

Al Rajhi Bank Investor Presentation

2Q 2024



2Q 2024 Investor Presentation

03 The World's Leading Islamic Bank

12 Harmonize the group Strategy

14 KSA Macro-Economic Environment

17 2Q 2024 Financial Highlights

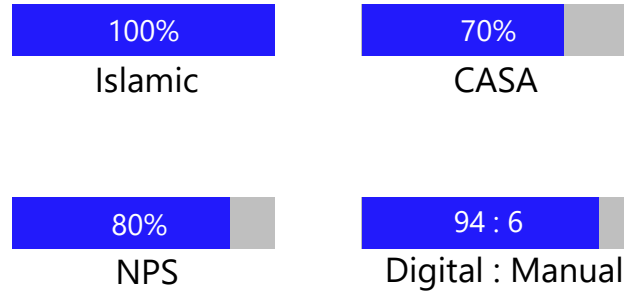
31 FY 2024 Guidance

34 IR Contact Information

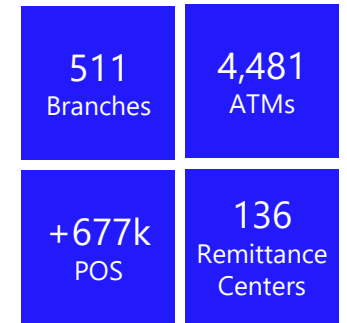
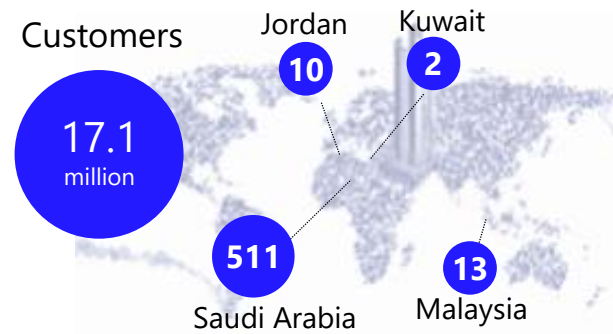


The World's Leading Islamic Bank

At a glance, 2Q 2024



Presence & Branches, 2Q 2024



Largest network in Saudi Arabia

2Q 2024 Group Highlights

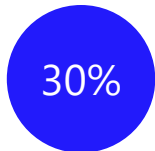
Emkan financing portfolio



Urpay wallets



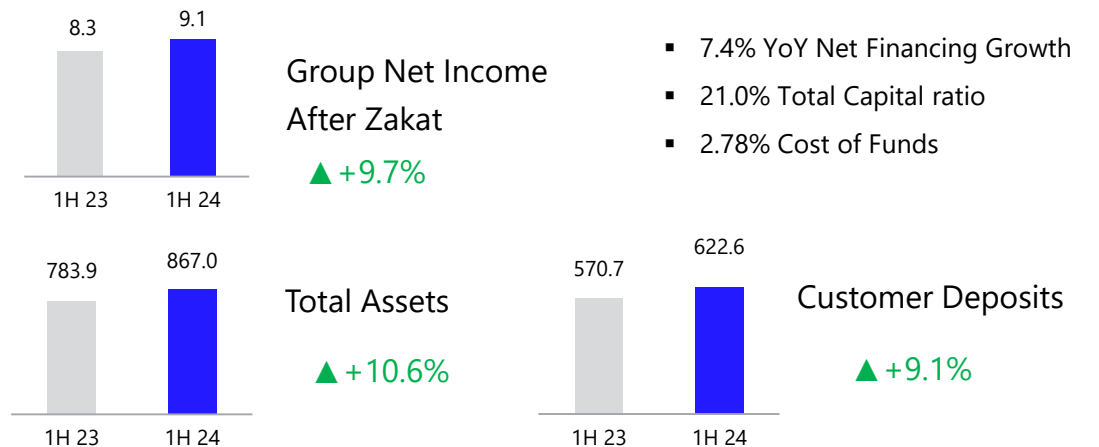
Female workforce



Alrajhi Capital, market share



2Q 2024 Financial Highlights



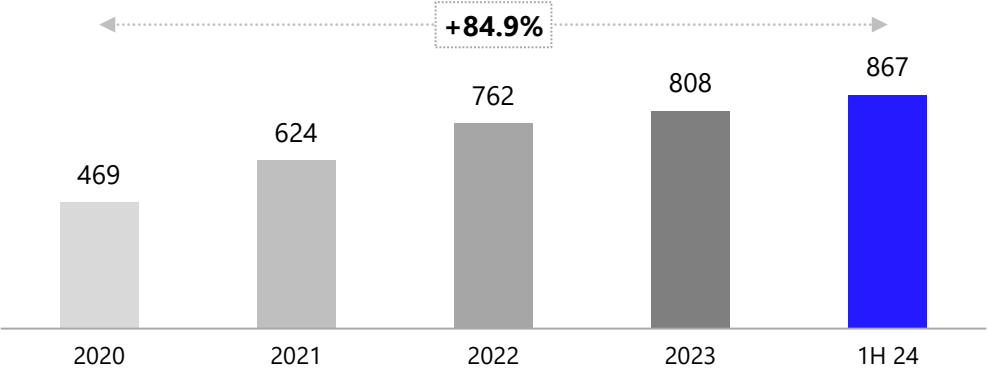
Top 10 Facts About Al Rajhi Bank

- 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)

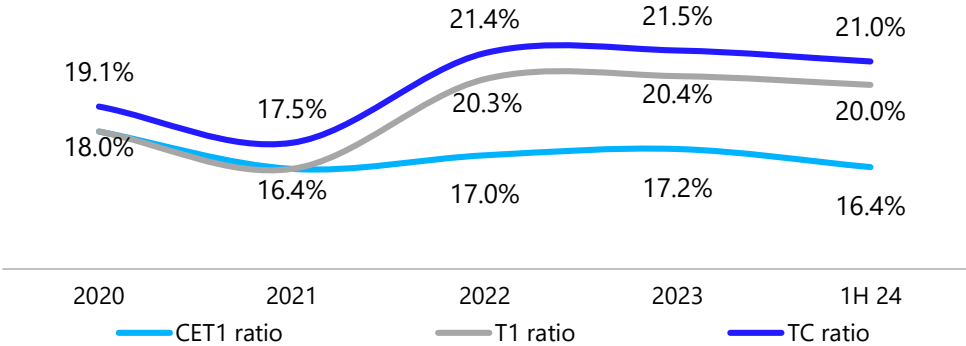


The World's Leading Islamic Bank | Robust balance sheet with 70% CASA deposits in the first Half 2024

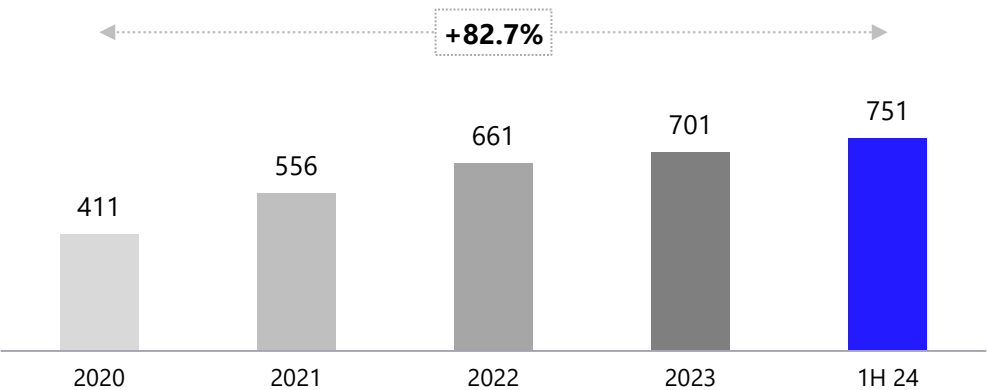
Total Assets (SARbn)



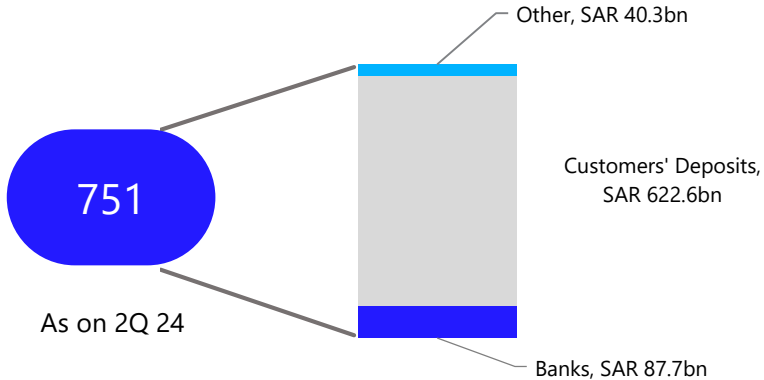
Capital Ratios (%)



Total Liabilities (SARbn)

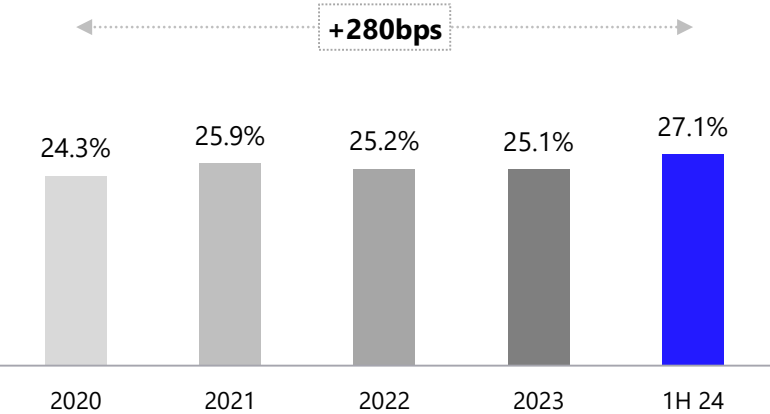


Total Liabilities Mix By Type (SARbn)



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

Market Share - Demand Deposits

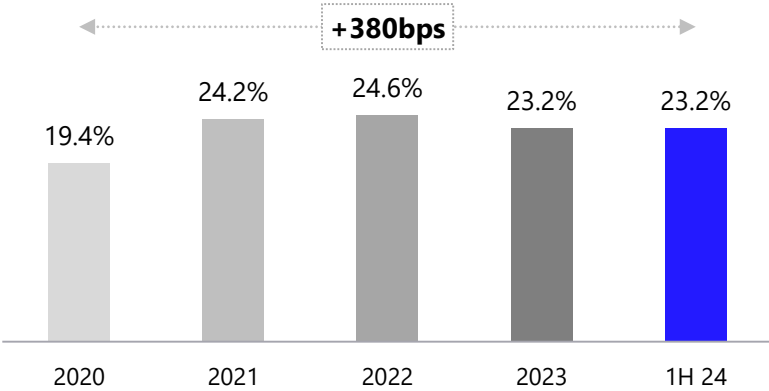


#2 in Saudi Arabia

17.1
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



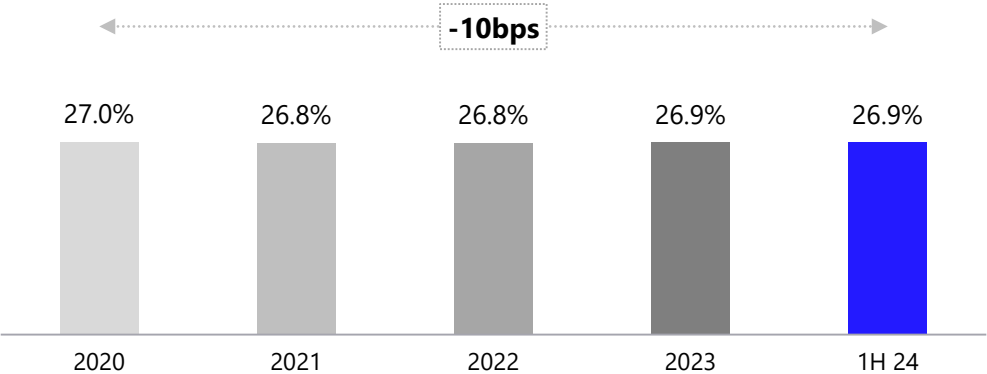
#2 in Saudi Arabia



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

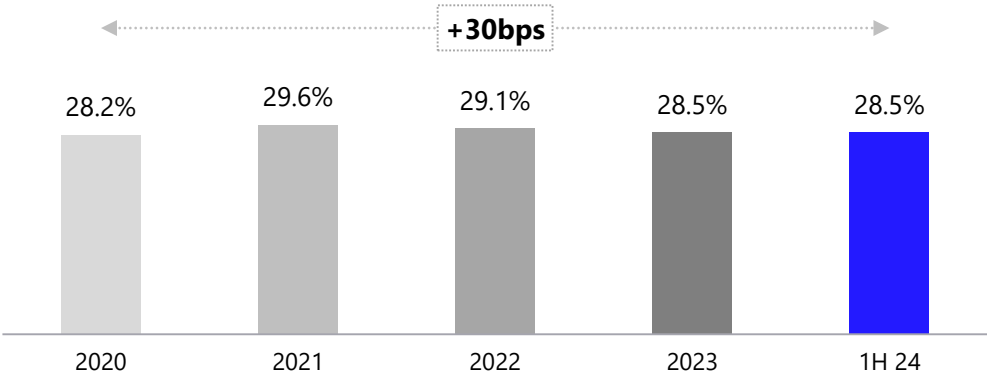
#1 in Branches

Market Share - Branches



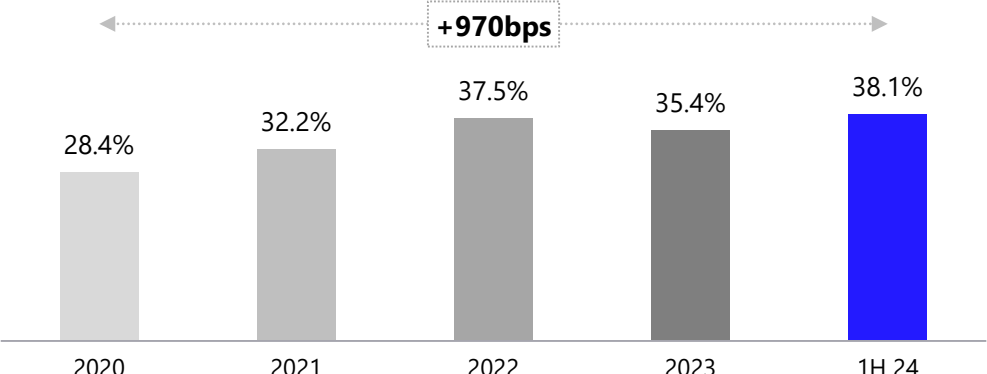
#1 in ATMs

Market Share - ATMs



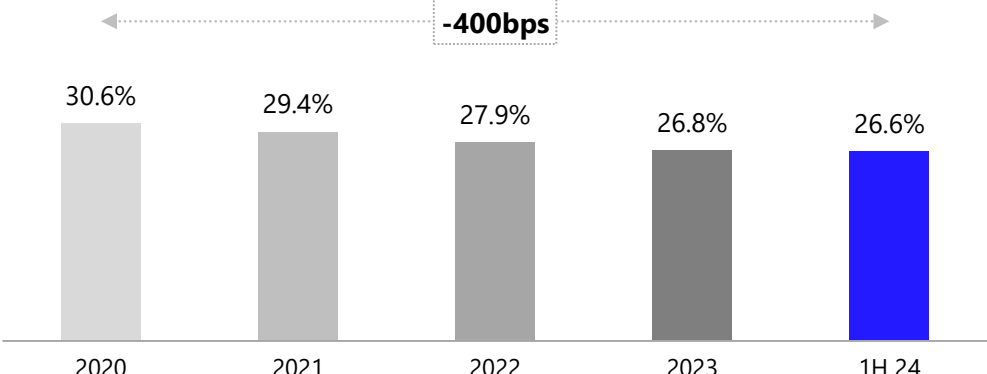
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

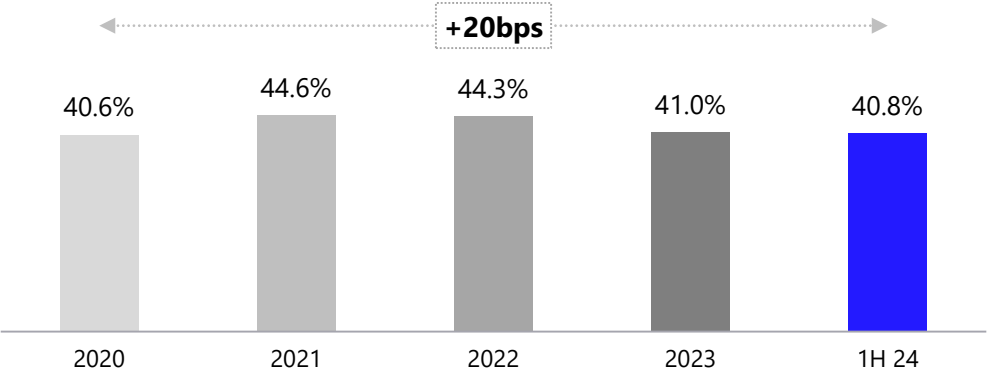
Market Share - Remittance Centers



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

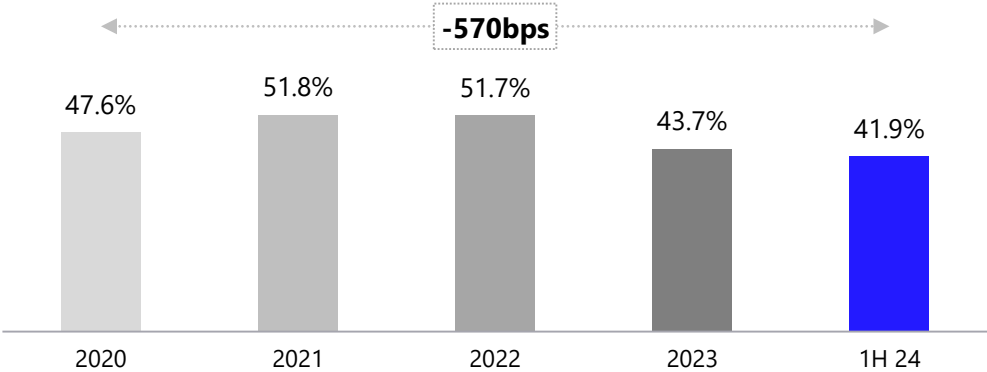
#1 in Personal Loans

Market Share - Personal Loans



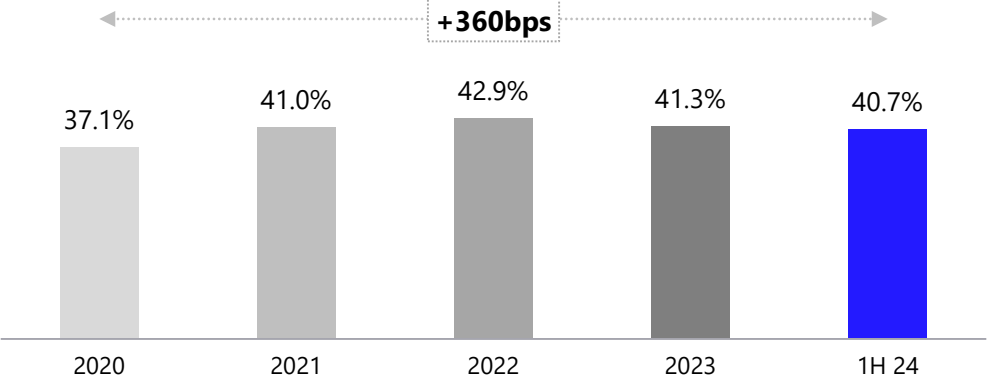
#1 in Auto Loans

Market Share - Auto Loans



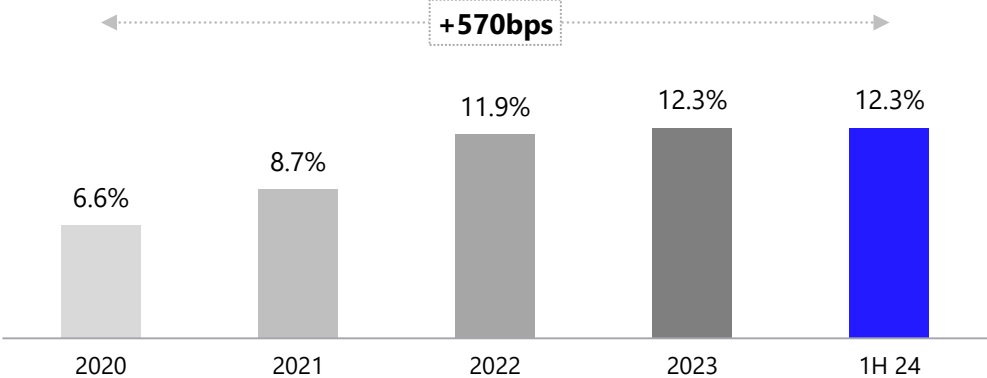
#1 in Mortgages

Market Share - Mortgages Loans



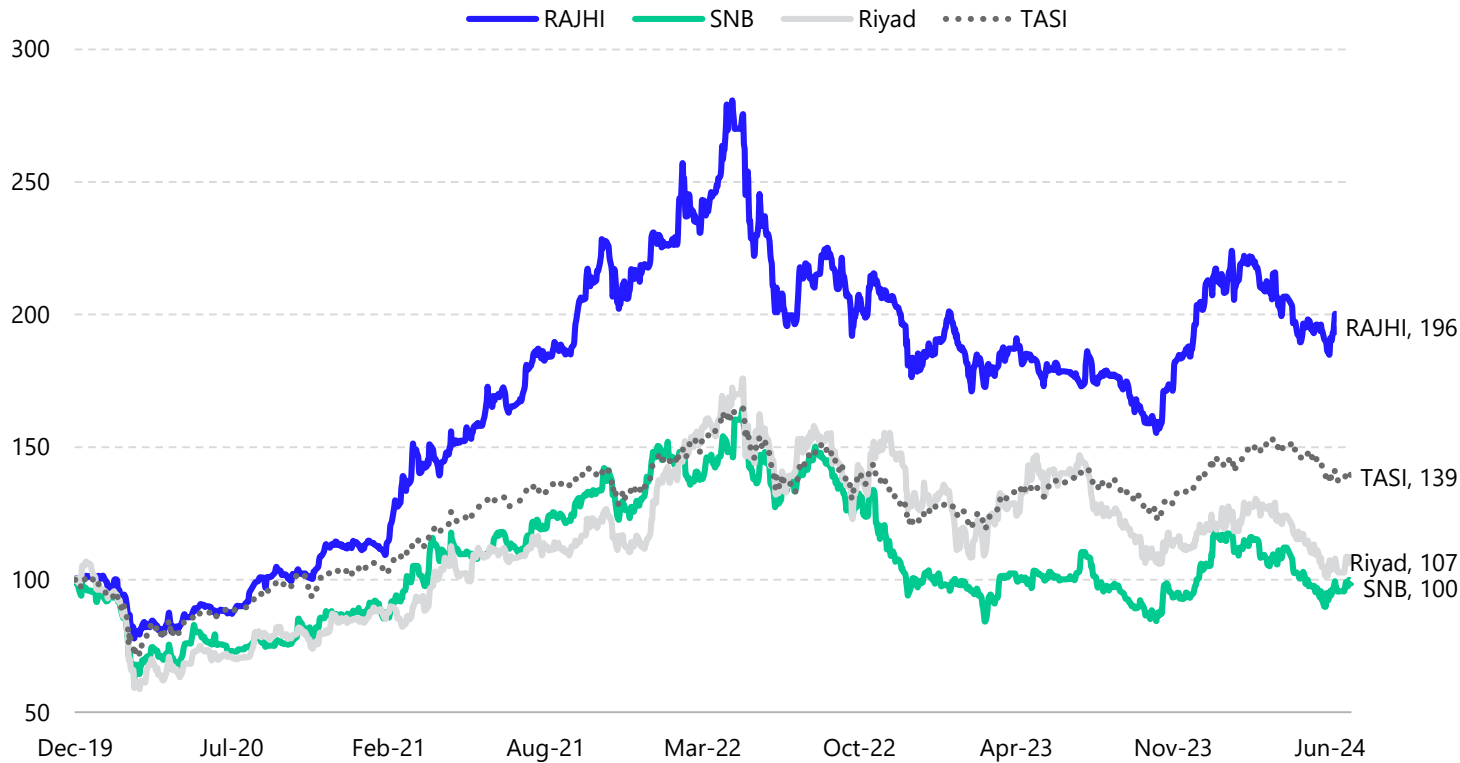
#3 in Corporate Loans

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
Rebased to 100	196	99	107	139	83	71	139
As of 30 Jun 2024	80.0 SAR	36.3 SAR	25.7 SAR	0.705 KWD	12.5 AED	14.7 QAR	16.5 AED



ESG Highlights

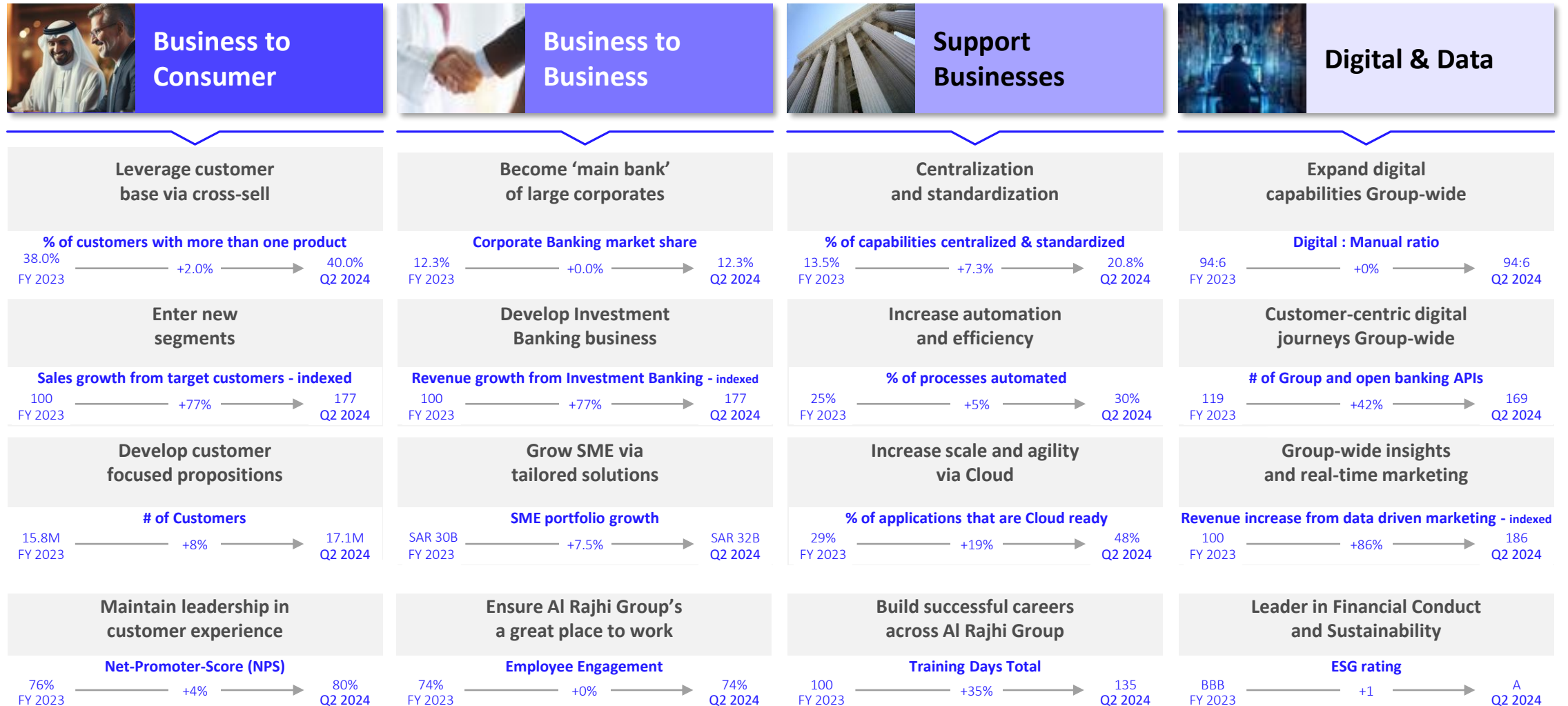
	<p>USD 2.7 bn Green syndicated loan</p>		<p>214 Scholarships to Orphan students to join Universities</p>	<p>ISO/DIS 37301:2020 Compliance</p>	
	<p>Started using solar energy system in 61 branches to reduce utilities consumption</p>	<p>+39k Families have been benefited from the affordable housing solutions</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 1.04mn 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 1.82mn 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



Our strategy
“Harmonize the group”

“Harmonize the Group” | Highlights on our strategy performance

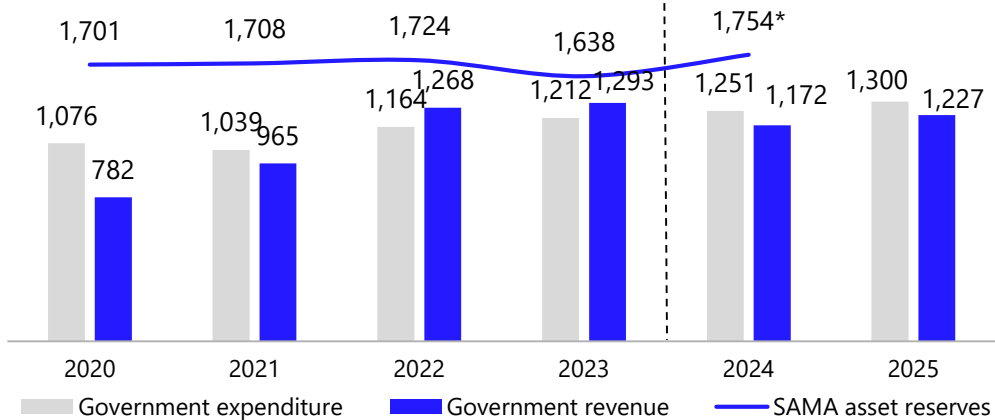


KSA's Macro-Economic Environment

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

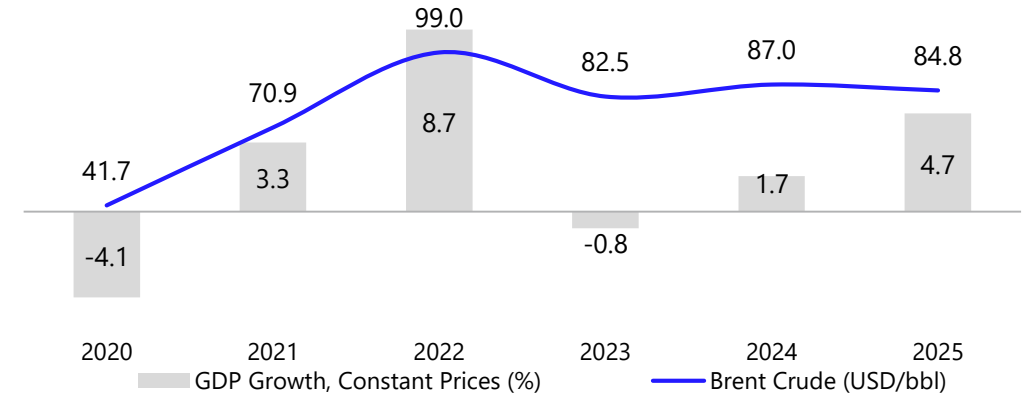
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

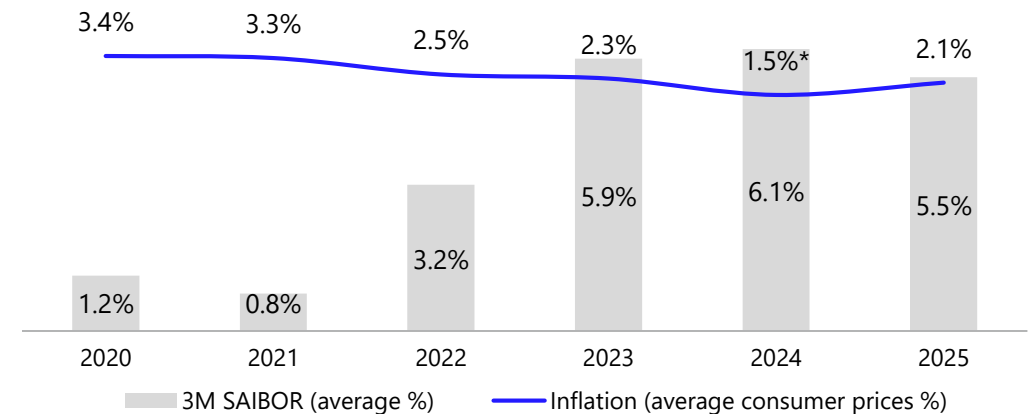
*June 2024 figure

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

*June 2024 figure

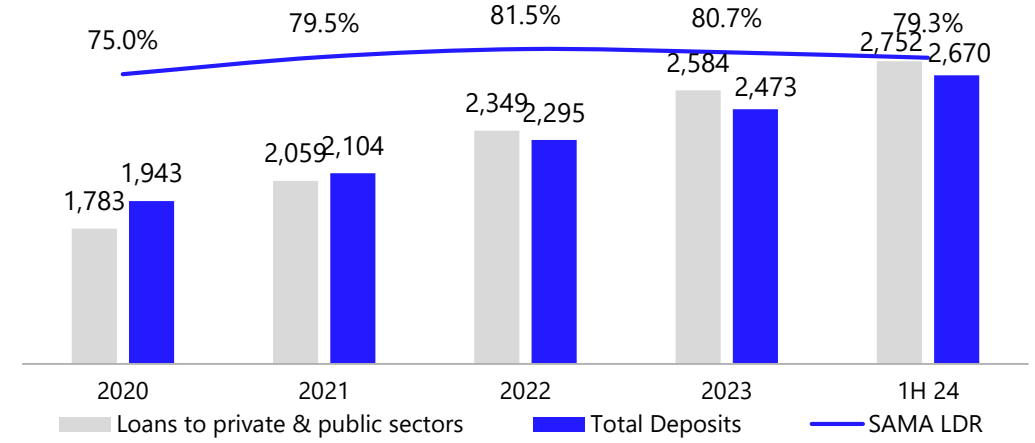


Banking Sector Highlights | Banking system deposits continue growing in the first half 2024

Recent Developments

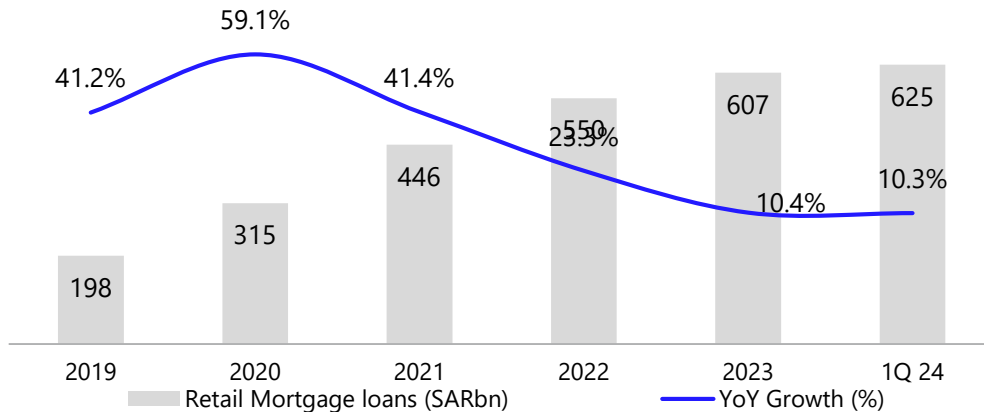
- Deposits have grown in the banking system during the first half 2024 align with loans growth.
- SRC benchmark rates reduces to 7.6% in August 2024
- Consumer spending increased by 6.6% in the first half 2024 with continuous migration toward cashless payment methods

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



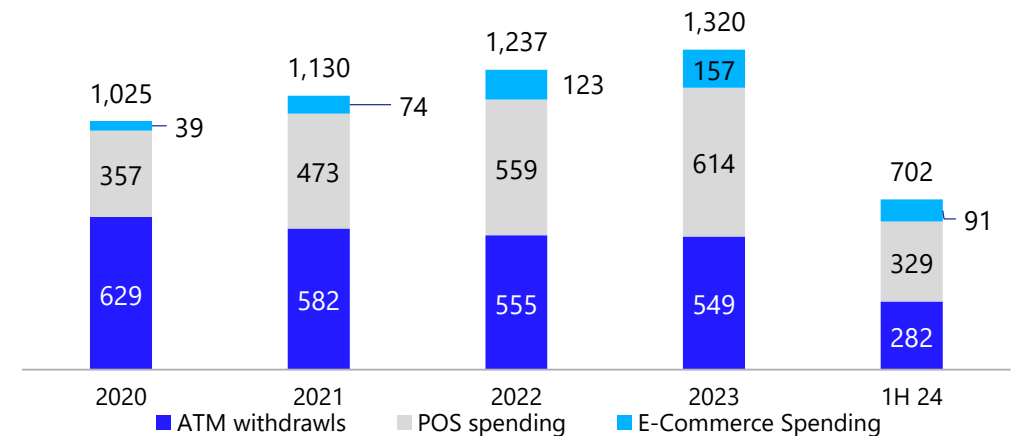
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



2Q 2024 Financial Highlights

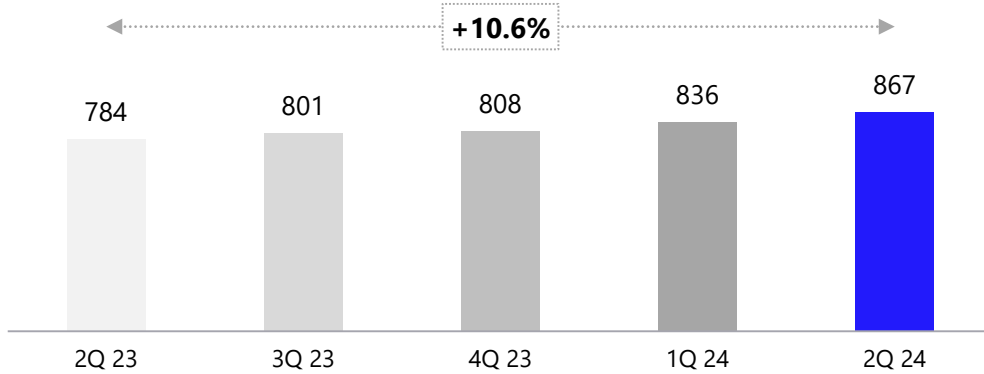
2Q 2024 Results Summary | Results are above expectations in the first half 2024

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% $\xrightarrow{\text{green}}$ 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% $\xrightarrow{\text{red}}$ 0.28% FY 23 1H 24	NPL 0.71% $\xrightarrow{\text{red}}$ 0.78% FY 23 1H 24	NPL Coverage 203% $\xrightarrow{\text{red}}$ 168% FY 23 1H 24
Key Ratios	Operating efficiency remains solid	Strong capital position	Higher NPM
	Cost to income ratio 26.7% $\xrightarrow{\text{green}}$ 25.9% 1H 23 1H 24	Total Capital Adequacy Ratio 21.7% $\xrightarrow{\text{red}}$ 21.0% 1H 23 1H 24	NPM 2.98% $\xrightarrow{\text{green}}$ 3.03% 1H 23 1H 24

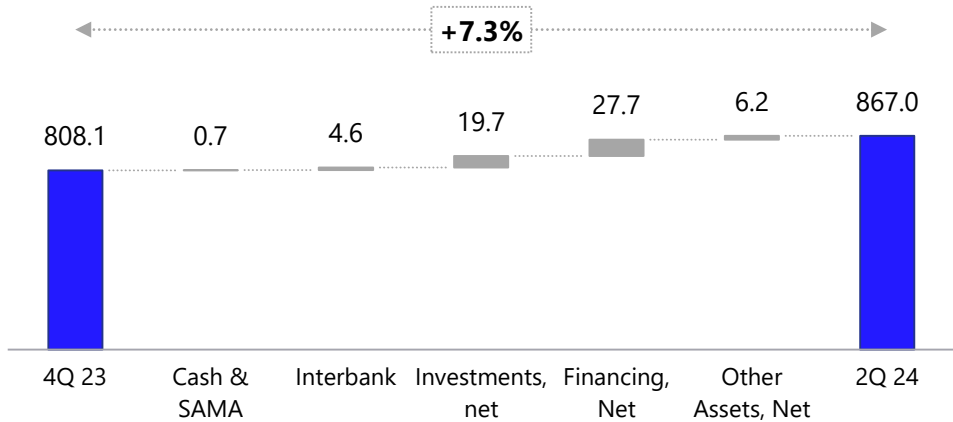


Balance Sheet Trends (1) | Balance sheet growth of 7.3% YTD driven by Financing and Investments

Total Assets (SARbn)



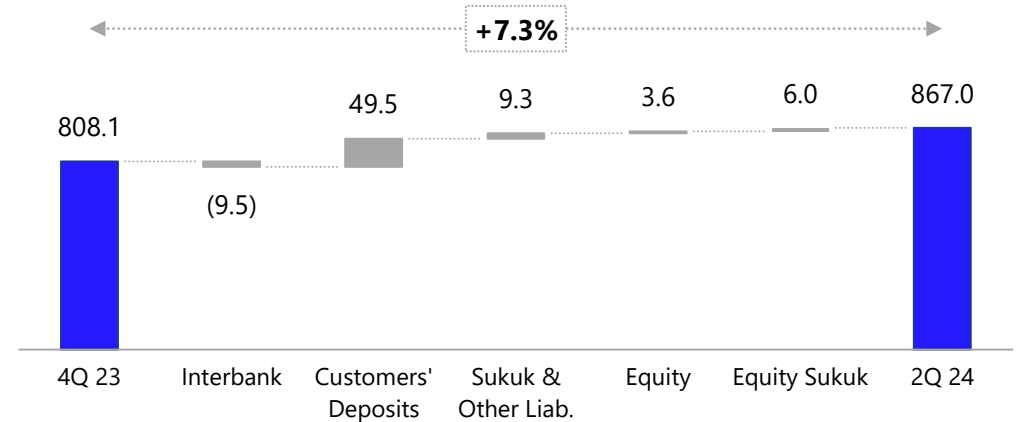
Movement in Assets (SARbn)



SAR (mn)

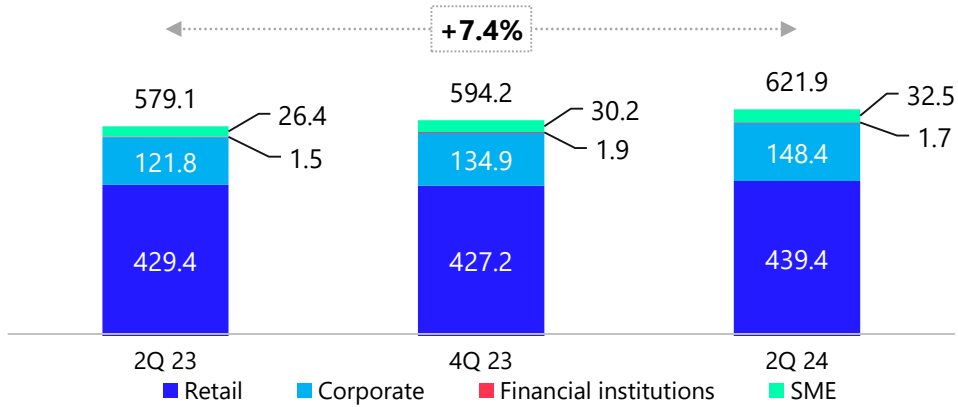
	2Q 24	1Q 24	QoQ	4Q 23	YTD
Cash & balances with SAMA	42,467	43,171	-2%	41,768	+2%
Due from banks & other FI	14,126	8,913	+58%	9,507	+49%
Investments, net	154,001	143,040	+8%	134,299	+15%
Financing, net	621,891	608,990	+2%	594,205	+5%
Other assets, net	34,475	31,877	+8%	28,321	+22%
Total assets	866,960	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)

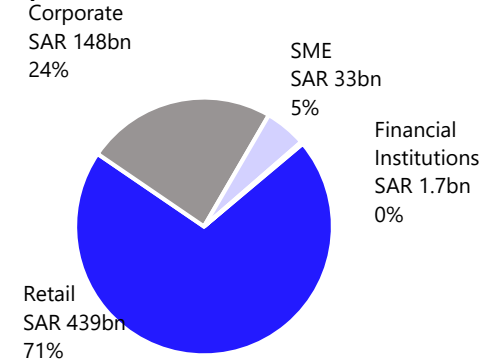


Balance Sheet Trends (2) | Financing growth is driven by Mortgage and Corporate

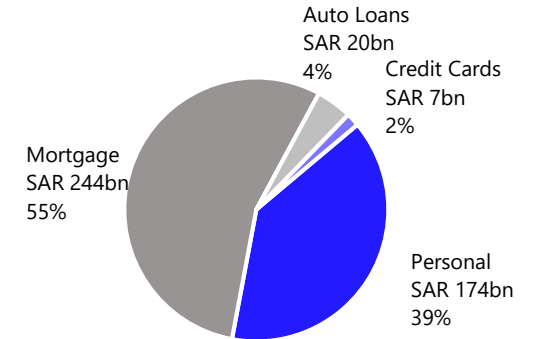
Financing, Net (SARbn)



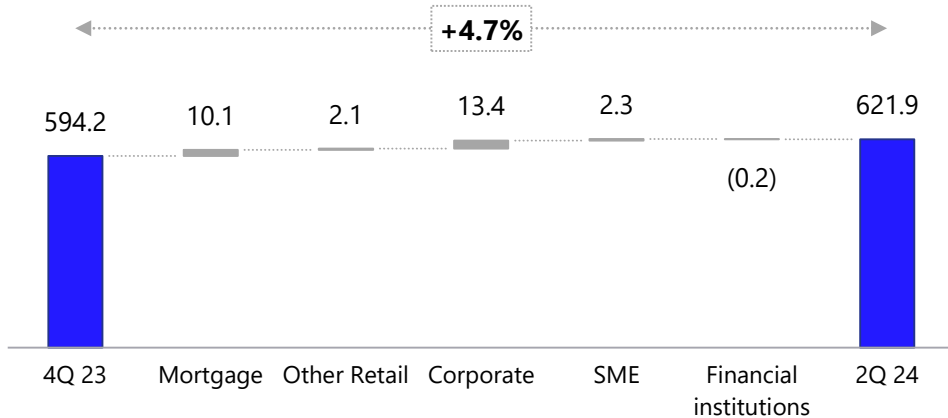
Financing, Net Mix By Segment (SARbn)



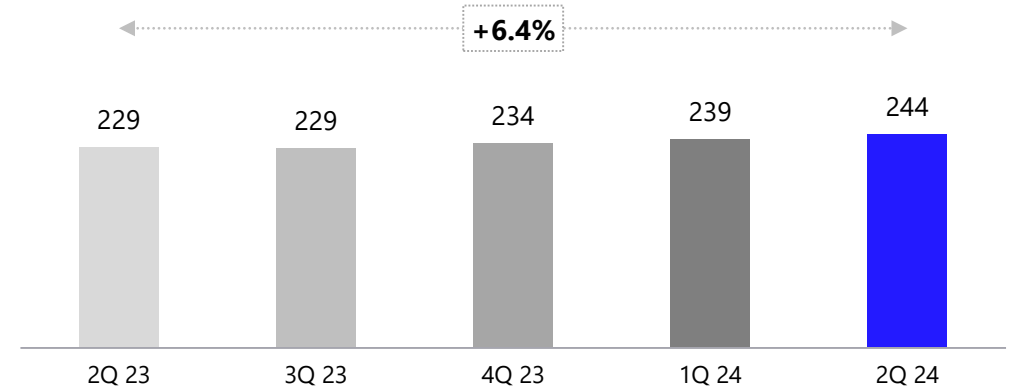
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

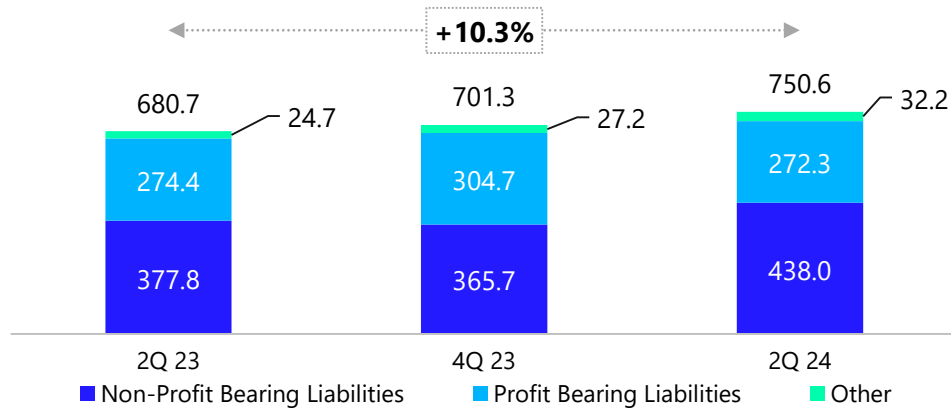


Mortgage Financing (SARbn)

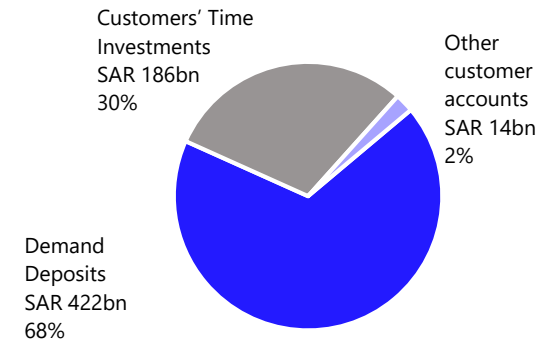


Balance Sheet Trends (3) | Balance sheet shows improving funding mix

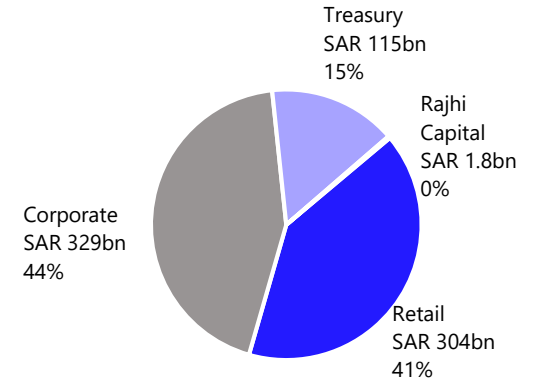
Total Liabilities (SARbn)



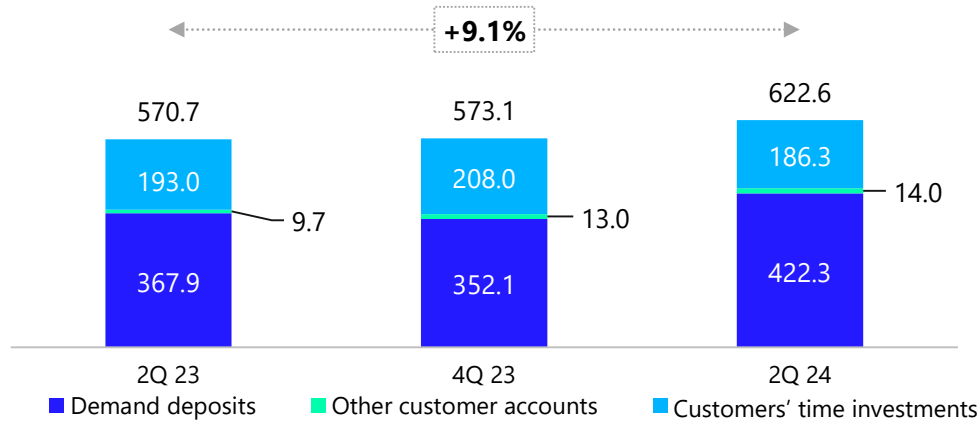
Total Customers' Deposits Mix By Type (SARbn)



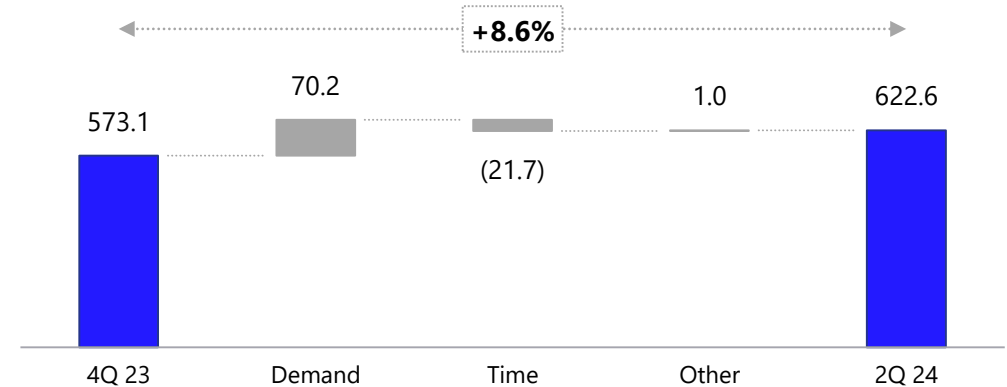
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

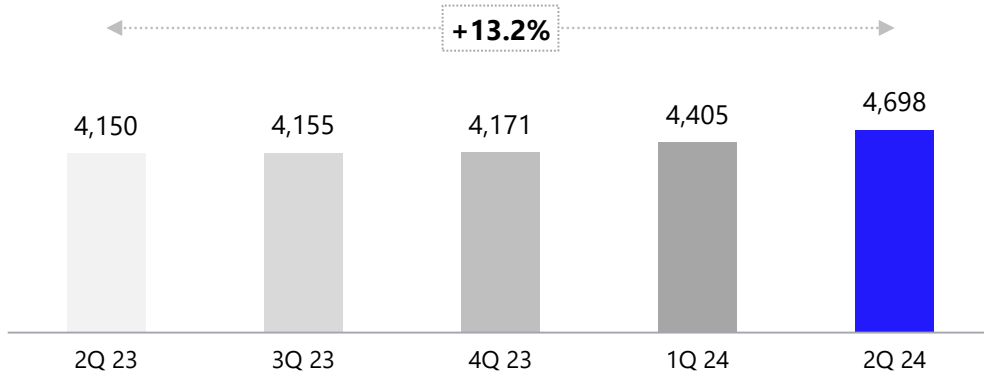


Movement in Total Customers' Deposits (SARbn)



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

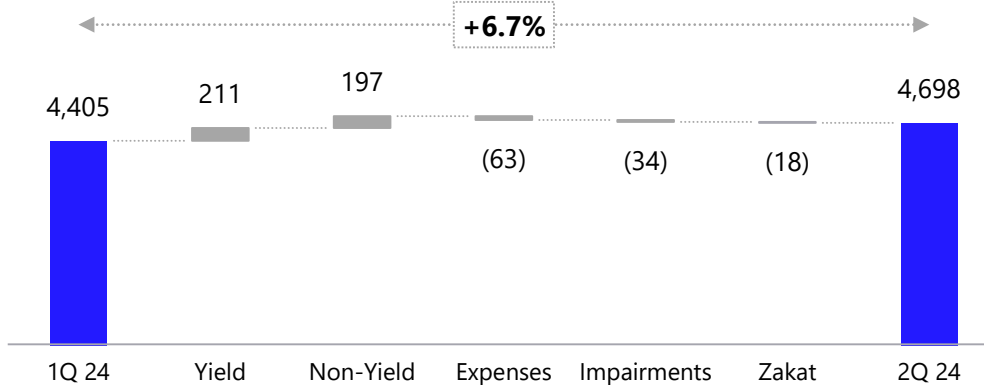
Net Income For The Period After Zakat (SARmn)



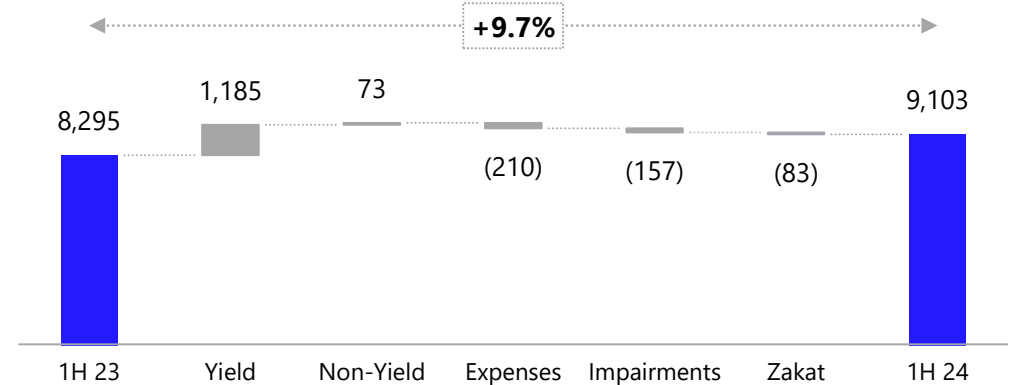
SAR (mn)

	1H 24	1H 23	YoY	2Q 24	2Q 23	YoY
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)

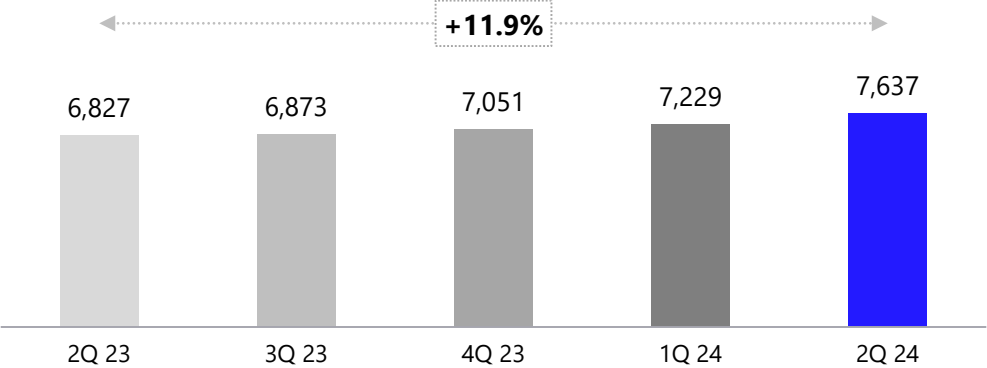


Net Income After Zakat Growth Drivers By Type (SARmn)

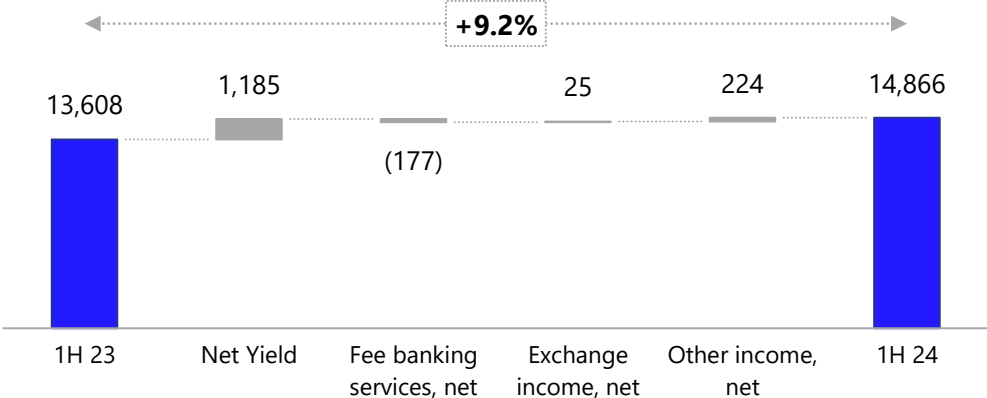


Operating Income Trends | Higher operating income driven by net yield income growth

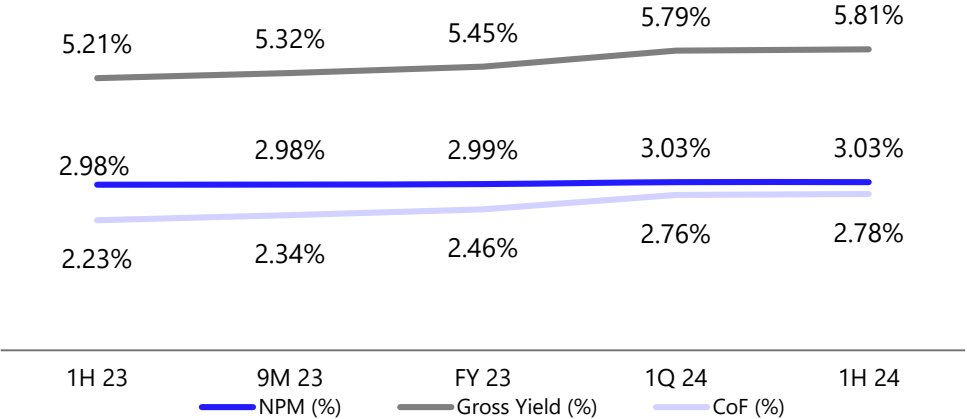
Total Operating Income (SARmn)



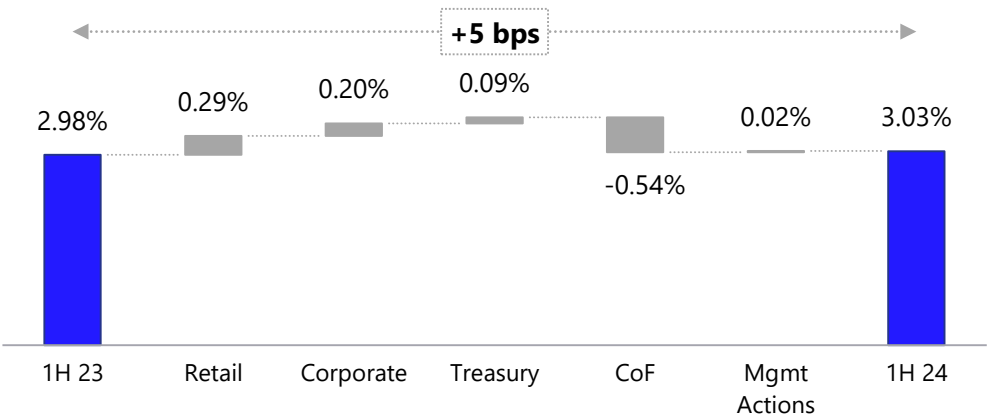
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

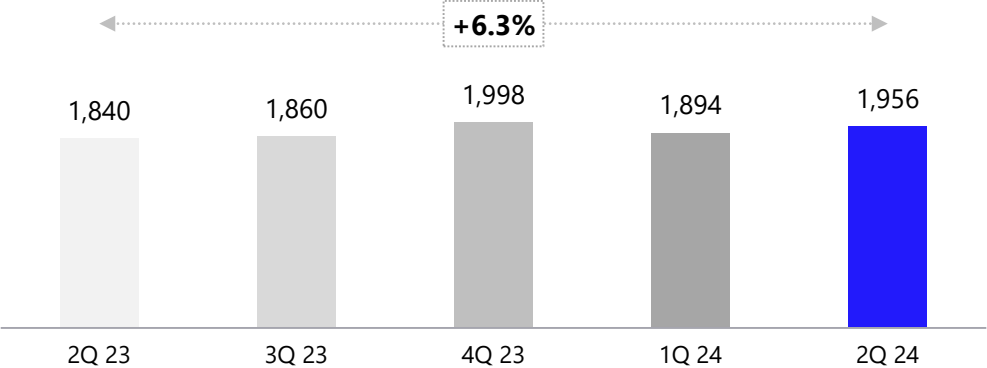


NPM Drivers (%)

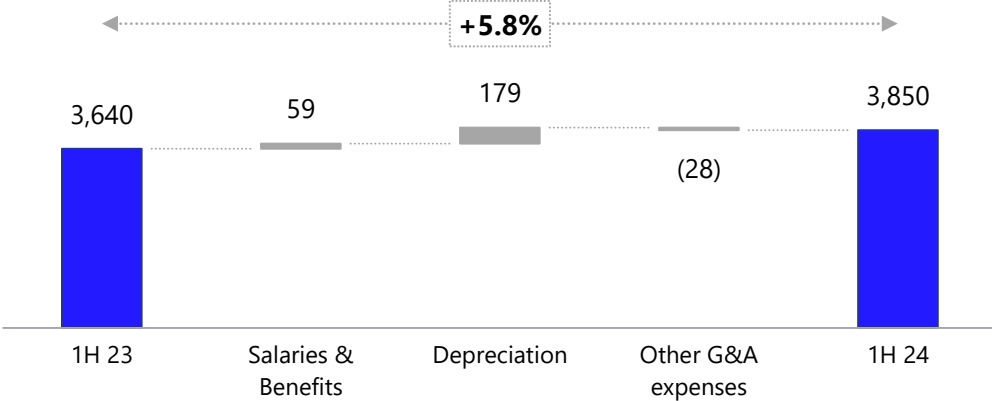


Expenses Trends | Cost efficiencies remains solid

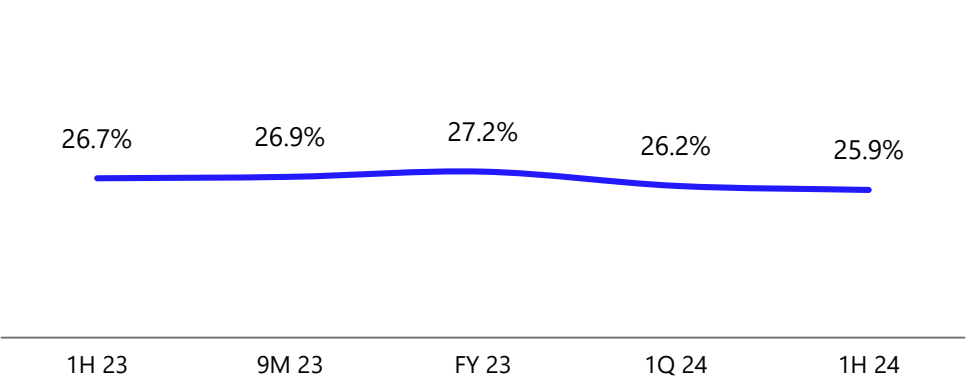
Operating Expenses (SARmn)



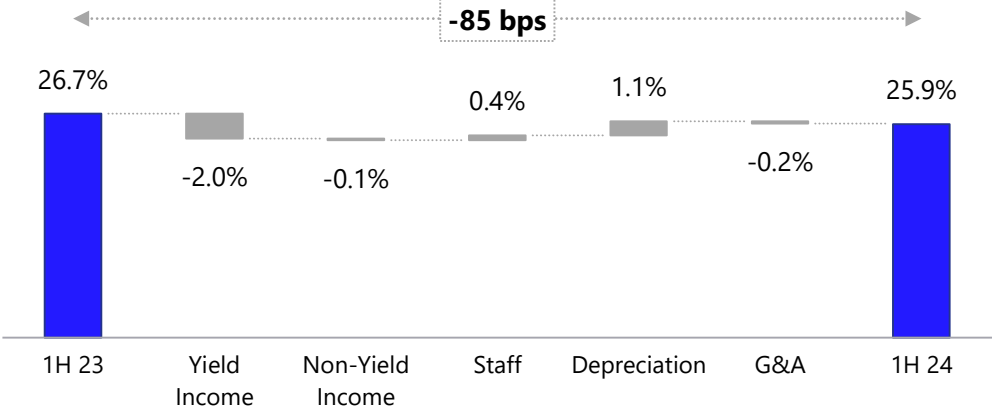
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

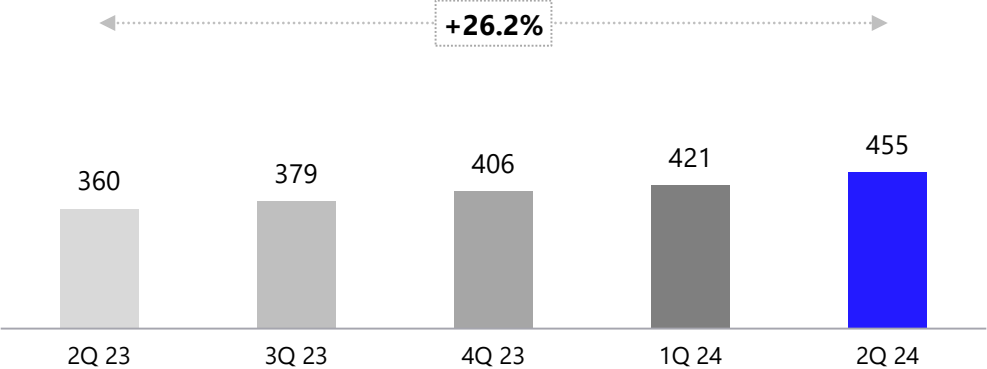


Cost to Income Ratio Drivers (%)

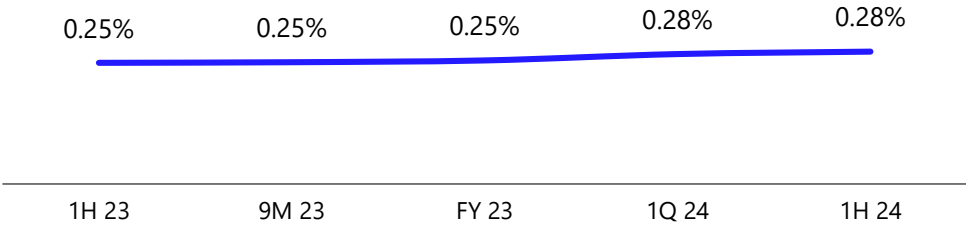


Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

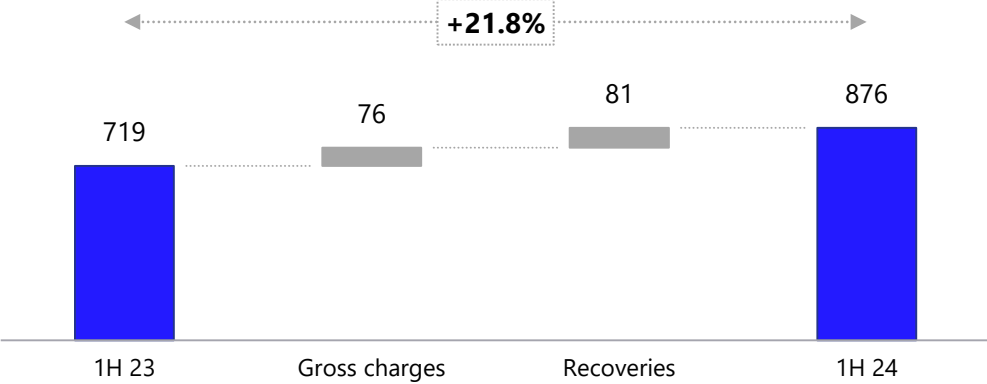
Net Impairment Charges (SARmn)



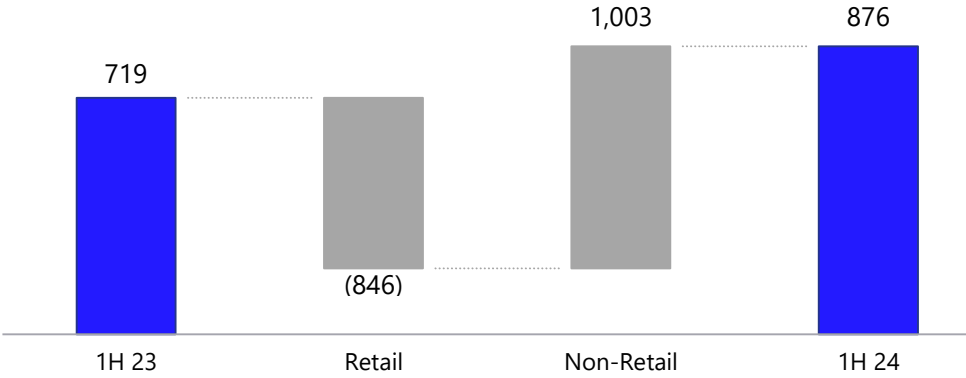
Cost of Risk (%)



Movement in Net Impairment (SARmn)

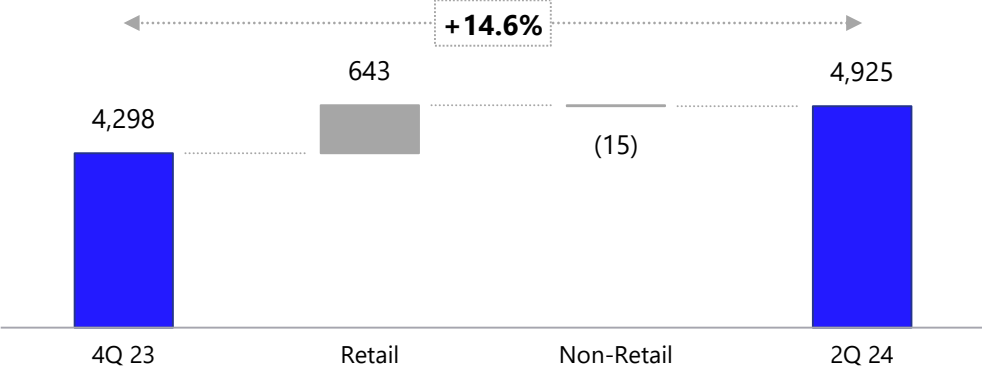


Movement in Net Impairment by Group (SARmn)

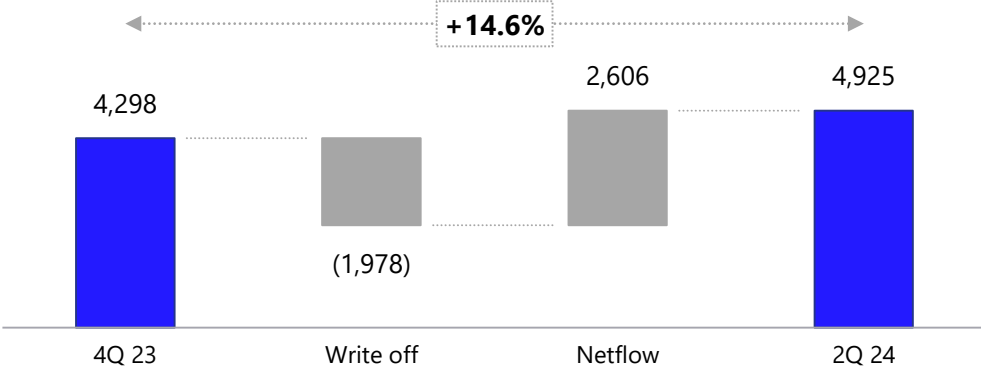


Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

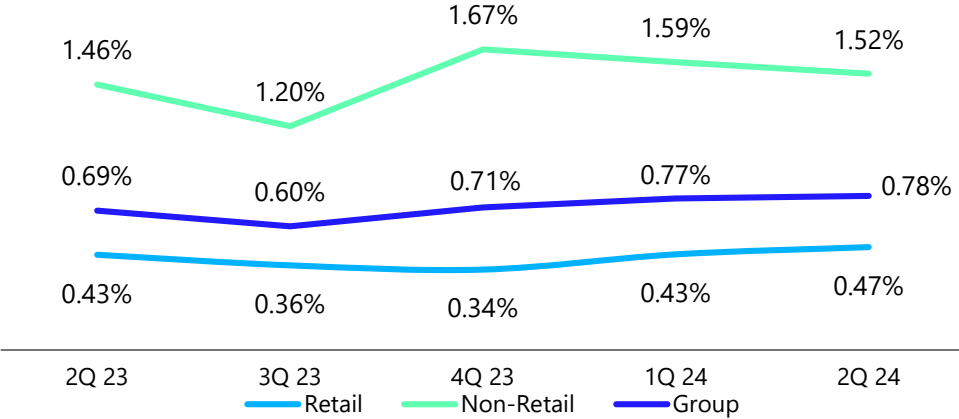
Movement in NPL (SARmn)



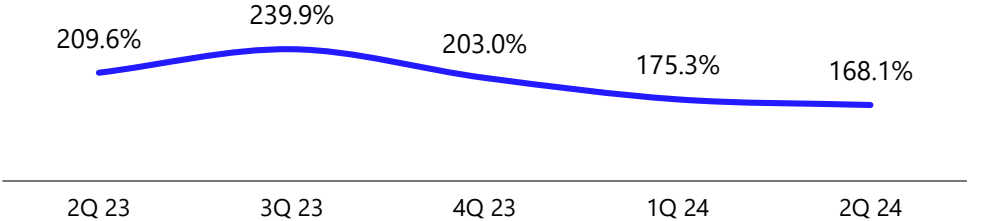
NPL Formation (SARmn)



NPL Ratio (%)

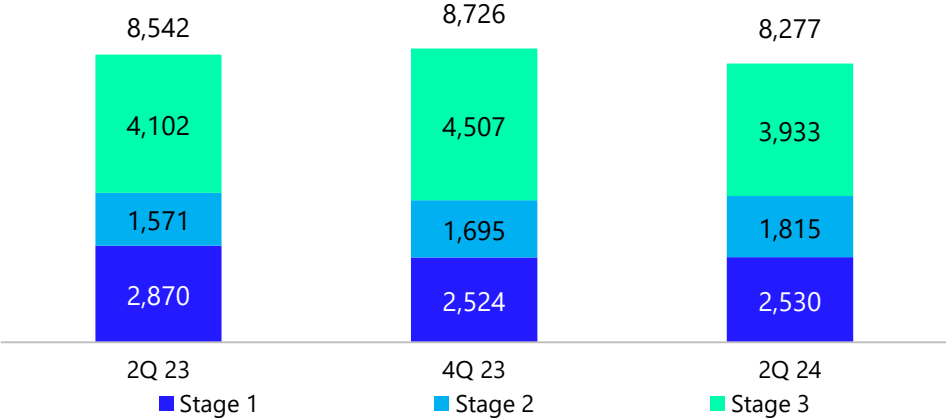


NPL coverage ratio (%)

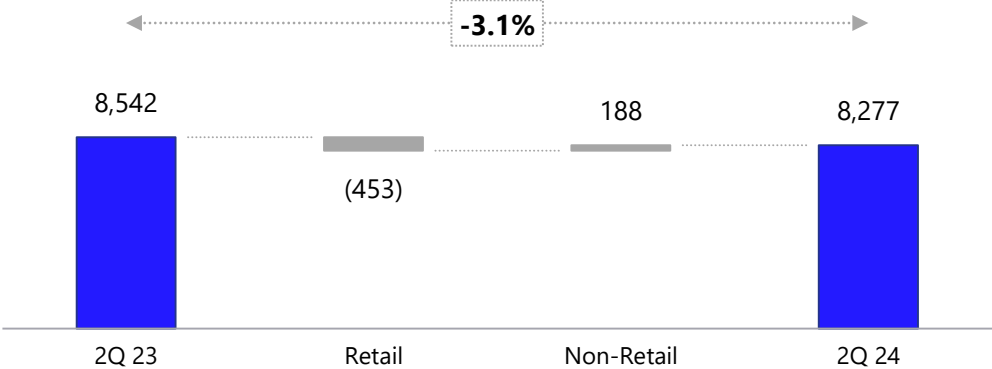


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

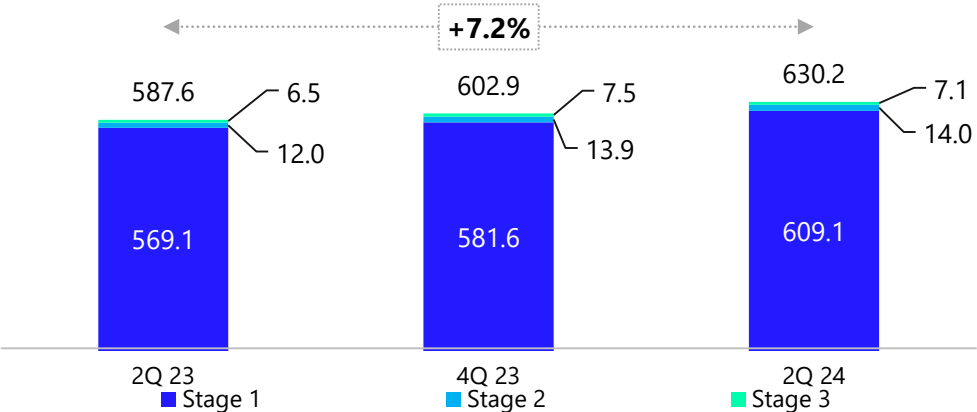
ECL by Stage (SARmn)



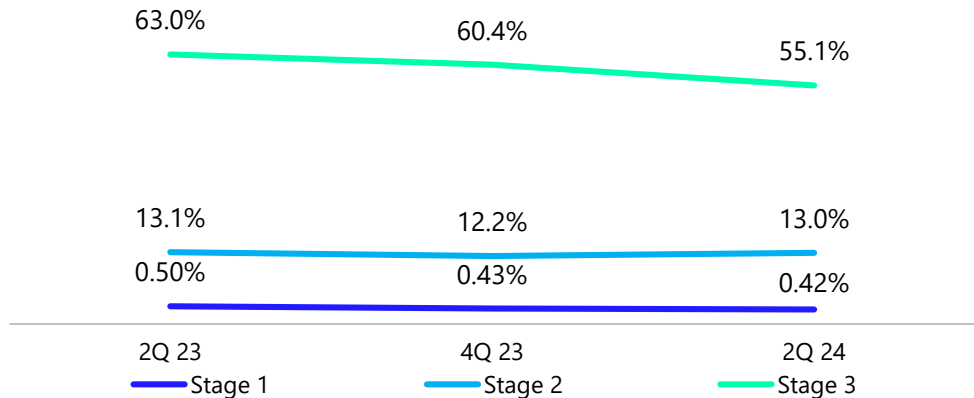
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

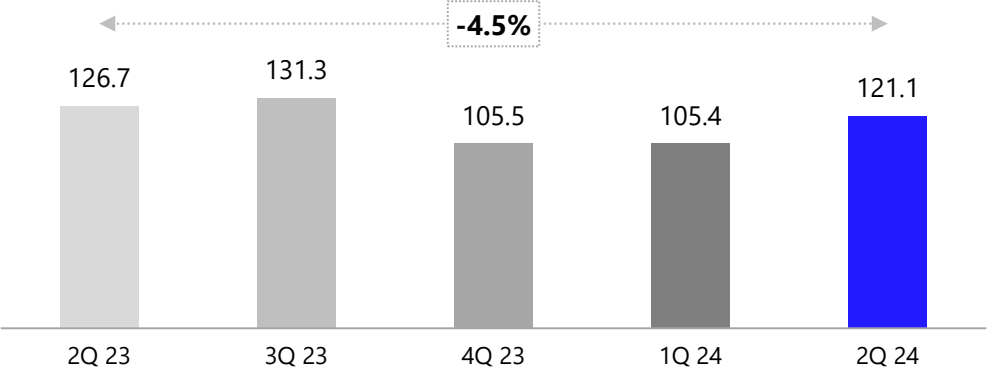


ECL Coverage (%)

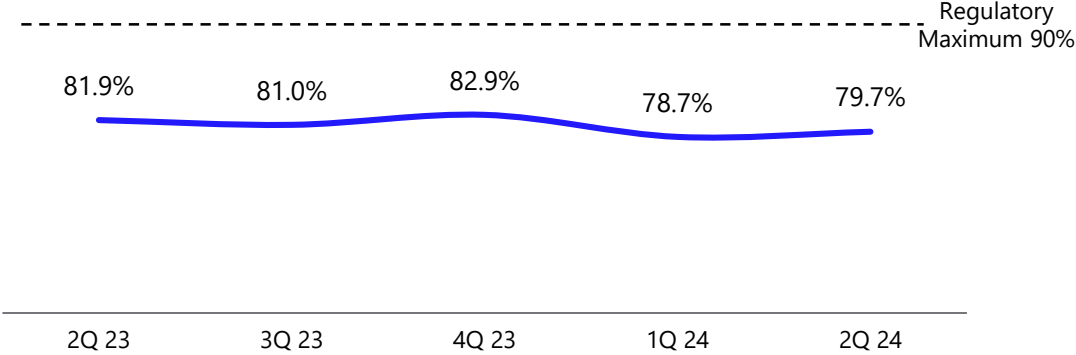


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

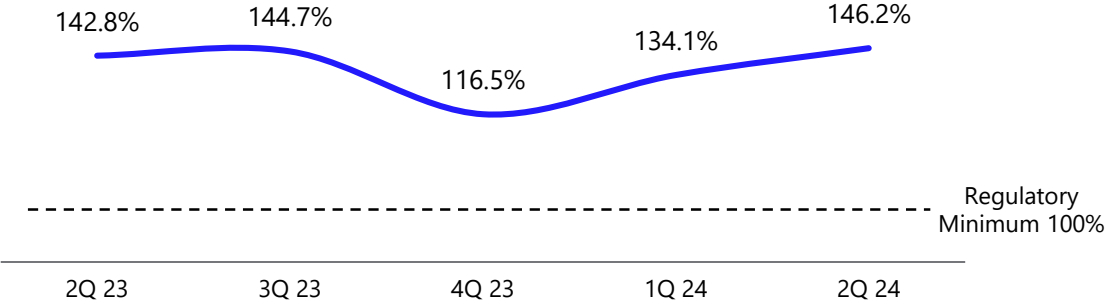
HQLA (SARbn)



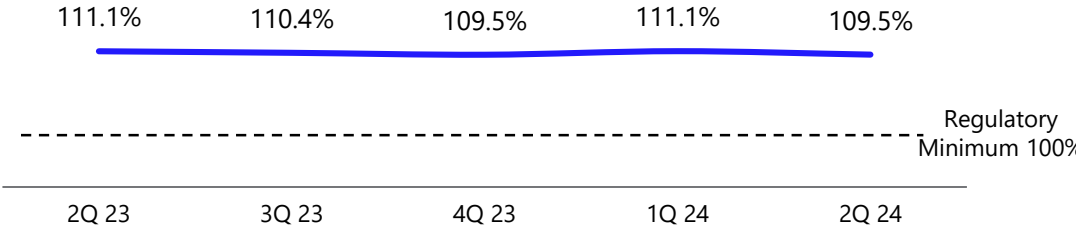
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

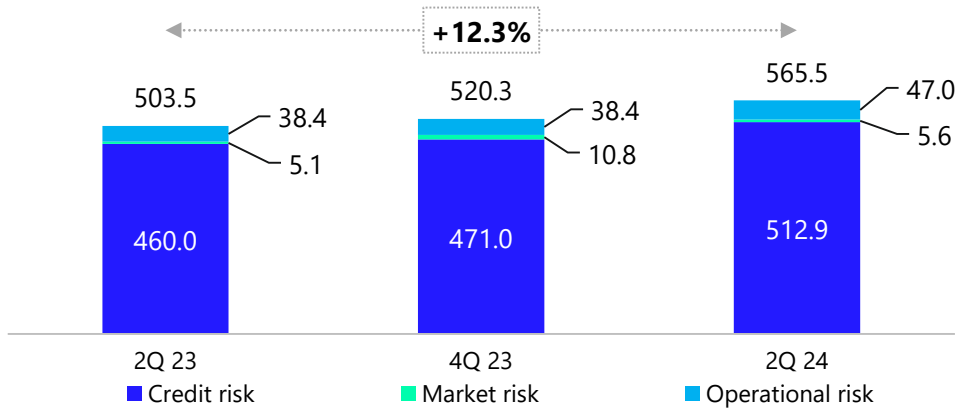


NSFR (%)

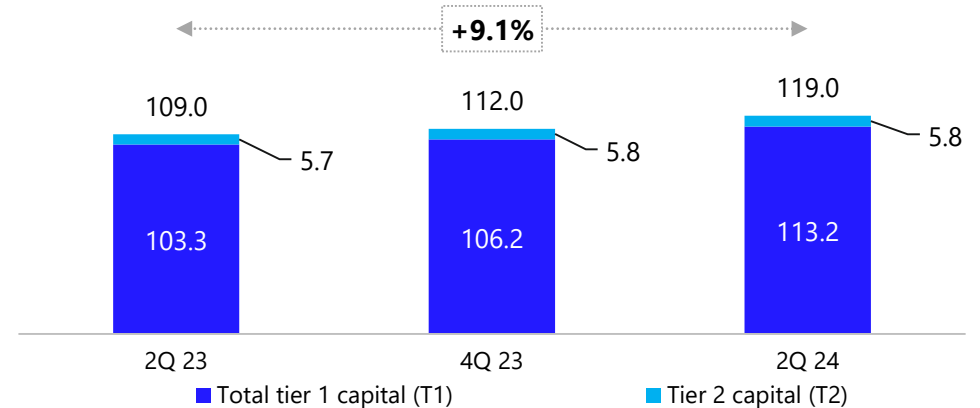


Capitalization Trends | Capital position well above regulatory minima

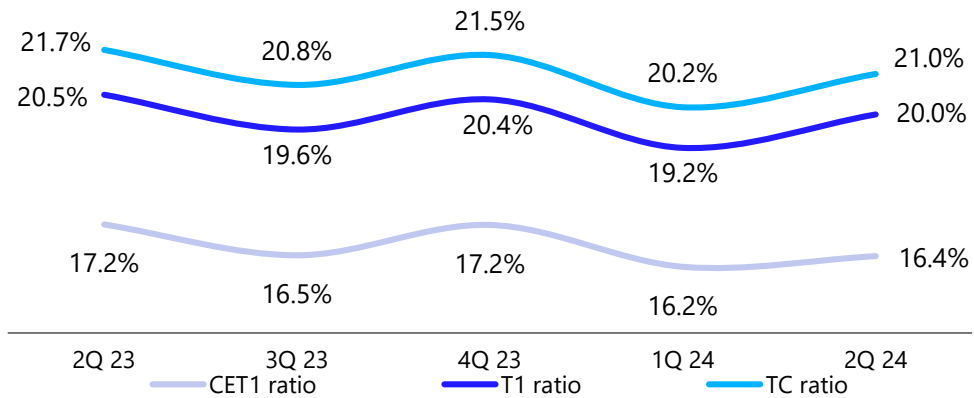
RWA (SARbn)



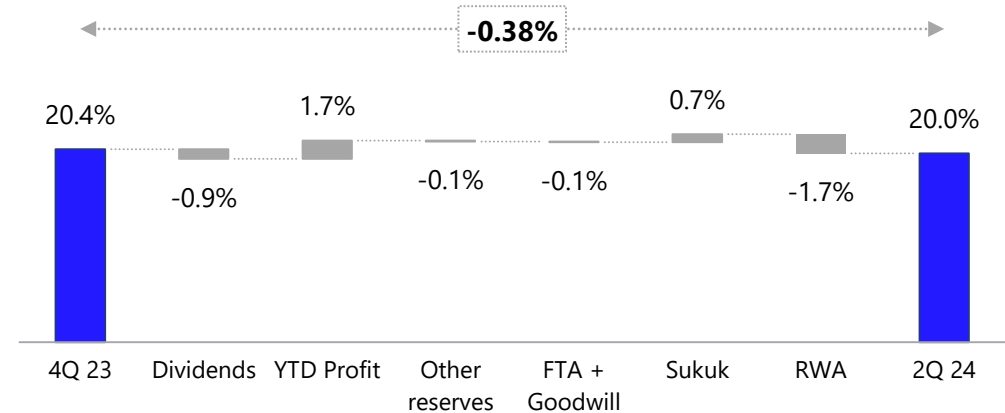
Total Capital (SARbn)



Capital Ratios (%)

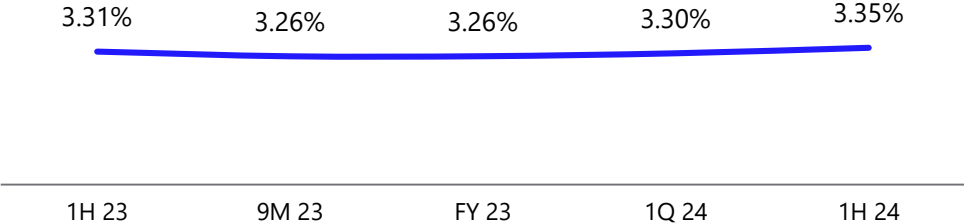


Tier 1 Drivers (%)

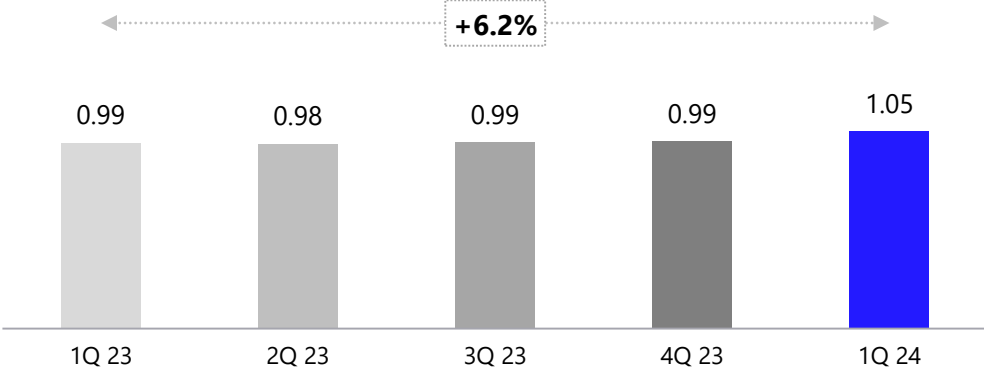


Return Metrics | Al Rajhi Bank's returns remain industry-leading

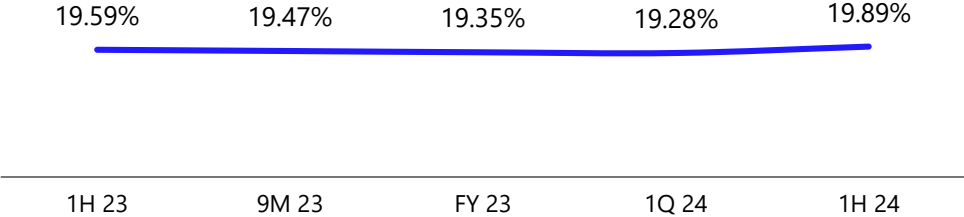
Return on RWA (%)



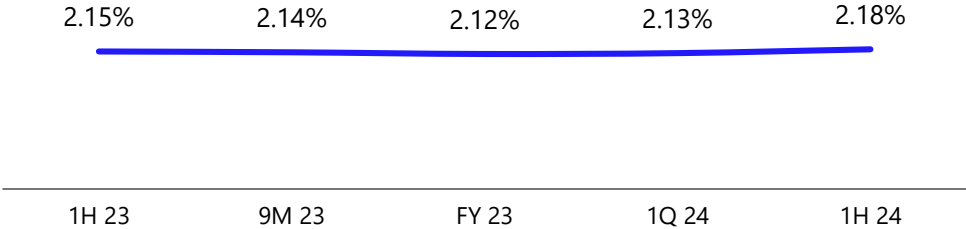
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2024 Guidance

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



IR Contact Information

Additional Information | Contact investor relations for more information

Mr. Mohammed Alqahtani

+966 (11) 828 1921

AlqahtaniM-M@alrajhibank.com.sa



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App

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

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



Alrajhi Tadawul Mobile App



Emkan App



urpay App



Disclaimer

- AL RAJHI BANK HEREIN REFERRED TO AS ARB MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY REGARDING THIS DOCUMENT OR THE MATERIALS AND INFORMATION CONTAINED OR REFERRED TO ON EACH PAGE ASSOCIATED WITH THIS DOCUMENT. THE MATERIAL AND INFORMATION CONTAINED ON THIS DOCUMENT IS PROVIDED FOR GENERAL INFORMATION ONLY AND SHOULD NOT BE USED AS A BASIS FOR MAKING BUSINESS DECISIONS. ANY ADVICE OR INFORMATION RECEIVED VIA THIS DOCUMENT SHOULD NOT BE RELIED UPON WITHOUT CONSULTING PRIMARY OR MORE ACCURATE OR MORE UP-TO-DATE SOURCES OF INFORMATION OR SPECIFIC PROFESSIONAL ADVICE. YOU ARE RECOMMENDED TO OBTAIN SUCH PROFESSIONAL ADVICE WHERE APPROPRIATE.
- GEOGRAPHIC, POLITICAL, ECONOMIC, STATISTICAL, FINANCIAL AND EXCHANGE RATE DATA IS PRESENTED IN CERTAIN CASES IN APPROXIMATE OR SUMMARY OR SIMPLIFIED FORM AND MAY CHANGE OVER TIME. RELIANCE HAS BEEN PLACED BY THE EDITORS ON CERTAIN EXTERNAL STATISTICAL DATA WHICH, THOUGH BELIEVED TO BE CORRECT, MAY NOT IN FACT BE ACCURATE. ARB ACCEPTS NO LIABILITY FOR ANY LOSS OR DAMAGE ARISING DIRECTLY OR INDIRECTLY FROM ACTION TAKEN, OR NOT TAKEN, IN RELIANCE ON MATERIAL OR INFORMATION CONTAINED IN THIS DOCUMENT. IN PARTICULAR, NO WARRANTY IS GIVEN THAT ECONOMIC REPORTING INFORMATION MATERIAL OR DATA IS ACCURATE RELIABLE OR UP TO DATE.
- ARB ACCEPTS NO LIABILITY AND WILL NOT BE LIABLE FOR ANY LOSS OR DAMAGE ARISING DIRECTLY OR INDIRECTLY (INCLUDING SPECIAL, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE) FROM YOUR USE OF CONTENTS IN THE DOCUMENT, HOWSOEVER ARISING, AND INCLUDING ANY LOSS, DAMAGE OR EXPENSE ARISING FROM, BUT NOT LIMITED TO, ANY DEFECT, ERROR, IMPERFECTION, FAULT, MISTAKE OR INACCURACY WITH THIS DOCUMENT.

