

Al Rajhi Bank recorded net income of SAR 16.6 Billion in 2023

FY 2023 Financial Results Highlights:

- SAR 16.6 billion net income after Zakat during the period, lower by 3.1% YoY
- Market leading return on equity at 19.35%
- Operating income lower by 3.7% on lower net financing and investment income
- Operating efficiency remains healthy at 27.2%
- Credit Quality remains strong with NPL ratio and NPL coverage ratio at 0.71% and 203%, respectively
- Cost of risk improved by 14 basis points YoY to 0.25%
- Net financing increased by SAR 26 billion or 4.6% YoY to SAR 594 billion
- Strong funding with 64% of customer deposits being CASA
- Capitalization remains strong with Tier 1 of 20.4% and total CAR of 21.5%
- Healthy liquidity position with LCR of 143% and loan to deposit ratio of 82.9%

Riyadh, 31st January 2024 – During the year 2023, Al Rajhi Bank recorded a net income of SAR 16,621 million, lower by 3.1% Year-on-year. This was driven by a lower operating income of 3.7% year-on-year as a result of lower net financing and investment income by 4.1%. Assets growth was enhanced by 31.5% year-on-year growth in investments and 4.6% growth in net financing. Total retail financing remained flat year-on-year. It is worth to highlight that mortgage recorded a growth of 5.6% year-on-year. Additionally, corporate financing, net grew by 20.2% and SME financing, net grew by 22.8% year-on-year. This balance sheet growth, in combination with healthy operating efficiency and improved credit quality, continued to support the bank's leading return metrics with ROE and ROA at 19.35% and 2.12%, respectively. The Bank further maintained a strong capital position with a tier 1 ratio of 20.4% and healthy liquidity with LCR of 143%.

Commenting on Al Rajhi Bank's 2023 performance, [Mr. Abdullah bin Sulaiman Al Rajhi, Chairman of the Board of Directors](#), said "The bank continued its selective growth across businesses to achieve its strategic goals while maintaining the leader in customer experience and best in class digital solutions. We kept focusing on developing a different experience across business and individual clients with financial solutions that are customer centric through a financial ecosystem that is suitable to our customer lifestyles with unlimited opportunities."

4Q 2023 Earnings Release



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 corporate increased by 20.2%, financing for SMEs increased by 22.8%, mortgage financing increased by 5.6% coupled with an increased activity in digital banking transactions in both corporate and retail. As a continuation of our focus toward enhancing our digital framework to further integrate our digital financial ecosystem, the bank maintained its pioneering innovation of new digital products and services across alrajhi bank app, alrajhi bank business app and portal. Moreover, the percentage of new accounts opened through the bank's mobile application also increased, to reach 96% of the total accounts opened during the period."

Al-Rajhi concluded his statement: "The progress in our strategy execution coupled with improved economic activities resulted in growth of 6.1% year-on-year in total assets to reach SAR 808 billion. Additionally, ROE and ROA stands at 19.35% and 2.12%, respectively while earning per share has reached SAR 3.95 for the period."

Performance Highlights

Income Statement Summary

SAR (mn)	FY 23	FY 22	YoY %	4Q 23	3Q 23	QoQ %	4Q 22	YoY %
Net financing & investment income	21,269	22,173	-4.1%	5,550	5,401	+2.8%	5,579	-0.5%
Fees & other income	6,262	6,402	-2.2%	1,501	1,472	+2.0%	1,685	-10.9%
Total operating income	27,531	28,575	-3.7%	7,051	6,873	+2.6%	7,264	-2.9%
Operating expenses	(7,498)	(7,451)	+0.6%	(1,998)	(1,860)	+7.4%	(2,001)	-0.2%
Pre-Provision Profit	20,033	21,124	-5.2%	5,053	5,012	+0.8%	5,263	-4.0%
Total impairment charge	(1,504)	(2,001)	-24.8%	(406)	(379)	+6.9%	(353)	+15.0%
Net income for the period	18,529	19,123	-3.1%	4,647	4,633	+0.3%	4,911	-5.4%
Zakat	(1,908)	(1,972)	-3.2%	(477)	(478)	-0.2%	(506)	-5.8%
Net income for the period after Zakat	16,621	17,151	-3.1%	4,171	4,155	+0.4%	4,404	-5.3%
Earnings per share (SAR)	3.95	4.24	-6.8%	0.99	0.99	+0.4%	1.08	-8.0%
Return on equity	19.35%	22.68%	-3.3%	18.98%	19.25%	-0.3%	21.58%	-2.6%
Return on assets	2.12%	2.46%	-0.3%	2.06%	2.10%	-0.0%	2.34%	-0.3%
Net financing and investment margin	2.99%	3.55%	-0.56%	3.01%	3.00%	+0.01%	3.26%	-0.25%
Cost to income ratio	27.2%	26.1%	+1.2%	28.3%	27.1%	+1.3%	27.5%	+0.8%
Cost of risk	0.25%	0.39%	-0.14%	0.27%	0.26%	+0.01%	0.25%	+0.02%

Total operating income came lower by 3.7% reaching SAR 27,531 million for 2023, compared to SAR 28,575 last year. This decline was driven by 4.1% year-on-year lower net financing and investment income due to 56 basis points contraction in the net financing and investment margin to 2.99% resulting from the higher cost of funds. It is worth highlighting that 4Q 2023 continued a NIM expansion on a sequential basis compared to last quarter. Fee and other income declined by 2.2%; however, exchange income and other operating income grew by 7.3% and 28.3% year-on-year, respectively.

Operating expenses totaled SAR 7,498 million during the year, a rise of 0.6% year-on-year, which resulted in cost to income ratio to reach 27.2%.

The net impairment charge for 2023 amounted to SAR 1,504 million, a decline of 24.8% compared to the same period last year driven by stable asset quality, improved economic outlook and high recoveries. The cost of risk for the period was 14 basis points lower year-on-year at 0.25%.

4Q 2023 Earnings Release

Balance Sheet Summary

SAR (mn)	4Q 23	3Q 23	QoQ %	4Q 22	YoY %
Cash & balances with SAMA & other central banks	41,767.64	43,838	-4.7%	42,052	-0.7%
Due from banks & other FIs, net	9,506.67	8,128	+17.0%	25,656	-62.9%
Investments, net	134,298.61	128,700	+4.4%	102,146	+31.5%
Financing, net	594,204.81	590,826	+0.6%	568,338	+4.6%
Other assets, net	28,320.54	29,991	-5.6%	23,426	+20.9%
Total Assets	808,098.27	801,483	+0.8%	761,619	+6.1%
Due to banks & other FIs	97,246.89	100,126	-2.9%	70,839	+37.3%
Customers' deposits	573,100.61	565,719	+1.3%	564,925	+1.4%
Sukuk issued	3,789.12	3,834	-1.2%	0	+0.0%
Other liabilities	27,202.23	29,525	-7.9%	25,630	+6.1%
Total liabilities	701,338.84	699,204	+0.3%	661,394	+6.0%
Total equity	106,759.43	102,280	+4.4%	100,225	+6.5%
Risk weighted assets	520,330	519,382	+0.2%	497,973	+4.5%
Tier 1 Ratio	20.4%	19.6%	+0.8%	20.3%	+0.1%
Total capital adequacy ratio	21.5%	20.8%	+0.8%	21.4%	+0.1%
Liquidity coverage ratio (LCR)	143%	145%	-1.7%	126%	+17.2%
Basel III leverage ratio	12.5%	12.1%	+0.4%	12.7%	-0.2%
Loan to Deposit Ratio	82.9%	81.0%	+1.9%	85.9%	-3.0%
Non-performing loan ratio	0.71%	0.60%	+0.11%	0.62%	+0.09%
Non-performing loan coverage ratio	203.0%	239.9%	-36.9%	237.8%	-34.8%

Total assets reached SAR 808 billion as at 31 December 2023, an increase of 6.1% compared to last year and 0.8% relative to previous quarter, from a notable growth in the financing and investments portfolios.

Net financing grew 4.6% year-on-year to reach SAR 594 billion. Retail financing growth remained flat. However, mortgage has a growth of 5.6% despite SAR 11 billion securitization in 2023. In non-retail, 20.7% year-on-year financing growth was driven by 20.2% year-on-year growth in corporate and 22.8% year-on-year growth in SME.

The non-performing loans ratio remains healthy at 0.71%, as credit quality remained stable. The non-performing loans coverage ratio stands strong at 203%. CASA continued to represent a significant proportion at 63.7% of total deposits as at 31 December 2023.

Al Rajhi Bank continued to maintain its strong capitalization profile with tier 1 and total capital adequacy ratios of 20.4% and 21.5%, respectively. The Bank's liquidity position remained healthy with a liquidity coverage ratio of 143% and loan to deposit ratio of 82.9% as at 31 December 2023.

Additional Information

Auditors' Opinion

Unmodified opinion

Consolidated Financial Statements

The interim condensed consolidated financial statements for the year ended 31st December 2023 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.

4Q2023 Earnings Call

Conference call for analysts and investors will be held on 7th of February 2024 at 3:00pm 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.

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>

4Q 2023 Earnings Release

Contact Investor Relations

Investors Relations

Email: IR@alrajhibank.com.sa

Mr. Safwan Alsulaimani

Telephone: +966 (11) 834 6626

E-mail : AlsulaimaniSA@alrajhibank.com.sa

Mr. Mohammed M. Alqahtani

Telephone: +966 (11) 828 1921

E-mail : AlqahtaniM-M@alrajhibank.com.sa



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul
Mobile App



Emkan App



urpay App