3 AED



ESG Highlights | FY 2023

	USD 2.6 bn Green syndicated loan		Renovation Of children with disability Association clinic	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 61 branches to reduce utilities consumption	SAR +100mn Donation in 2023 for Jood housing project from the bank and its customers	6 Key social projects delivered	ISO 22301:2019 Business Continuity Management	
SAR 808bn Total Assets	Around SAR 3bn of financing renewable energy projects	SAR 1.91bn Zakat paid	54 kidney transplants in 2023	260 Sharia Board Resolutions in 2023	12% growth in female employees in 2023
SAR 16.62bn Net Profit after Zakat	USD 1.0bn Sustainable Sukuk	SAR 3.53bn 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 31.3bn in financing for SMEs	101,500+ total training days	5 out of 11 Independent Board Directors	+100% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

■ 4Q 2023 figures



Our delivered strategy
“Bank of the Future”

“Bank of the Future” closure position | Highlights on our executed strategy

Bank

Build on our core

OF

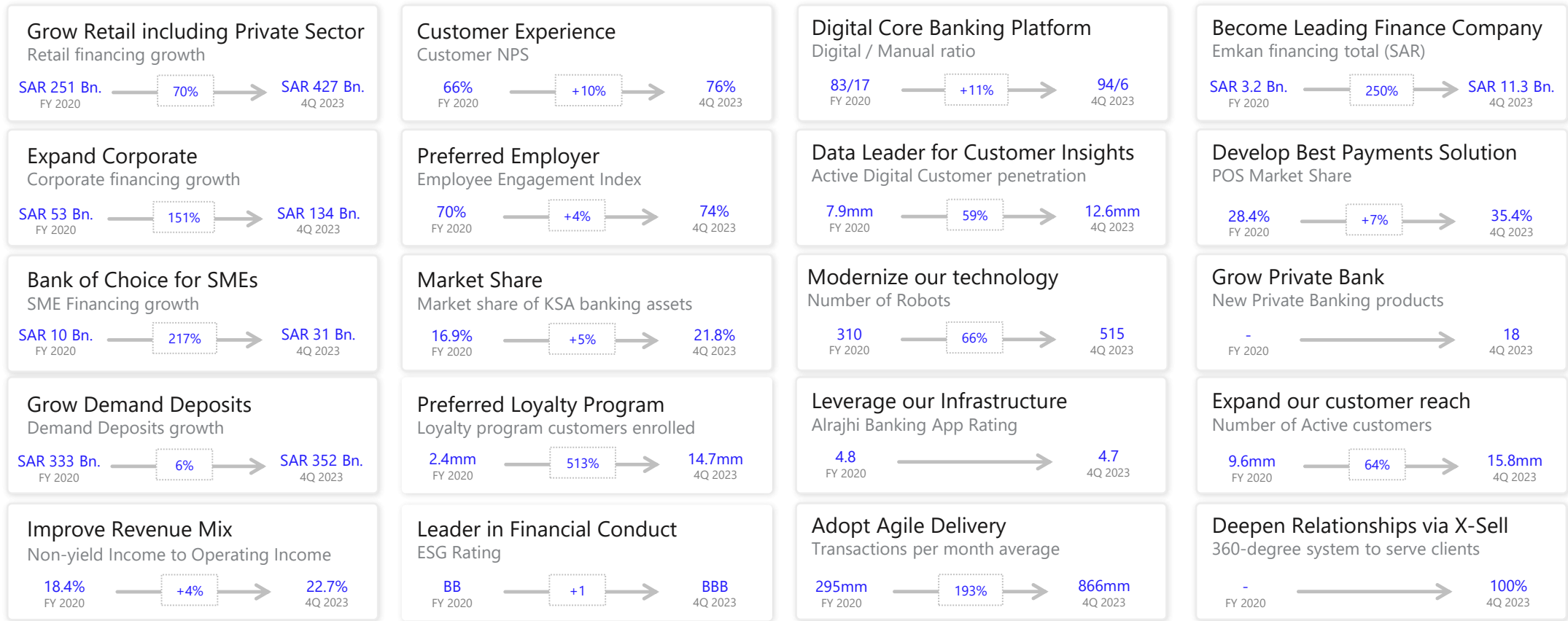
Outperform our competition

The

Transform technology

Future

Focus on new client needs

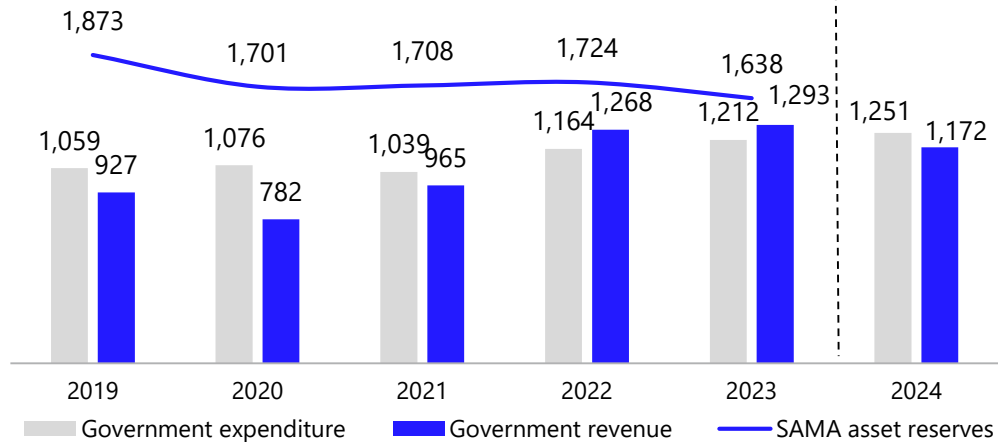


KSA's Macro-Economic Environment

Highlights

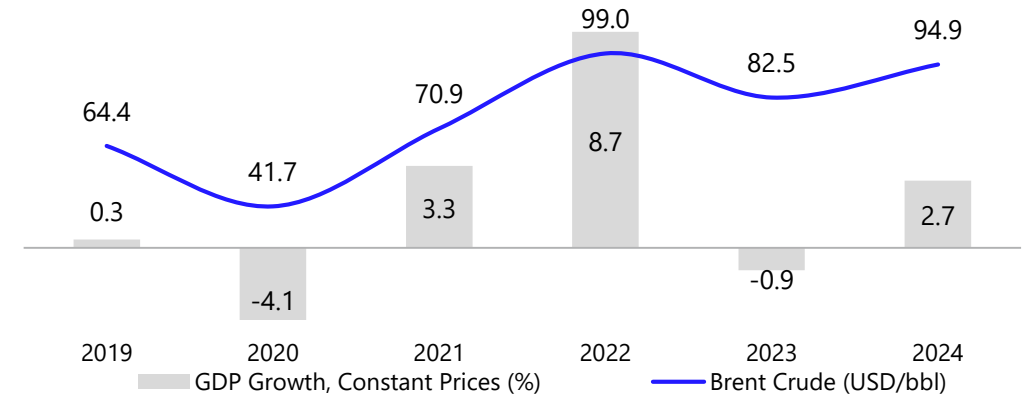
- GDP declined by 0.9% for the year 2023 driven by lower oil activities
- IMF revised Saudi's GDP growth forecasts to 2.7% for 2024 and estimated 2025 to grow by 5.5%
- Inflation eased to 1.5% in December 2023 and expected to normalize in 2024 to 2.2%

Expenditure/Revenue and Asset Reserves (SARbn)



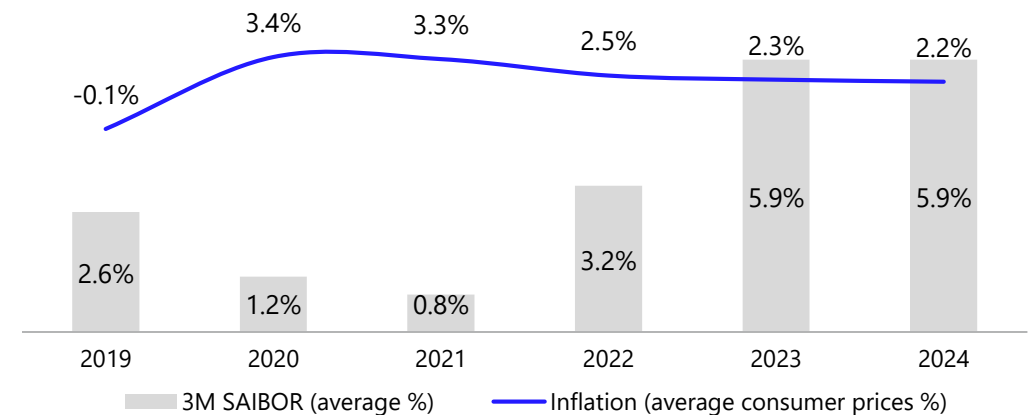
Source: MoF, SAMA

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

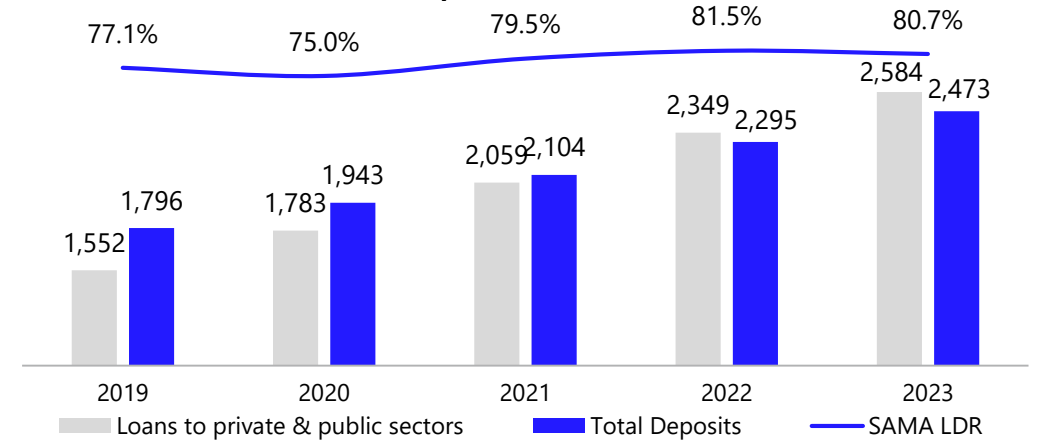


Banking Sector Highlights | Banking system deposits growth is in line with loans growth in 2023

Recent Developments

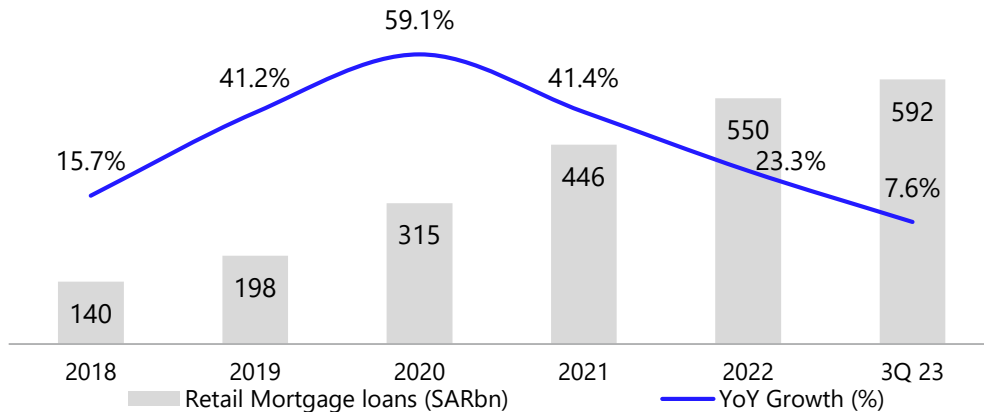
- Deposits growth in the banking system during 2023 is in line with loans growth
- SRC benchmark remained stable at 7%+ since November 2023
- Consumer spending increased by 6.7% by end of 2023 with continuous migration to cashless payment methods

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



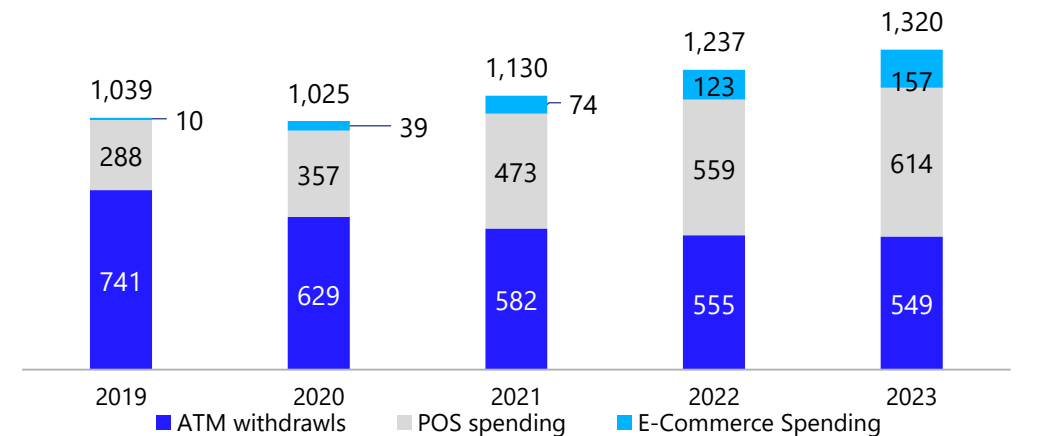
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



4Q 2023 Financial Highlights

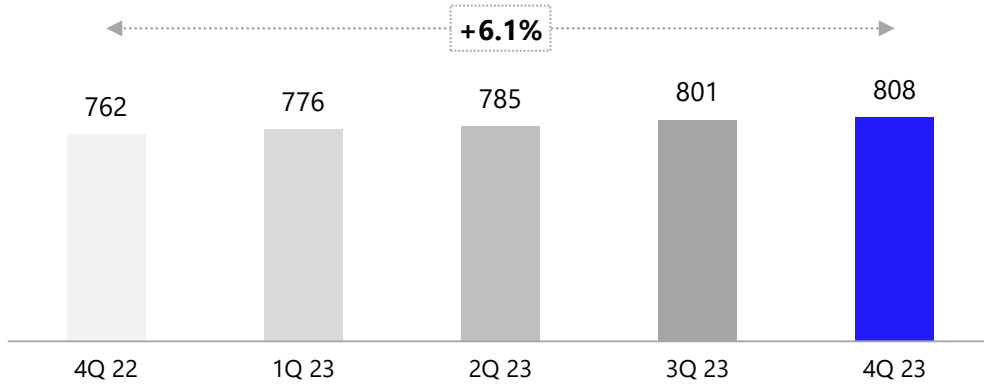
FY 2023 Results Summary | Results are in line with expectations

6.1% YTD Balance Sheet Growth	4.6% YTD Growth in financing portfolio	6.00% Growth in liabilities	LDR below regulatory minima
	<p>Net Financing</p> <p>568.3bn $\xrightarrow{+4.6\%}$ 594.2bn</p> <p>FY 22 FY 23</p>	<p>Total Liabilities</p> <p>661.4bn $\xrightarrow{+6.0\%}$ 701.3bn</p> <p>FY 22 FY 23</p>	<p>Loan to Deposit Ratio</p> <p>85.9% $\xrightarrow{\text{down}}$ 82.9%</p> <p>FY 22 FY 23</p>
3.1% lower net income YoY	4.1% drop in net yield income, impacted by cost of funds	2.2% lower Non yield income	3.7% lower operating income
	<p>Net Yield income</p> <p>22,173mn $\xrightarrow{-4.1\%}$ 21,269mn</p> <p>FY 22 FY 23</p>	<p>Non Yield Income</p> <p>6,402mn $\xrightarrow{-2.2\%}$ 6,262mn</p> <p>FY 22 FY 23</p>	<p>Operating Income</p> <p>28,575mn $\xrightarrow{-3.7\%}$ 27,531mn</p> <p>FY 22 FY 23</p>
Stable credit quality	14 bps COR reduction	9 bps Higher in NPL ratio	NPL coverage remained strong
	<p>Cost of risk</p> <p>0.39% $\xrightarrow{\text{down}}$ 0.25%</p> <p>FY 22 FY 23</p>	<p>NPL</p> <p>0.62% $\xrightarrow{\text{up}}$ 0.71%</p> <p>FY 22 FY 23</p>	<p>NPL Coverage</p> <p>238% $\xrightarrow{\text{down}}$ 203%</p> <p>FY 22 FY 23</p>
Key Ratios	Operating efficiency remains solid	Improved capital position	Lower NPM
	<p>Cost to income ratio</p> <p>26.1% $\xrightarrow{\text{up}}$ 27.2%</p> <p>FY 22 FY 23</p>	<p>Total Capital Adequacy Ratio</p> <p>21.4% $\xrightarrow{\text{up}}$ 21.5%</p> <p>FY 22 FY 23</p>	<p>NPM</p> <p>3.55% $\xrightarrow{\text{down}}$ 2.99%</p> <p>FY 22 FY 23</p>

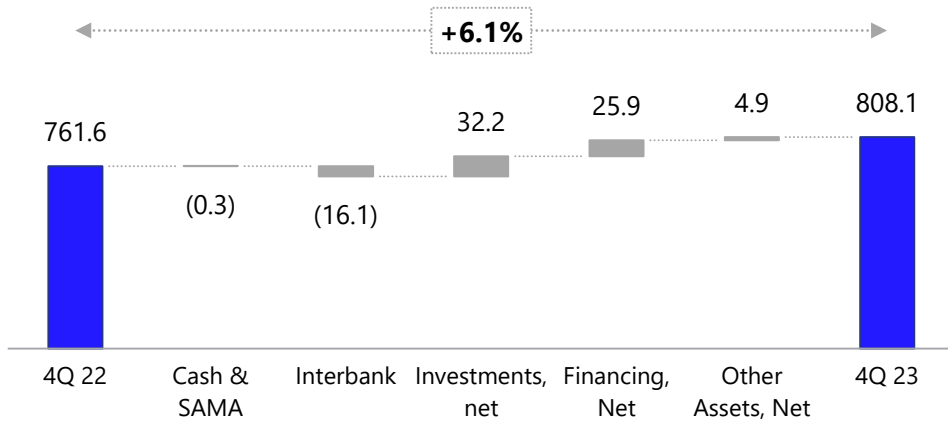


Balance Sheet Trends (1) | Balance sheet growth of 6% YTD driven by Financing and Investments

Total Assets (SARbn)



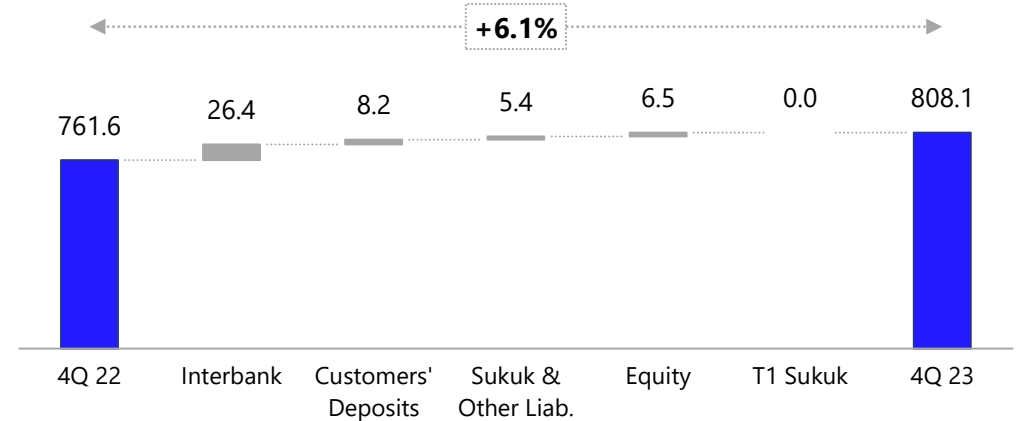
Movement in Assets (SARbn)



SAR (mn)

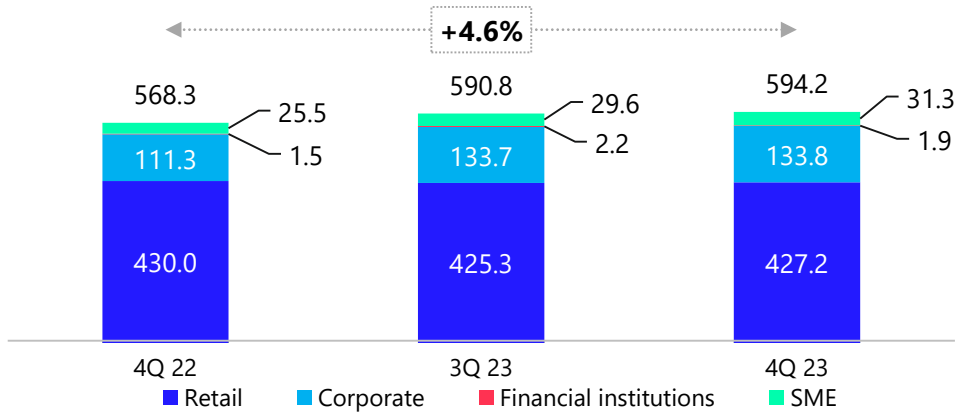
	4Q 23	3Q 23	QoQ	4Q 22	YoY
Cash & balances with SAMA	41,768	43,838	-5%	42,052	-1%
Due from banks & other FI	9,507	8,128	+17%	25,656	-63%
Investments, net	134,299	128,700	+4%	102,146	+31%
Financing, net	594,205	590,826	+1%	568,338	+5%
Other assets, net	28,321	29,991	-6%	23,426	+21%
Total assets	808,098	801,483	+1%	761,619	+6%
Due to banks & other FI	97,247	100,126	-3%	70,839	+37%
Customers' deposits	573,101	565,719	+1%	564,925	+1%
Sukuk issued	3,789	3,834	+1%	0	0
Other liabilities	27,202	29,525	-8%	25,630	+6%
Total liabilities	701,339	699,204	+0%	661,394	+6%
Total equity	106,759	102,280	+4%	100,225	+7%

Movement in Funding (SARbn)

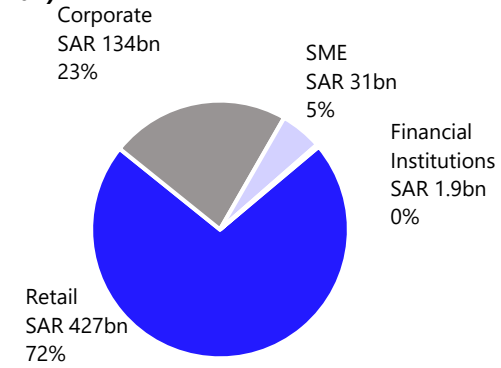


Balance Sheet Trends (2) | Financing growth driven by Mortgage and Corporate

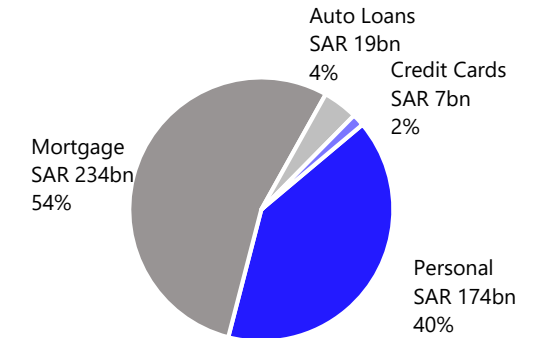
Financing, Net (SARbn)



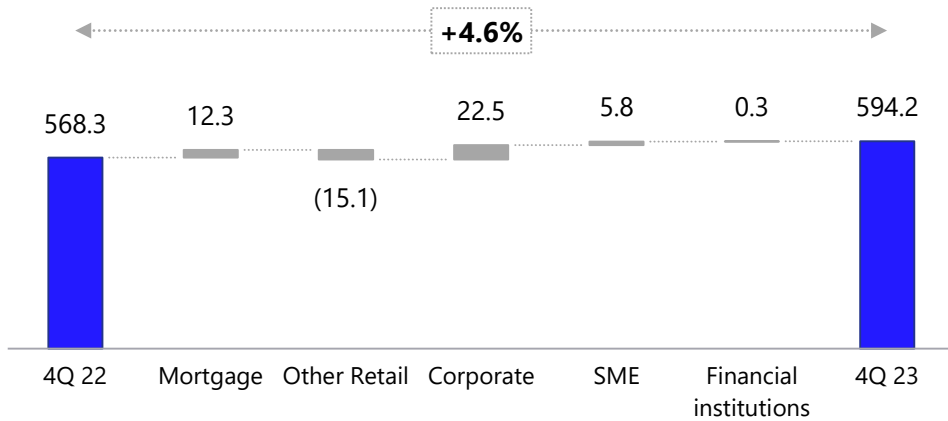
Financing, Net Mix By Segment (SARbn)



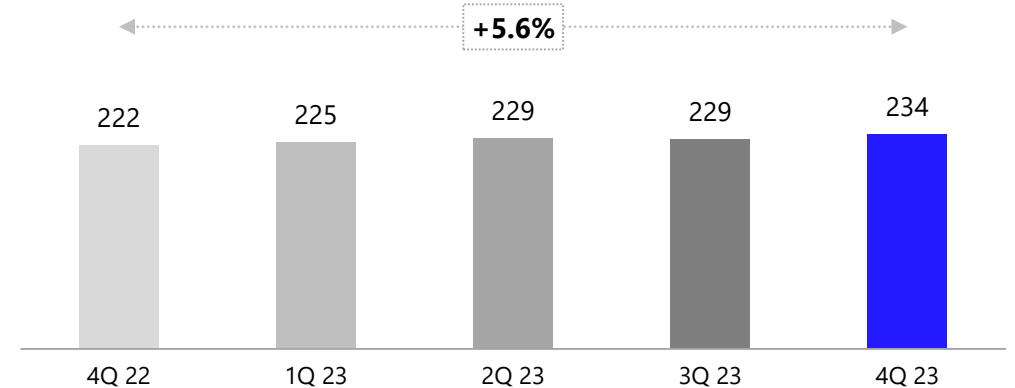
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

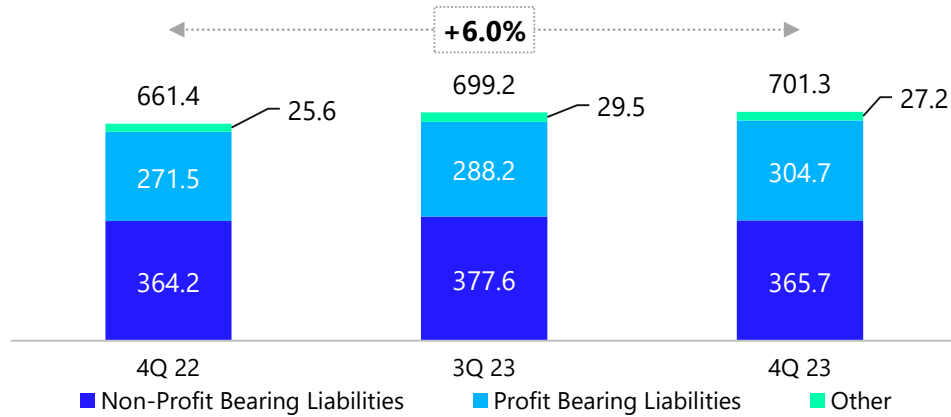


Mortgage Financing (SARbn)

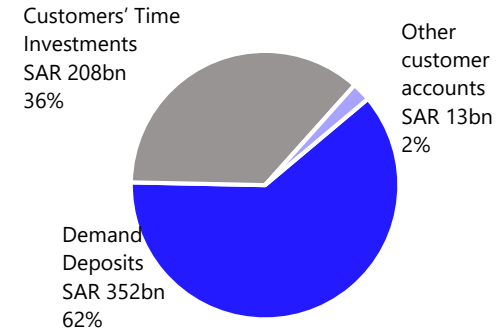


Balance Sheet Trends (3) | Balance sheet shows improving funding mix

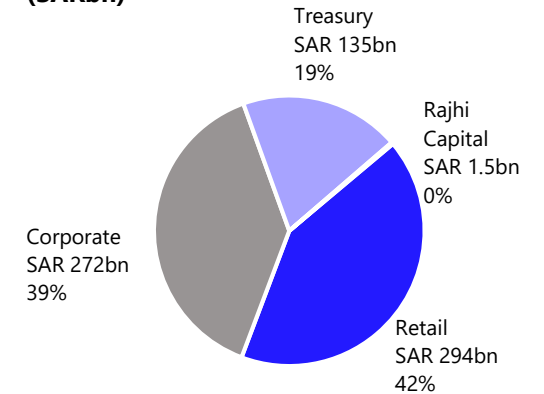
Total Liabilities (SARbn)



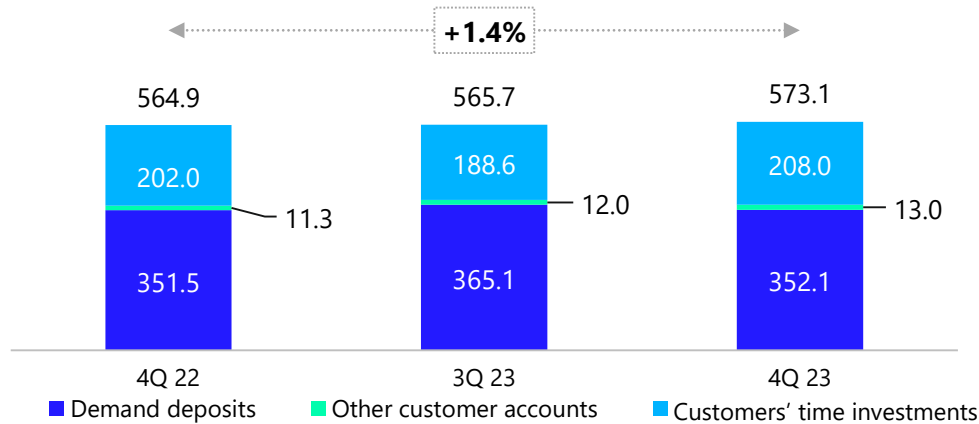
Total Customers' Deposits Mix By Type (SARbn)



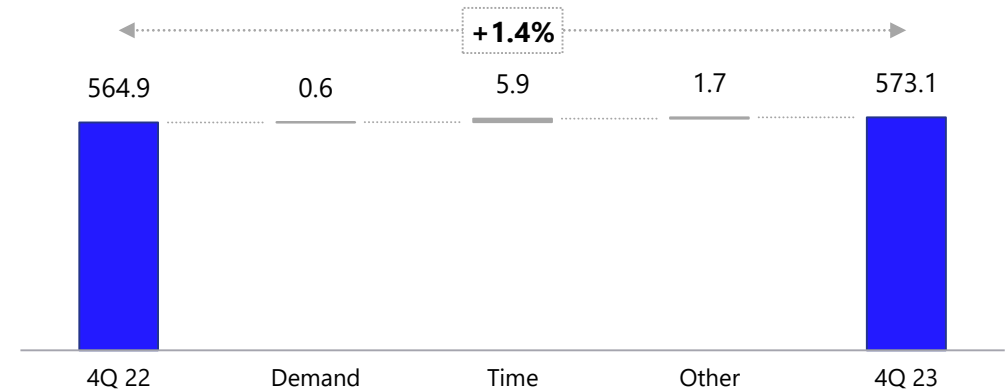
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

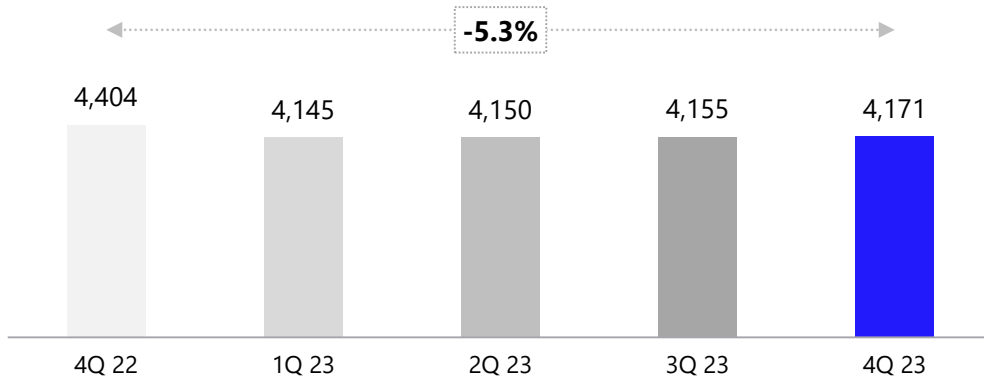


Movement in Total Customers' Deposits (SARbn)



Net Income Trends | net profit lower by 3.1% in 2023 impacted by NIM contraction

Net Income For The Period After Zakat (SARmn)



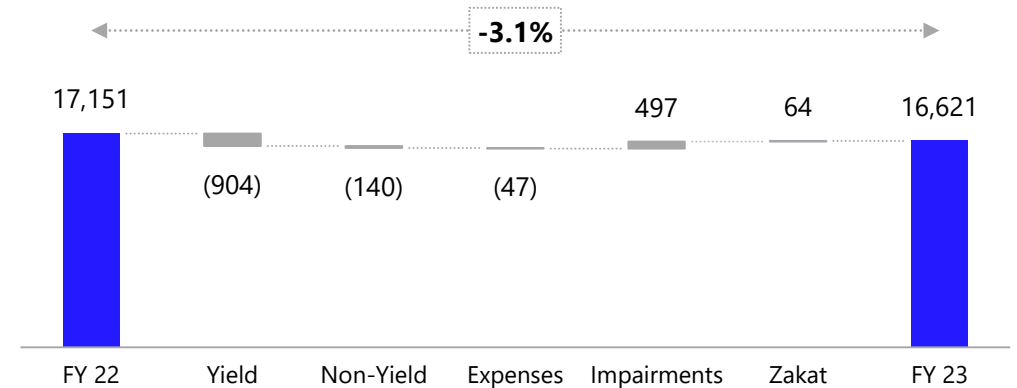
SAR (mn)

	FY 23	FY 22	YoY	4Q 23	4Q 22	YoY
Net financing & investment income	21,269	22,173	-4%	5,550	5,579	-1%
Fee from banking services, net	4,226	4,624	-9%	988	1,179	-16%
Exchange Income, net	1,246	1,162	+7%	322	298	+8%
Other operating income, net	790	616	+28%	192	209	-8%
Fees and other income	6,262	6,402	-2%	1,501	1,685	-11%
Total operating income	27,531	28,575	-4%	7,051	7,264	-3%
Operating expenses	-7,498	-7,451	+1%	-1,998	-2,001	-0%
Pre-provision profit	20,033	21,124	-5%	5,053	5,263	-4%
Total impairment charge	-1,504	-2,001	-25%	-406	-353	+15%
Net income for the period before Zakat	18,529	19,123	-3%	4,647	4,911	-5%
Zakat	-1,908	-1,972	-3%	-477	-506	-6%
Net income for the period after Zakat	16,621	17,151	-3%	4,171	4,404	-5%

Net Income After Zakat Growth Drivers By Type (SARmn)

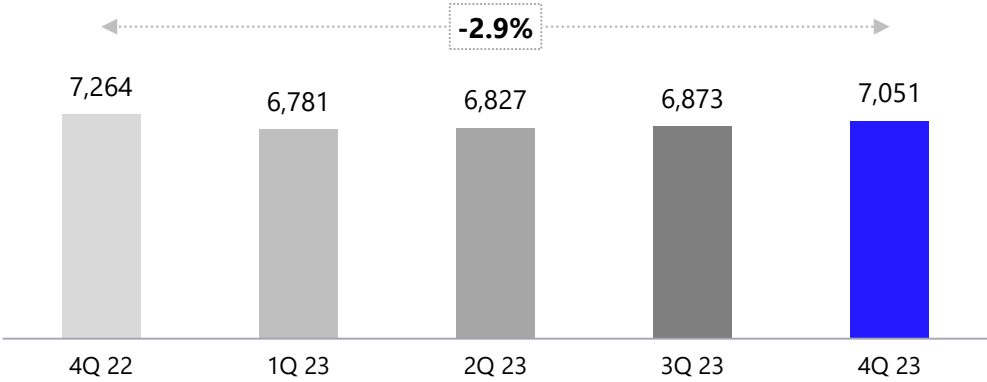


Net Income After Zakat Growth Drivers By Type (SARmn)

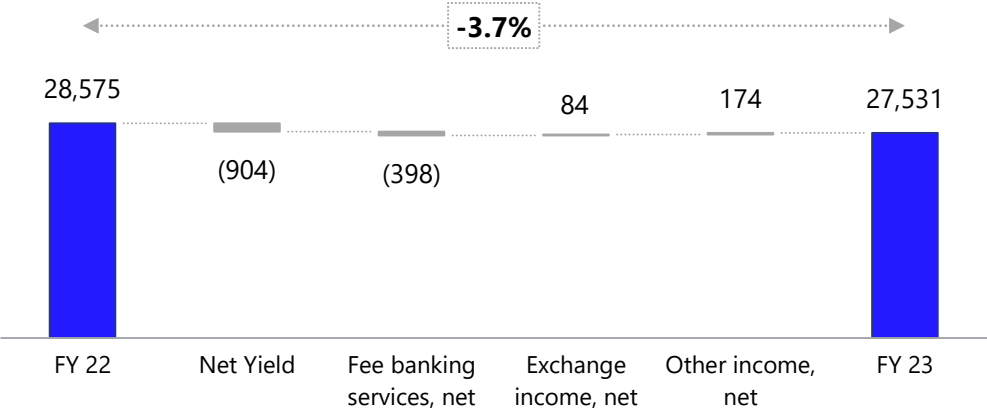


Operating Income Trends | Lower operating income driven by higher cost of funding

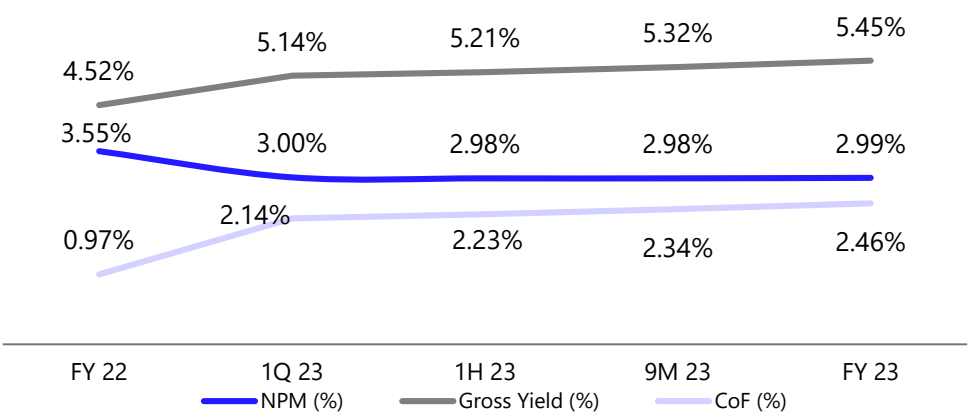
Total Operating Income (SARmn)



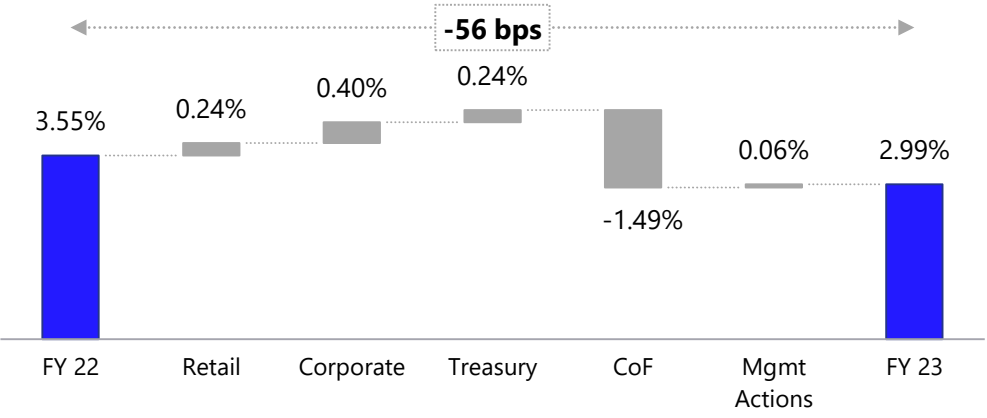
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

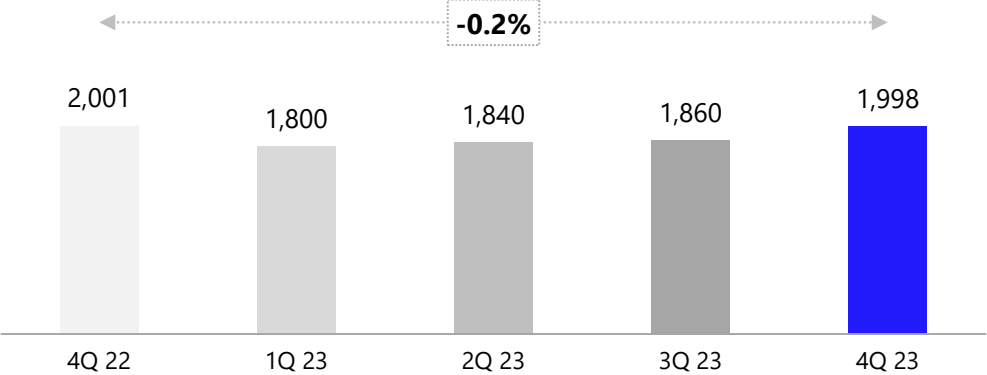


NPM Drivers (%)

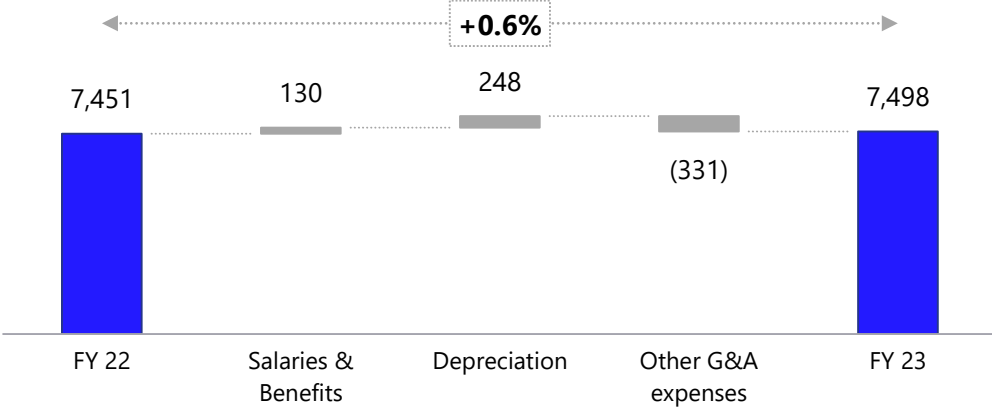


Expenses Trends | Cost efficiencies remains solid

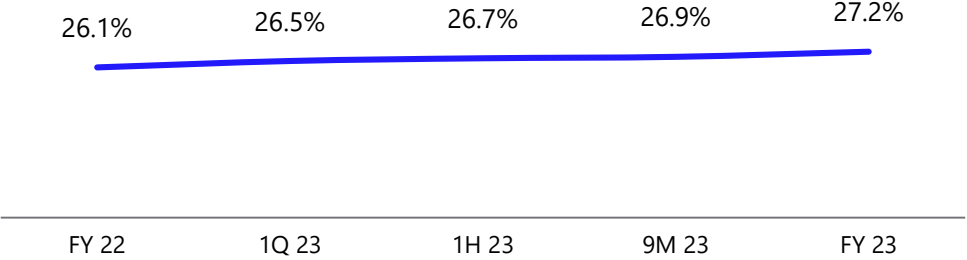
Operating Expenses (SARmn)



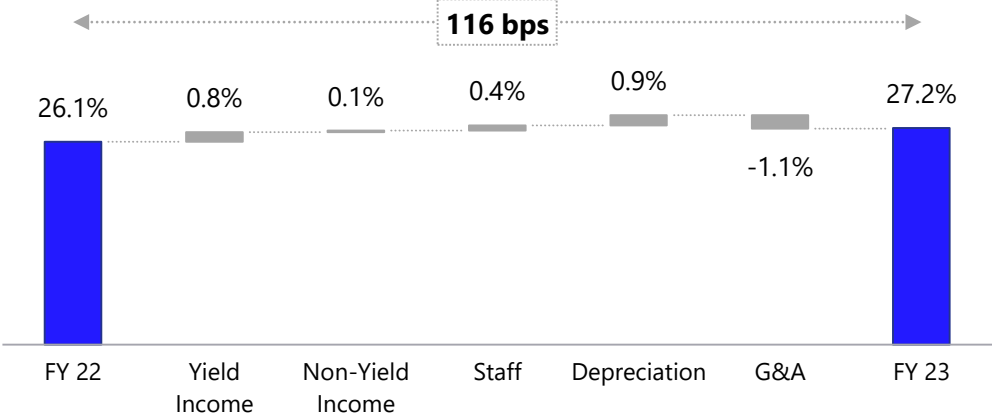
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

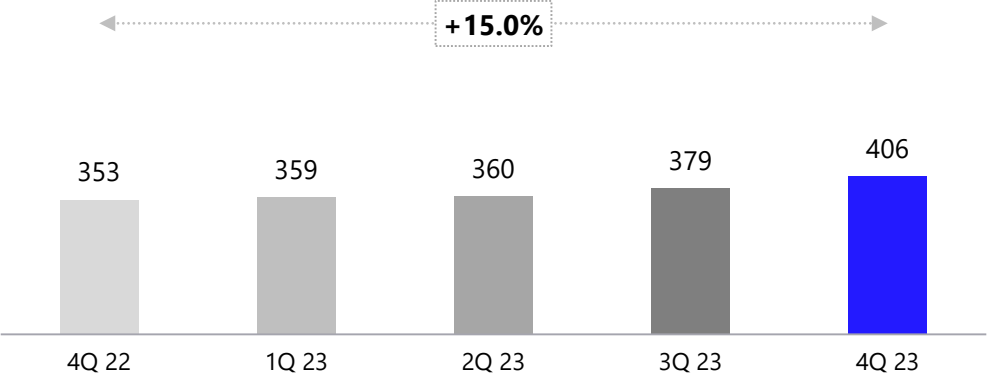


Cost to Income Ratio Drivers (%)

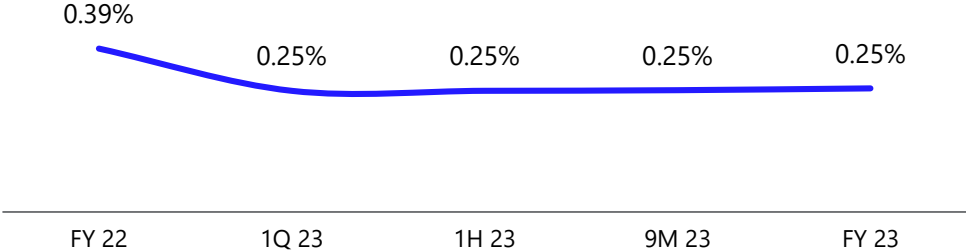


Net Impairment & Cost of Risk | Lower gross charge and improved recoveries resulted in a maintained cost of risk

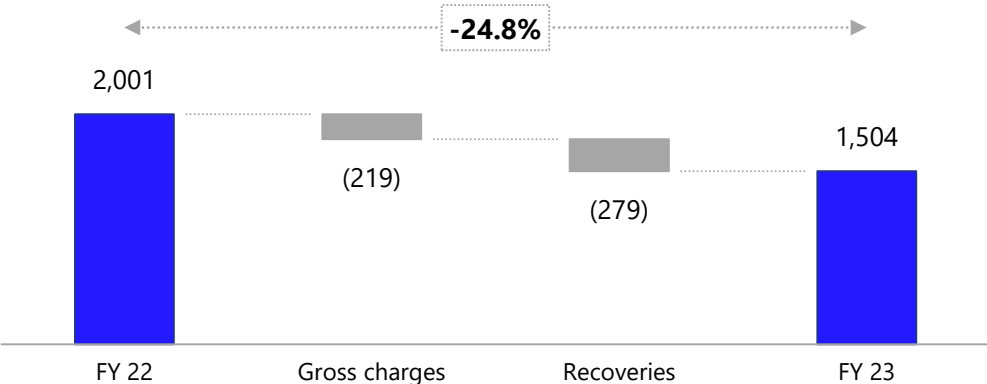
Net Impairment Charges (SARmn)



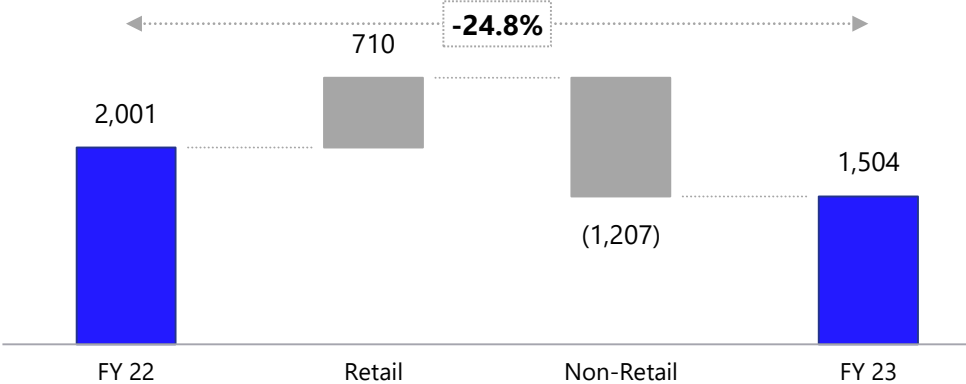
Cost of Risk (%)



Movement in Net Impairment (SARmn)

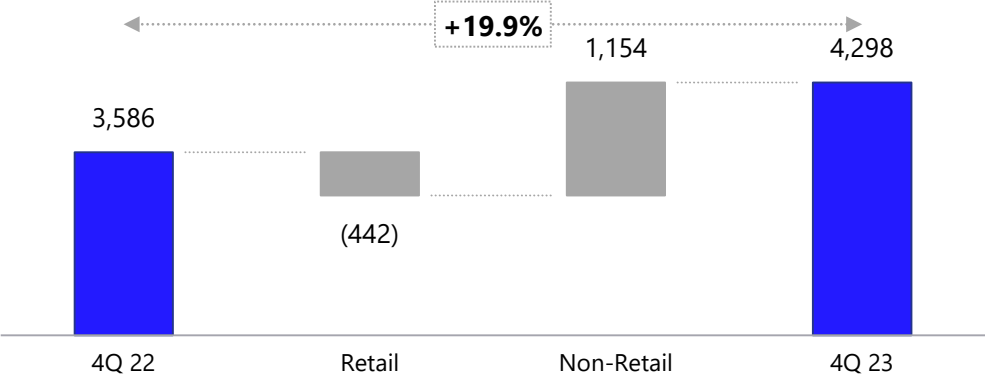


Movement in Net Impairment by Group (SARmn)

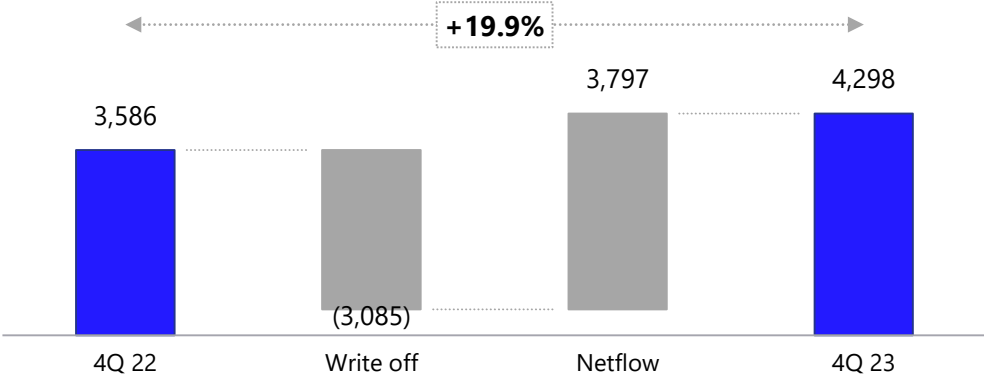


Asset Quality Trends (1) | Asset quality remains healthy with high NPL coverage

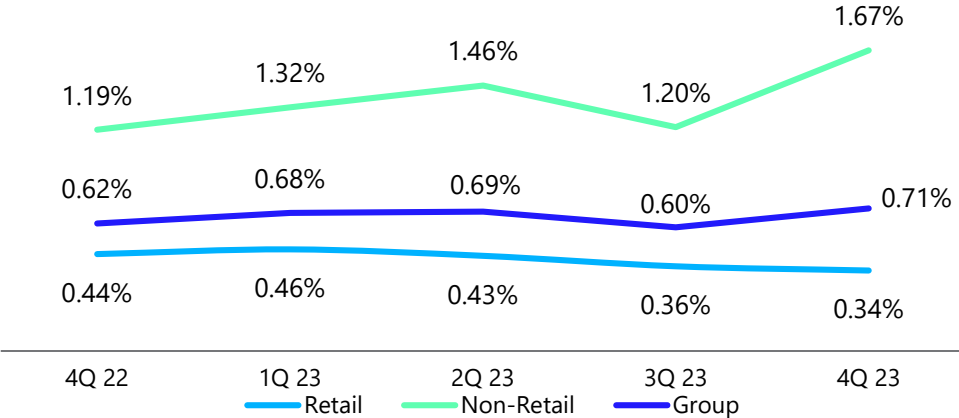
Movement in NPL (SARmn)



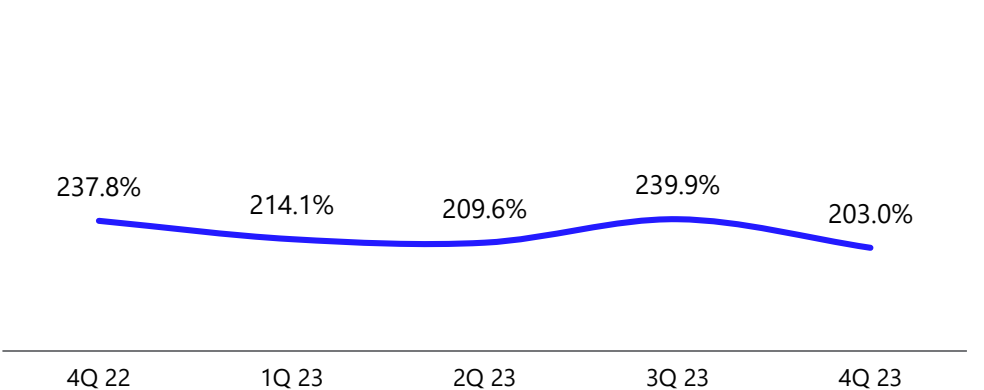
NPL Formation (SARmn)



NPL Ratio (%)

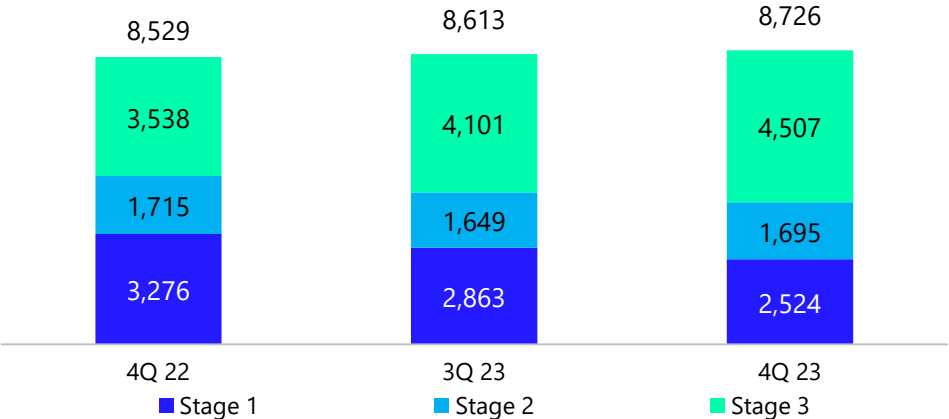


NPL coverage ratio (%)

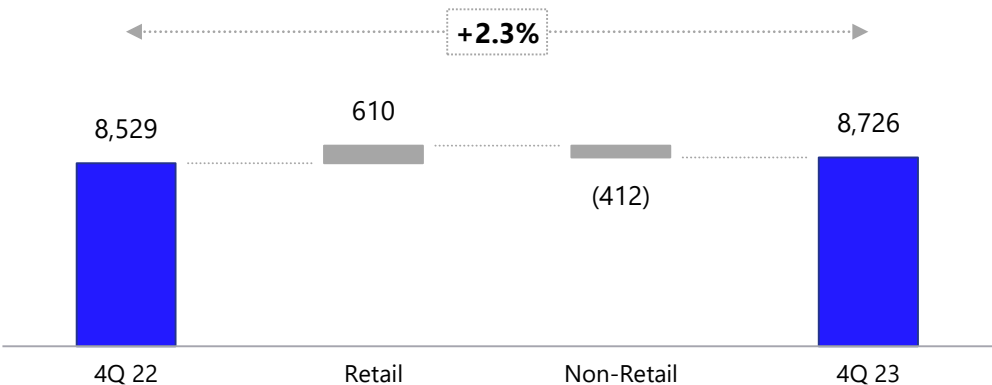


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

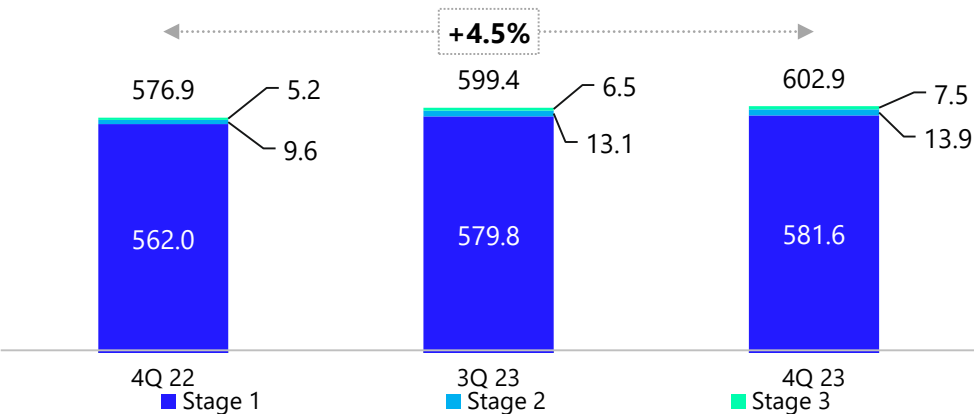
ECL by Stage (SARmn)



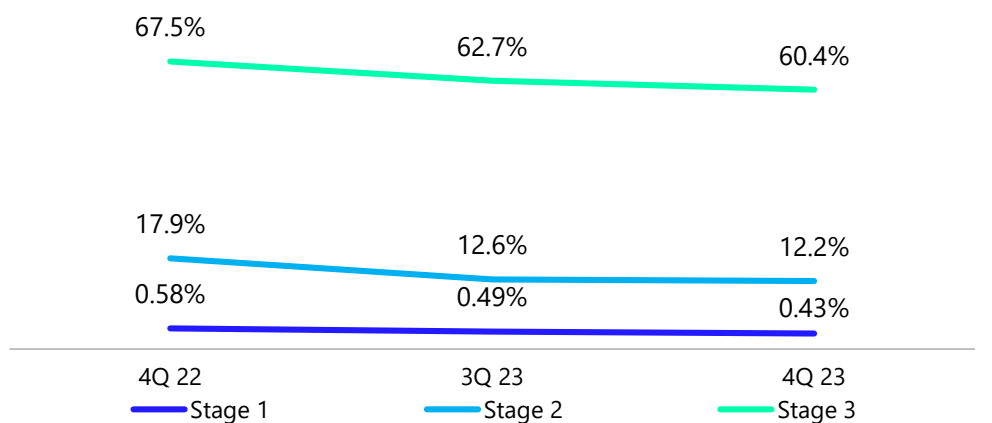
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

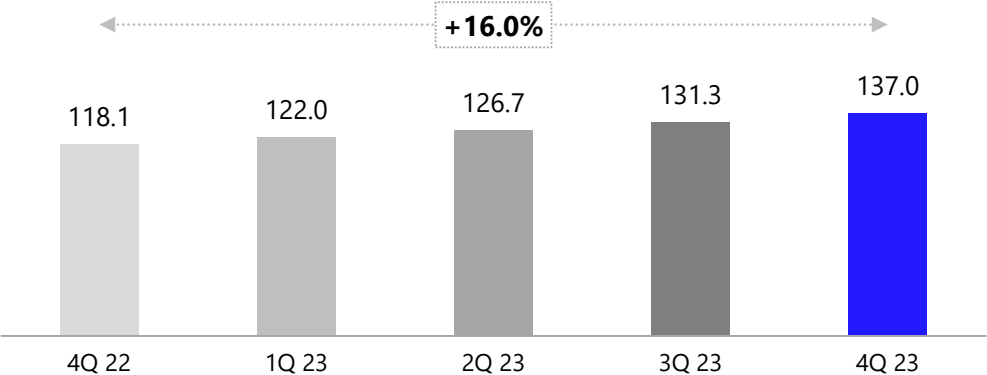


ECL Coverage (%)

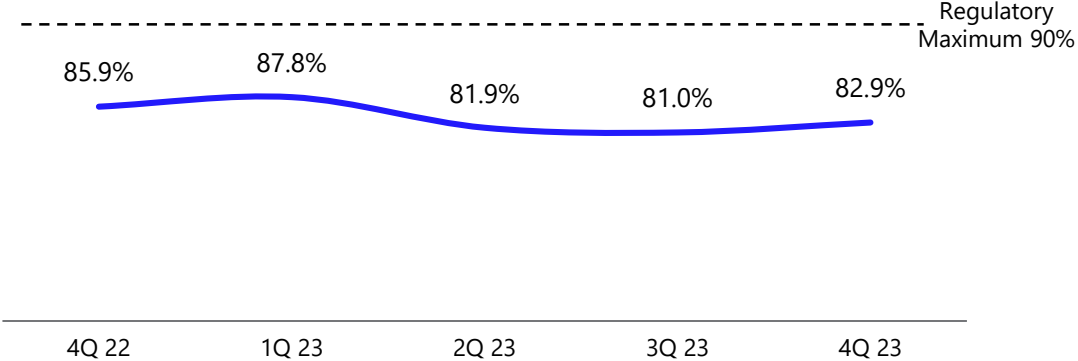


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

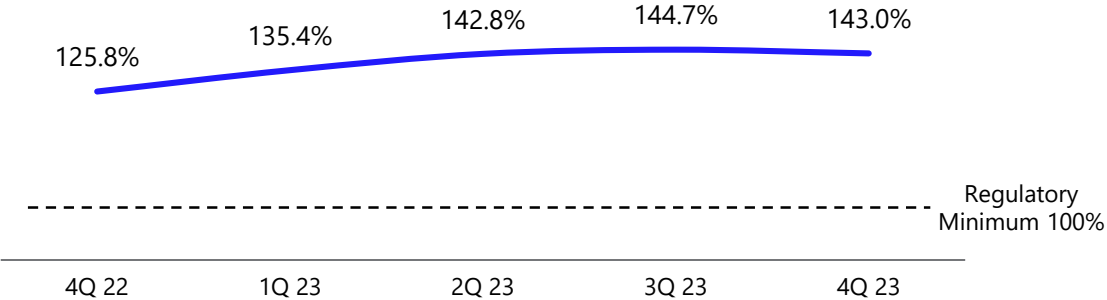
HQLA (SARbn)



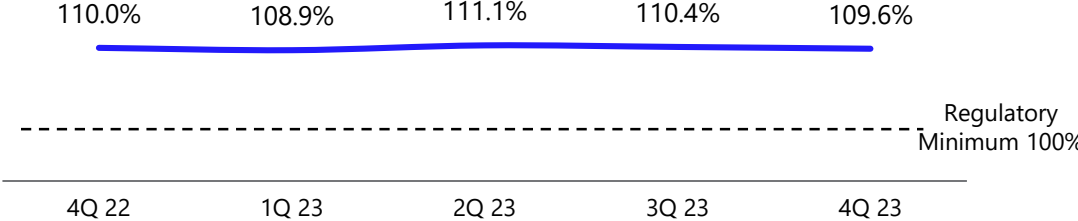
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

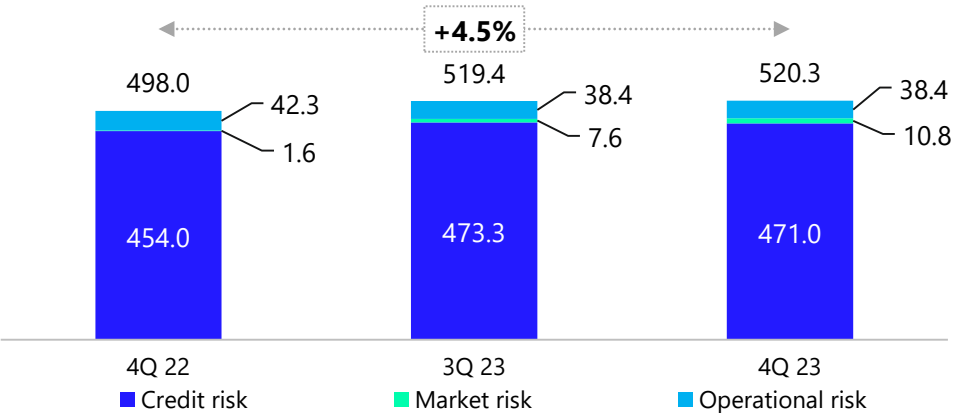


NSFR (%)

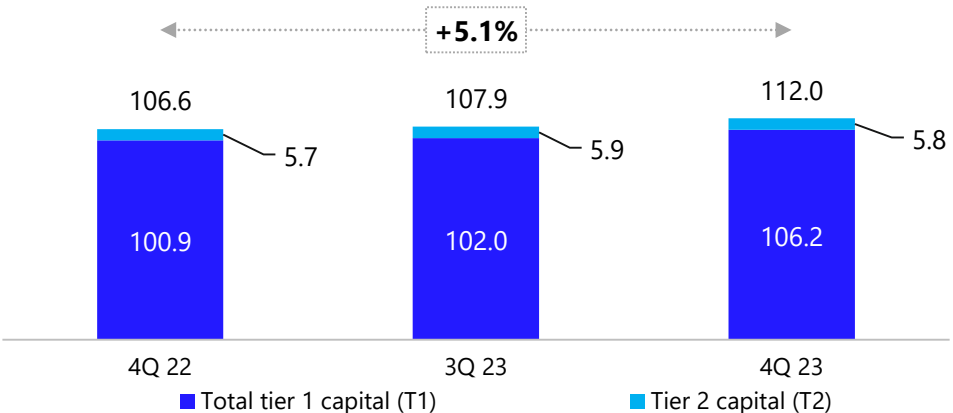


Capitalization Trends | Capital position well above regulatory minima

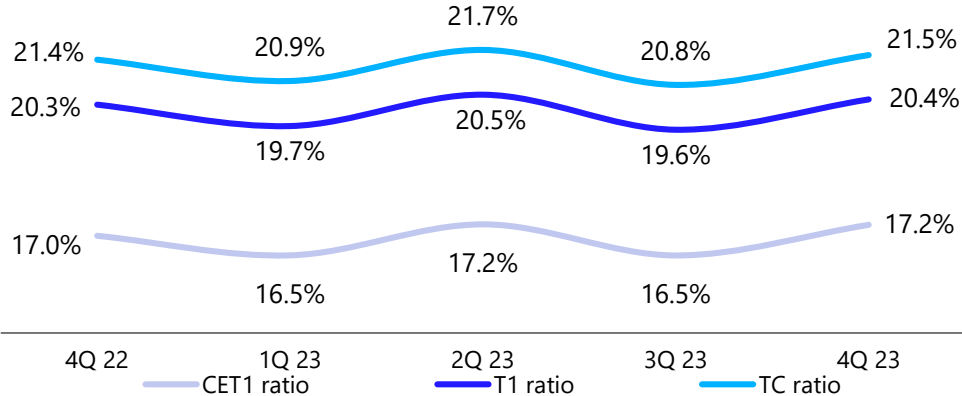
RWA (SARbn)



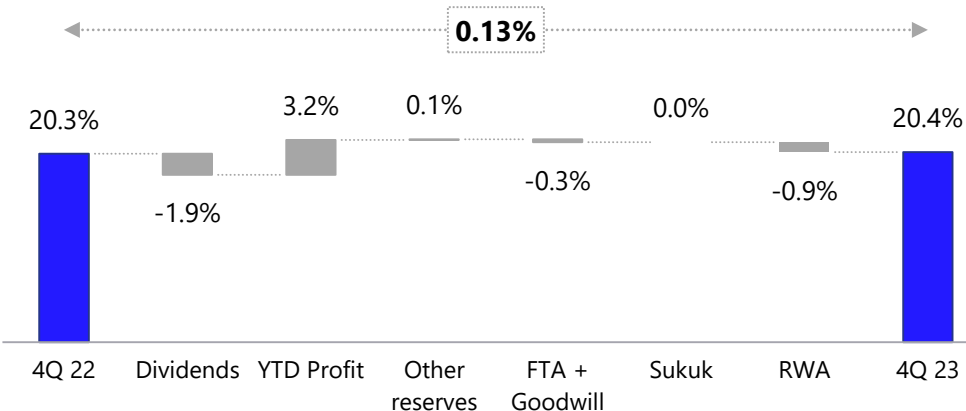
Total Capital (SARbn)



Capital Ratios (%)

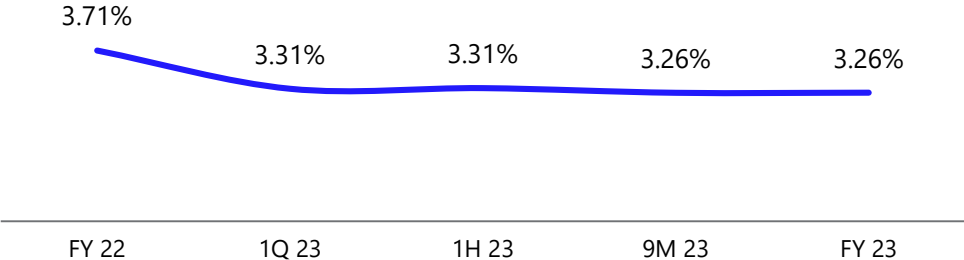


Tier 1 Drivers (%)

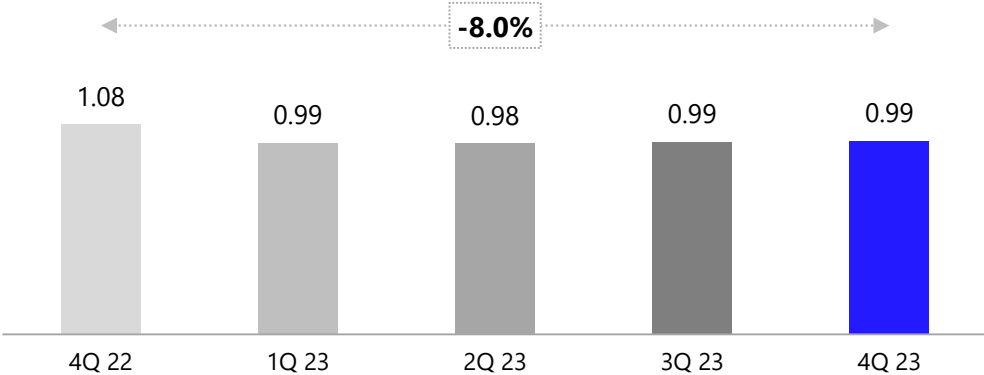


Return Metrics | Al Rajhi Bank's returns remain industry-leading

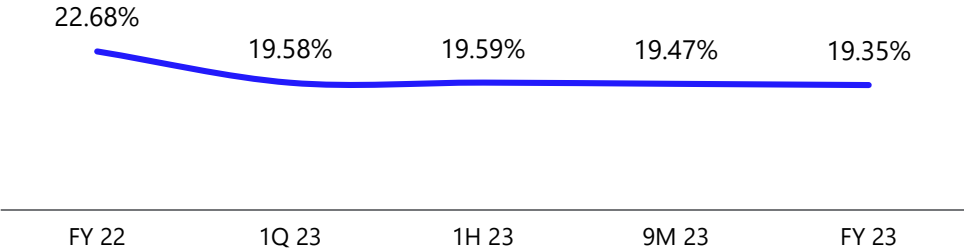
Return on RWA (%)



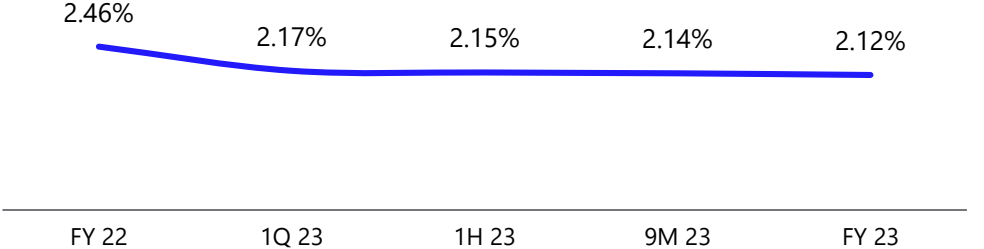
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2024 Guidance

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

Economy



- Saudi economy contracted by 0.9% in 2023, mainly driven by lower oil GDP while non-oil GDP is improving
- IMF has revised Saudi GDP growth forecasts to 2.7% in 2024 and projected 5.5% for 2025
- Consumer spending increased by 6.7% in 2023 on the back of improved economic activities
- Credit demand is expected to remain positive over the medium term due to economic diversification

Interest Rates



- In line with the recent economic outlook, interest rates are expected to go lower in 2024 and beyond
- The outlook of the interest rates environment will have an impact on both credit demand and deposit mix
- Gross yields trend is expected to continue to outpace the cost of funding
- SRC benchmark rates have remained at 7%+ levels since November 2023

Strategy & Execution



- "By End of December we have completed our "Bank of the Future" strategy which was in line with our expectations
- Our new Strategy will be focused on providing financial solutions that are customer centric
- 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 2023 Change	FY 2023 Actual	FY 2024 Guidance
Balance Sheet	Financing	+4.6%	SAR 594 Bn.	Mid single digit
Profitability	Net profit margin	-56 bps	2.99%	+5 bps to +15 bps
	Cost to income ratio	+1.16%	27.23%	Below 27%
	ROE	-3.33%	19.35%	Above 19%
Asset Quality	Cost of risk	-0.14%	0.25%	0.25% - 0.35%
Capital	Tier 1 ratio	+0.1%	20.4%	Above 20%



IR Contact Information

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Alrajhi Mobile App



Alrajhi Tadawul Mobile App



Alrajhi Business App



Emkan App



Alrajhi IR App



urpay App

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