

Al Rajhi Bank recorded SAR 4.4 Billion in 1Q 2024, the highest quarterly net income ever growing by 6.3% YoY

1Q 2024 Financial Results Highlights:

- SAR 4.405 billion net income after Zakat during the period, higher by 6.3% YoY
- Market leading return on equity at 19.28%
- Operating income increased by 6.6% YoY on improved net financing and investment income
- Operating efficiency enhanced to 26.2%
- Credit Quality remains strong with NPL ratio and NPL coverage ratio at 0.77% and 175%, respectively
- Cost of risk has maintained at 0.28%, increased by 3 basis points YoY
- Net financing increased by SAR 32 billion or 5.5% YoY to SAR 609 billion
- Strong funding with 68% of customer deposits being CASA
- Capitalization remains strong with Tier 1 of 19.2% and total CAR of 20.2%
- Healthy liquidity position with LCR of 134.1% and loan to deposit ratio of 78.7%

Riyadh, 29th April 2024 – During the first quarter of 2024, Al Rajhi Bank recorded its highest-ever net income in a quarterly basis of SAR 4,405 million, Higher by 6.3% Year-on-year. This was driven by high operating income of 6.6% year-on-year as a result of improved net financing & investment income and other operating income 10.2% and 68.8%, respectively. Total Assets have grown by 7.8% and reached a level of SAR 836 billion comparing to the first quarter last year 2023. Assets growth has been enhanced by 24.7% year-on-year growth in investments and 5.5% growth in net financing. Total retail financing remained flat year-on-year. It is worth to highlight that mortgage recorded a growth of 6.2% year-on-year. Additionally, corporate financing grew by 19.1% and SME financing elevated by 24.3% year-on-year. This balance sheet growth is combined with a healthy operating efficiency and improved credit quality that continued to support the bank's leading return metrics with ROE and ROA at 19.28% and 2.13%, respectively. The Bank further maintained a strong capital position with a tier 1 ratio of 19.2% and healthy liquidity with LCR of 134.1%.

Commenting on Al Rajhi Bank's first quarter 2024 performance, [Mr. Abdullah bin Sulaiman Al Rajhi, Chairman of the Board of Directors](#), said "as we continued growing across businesses, we are focused towards achieving our new strategic goals of **"harmonize the group"** by increasing the product penetration and diversifying our customers mix driven by best in class digital solutions. Complemented with our universal offering we provide financial bundles that

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are customer centric through an ecosystem that provides a unique experience across business and individual clients.

Al-Rajhi also added: "We are proud that the achieved growth contributes to achieving the goals of the Kingdom's Vision 2030, as financing for corporates increased by 19.1%, financing for SMEs increased by 24.3%, mortgage financing increased by 6.2% coupled with an increased activity in digital banking transactions in both corporate and retail. As a continuation of our focus towards being the app of choice, the bank maintained its pioneering innovation of new digital products, services and bundles across both Alrajhi bank retail and business apps. Moreover, the seamless journeys and the customer experience is a standard that we assured to maintain the leadership with an NPS score of 78 which is the highest in the sector.

Al-Rajhi concluded his statement: "The progress in our strategy execution coupled with improved economic activities resulted in growth of 7.8% year-on-year in total assets to reach SAR 836 billion. Additionally, ROE and ROA stands at 19.28% and 2.13%, respectively while earning per share has reached SAR 1.05 for the period."

Performance Highlights

Income Statement Summary

SAR (mn)	1Q 24	1Q 23	YoY %	1Q 24	4Q 23	QoQ %
Net financing & investment income	5,647	5,125	+10.2%	5,647	5,550	+1.8%
Fees & other income	1,582	1,655	-4.4%	1,582	1,501	+5.4%
Total operating income	7,229	6,781	+6.6%	7,229	7,051	+2.5%
Operating expenses	(1,894)	(1,800)	+5.2%	(1,894)	(1,998)	-5.2%
Pre-Provision Profit	5,335	4,980	+7.1%	5,335	5,053	+5.6%
Total impairment charge	(421)	(359)	+17.4%	(421)	(406)	+3.8%
Net income for the period	4,914	4,622	+6.3%	4,914	4,647	+5.7%
Zakat	(509)	(477)	+6.9%	(509)	(477)	+6.8%
Net income for the period after Zakat	4,405	4,145	+6.3%	4,405	4,171	+5.6%
Earnings per share (SAR)	1.05	0.99	+6.25%	1.05	0.99	+5.4%
Return on equity	19.28%	19.58%	-0.30%	19.28%	18.98%	+0.3%
Return on assets	2.13%	2.17%	-0.04%	2.13%	2.06%	+0.1%
Net financing and investment margin	3.03%	3.00%	+0.03%	3.03%	3.01%	+0.02%
Cost to income ratio	26.20%	26.5%	-0.35%	26.20%	28.3%	-2.1%
Cost of risk	0.28%	0.25%	+0.03%	0.28%	0.27%	+0.01%

Total operating income increases by 6.6% reaching SAR 7,229 million for the first quarter 2024, compared to SAR 6,781 last year same period. This growth is driven by 10.2% year-on-year higher net financing and investment income due to 3 basis points expansion in the net financing and investment margin to 3.03% resulting from the gross yield improvement and optimizing cost of funds. It is worth highlighting that this quarter witnessed a NIM expansion on an annual basis. Fee and other income decline by 4.4%; nevertheless, other operating income grows by 68.8% and exchange income decreases slightly by 1.1% year-on-year.

Operating expenses totaled SAR 1,894 million during the period, a rise of 5.2% year-on-year, which resulted in cost to income ratio to reach 26.2%.

The net impairment charge for Q1 2024 amounted to SAR 421 million, higher by 17.4% compared to the same period last year driven by financing portfolio growth. The cost of risk for the period increased by 3 basis points year-on-year at 0.28%.

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Balance Sheet Summary

SAR (mn)	1Q 24	4Q 23	QoQ %	1Q 23	YoY %
Cash & balances with SAMA & other central banks	43,171	41,768	+3.4%	45,625	-5.4%
Due from banks & other FIs, net	8,913	9,507	-6.2%	13,010	-31.5%
Investments, net	143,040	134,299	+6.5%	114,737	+24.7%
Financing, net	608,990	594,205	+2.5%	577,011	+5.5%
Other assets, net	31,877	28,321	+12.6%	25,413	+25.4%
Total Assets	835,992	808,098	+3.5%	775,796	+7.8%
Due to banks & other FIs	82,836	97,247	-14.8%	88,086	-6.0%
Customers' deposits	603,978	573,101	+5.4%	556,197	+8.6%
Sukuk issued	8,091	3,789	+113.5%	0	+0.0%
Other liabilities	32,816	27,202	+20.6%	32,286	+1.6%
Total liabilities	727,720	701,339	+3.8%	676,568	+7.6%
Total equity	108,272	106,759	+1.4%	99,227	+9.1%
Risk weighted assets	549,041	520,330	+5.5%	504,984	+8.7%
Tier 1 Ratio	19.2%	20.4%	-1.2%	19.7%	-0.6%
Total capital adequacy ratio	20.2%	21.5%	-1.3%	20.9%	-0.7%
Liquidity coverage ratio (LCR)	134%	143%	-8.9%	135%	-1.3%
Basel III leverage ratio	12.0%	12.5%	-0.6%	12.3%	-0.3%
Loan to Deposit Ratio	78.7%	82.9%	-4.2%	87.8%	-9.0%
Non-performing loan ratio	0.77%	0.71%	+0.05%	0.68%	+0.08%
Non-performing loan coverage ratio	175.3%	203.0%	-27.7%	214.1%	-38.8%

Total assets reach SAR 836 billion as at 31 March 2024, an increase of 7.8% compared to Q1 last year and 3.5% relative to previous quarter, from a notable growth in the financing and investments portfolios.

Net financing has grown 5.5% year-on-year to reach SAR 609 billion. Retail financing growth has remained flat year-on-year; however, the mortgage book has grown by 6.2%. In non-retail, 20.3% year-on-year financing growth driven by 19.1% year-on-year growth in corporate and 24.3% year-on-year growth in SME.

The non-performing loans ratio remains healthy at 0.77% with a stable credit quality. The non-performing loans coverage ratio stands solid at 175.3%. With a remarkable growth by 8.6% on the customers' deposits, CASA continued to represent a significant proportion by 67.5% of total deposits as at 31st March 2024.

Al Rajhi Bank continued to maintain its strong capitalization profile with tier 1 and total capital adequacy ratios of 19.2% and 20.2%, respectively. The Bank's liquidity position remained healthy with a liquidity coverage ratio of 134.1% and loan to deposit ratio of 78.7%.

Additional Information

Auditors' Opinion

Unmodified opinion

Consolidated Financial Statements

The interim condensed consolidated financial statements for the year ended 31st March 2024 will be available through the following link on Al Rajhi Bank website (<https://www.alrajhibank.com.sa/en/About-alrajhi-bank/Investor-Relations>) and investor relations App.

1Q2024 Earnings Call

Conference call for analysts and investors will be held on 8th of May 2024 at 4:00pm KSA time. The earnings call presentation will be available on Al Rajhi Bank website (<https://www.alrajhibank.com.sa/en/About-alrajhi-bank/Investor-Relations>) and investor relations App.



Alrajhi IR App

Financial Materials

Al Rajhi Bank's financial statements, earnings release, earnings presentation, earnings call transcript, investor presentation, factsheet and analyst data supplement are available to the public on the investor relations website:

<https://www.alrajhibank.com.sa/en/About-alrajhi-bank/Investor-Relations>

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