

# Al Rajhi Bank Results Presentation

3Q 2024 Earnings Conference Call and Webcast



# 3Q 2024 Earnings Call

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# 3Q 2024 Results Summary | Results are above expectations in the first 9M 2024

11.7% YTD Balance Sheet Growth	9.2% YTD Growth in financing portfolio		11.9% Growth in liabilities		LDR below regulatory minima	
	Net Financing 594.2bn $\xrightarrow{+9.2\%}$ 649.0bn FY 23 9M 24		Total Liabilities 701.3bn $\xrightarrow{+11.9\%}$ 784.7bn FY 23 9M 24		Loan to Deposit Ratio 82.9% $\xrightarrow{\text{green line}}$ 78.3% FY 23 9M 24	
14.1% higher net income YoY	13.9% growth in net yield income		13.5% higher Non yield income		13.8% higher operating income	
	Net Yield income 15,720mn $\xrightarrow{+13.9\%}$ 17,902mn 9M 23 9M 24		Non Yield Income 4,761mn $\xrightarrow{+13.5\%}$ 5,404mn 9M 23 9M 24		Operating Income 20,481mn $\xrightarrow{+13.8\%}$ 23,305mn 9M 23 9M 24	
Stable credit quality	8 bps COR increase		8 bps Higher in NPL ratio		NPL coverage remained strong	
	Cost of risk 0.25% $\xrightarrow{\text{red line}}$ 0.33% FY 23 9M 24		NPL 0.71% $\xrightarrow{\text{red line}}$ 0.79% FY 23 9M 24		NPL Coverage 203% $\xrightarrow{\text{red line}}$ 165% FY 23 9M 24	
Key Ratios	Operating efficiency remains solid		Strong capital position		Higher NPM	
	Cost to income ratio 26.9% $\xrightarrow{\text{green line}}$ 25.4% 9M 23 9M 24		Total Capital Adequacy Ratio 20.8% $\xrightarrow{\text{red line}}$ 20.7% 9M 23 9M 24		NPM 2.98% $\xrightarrow{\text{green line}}$ 3.08% 9M 23 9M 24	



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

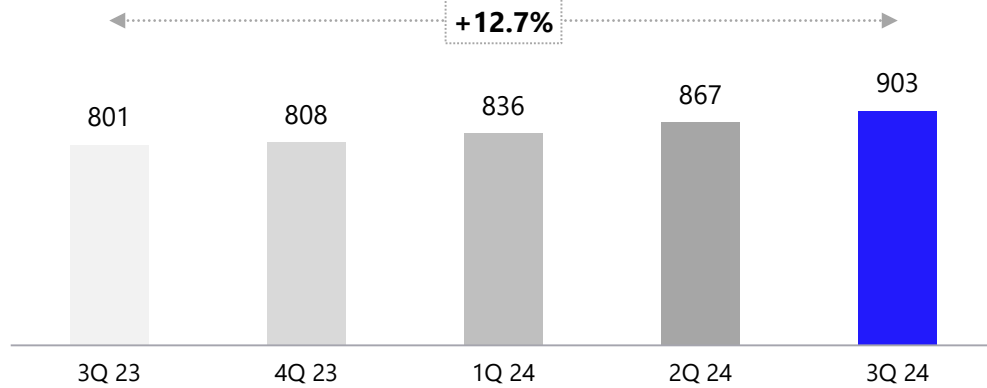


# 3Q 2024 Financial Highlights

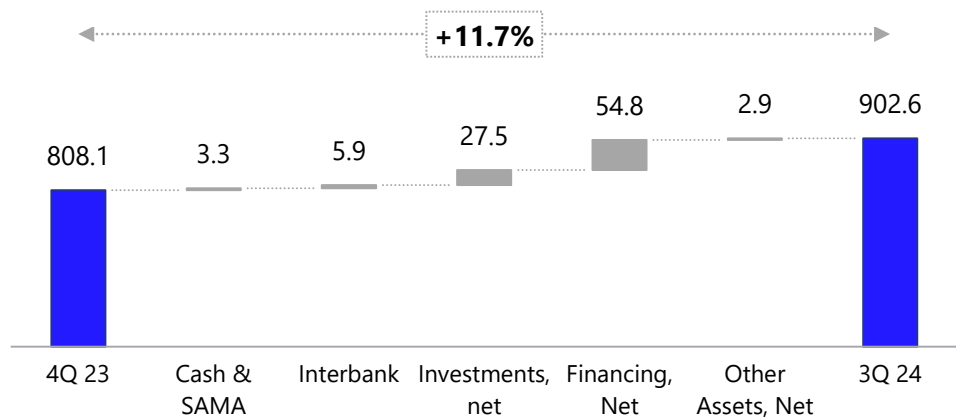
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# Balance Sheet Trends (1) | Balance sheet growth of 11.7% YTD driven by Financing and Investments

Total Assets (SARbn)



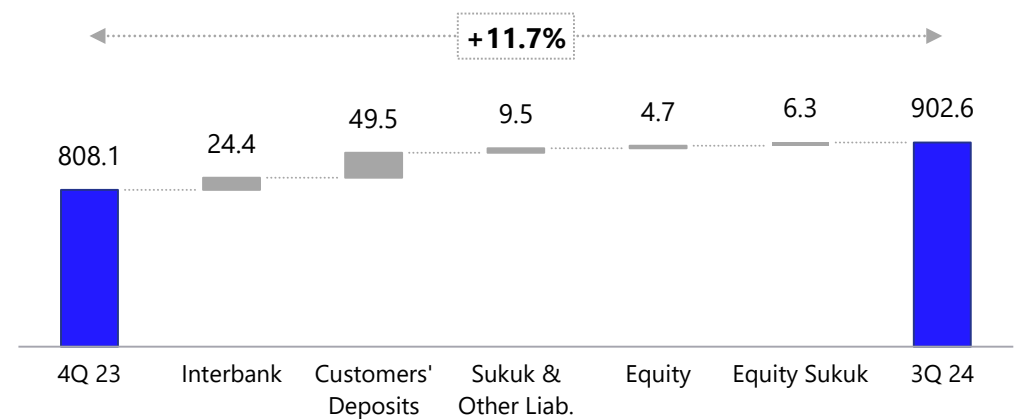
Movement in Assets (SARbn)



SAR (mn)

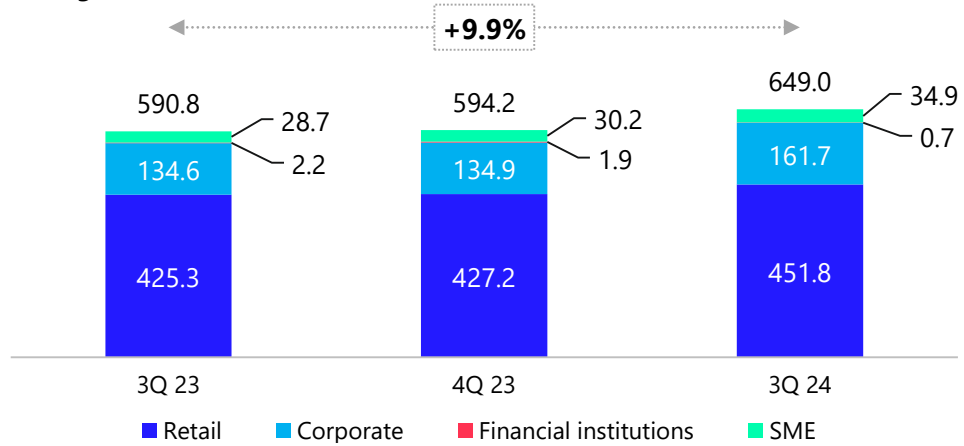
	3Q 24	2Q 24	QoQ	4Q 23	YTD
Cash & balances with SAMA	45,085	42,467	+6%	41,768	+8%
Due from banks & other FI	15,433	14,126	+9%	9,507	+62%
Investments, net	161,760	154,001	+5%	134,299	+20%
Financing, net	649,024	621,891	+4%	594,205	+9%
Other assets, net	31,269	34,475	-9%	28,321	+10%
<b>Total assets</b>	<b>902,571</b>	<b>866,960</b>	<b>+4%</b>	<b>808,098</b>	<b>+12%</b>
Due to banks & other FI	121,630	87,701	+39%	97,247	+25%
Customers' deposits	622,572	622,572	+0%	573,101	+9%
Sukuk issued	8,448	8,087	+4%	3,789	+123%
Other liabilities	32,041	32,204	-1%	27,202	+18%
<b>Total liabilities</b>	<b>784,692</b>	<b>750,563</b>	<b>+5%</b>	<b>701,339</b>	<b>+12%</b>
<b>Total equity</b>	<b>117,879</b>	<b>116,396</b>	<b>+1%</b>	<b>106,759</b>	<b>+10%</b>

Movement in Funding (SARbn)

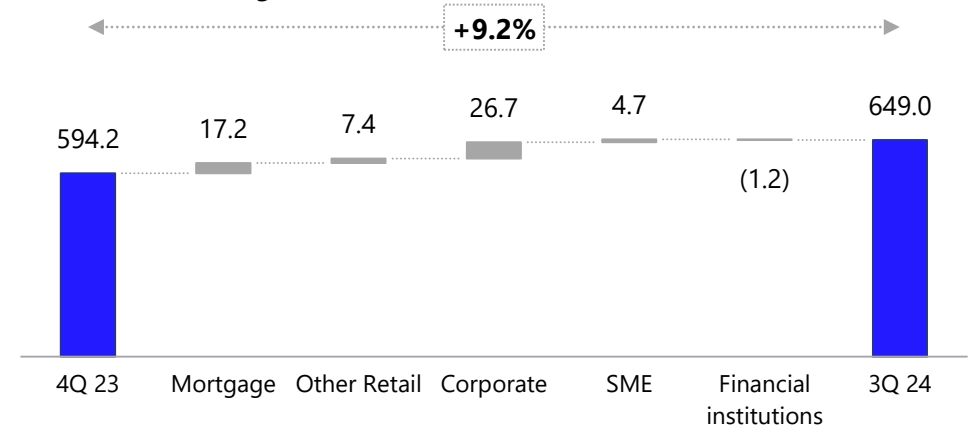


## Balance Sheet Trends (2) | Financing growth driven by Mortgage and Corporate

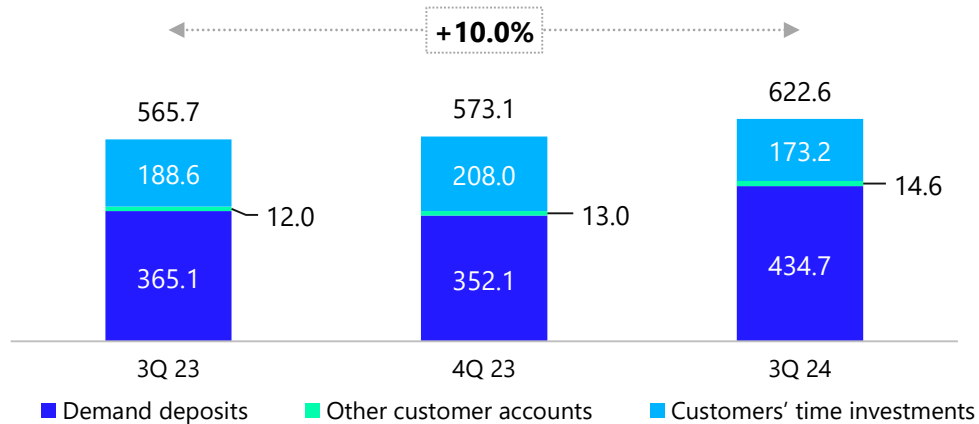
Financing, Net (SARbn)



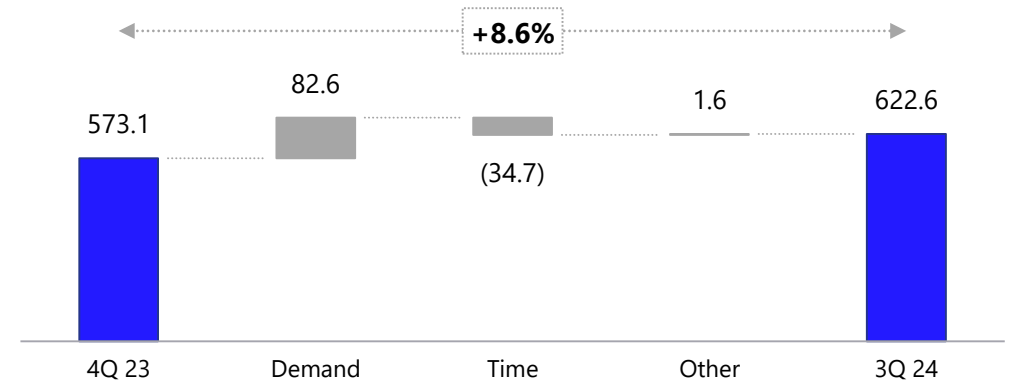
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

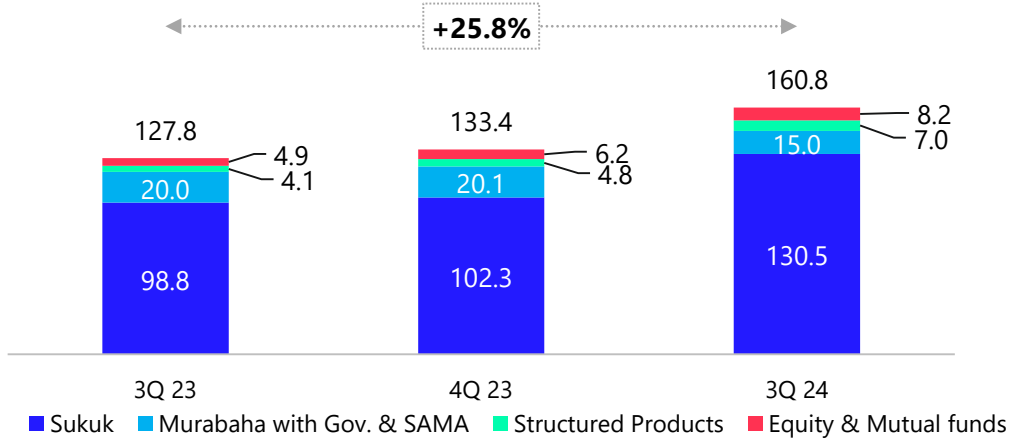


Movement in Total Customers' Deposits (SARbn)

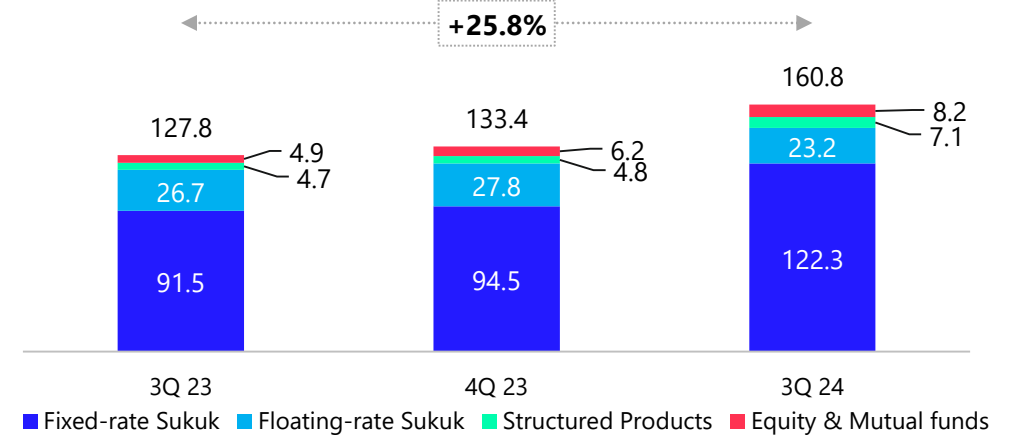


# Balance Sheet Trends (3) | Investments have grown significantly supporting our portfolio diversification

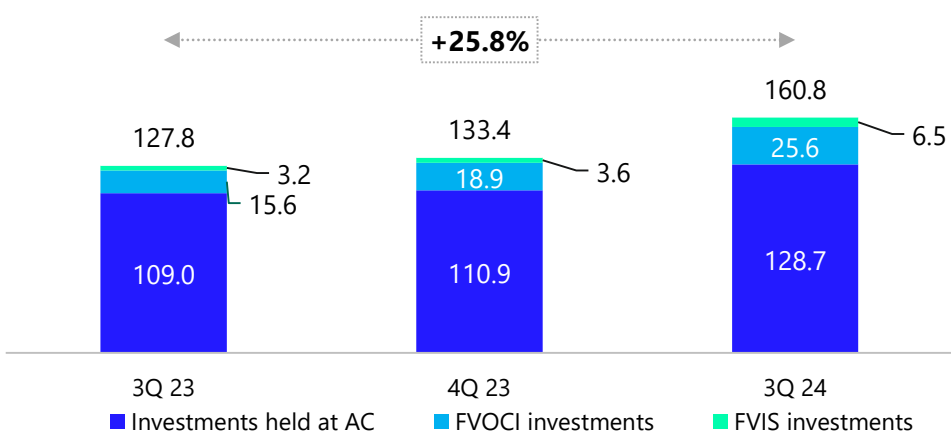
Investments, Net (SARbn)



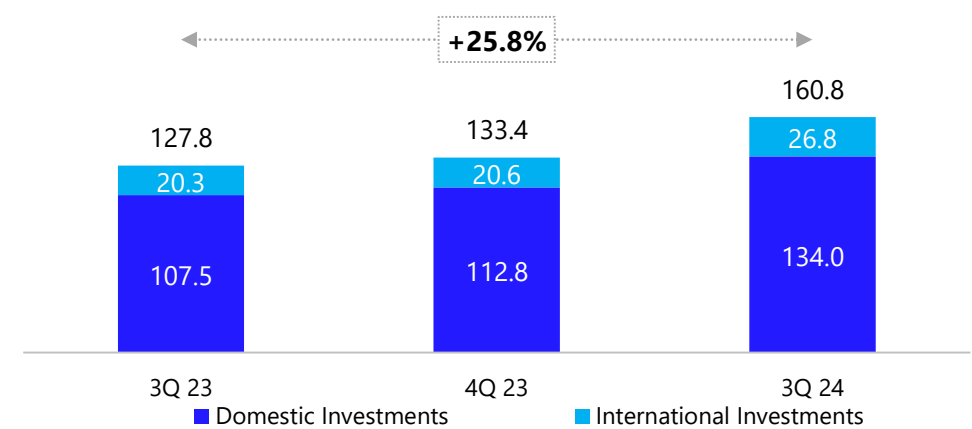
Investments, Net (SARbn)



Investments, Net (SARbn)



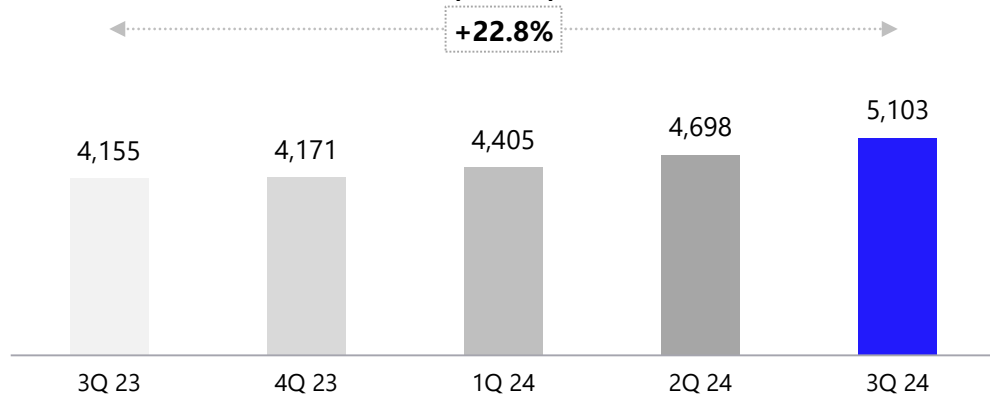
Investments, Net (SARbn)



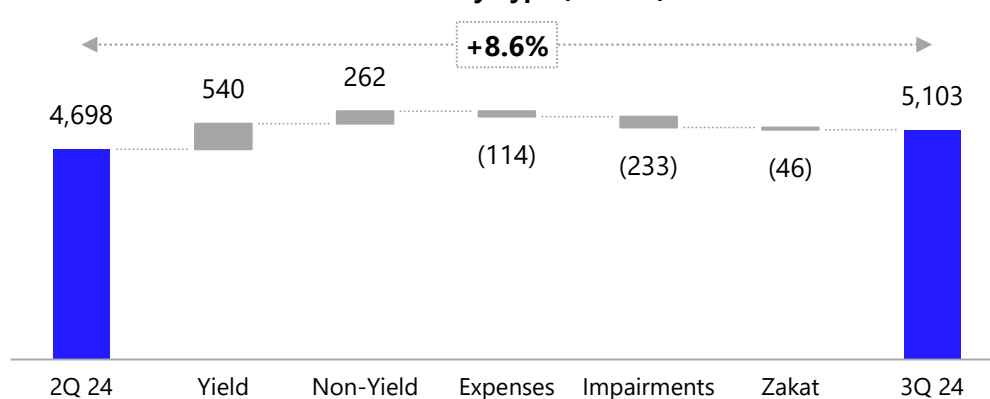


# Net Income Trends | highest-ever 9M net income with a 14% growth YoY

Net Income For The Period After Zakat (SARmn)



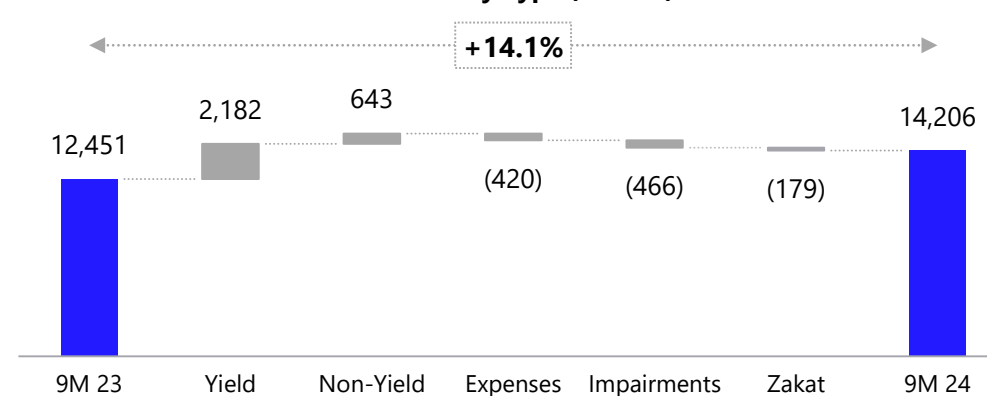
Net Income After Zakat Growth Drivers By Type (SARmn)



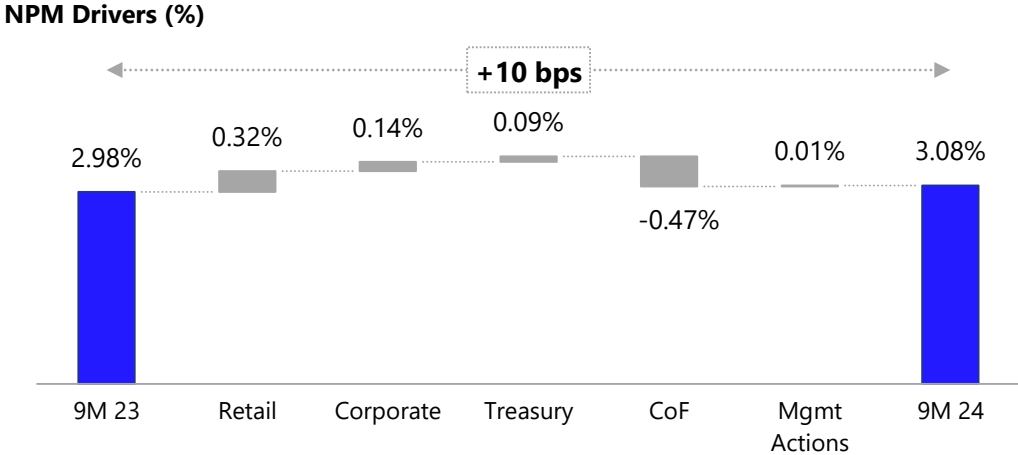
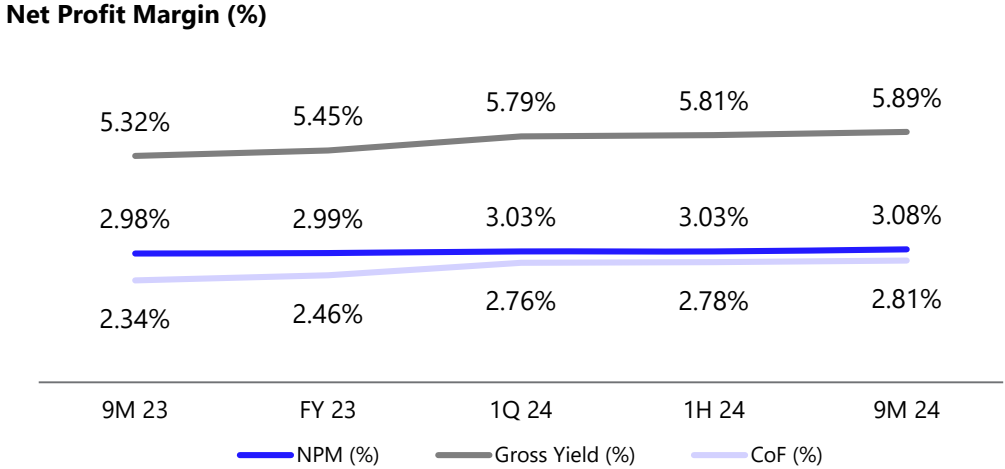
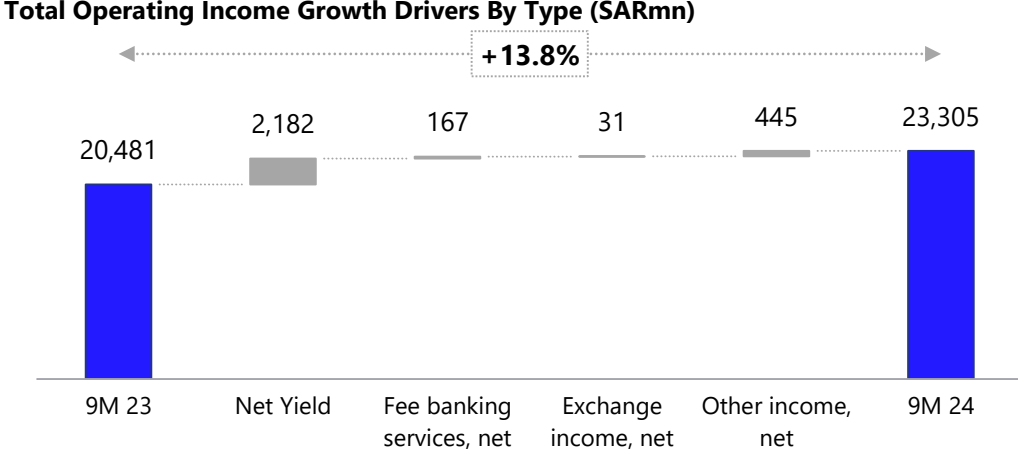
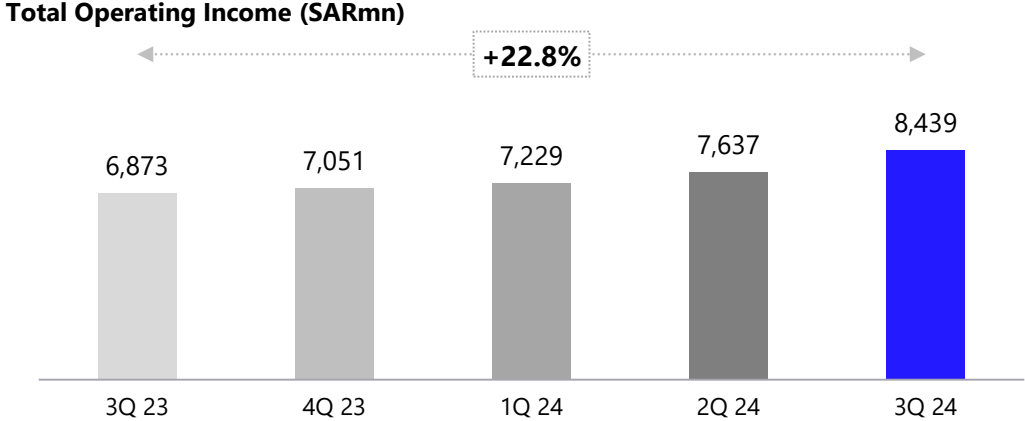
SAR (mn)

	9M 24	9M 23	YoY	3Q 24	3Q 23	YoY
<b>Net financing &amp; investment income</b>	<b>17,902</b>	<b>15,720</b>	<b>+14%</b>	<b>6,397</b>	<b>5,401</b>	<b>+18%</b>
Fee from banking services, net	3,404	3,238	+5%	1,242	899	+38%
Exchange Income, net	956	925	+3%	342	336	+2%
Other operating income, net	1,044	599	+74%	457	237	+93%
<b>Fees and other income</b>	<b>5,404</b>	<b>4,761</b>	<b>+13%</b>	<b>2,042</b>	<b>1,472</b>	<b>+39%</b>
<b>Total operating income</b>	<b>23,305</b>	<b>20,481</b>	<b>+14%</b>	<b>8,439</b>	<b>6,873</b>	<b>+23%</b>
Operating expenses	-5,920	-5,500	+8%	-2,070	-1,860	+11%
<b>Pre-provision profit</b>	<b>17,385</b>	<b>14,980</b>	<b>+16%</b>	<b>6,369</b>	<b>5,012</b>	<b>+27%</b>
Total impairment charge	-1,564	-1,099	+42%	-688	-379	+81%
<b>Net income for the period before Zakat</b>	<b>15,821</b>	<b>13,882</b>	<b>+14%</b>	<b>5,681</b>	<b>4,633</b>	<b>+23%</b>
Zakat	-1,611	-1,431	+13%	-574	-478	+20%
Non-controlling interests	4	0	+0%	4	0	+0%
<b>Net income for the period after Zakat</b>	<b>14,206</b>	<b>12,451</b>	<b>+14%</b>	<b>5,103</b>	<b>4,155</b>	<b>+23%</b>

Net Income After Zakat Growth Drivers By Type (SARmn)

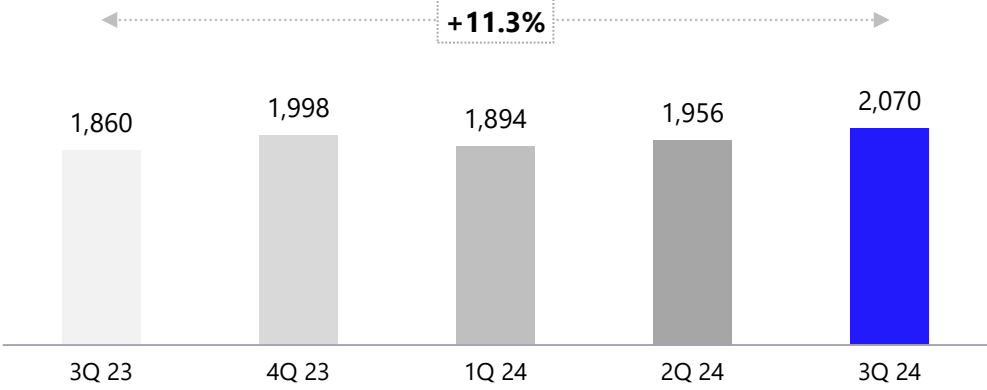


# Operating Income Trends | Higher operating income driven by net yield and fee income growth

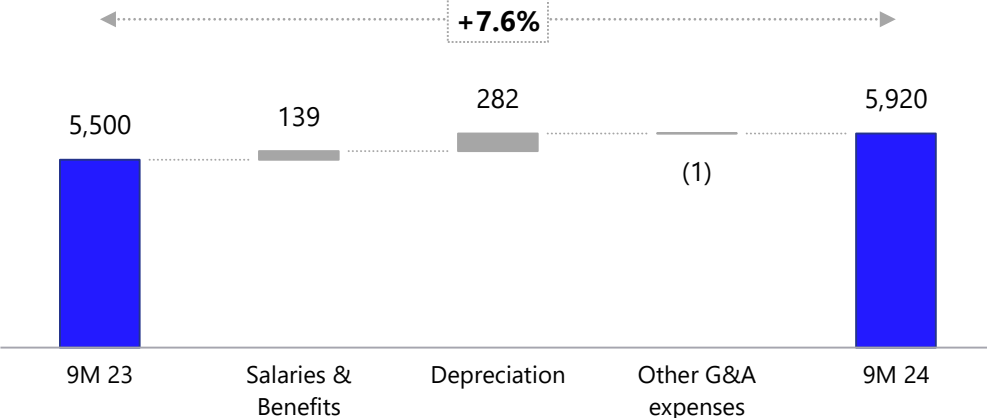


# Expenses Trends | Cost efficiencies remains solid

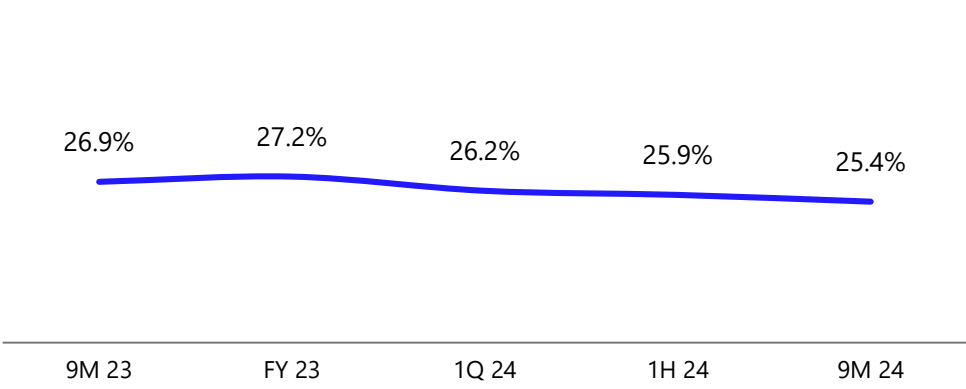
Operating Expenses (SARmn)



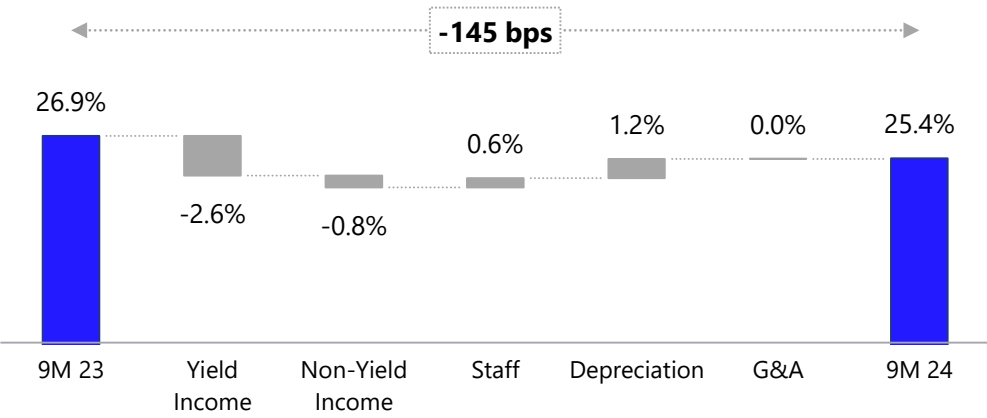
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

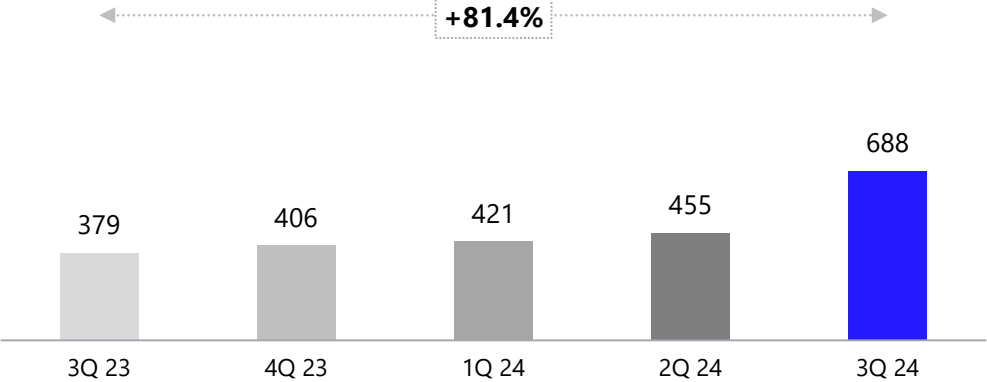


Cost to Income Ratio Drivers (%)

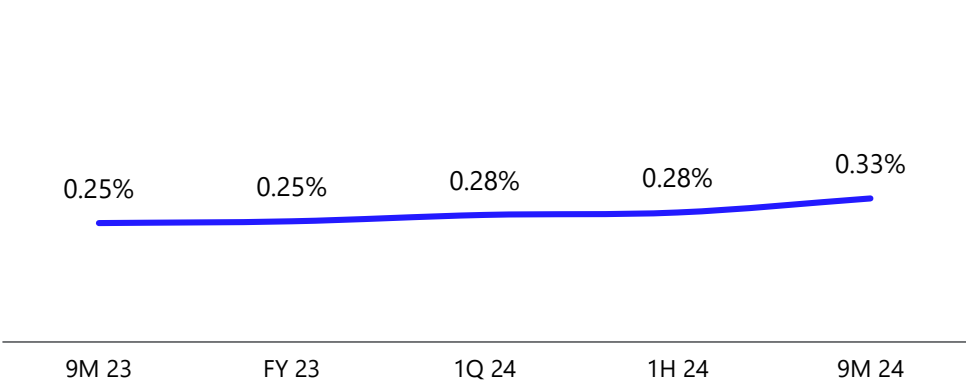


# Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

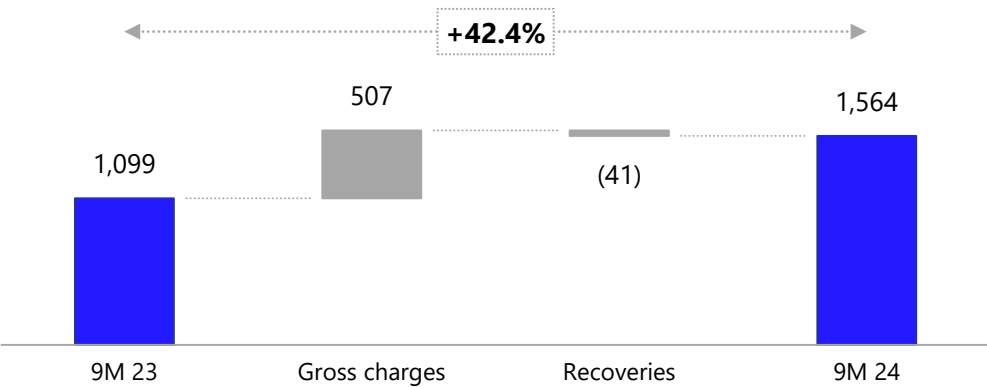
Net Impairment Charges (SARmn)



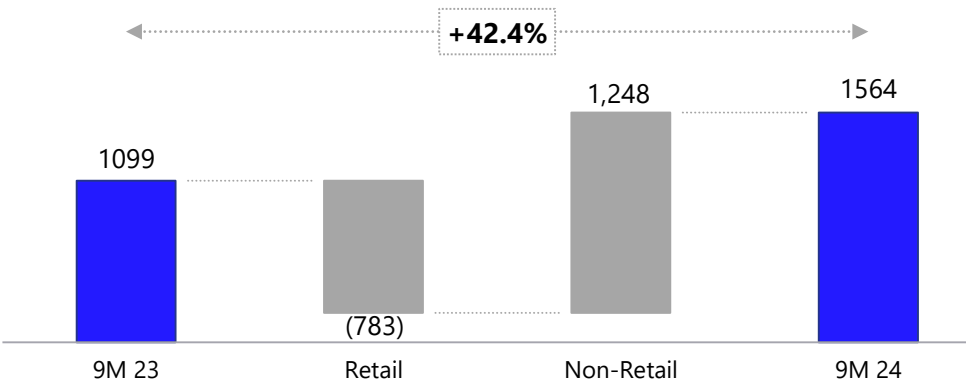
Cost of Risk (%)



Movement in Net Impairment (SARmn)

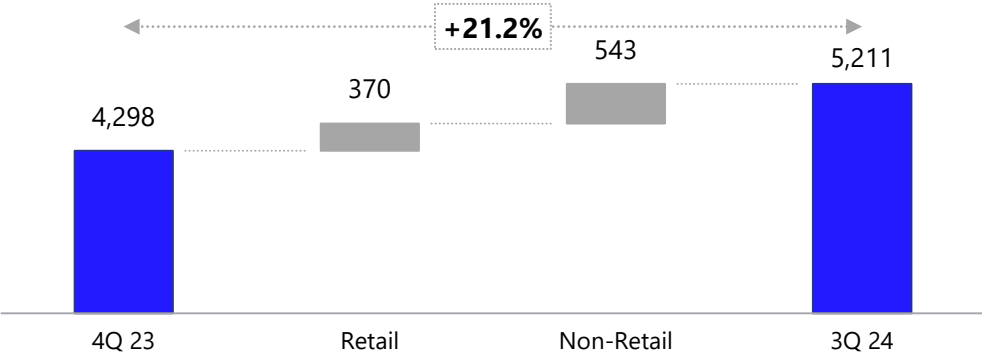


Movement in Net Impairment by Group (SARmn)

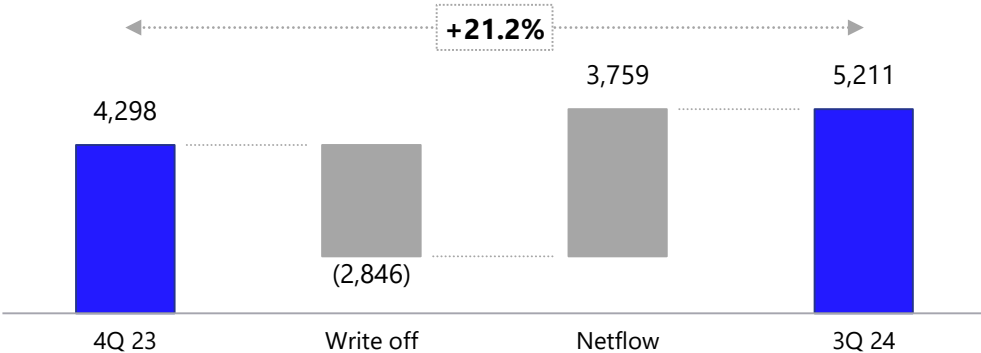


# Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

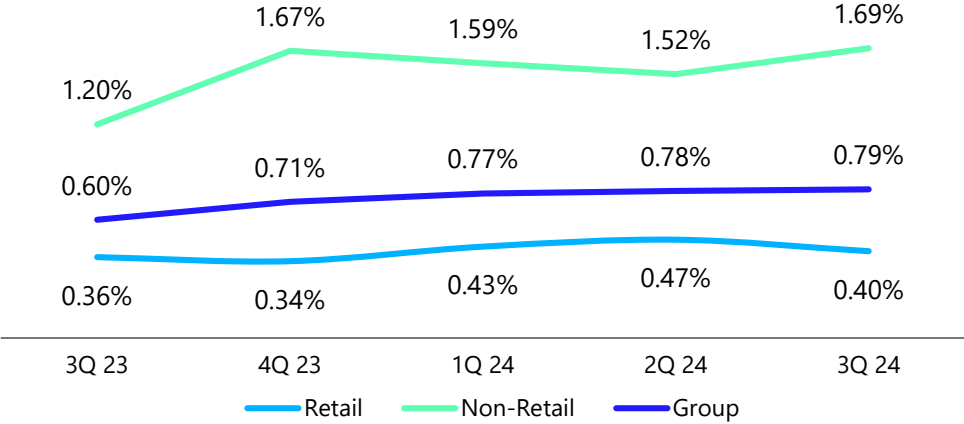
**Movement in NPL (SARmn)**



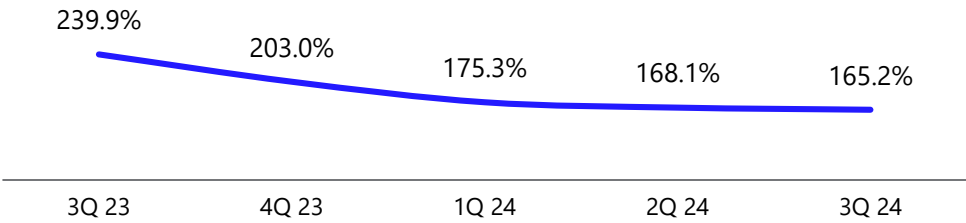
**NPL Formation (SARmn)**



**NPL Ratio (%)**

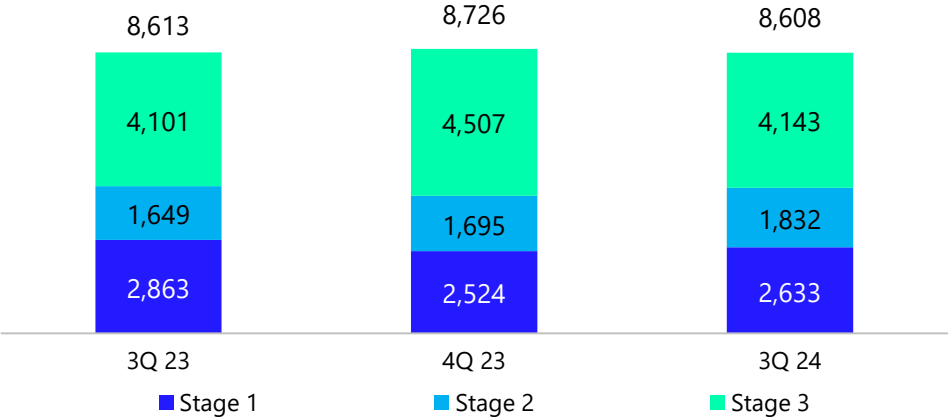


**NPL coverage ratio (%)**

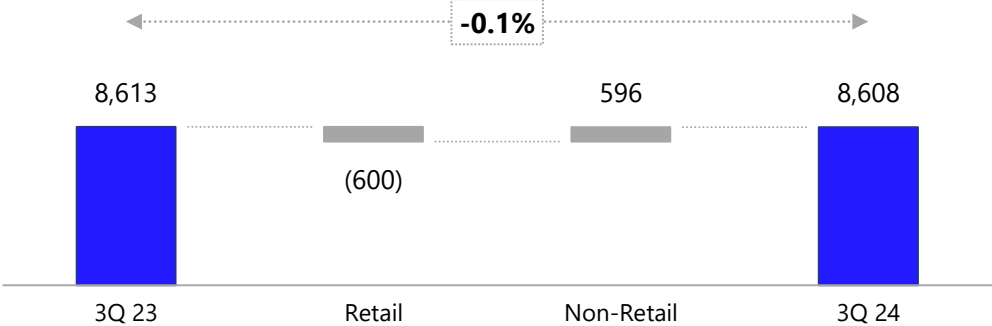


# Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

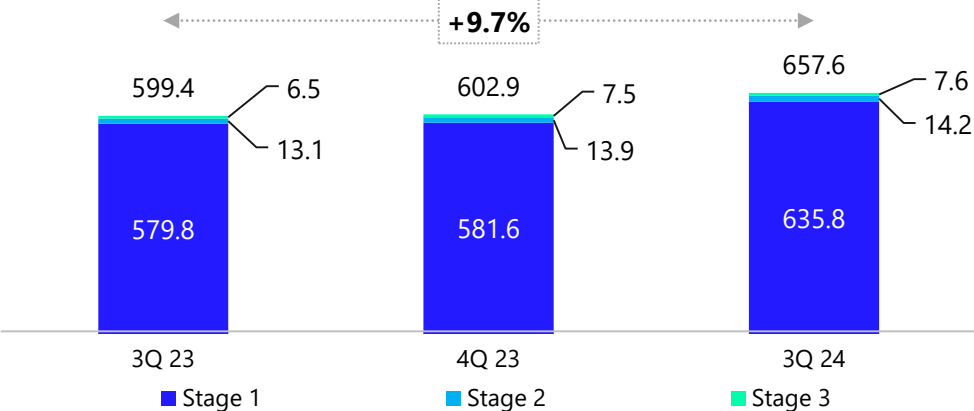
**ECL by Stage (SARmn)**



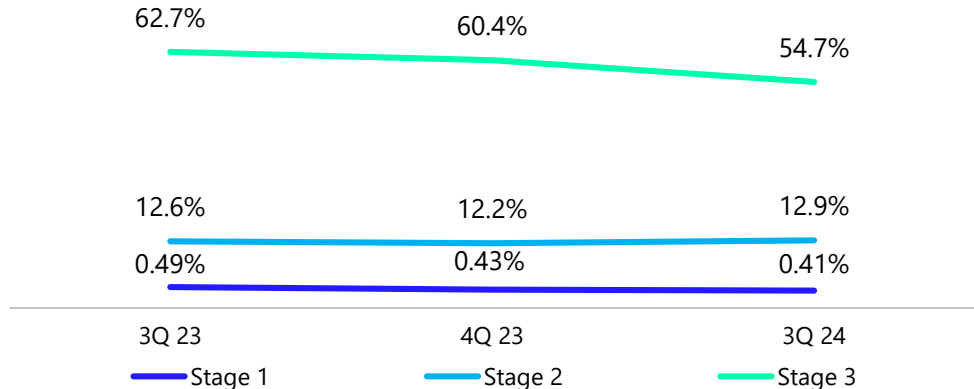
**Movement in ECL by Group (SARmn)**



**Gross Loans by Stage (SARbn)**

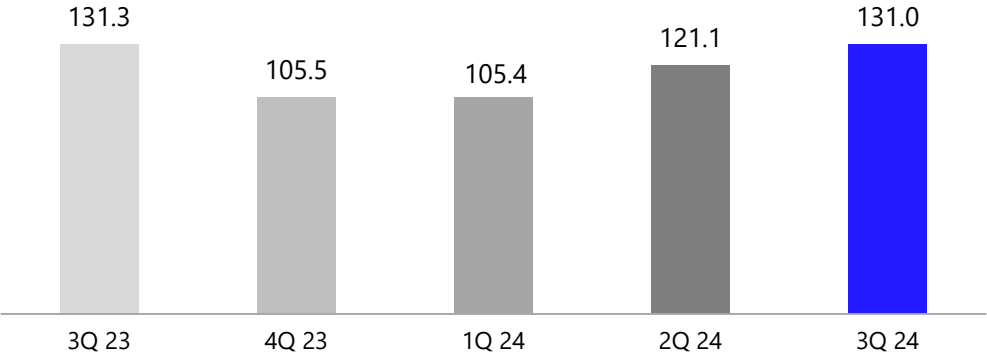


**ECL Coverage (%)**

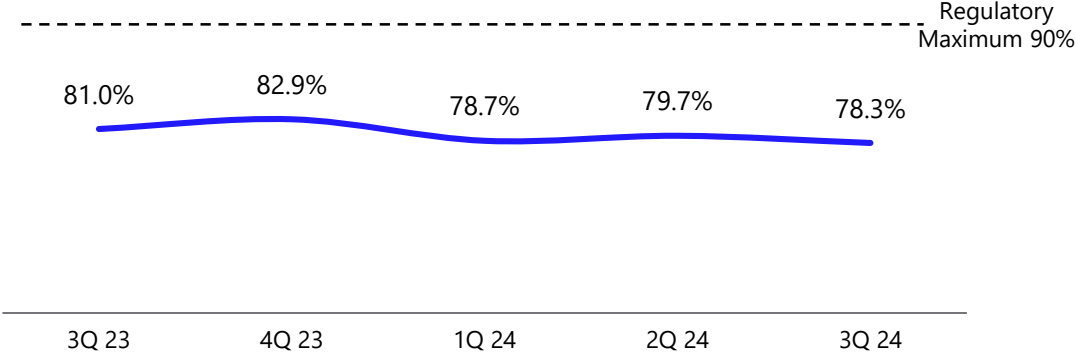


# Liquidity Trends | Liquidity remains comfortably within regulatory requirements

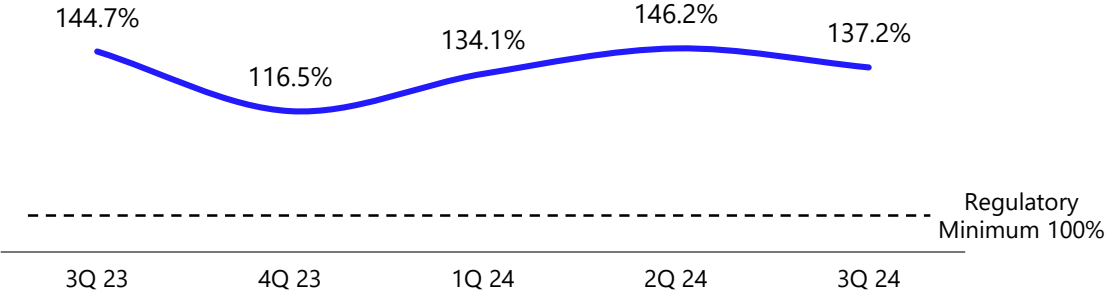
**HQLA (SARbn)**



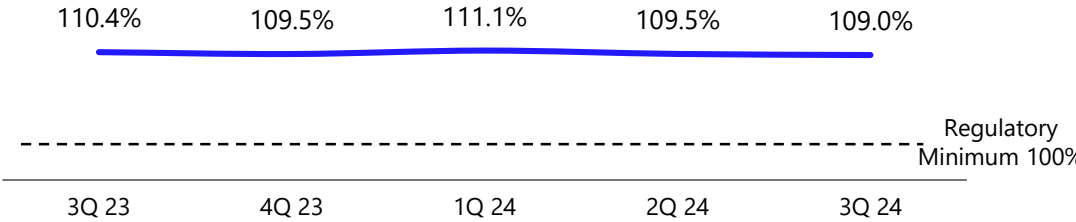
**Loan to Deposits Ratio (SAMA) (%)**



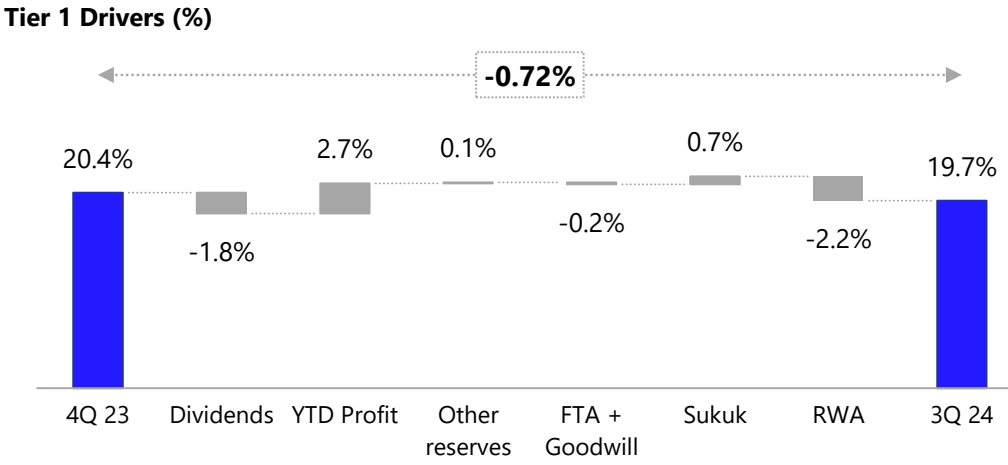
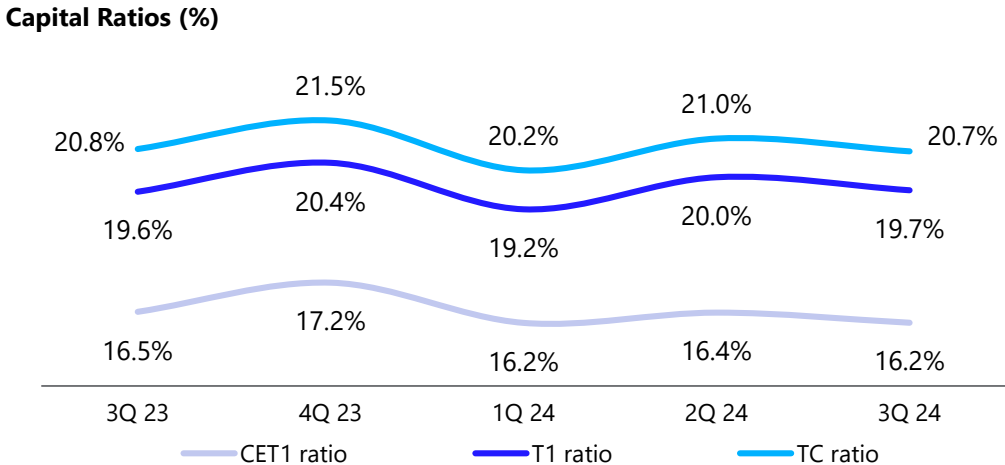
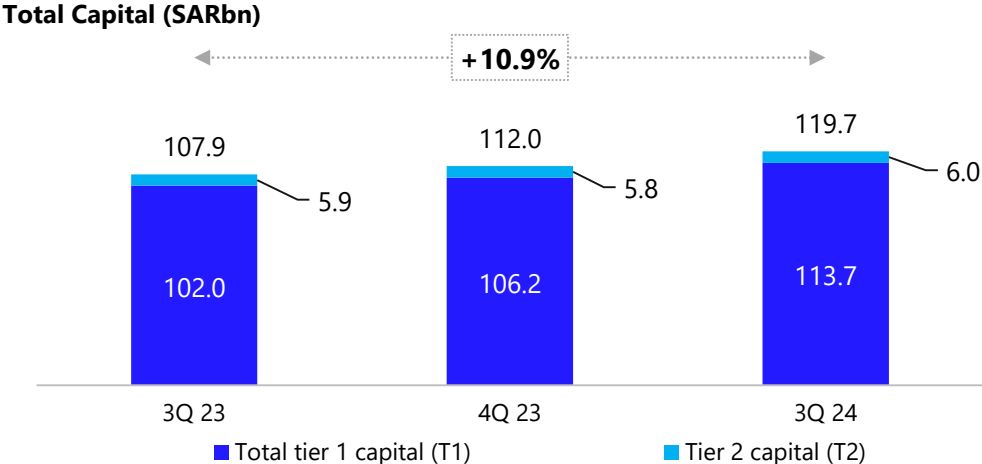
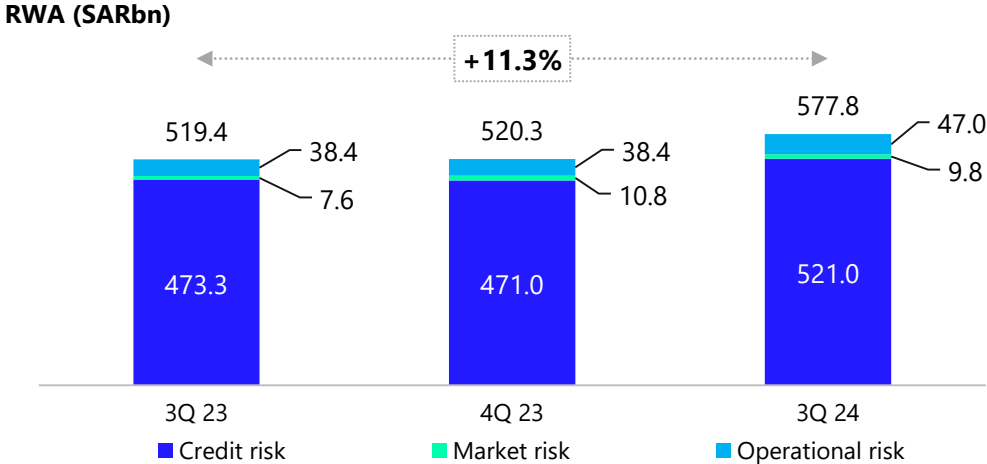
**LCR (%)**



**NSFR (%)**



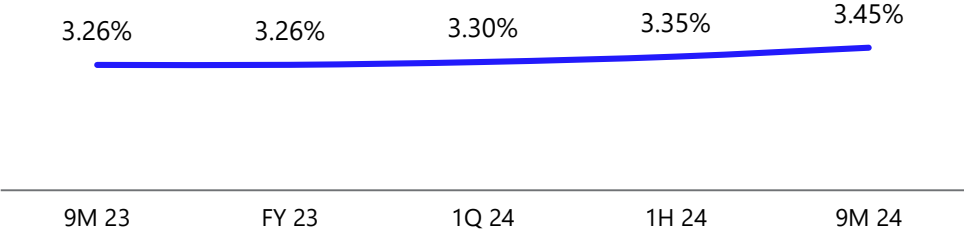
# Capitalization Trends | Capital position well above regulatory minima



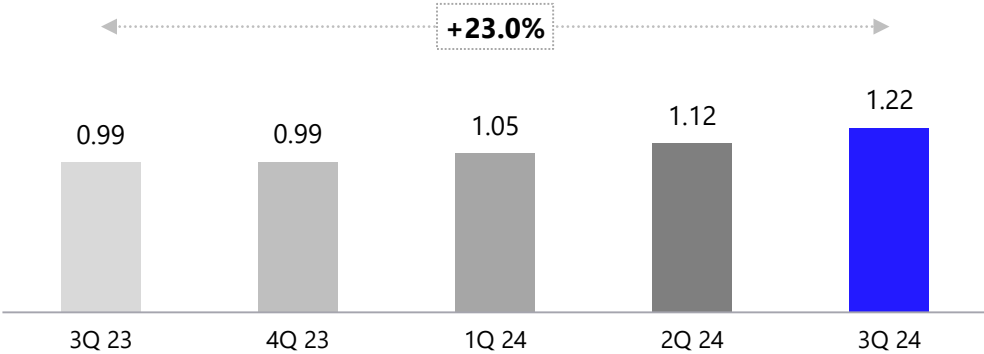


# Return Metrics | Al Rajhi Bank's returns remain industry-leading

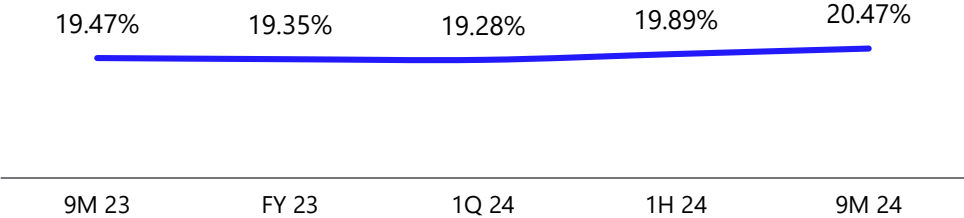
**Return on RWA (%)**



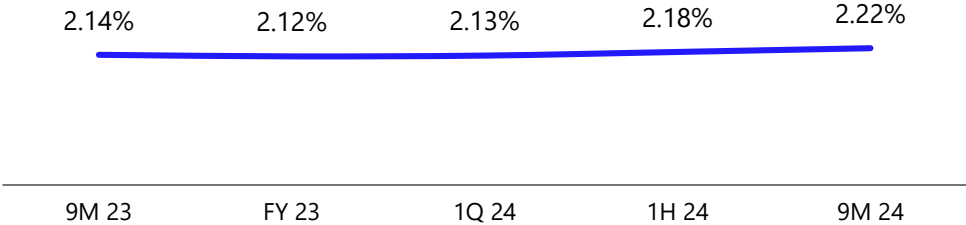
**Earnings per Share (SAR)**



**Return on Equity (%)**



**Return on Assets (%)**



# FY 2024 Guidance

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## FY 2024 Assumptions and Outlook | Interest rates are expected to continue decreasing by end of 2024

### Economy



- Saudi real GDP is expected to improve by 2.8% in 3Q 2024 driven by 4.2% higher non-oil activities
- IMF has revised Saudi GDP growth forecasts to 1.5% in 2024 and projected 4.6% for 2025
- Consumer spending increased by 7.2% YoY in the first 9 months of 2024 backed by the 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 one more rate cut by 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 decreased to 7.1% levels in September 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>9M 2024 Actual</b>		<b>Guidance Revision</b>
<b>Balance Sheet</b>	Financing	High single digit	+9.2%	↑	Low teens
	Net profit margin	+5 bps to +15 bps	+9 bps	↑	+10 bps to +20 bps
<b>Profitability</b>	Cost to income ratio	Below 26%	25.4%	↓	Below 25.5%
	ROE	Above 19.5%	20.47%	↑	Above 20%
<b>Asset Quality</b>	Cost of risk	0.25% - 0.35%	0.33%	↑	0.30% - 0.40%
<b>Capital</b>	Tier 1 ratio	Above 20%	19.7%	—	Above 20%



Q & A

# ESG Highlights

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# ESG Highlights | 3Q 2024

	<p><b>USD 2.7 bn</b> Green syndicated loan</p>		<p><b>214</b> 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><b>+39k</b> Families have been benefited from the affordable housing solutions</p>	<p><b>+22k</b> Employees across the group</p>	<p>ISO 22301:2019 Business Continuity Management</p>	
<p><b>SAR 903bn</b> Total Assets</p>	<p>Around SAR <b>3bn</b> of financing renewable energy projects</p>	<p><b>SAR 1.61bn</b> Zakat</p>	<p><b>77</b> Kidney transplants in 2024</p>	<p><b>260</b> Sharia Board Resolutions in 2023</p>	<p><b>12%</b> growth in female employees in 2023</p>
<p><b>SAR 14.2bn</b> Net Profit after Zakat</p>	<p><b>USD 2.0bn</b> Sustainable Sukuk</p>	<p><b>SAR 2.78bn</b> In salaries and benefits paid</p>	<p><b>12</b> Batches of Graduate Development Program since 2015</p>	<p><b>137</b> Policies &amp; Frameworks</p>	<p><b>30%</b> of female employees at the group level</p>
<p><b>0%</b> Financing exposure in Tobacco, Alcohol &amp; Gambling</p>	<p><b>94:6</b> Digital to Manual Ratio</p>	<p><b>SAR 34.9bn</b> in financing for SMEs</p>	<p><b>+158k</b> total training days since 2023</p>	<p><b>4 out of 11</b> Independent Board Directors</p>	<p><b>+100%</b> growth in female customers since 2015</p>
<p><b>Financial Sustainability</b></p>	<p><b>Environmental</b></p>	<p><b>Social</b></p>		<p><b>Governance</b></p>	<p><b>Gender Diversity</b></p>

3Q 2024 figures



# KSA's Macro-Economic Environment

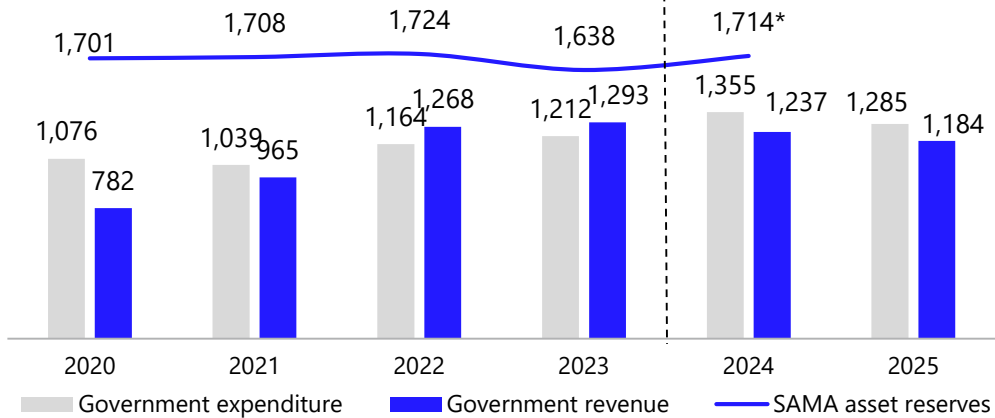
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## Highlights

- Saudi GDP is expected to increase by 2.8% in 3Q 2024 driven by higher non-oil activities
- IMF revised Saudi's GDP growth forecasts to 1.5% for 2024 and estimated 2025 to grow by 4.6%
- Unemployment rate reached all time low of 7.1% in 2Q 2024

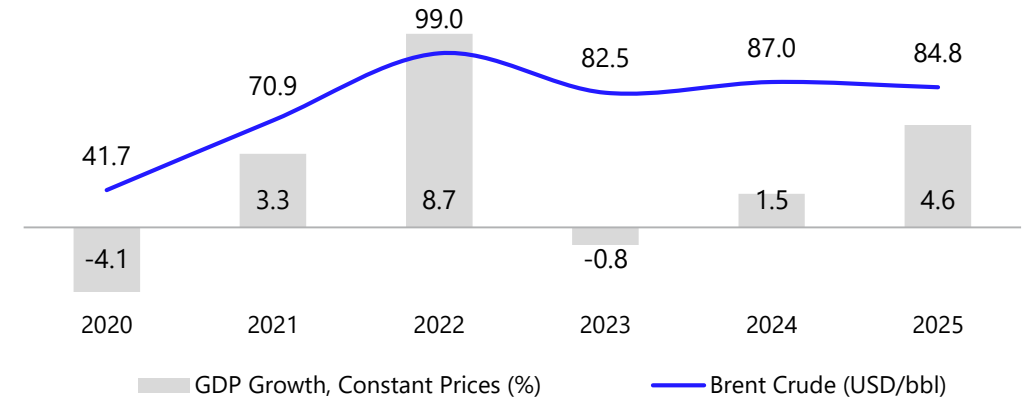
### Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

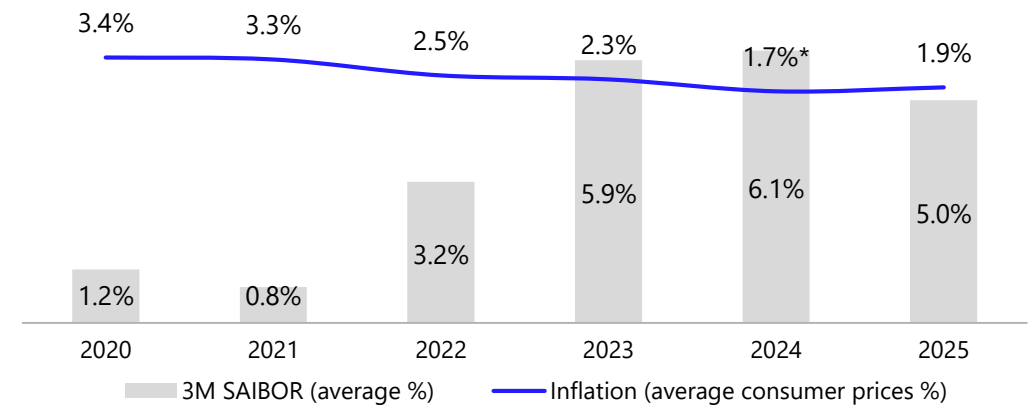
\* Sep 2024 figure

### GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

### 3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

\* Sep 2024 figure

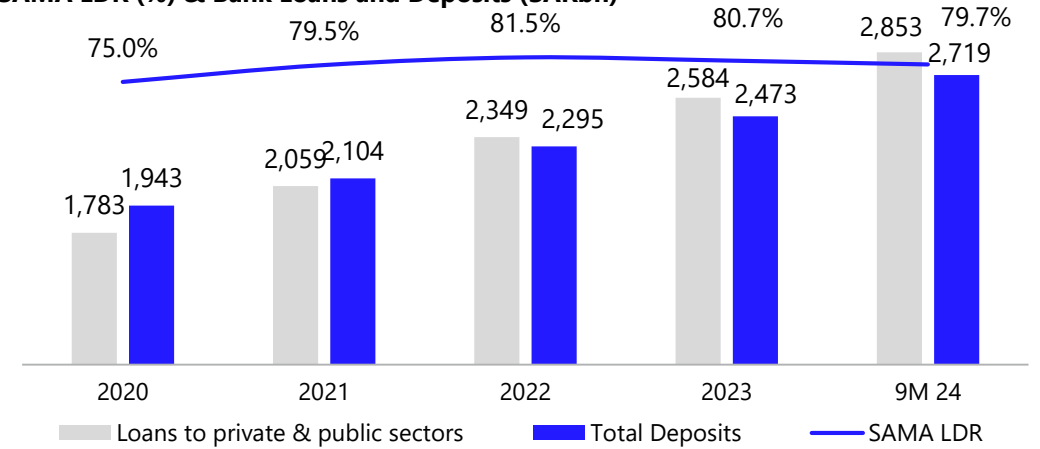


# Banking Sector Highlights | Banking system deposits continue growing in the third quarter 2024

## Recent Developments

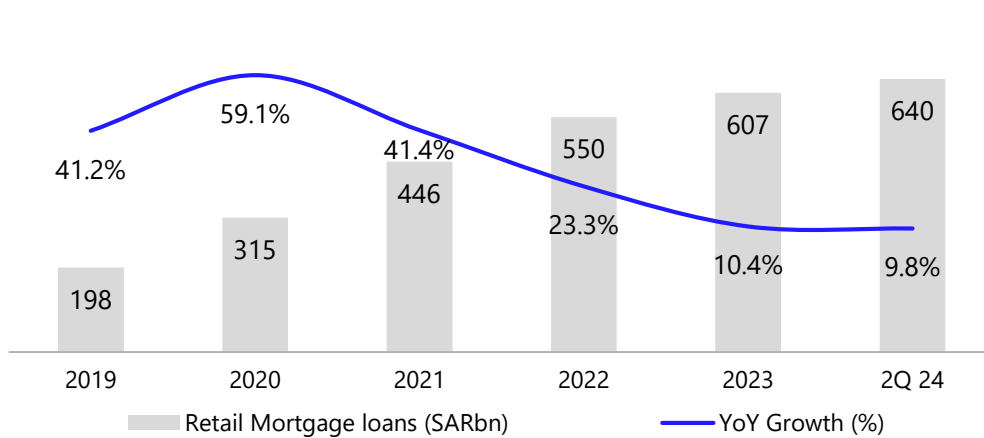
- Deposits have grown in the banking system by end of September 2024 align with loans growth.
- SRC benchmark rates decreased to 7.1% in Sep 2024
- Consumer spending increased by 7.2% YoY in the first 9 months of 2024 with continuous migration toward cashless payment methods

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



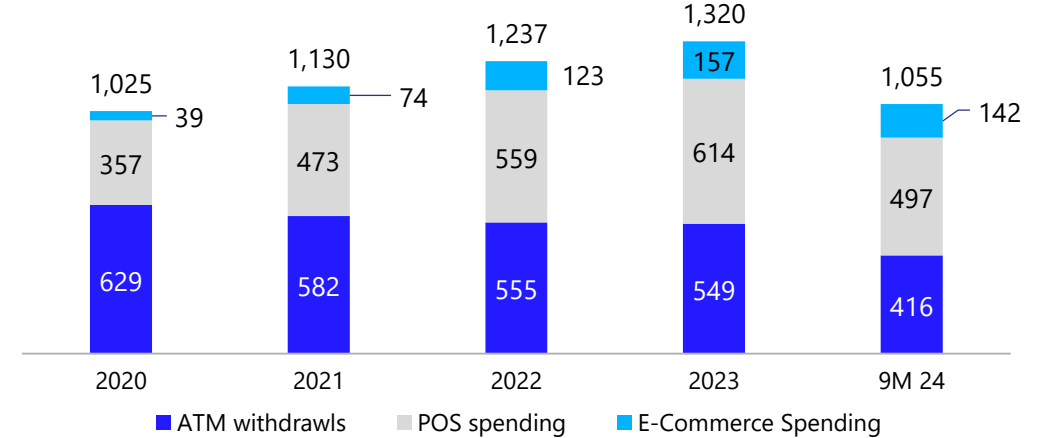
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



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## Additional Information | Contact investor relations for more information

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