

Al Rajhi Bank Results Presentation

1Q 2024 Earnings Conference Call and Webcast



1Q 2024 Earnings Call

03	1Q 2024 Results Summary
04	Bank Of The Future – Strategy Execution
05	1Q 2024 Financial Highlights
17	FY 2024 Guidance
21	ESG Highlights
23	KSA's Macro-Economic Environment
26	IR Contact Information

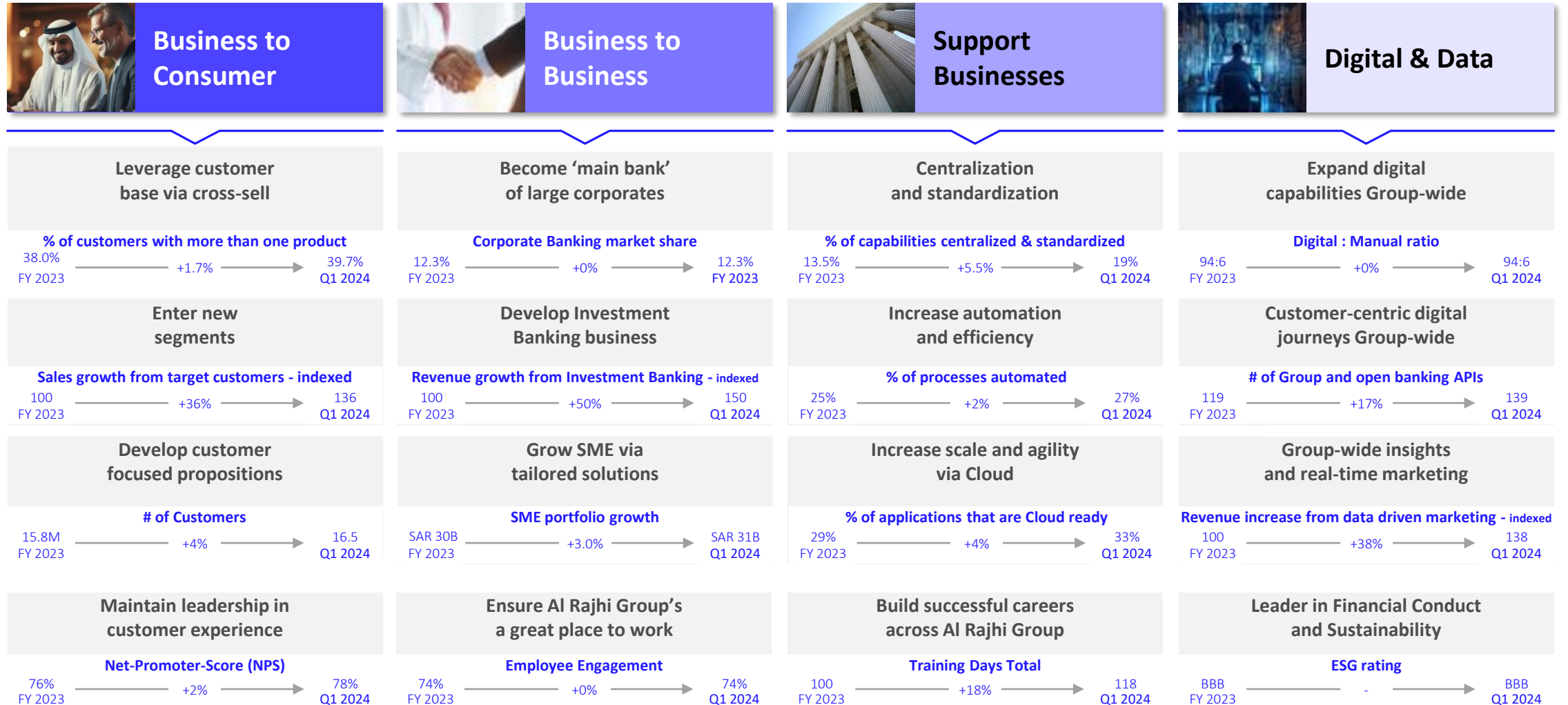


1Q 2024 Results Summary | Results are in line with expectations

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>



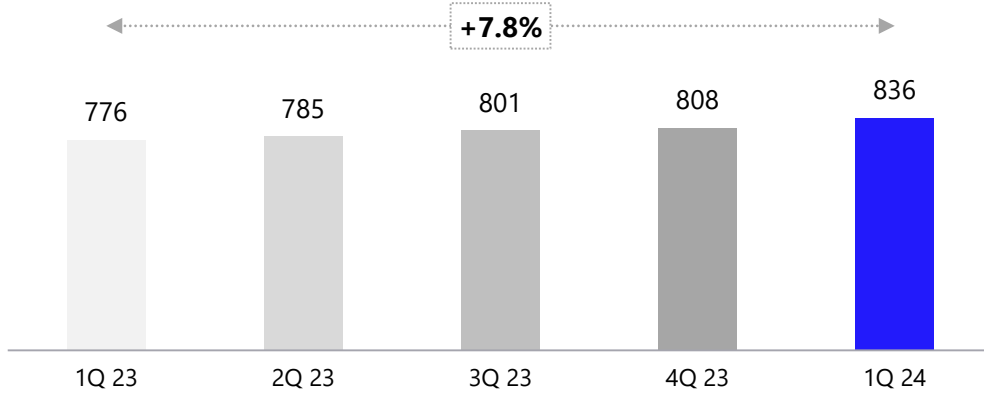
“Harmonize the Group” | Highlights on our strategy performance



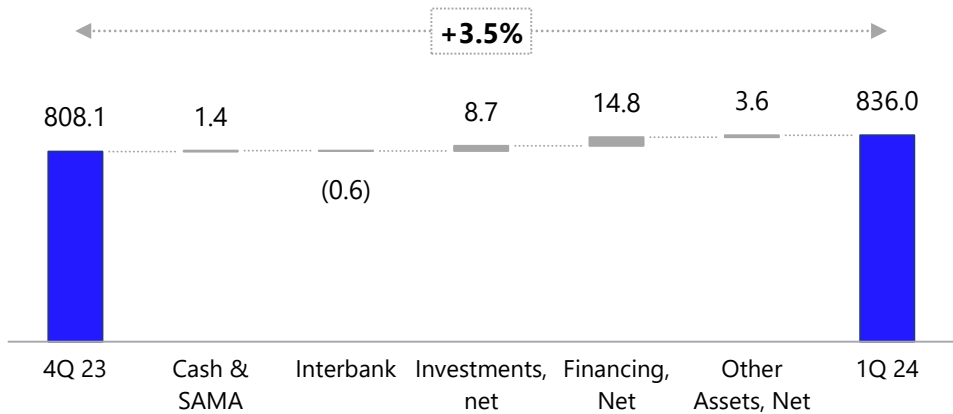
1Q 2024 Financial Highlights

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

Total Assets (SARbn)



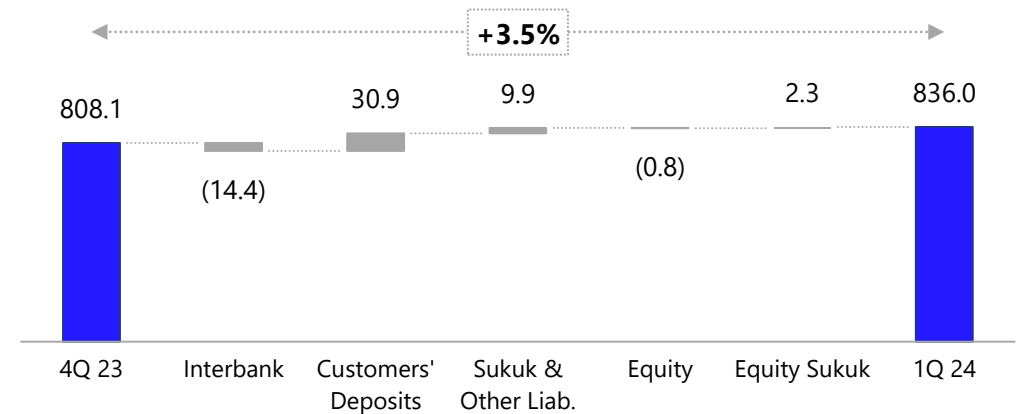
Movement in Assets (SARbn)



SAR (mn)

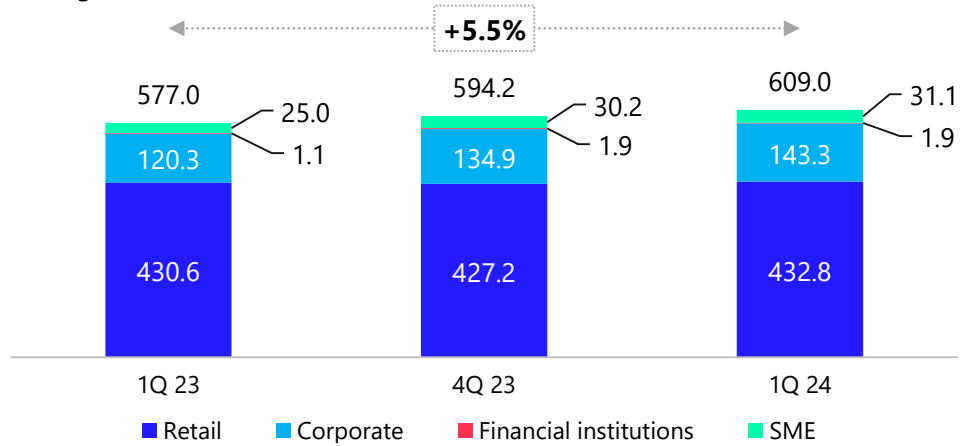
	1Q 24	4Q 23	QoQ	1Q 23	YoY
Cash & balances with SAMA	43,171	41,768	+3%	45,625	-5%
Due from banks & other FI	8,913	9,507	-6%	13,010	-31%
Investments, net	143,040	134,299	+7%	114,737	+25%
Financing, net	608,990	594,205	+2%	577,011	+6%
Other assets, net	31,877	28,321	+13%	25,413	+25%
Total assets	835,992	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)

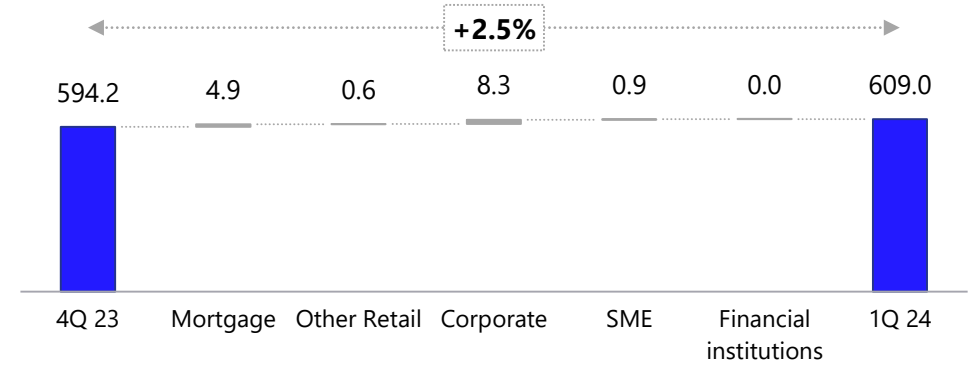


Balance Sheet Trends (2) | Financing growth driven by mortgage and corporate

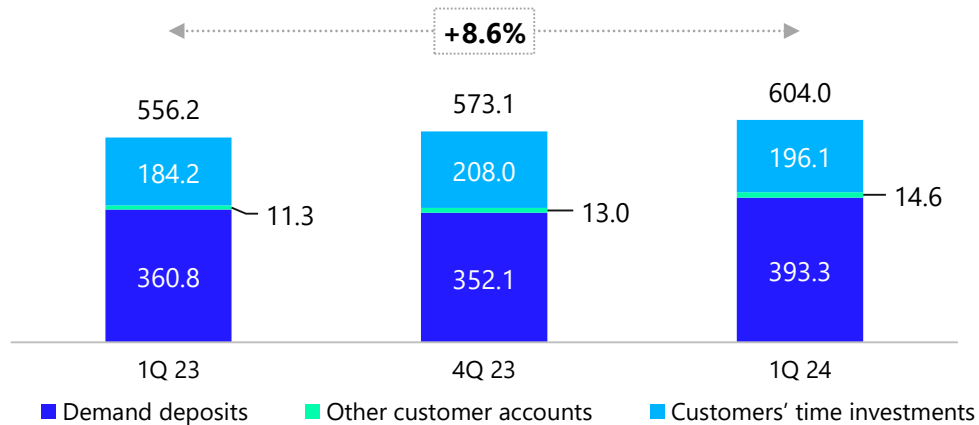
Financing, Net (SARbn)



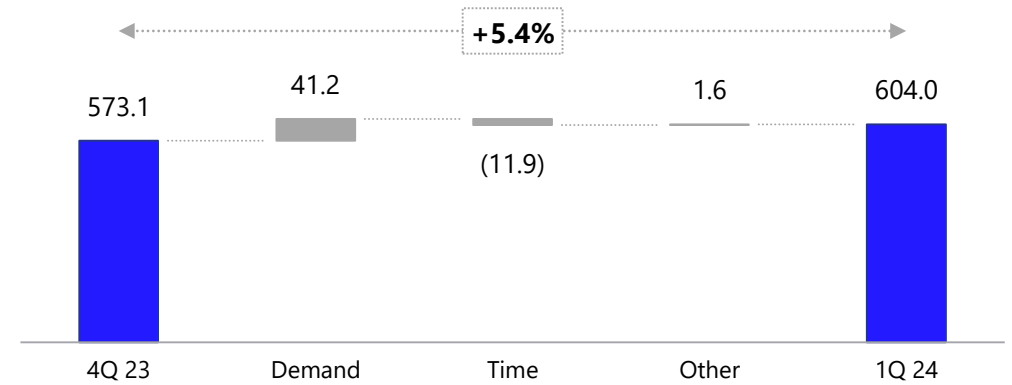
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

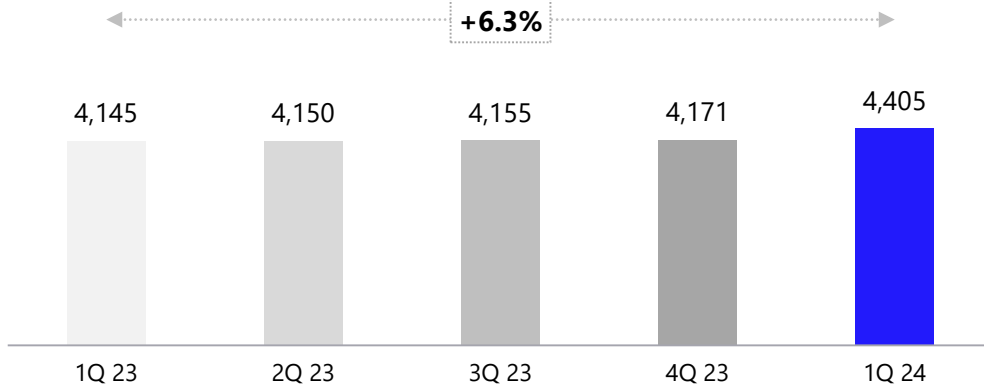


Movement in Total Customers' Deposits (SARbn)



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

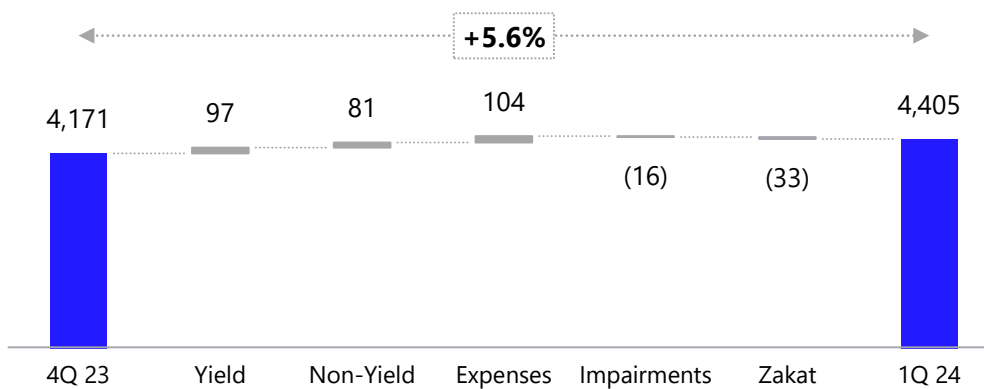
Net Income For The Period After Zakat (SARmn)



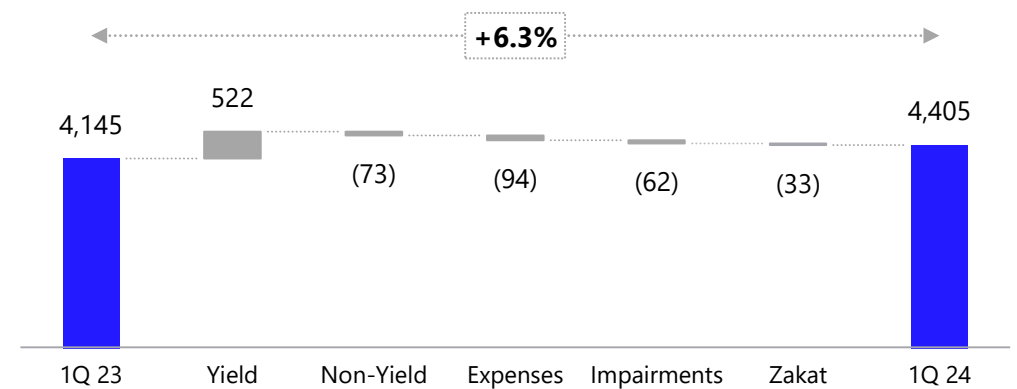
SAR (mn)

	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)

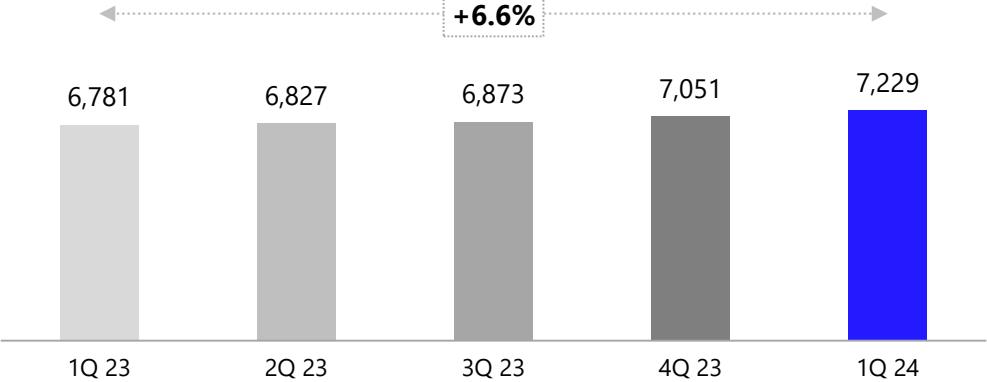


Net Income After Zakat Growth Drivers By Type (SARmn)

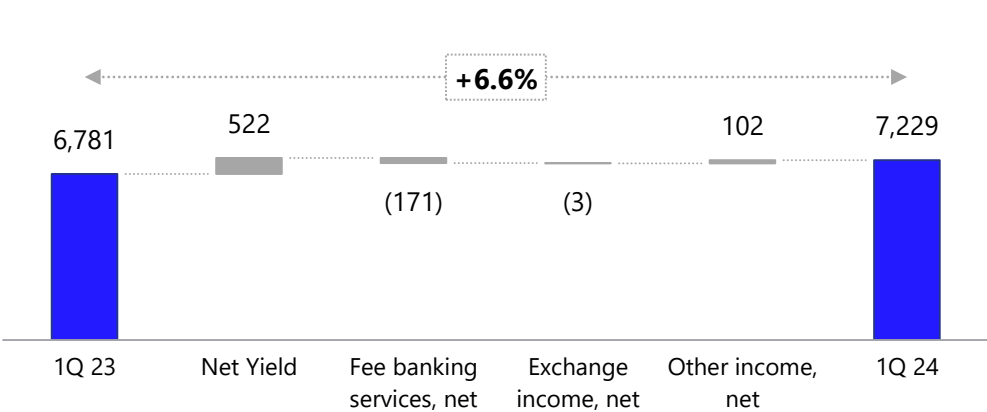


Operating Income Trends | Higher operating income driven by net yield income growth

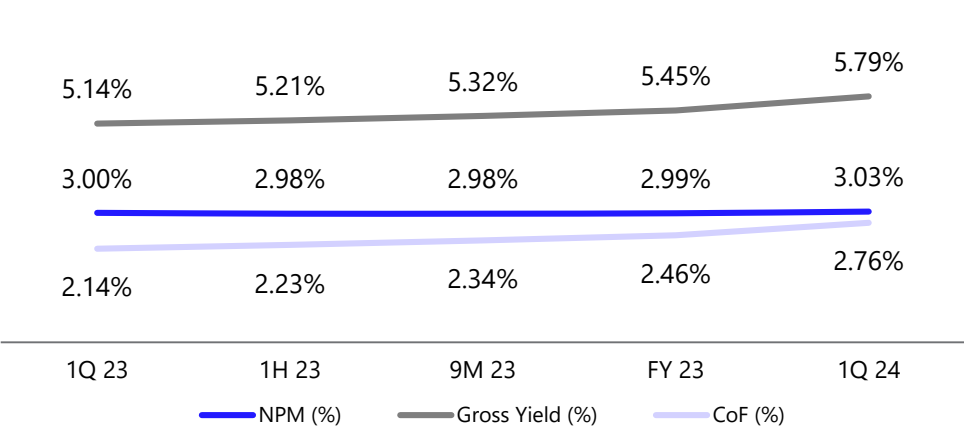
Total Operating Income (SARmn)



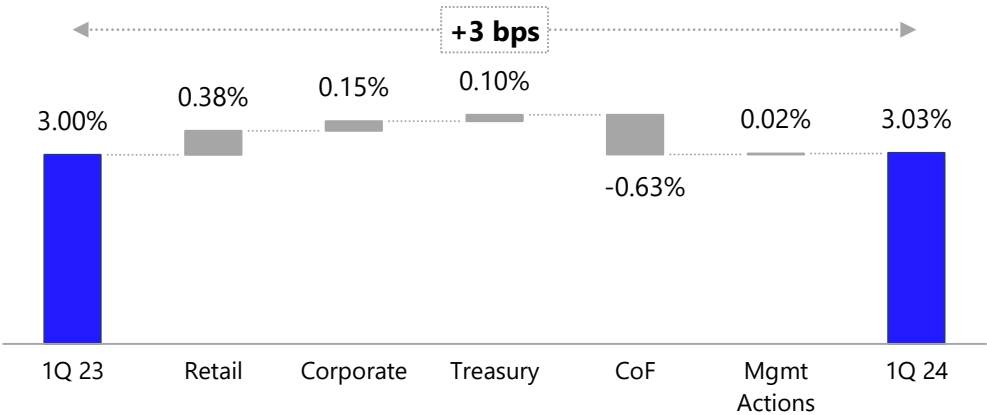
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

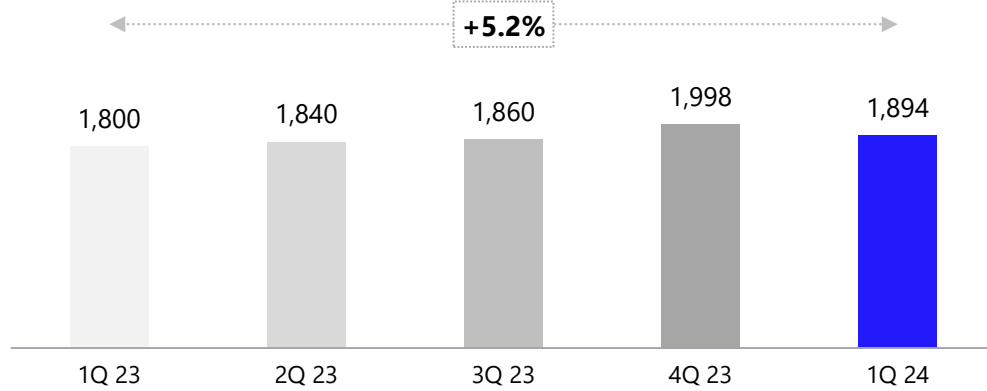


NPM Drivers (%)

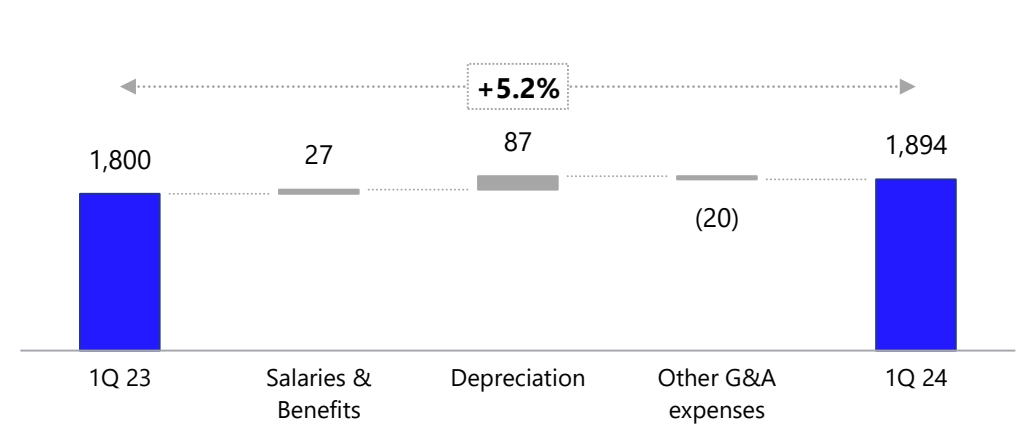


Expenses Trends | Cost efficiencies remains solid

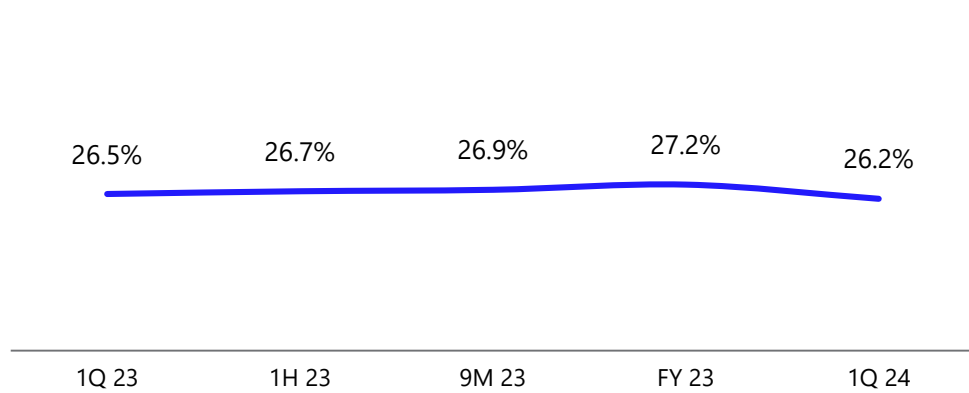
Operating Expenses (SARmn)



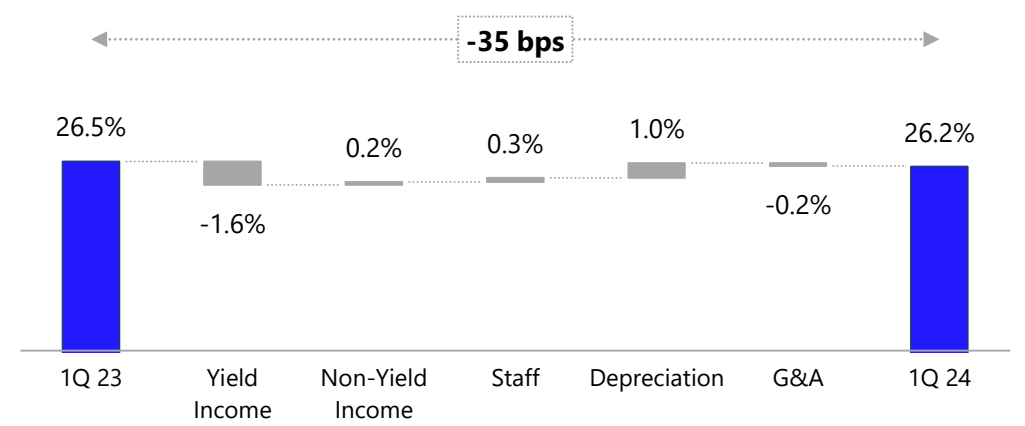
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

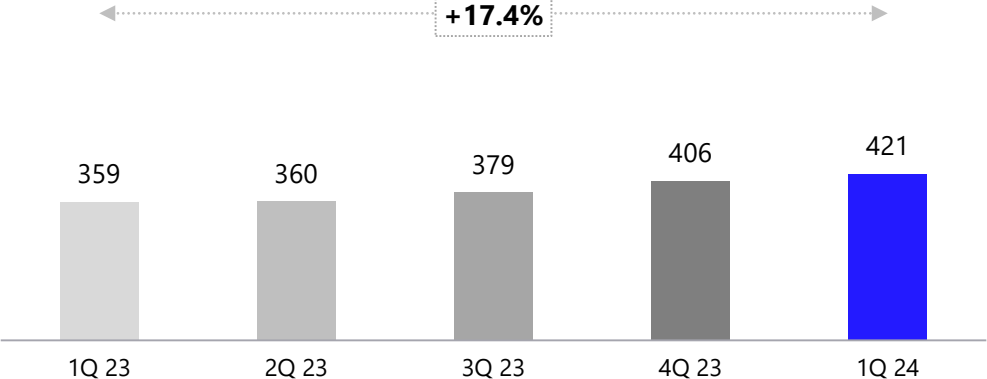


Cost to Income Ratio Drivers (%)

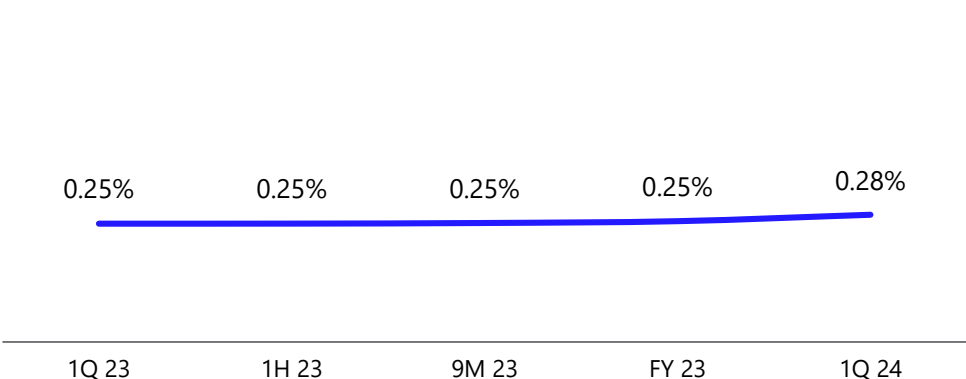


Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

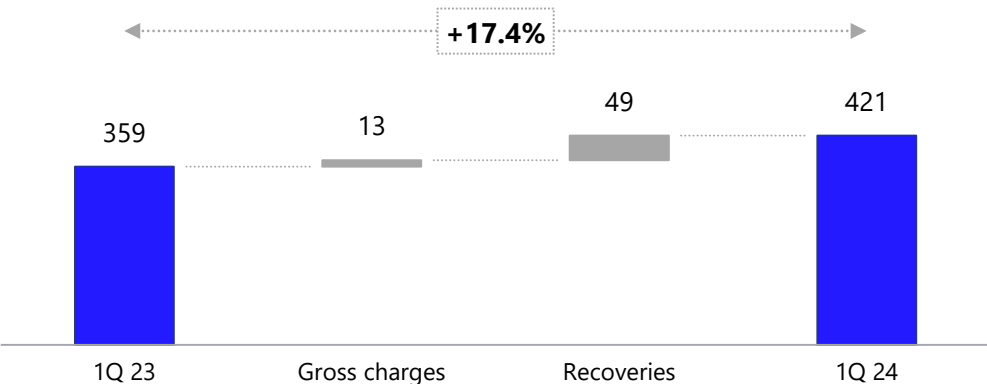
Net Impairment Charges (SARmn)



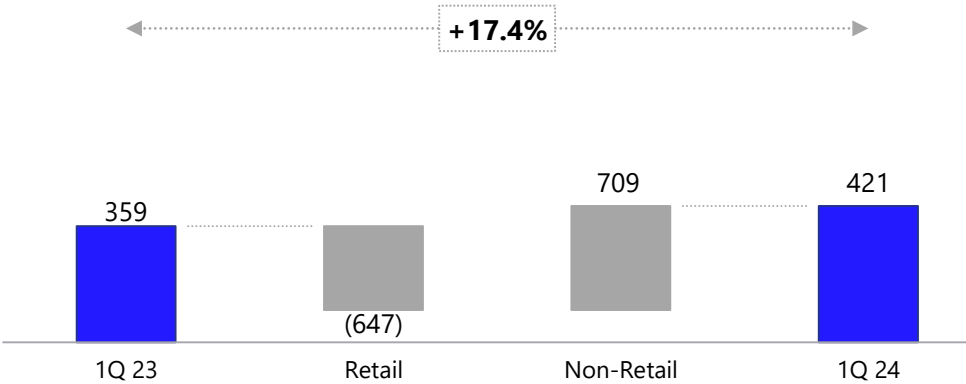
Cost of Risk (%)



Movement in Net Impairment (SARmn)

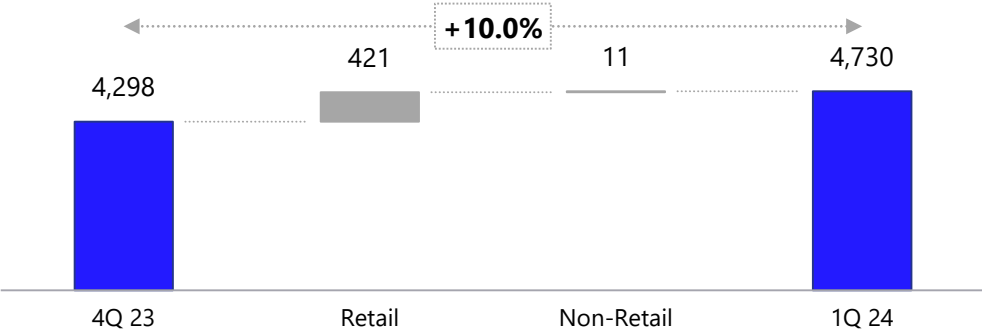


Movement in Net Impairment by Group (SARmn)

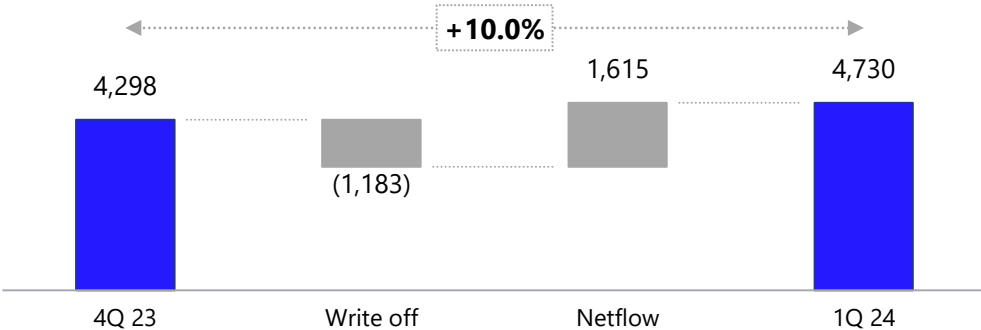


Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

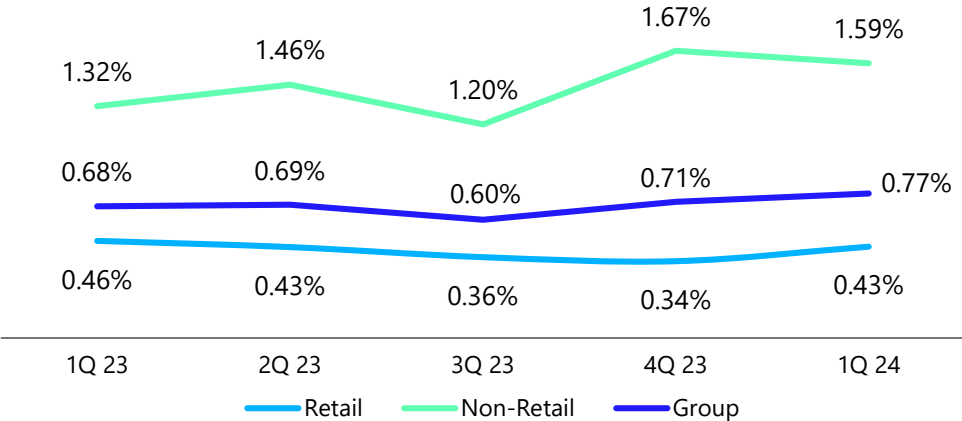
Movement in NPL (SARmn)



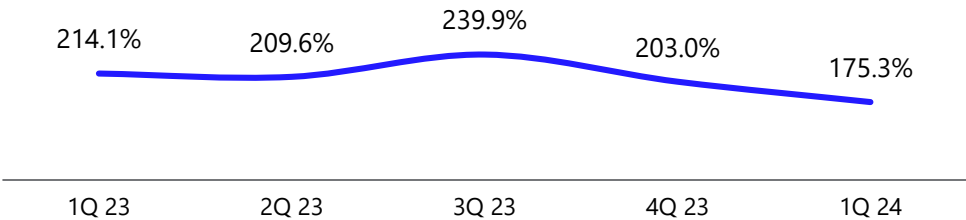
NPL Formation (SARmn)



NPL Ratio (%)

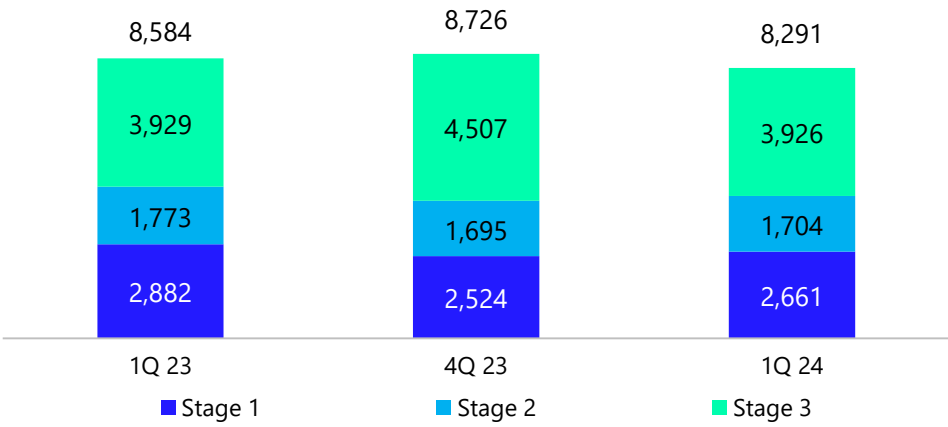


NPL coverage ratio (%)

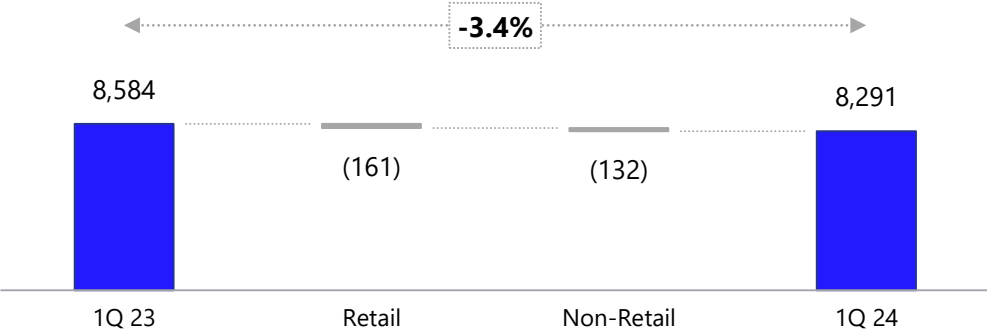


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

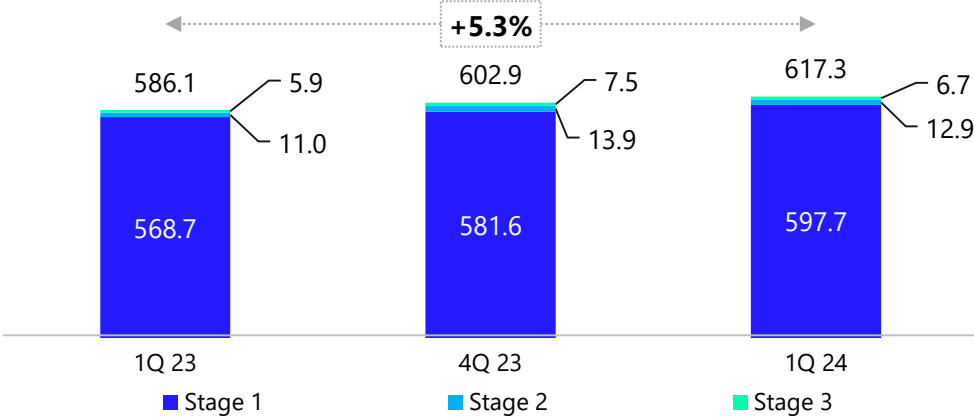
ECL by Stage (SARmn)



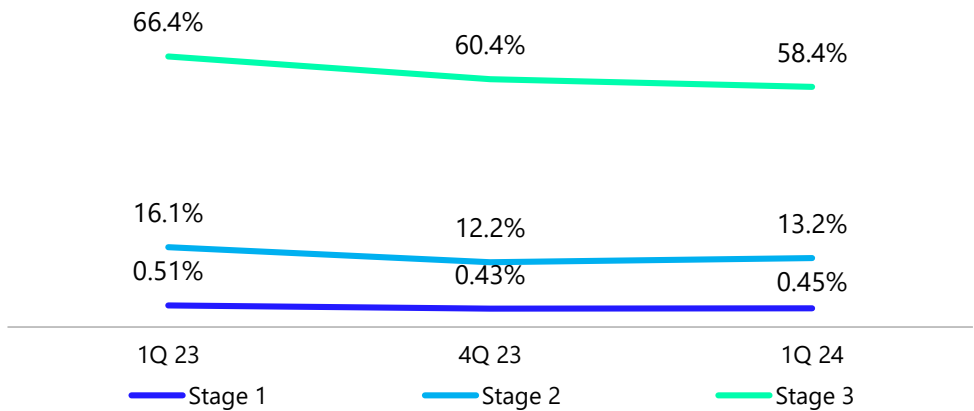
Movement in ECL by Group (SARmn)



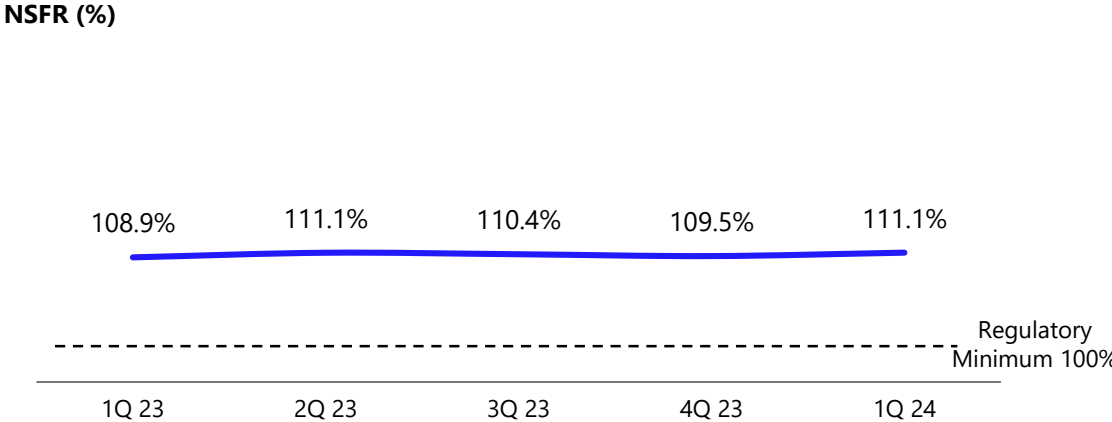
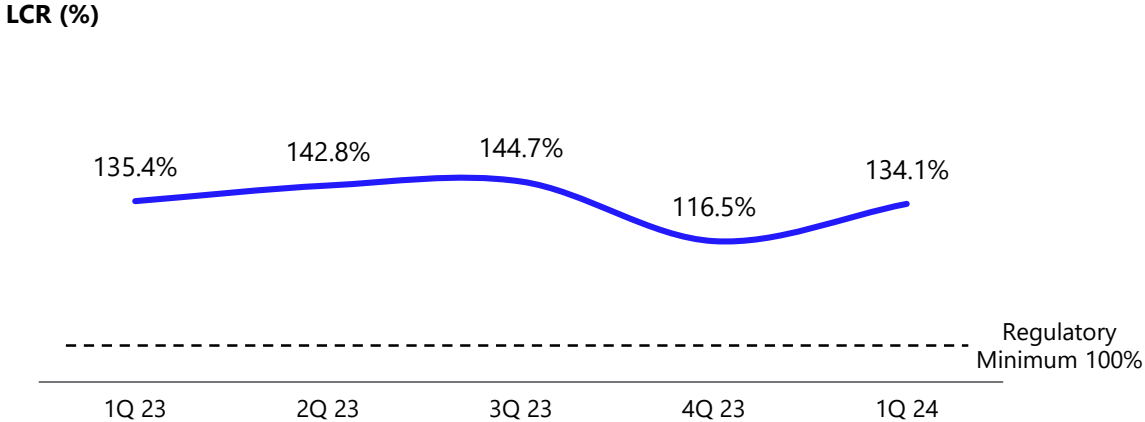
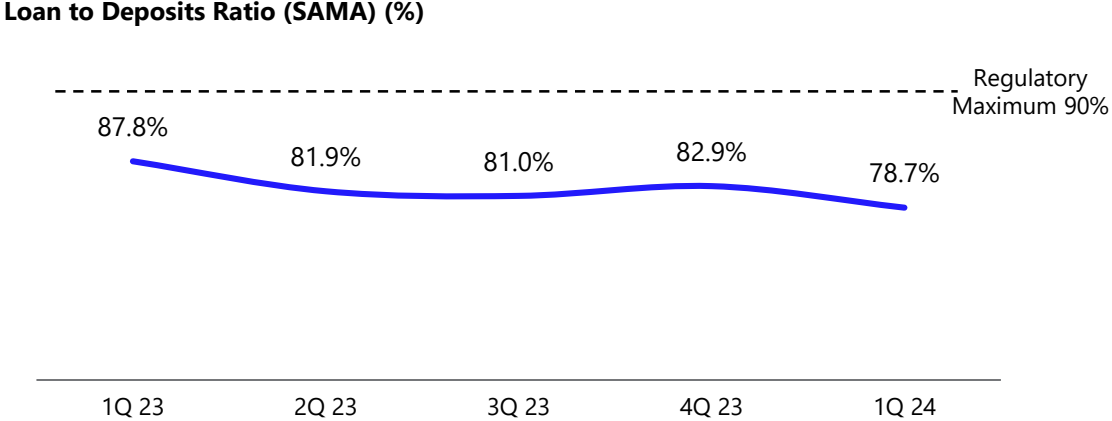
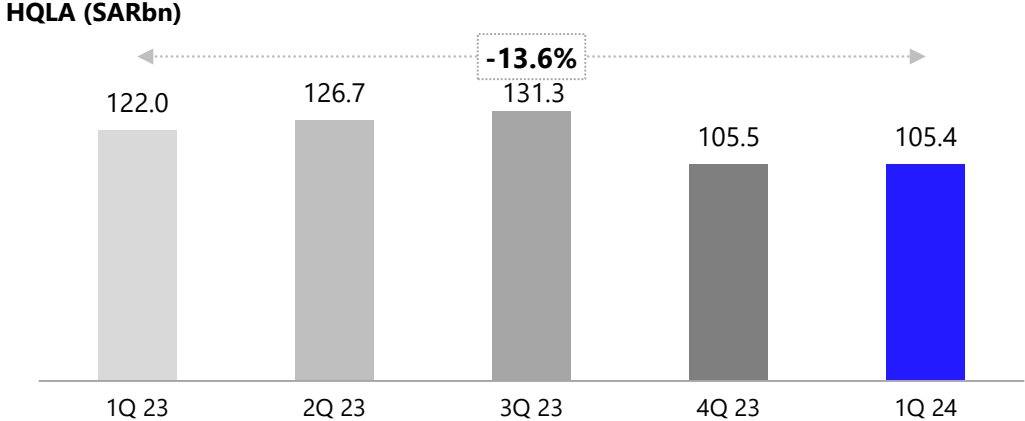
Gross Loans by Stage (SARbn)



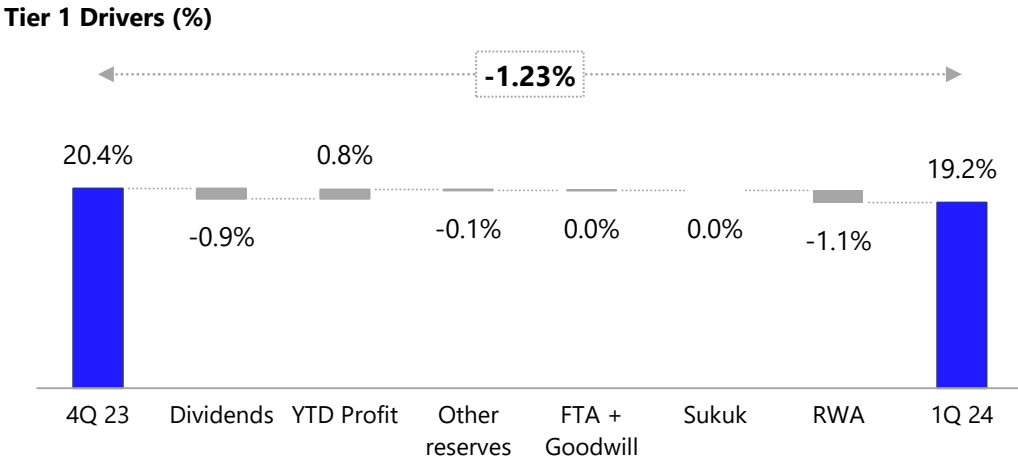
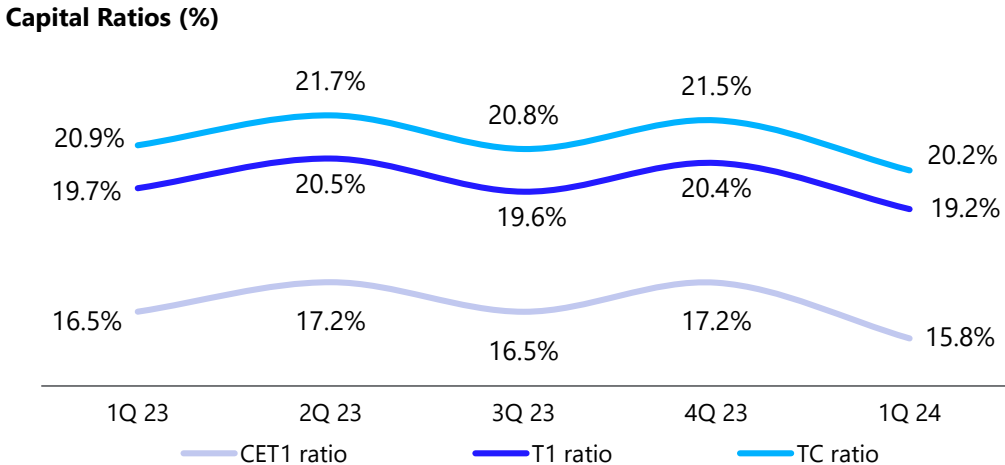
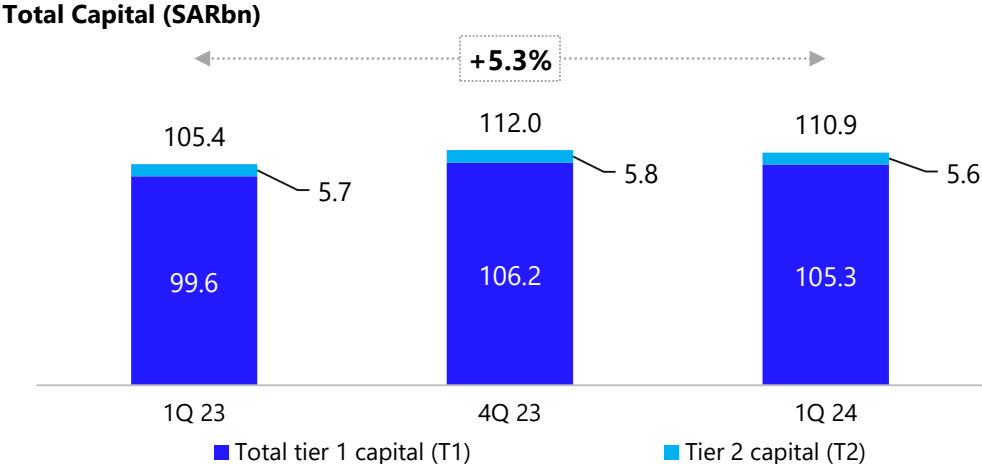
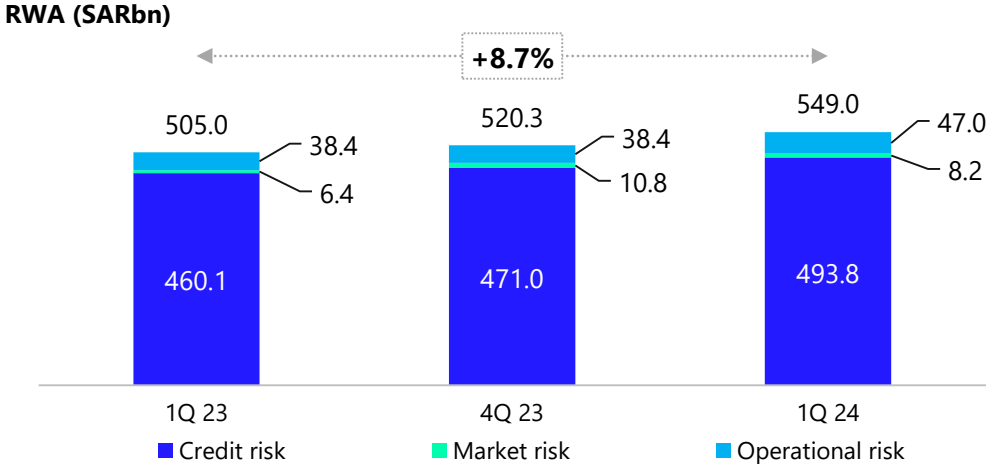
ECL Coverage (%)



Liquidity Trends | Liquidity remains comfortably within regulatory requirements

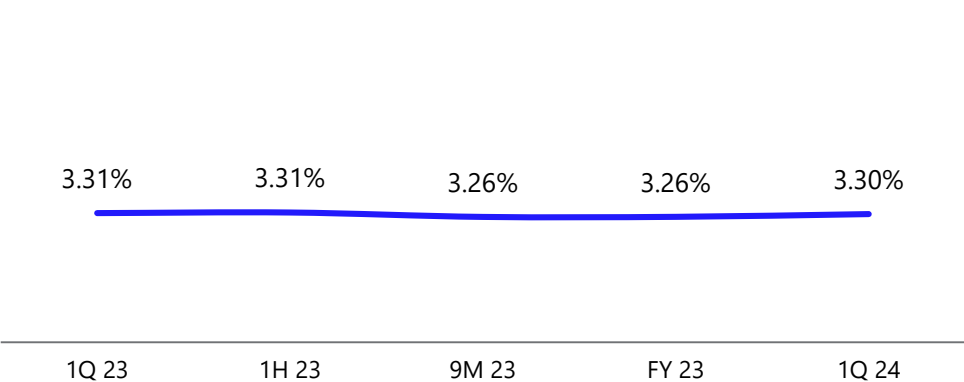


Capitalization Trends | Capital position well above regulatory minima

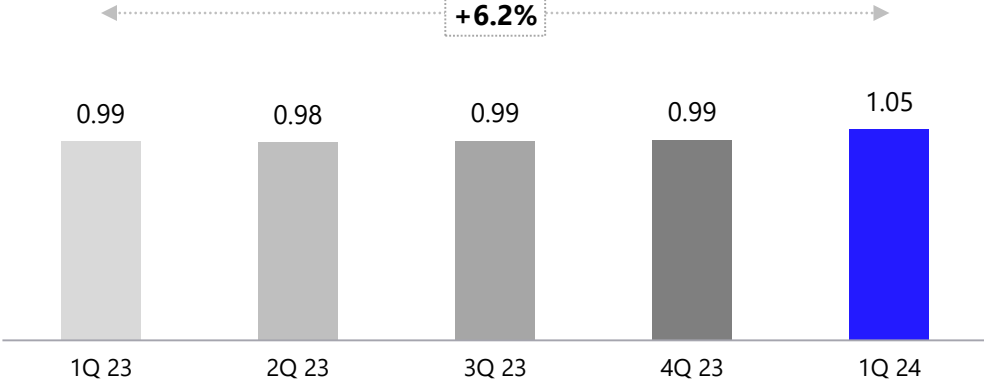


Return Metrics | Al Rajhi Bank's returns remain industry-leading

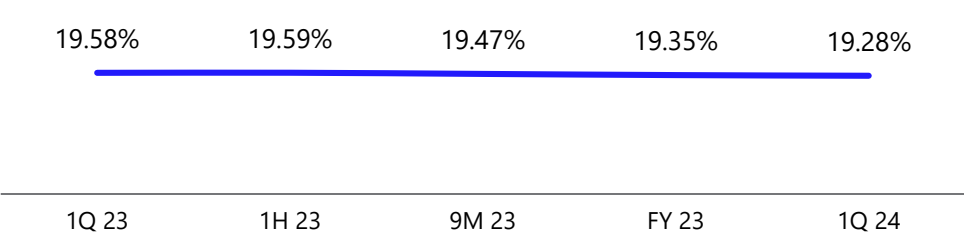
Return on RWA (%)



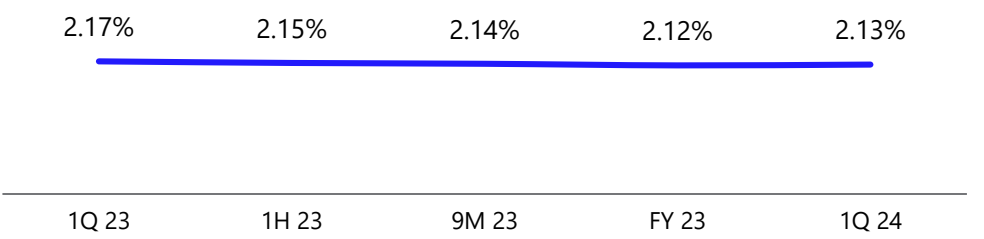
Earnings per Share (SAR)



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%



Q & A

ESG Highlights

ESG Highlights | 1Q 2024

	<p>USD 2.6 bn Green syndicated loan</p>		<p>200 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 836bn Total Assets</p>	<p>Around SAR 3bn of financing renewable energy projects</p>	<p>SAR 509mn Zakat paid</p>	<p>66 Kidney transplants in 2024</p>	<p>260 Sharia Board Resolutions in 2023</p>	<p>12% growth in female employees in 2023</p>
<p>SAR 4.41bn Net Profit after Zakat</p>	<p>USD 2.0bn Sustainable Sukuk</p>	<p>SAR 899mn 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 31.1bn in financing for SMEs</p>	<p>+119k 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>

■ 1Q 2024 figures

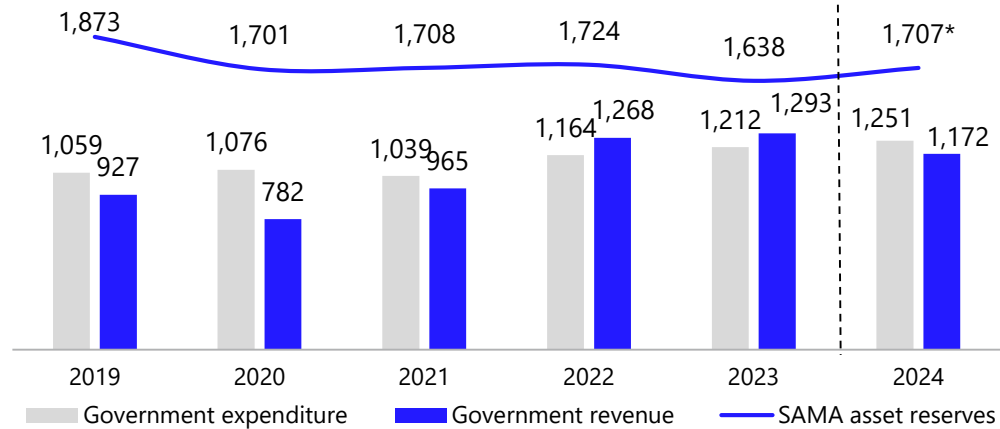


KSA's Macro-Economic Environment

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%

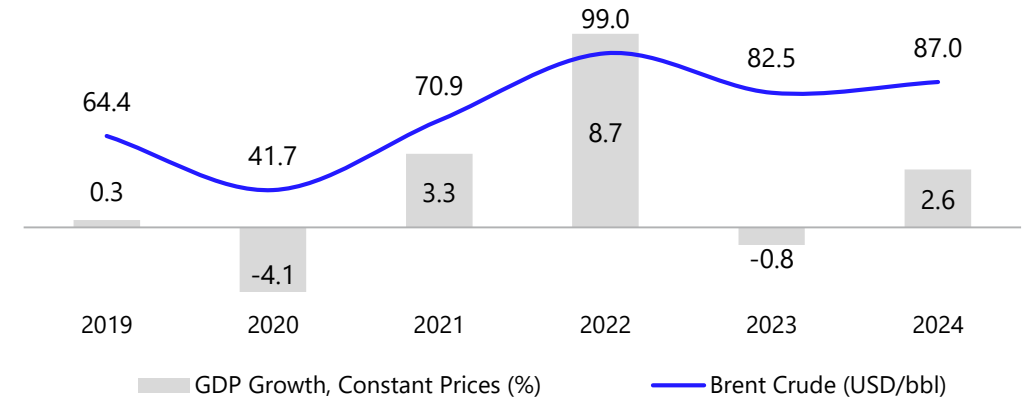
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

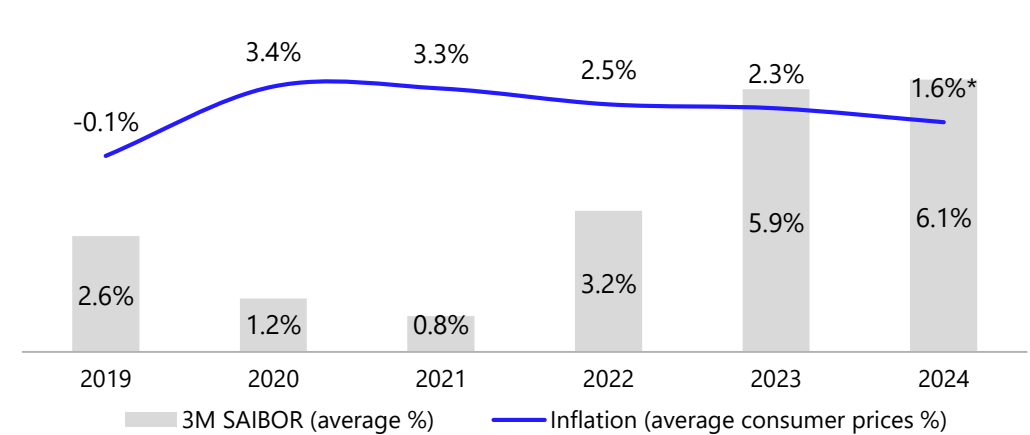
* March 2024 figure

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

* March 2024 figure

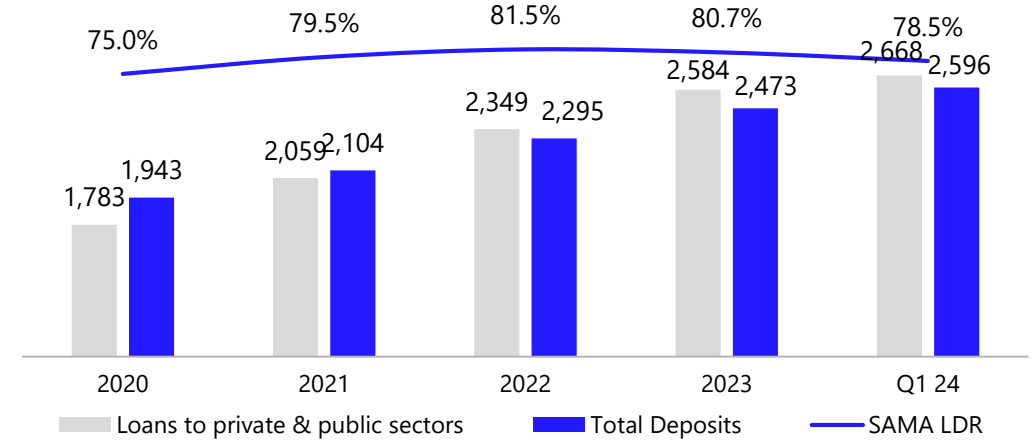


Banking Sector Highlights | Banking system deposits continue growing in the first quarter 2024

Recent Developments

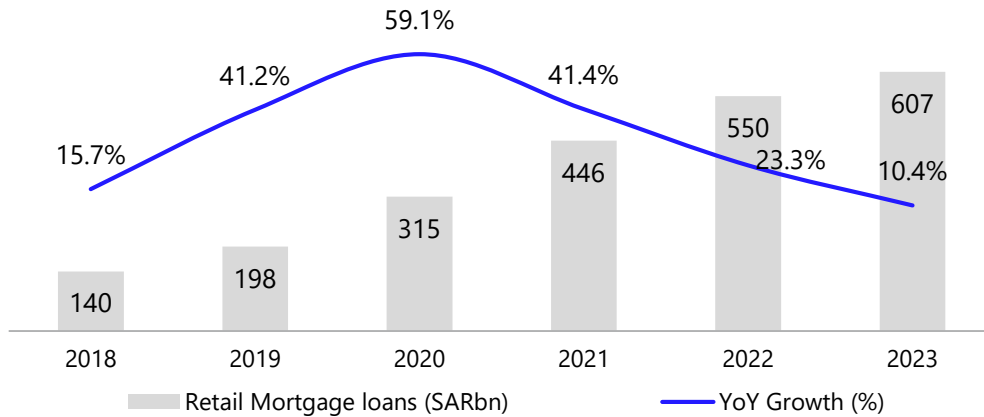
- Deposits have grown in the banking system during the first quarter align with loans growth.
- SRC benchmark rates increased to 7.59% in April 2024
- Consumer spending increased by 9.3% by March 2024 with continuous migration to cashless payment methods

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



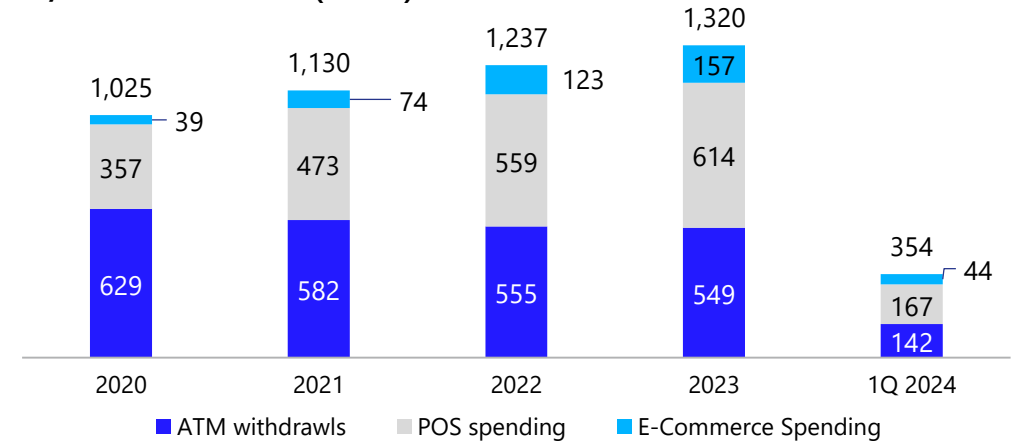
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



IR Contact Information

Additional Information | Contact investor relations for more information

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- Financial Statements
- Investor Presentation
- Factsheet
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- Earnings Release



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Alrajhi Tadawul Mobile App



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Emkan App



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