Al Rajhi Bank Results Presentation

1Q 2025 Earnings Conference Call and Webcast

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alrajhi bank

1Q 2025 Earnings Call

1Q 2025 Results Summary | Results were exceptional for the first quarter 2025

5.0% YTD Balance Sheet Growth	**4.2% YTD Growth in financing portfolio** Net Financing 693.4bn (FY 24) → +4.2% → 722.8bn (Q1 25)	**4.4% Growth in liabilities** Total Liabilities 851.2bn (FY 24) → +4.4% → 889.0bn (Q1 25)	**LDR below regulatory minima** Loan to Deposit Ratio 85.5% (FY 24) → 84.9% (Q1 25)
34.1% higher net income YoY	**25.7% growth in net yield income** Net Yield income 5,647mn (Q1 24) → +25.7% → 7,097mn (Q1 25)	**32.9% higher Non yield income** Non Yield Income 1,582mn (Q1 24) → +32.9% → 2,103mn (Q1 25)	**27.3% higher operating income** Operating Income 7,229mn (Q1 24) → +27.3% → 9,200mn (Q1 25)
Stable credit quality	**4 bps COR decrease** Cost of risk 0.32% (FY 24) → 0.29% (Q1 25)	**2 bps Lower in NPL ratio** NPL 0.76% (FY 24) → 0.74% (Q1 25)	**NPL coverage remained strong** NPL Coverage 159% (FY 24) → 153% (Q1 25)
Key Ratios	**Operating efficiency remains solid** Cost to income ratio 26.2% (Q1 24) → 22.7% (Q1 25)	**Strong capital position** Total Capital Adequacy Ratio 20.2% (Q1 24) → 20.6% (Q1 25)	**Higher NPM** NPM 3.03% (Q1 24) → 3.16% (Q1 25)

"Harmonize the Group" | Highlights on our strategy performance

Business to Consumer

		FY 2023		
Leverage customer base via cross-sell	% of customers with more than one product	38.0%	+4.6%	42.6% (Q1 2025)
Enter new segments	Sales growth from target customers - indexed	100	+234%	334 (Q1 2025)
Develop customer focused propositions	# of Customers	15.8M	+20%	19.0M (Q1 2025)
Maintain leadership in customer experience	Net-Promoter-Score (NPS)	76%	+9%	85% (Q1 2025)

Business to Business

		FY 2023		
Become 'main bank' of large corporates	Corporate Banking market share	12.3%	+1.3%	13.6% (FY 2024)
Develop Investment Banking business	Revenue growth from Investment Banking - indexed	100	+156%	256 (Q1 2025)
Grow SME via tailored solutions	SME portfolio growth	SAR 30B	+38.4%	SAR 42B (Q1 2025)
Ensure Al Rajhi Group's a great place to work	Employee Engagement	74%	+0%	74% (Q1 2025)

Support Businesses

		FY 2023		
Centralization and standardization	% of capabilities centralized & standardized	13.5%	+27.9%	41.4% (Q1 2025)
Increase automation and efficiency	% of processes automated	25%	+29%	54% (Q1 2025)
Increase scale and agility via Cloud	% of applications that are Cloud ready	29%	+50%	79% (Q1 2025)
Build successful careers across Al Rajhi Group	Training Days Total - indexed	100	+110%	213 (Q1 2025)

Digital & Data

		FY 2023		
Expand digital capabilities Group-wide	Digital : Manual ratio	94:6	+1%	95:5 (Q1 2025)
Customer-centric digital journeys Group-wide	# of Group and open banking APIs	119	+174%	326 (Q1 2025)
Group-wide insights and real-time marketing	Revenue increase from data driven marketing - indexed	100	+233%	333 (Q1 2025)
Leader in Financial Conduct and Sustainability	ESG rating	BBB	+1	A (Q1 2025)

1Q 2025 Financial Highlights

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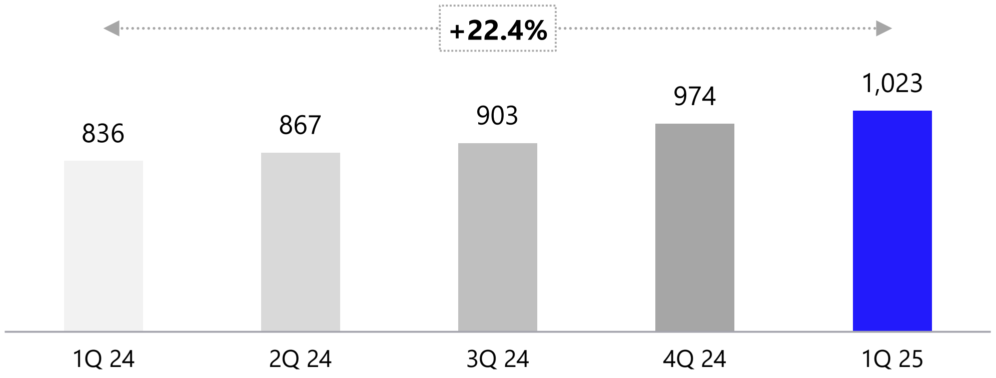
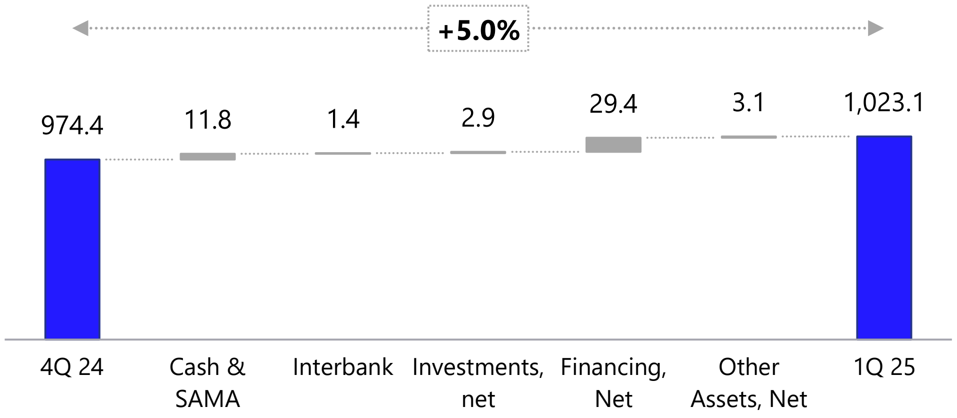
Balance Sheet Trends (1) | Total assets growth of 22.4% YoY and 5% YTD, surpassing “1 Trillion” by the first quarter 2025

Total Assets (SARbn)

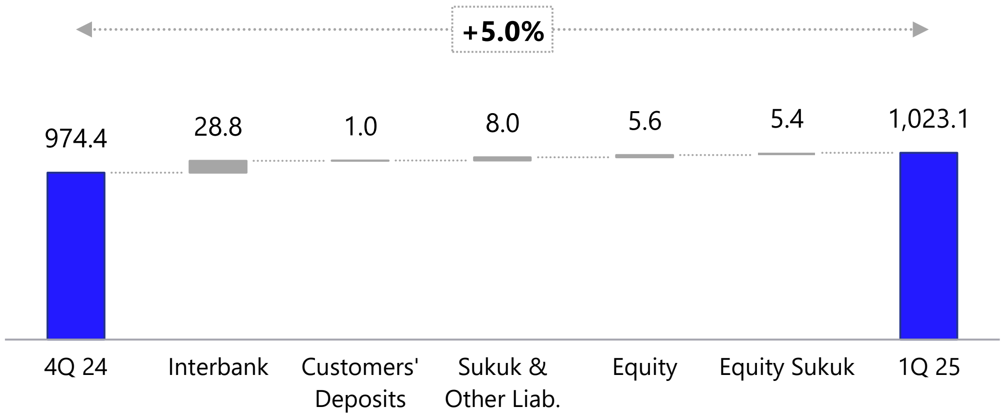


SAR (mn)	1Q 25	4Q 24	QoQ	1Q 24	YoY
Cash & balances with SAMA	65,077	53,245	+22%	43,171	+51%
Due from banks & other FI	20,978	19,530	+7%	8,913	+135%
Investments, net	178,973	176,068	+2%	143,040	+25%
Financing, net	722,785	693,410	+4%	608,990	+19%
Other assets, net	35,266	32,135	+10%	31,877	+11%
Total assets	**1,023,080**	**974,387**	**+5.0%**	**835,992**	**+22%**
Due to banks & other FI	202,231	173,435	+17%	82,836	+144%
Customers' deposits	629,229	628,239	+0%	603,978	+4%
Sukuk issued	9,852	8,451	+17%	8,091	+22%
Other liabilities	47,683	41,124	+16%	32,816	+45%
Total liabilities	**888,995**	**851,247**	**+4%**	**727,720**	**+22%**
Total equity	**133,977**	**123,033**	**+9%**	**108,272**	**+24%**

Movement in Assets (SARbn)

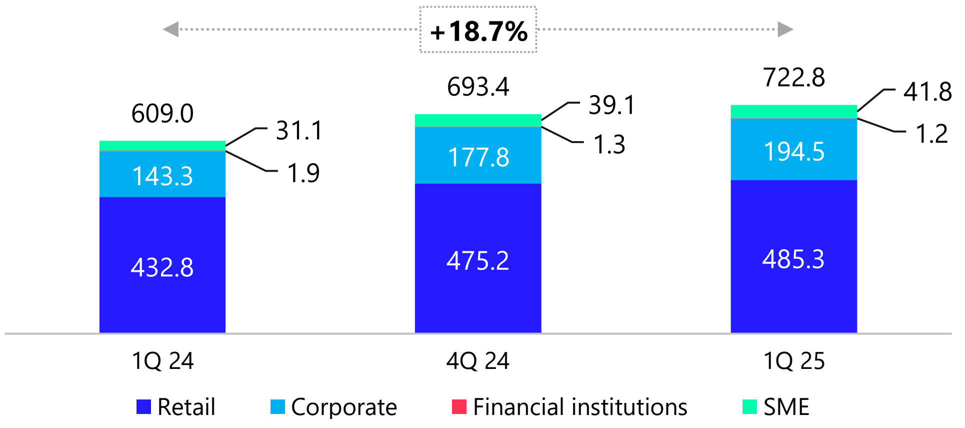


Movement in Funding (SARbn)

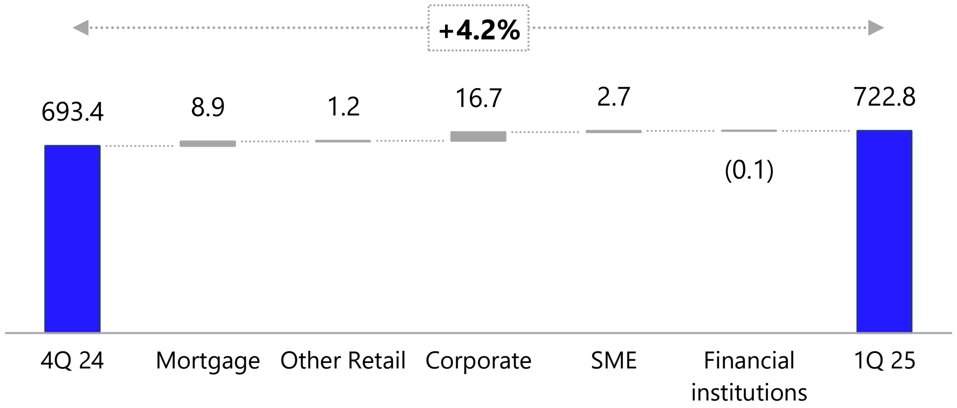


Balance Sheet Trends (2) | Financing growth driven by Corporate and Mortgage

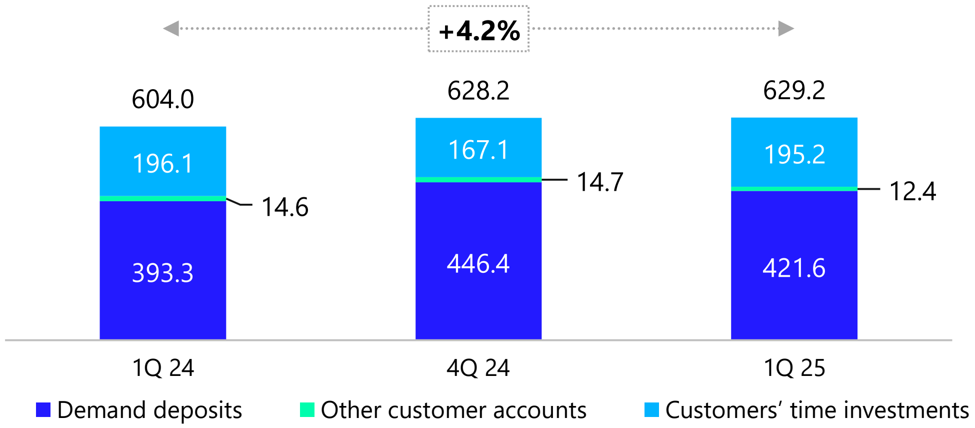
Financing, Net (SARbn)



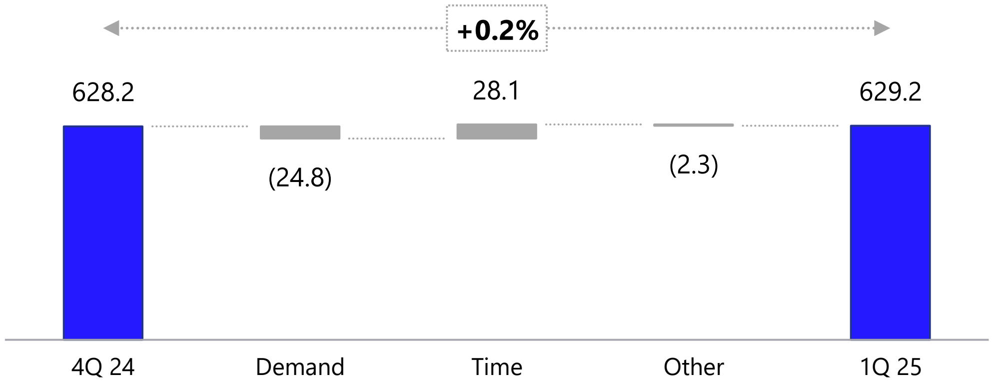
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

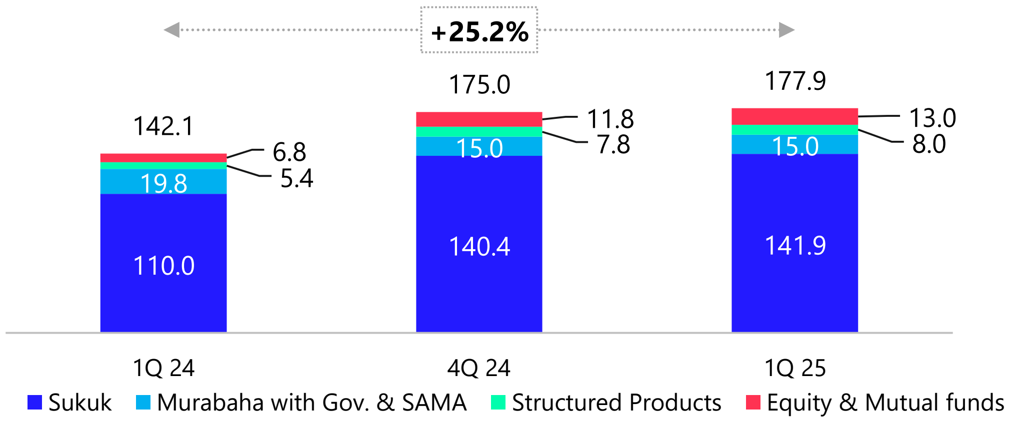


Movement in Total Customers' Deposits (SARbn)

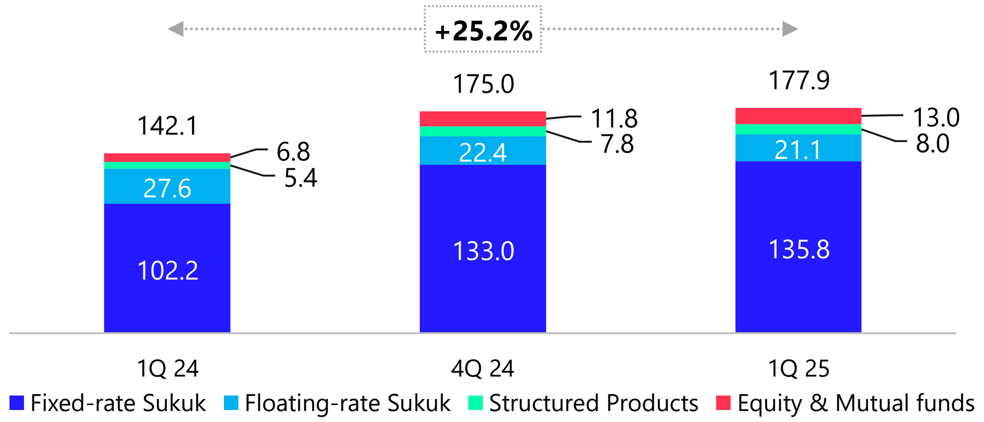


Balance Sheet Trends (3) | Investments have grown significantly supporting our portfolio diversification

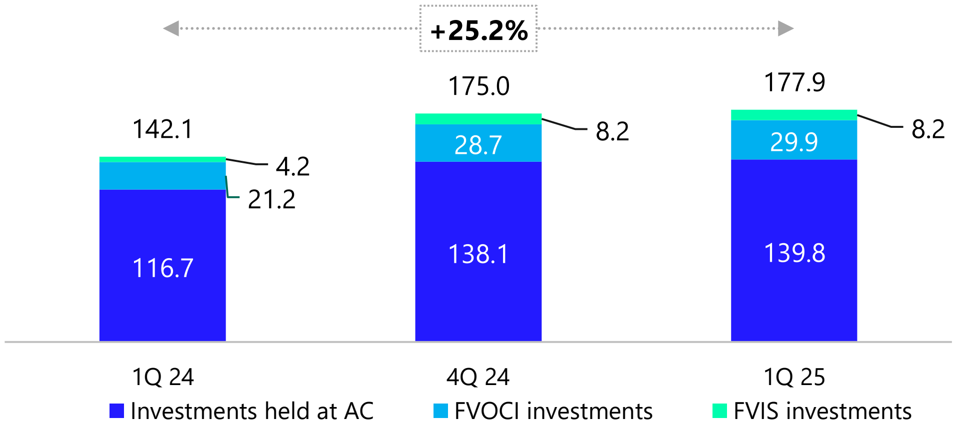
Investments, Net (SARbn)



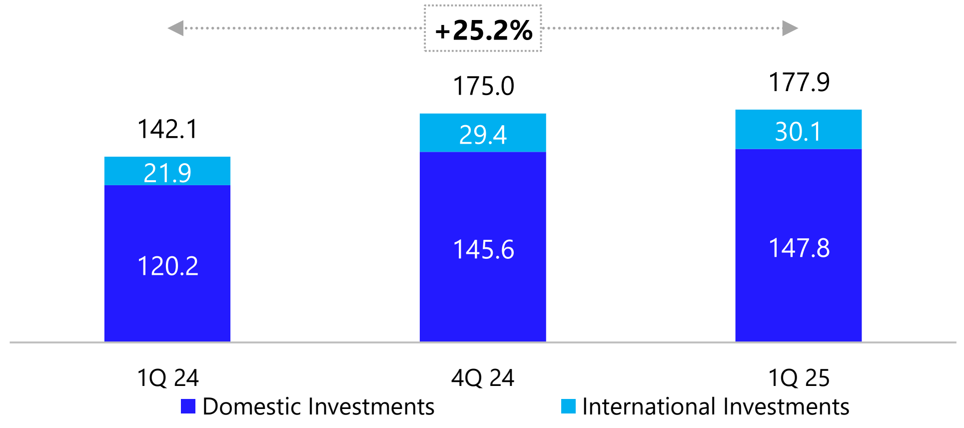
Investments, Net (SARbn)



Investments, Net (SARbn)

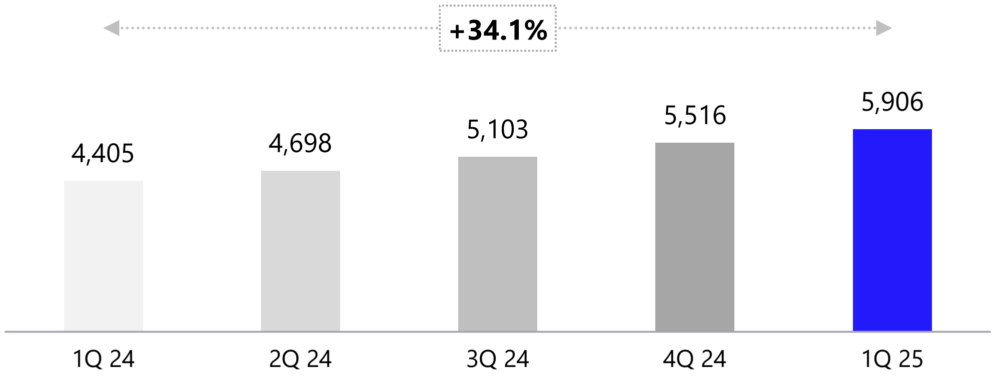


Investments, Net (SARbn)



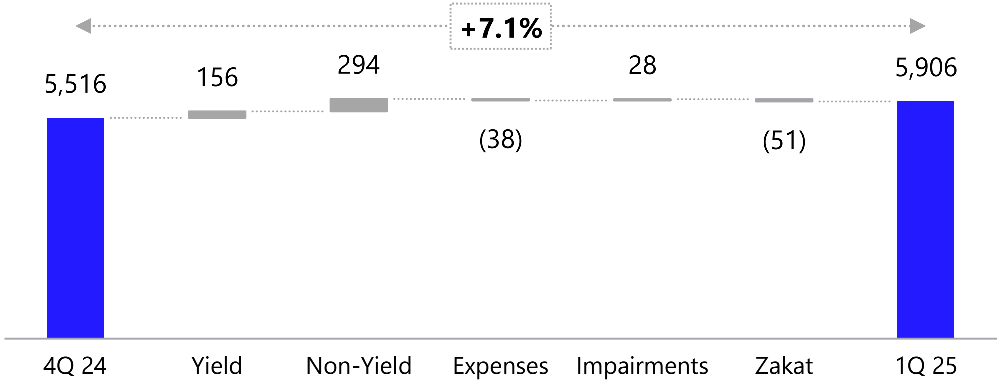
Net Income Trends | highest-ever quarterly net income with a 34.1% growth YoY

Net Income For The Period After Zakat (SARmn)

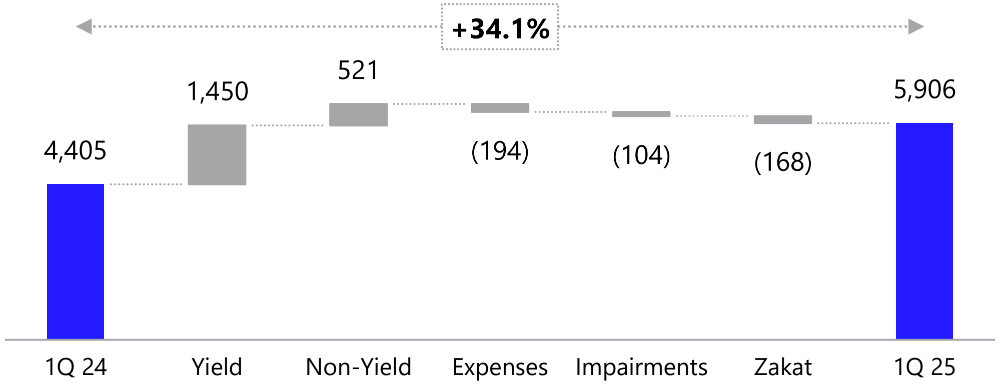


SAR (mn)	1Q 25	1Q 24	YoY	1Q 25	4Q 24	QoQ
Net financing & investment income	**7,097**	**5,647**	**+26%**	**7,097**	**6,941**	**+2%**
Fee from banking services, net	1,373	1,039	+32%	1,373	1,288	+7%
Exchange Income, net	329	295	+12%	329	337	-2%
Other operating income, net	401	249	+61%	401	183	+119%
Fees and other income	**2,103**	**1,582**	**+33%**	**2,103**	**1,809**	**+16%**
Total operating income	**9,200**	**7,229**	**+27%**	**9,200**	**8,750**	**+5%**
Operating expenses	-2,088	-1,894	+10%	-2,088	-2,050	+2%
Pre-provision profit	**7,112**	**5,335**	**+33%**	**7,112**	**6,700**	**+6%**
Total impairment charge	-525	-421	+25%	-525	-553	-5%
Net income for the period before Zakat	**6,587**	**4,914**	**+34%**	**6,587**	**6,147**	**+7%**
Zakat	-677	-509	+33%	-677	-626	+8%
Non-controlling interests	4	0	+0%	4	5	-32%
Net income for the period after Zakat	**5,906**	**4,405**	**+34%**	**5,906**	**5,516**	**+7%**

Net Income After Zakat Growth Drivers By Type (SARmn)

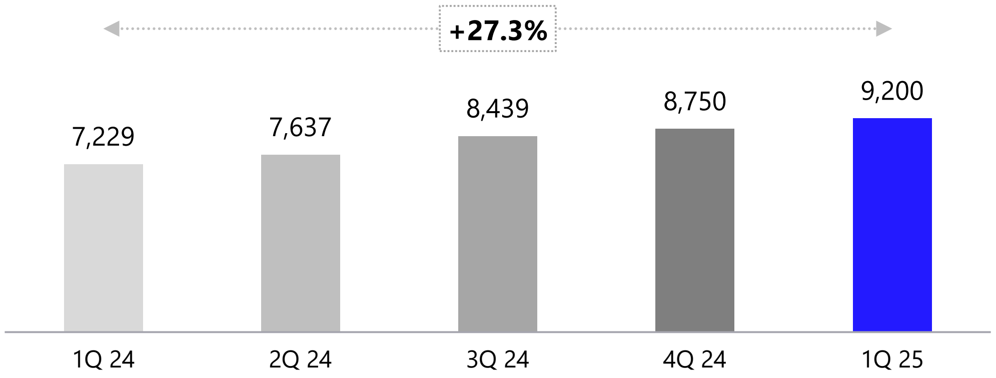


Net Income After Zakat Growth Drivers By Type (SARmn)

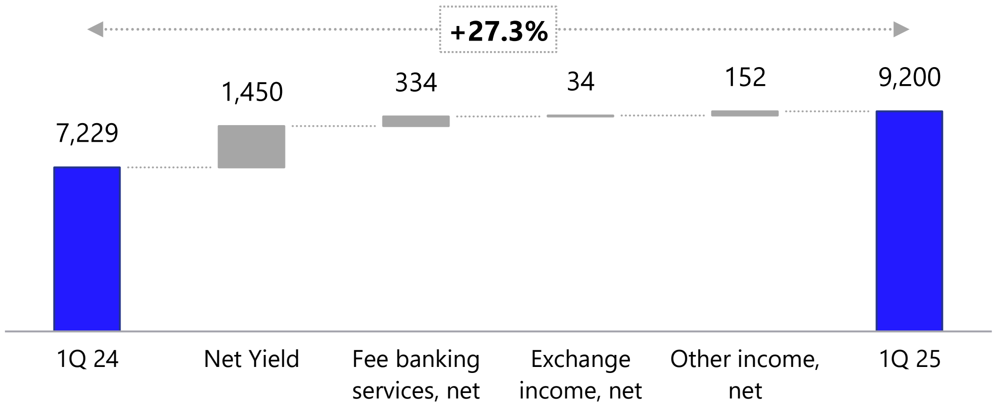


Operating Income Trends | Higher operating income driven by net yield and fee income growth

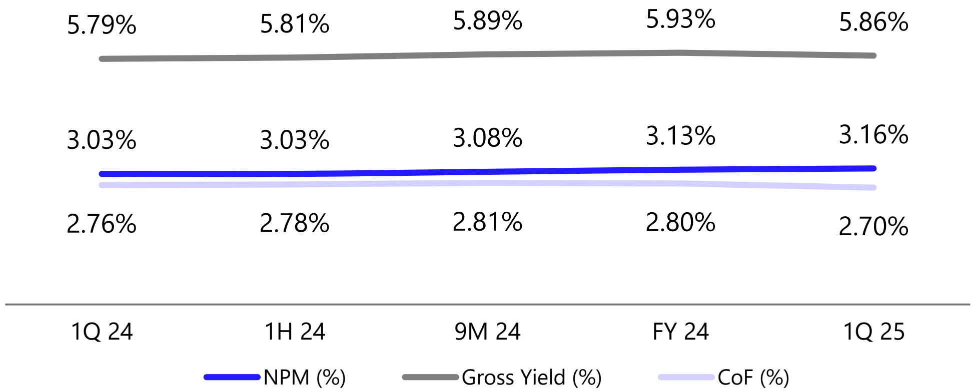
Total Operating Income (SARmn)



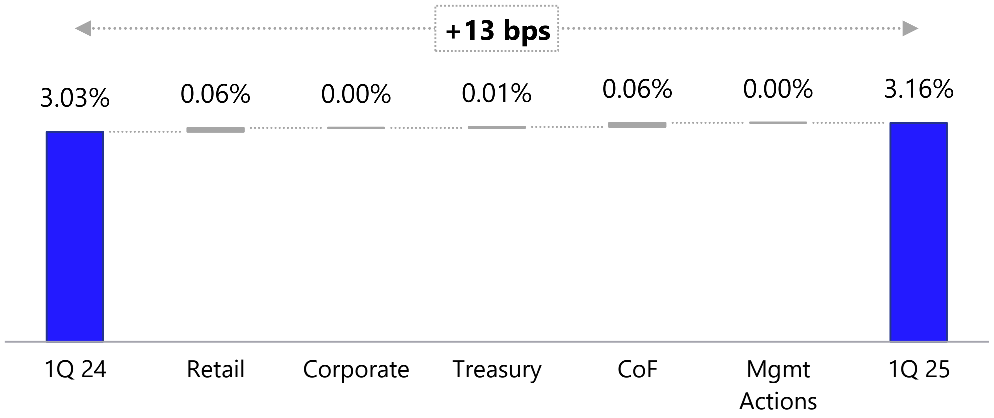
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

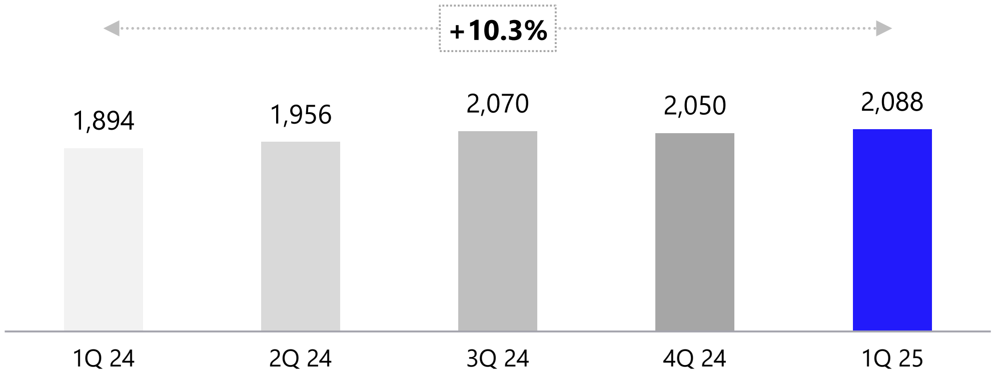


NPM Drivers (%)

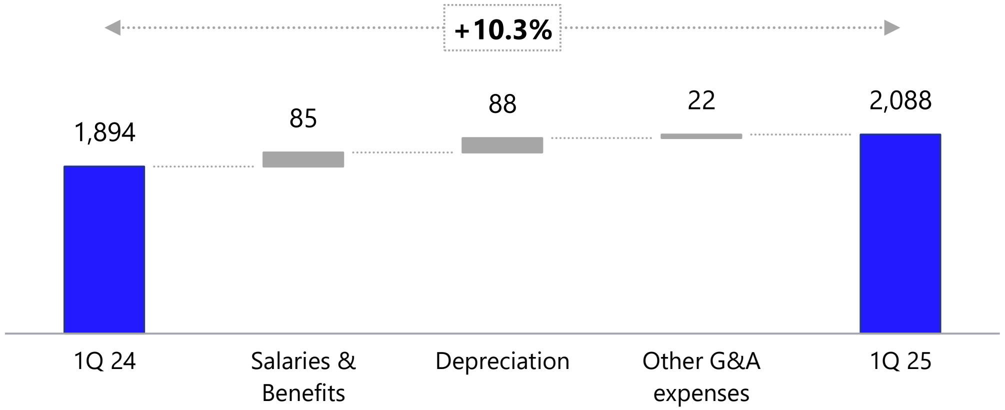


Expenses Trends | Cost efficiencies remains solid with a market leading cost to income ratio of 22.7%

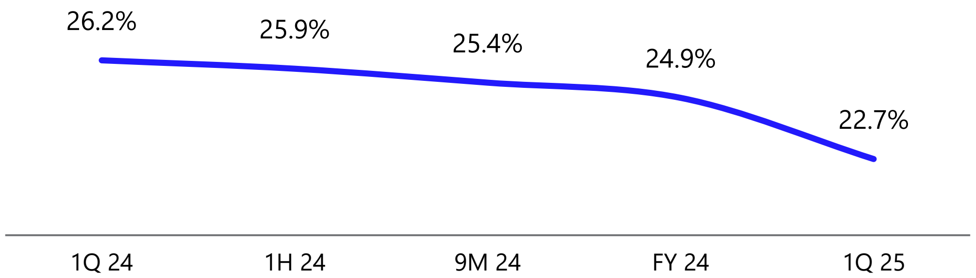
Operating Expenses (SARmn)



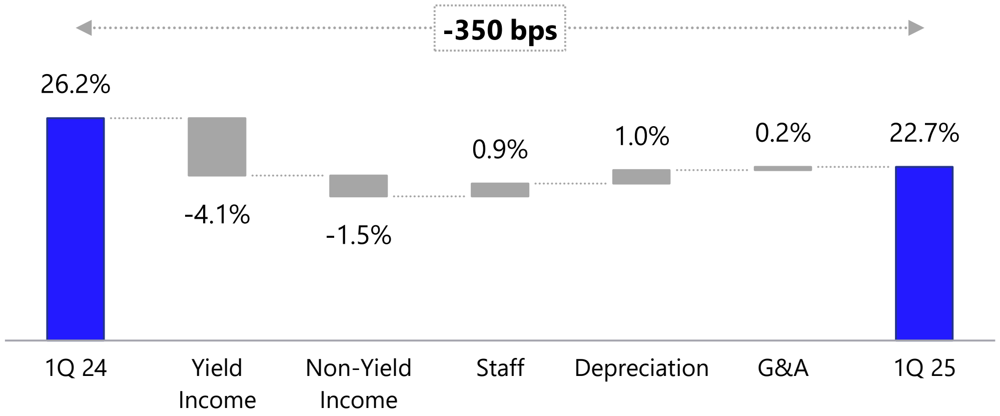
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

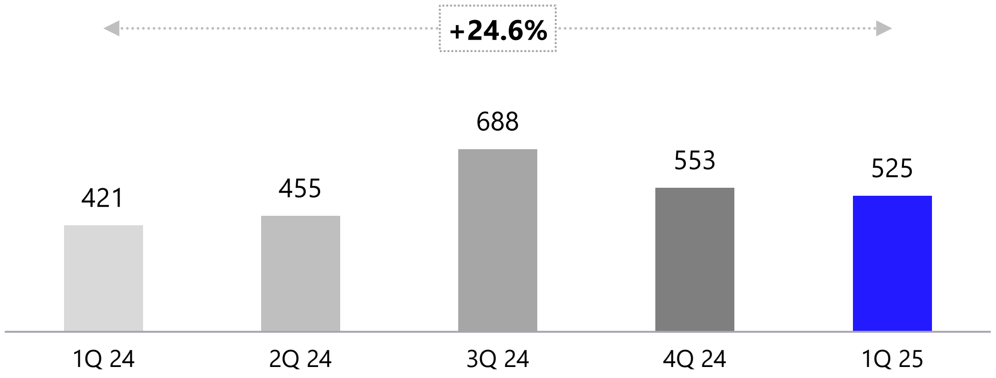


Cost to Income Ratio Drivers (%)

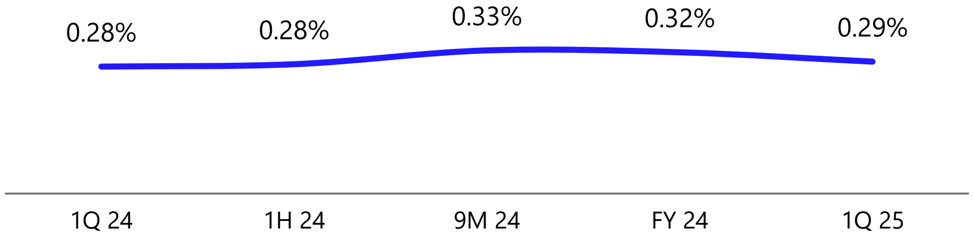


Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth with a maintained CoR

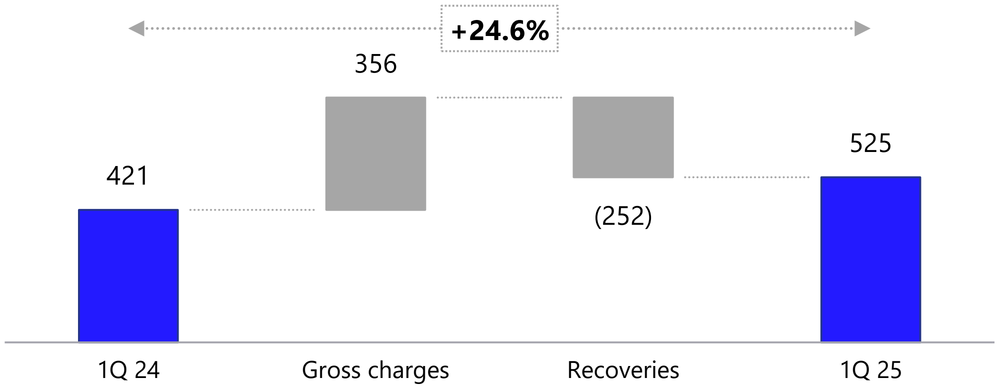
Net Impairment Charges (SARmn)



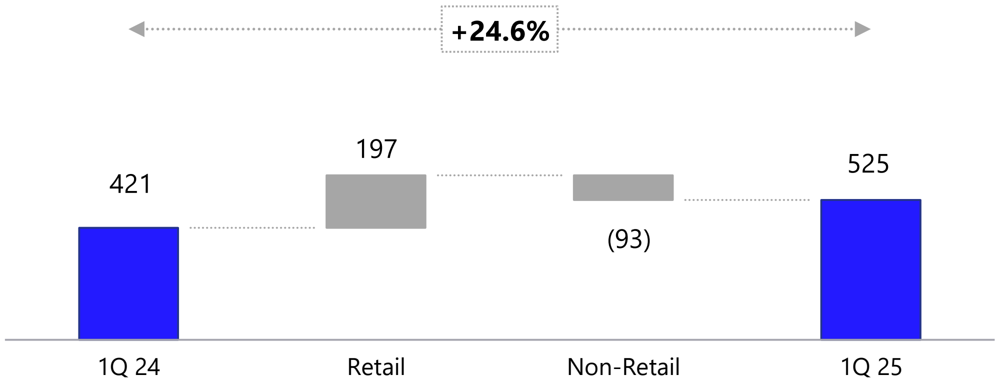
Cost of Risk (%)



Movement in Net Impairment (SARmn)

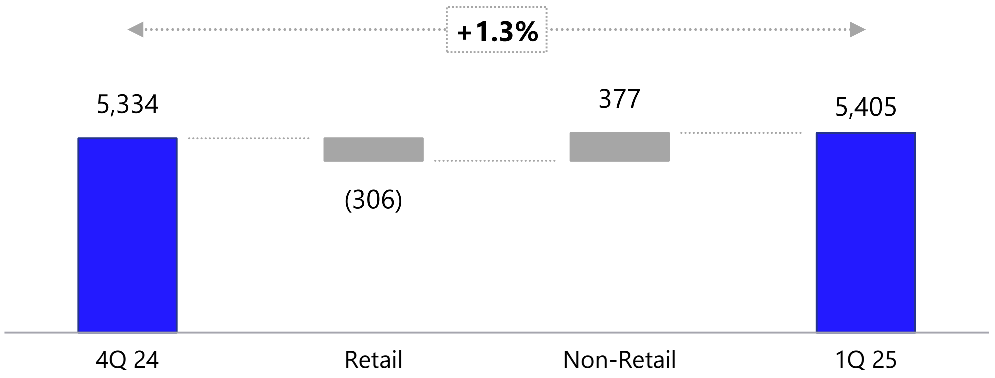


Movement in Net Impairment by Group (SARmn)

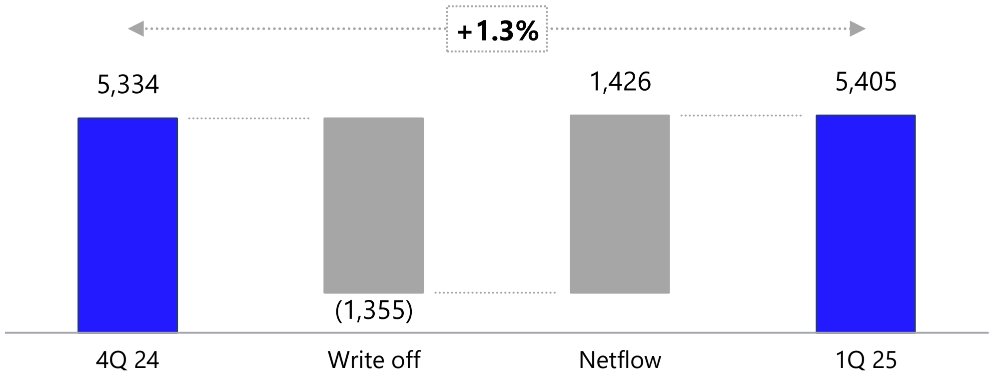


Asset Quality Trends (1) | Asset quality remains healthy

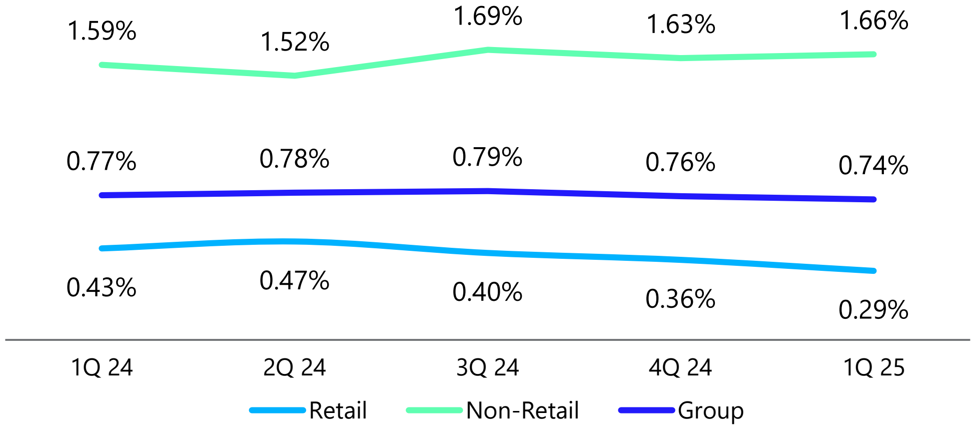
Movement in NPL (SARmn)



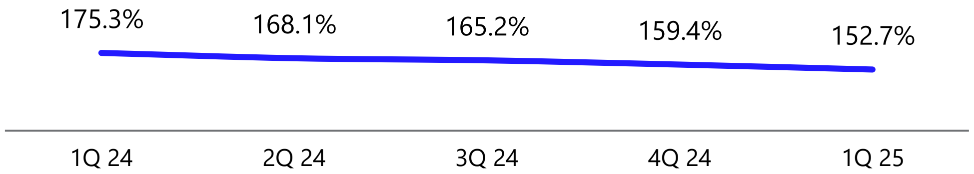
NPL Formation (SARmn)



NPL Ratio (%)

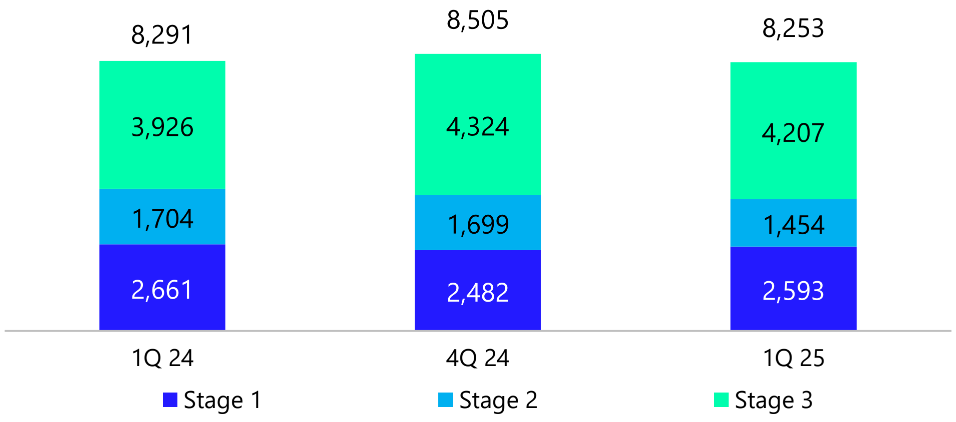


NPL coverage ratio (%)

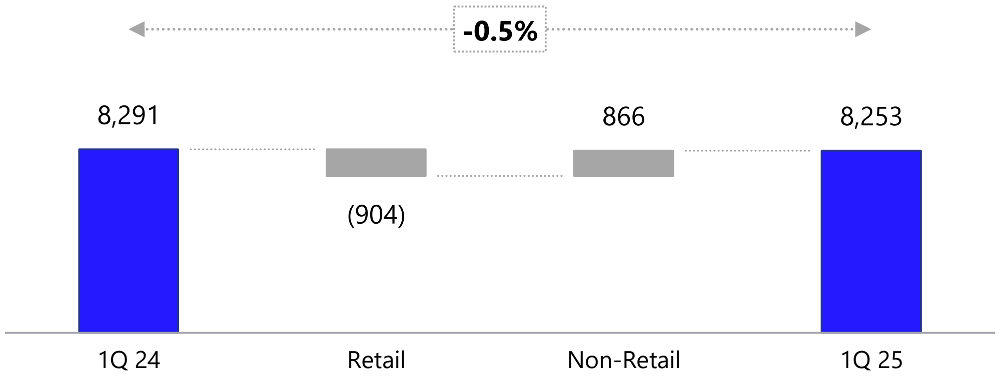


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

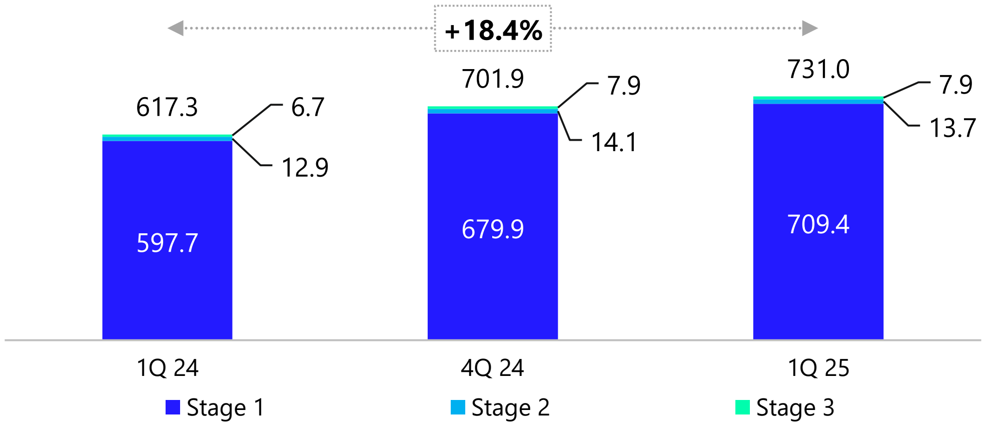
ECL by Stage (SARmn)



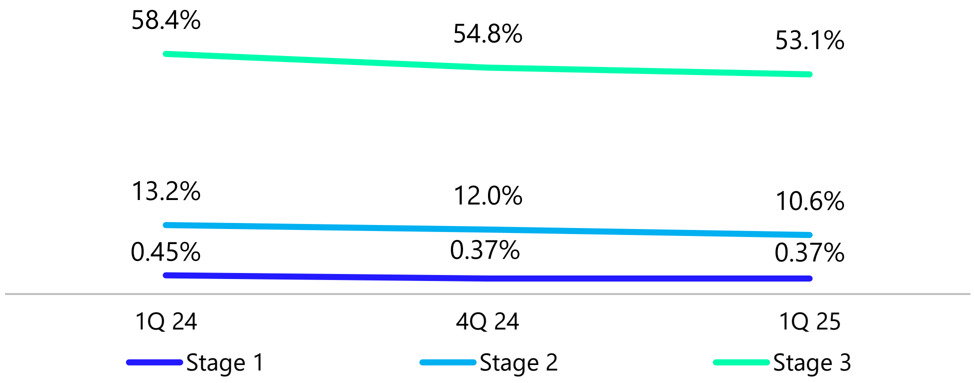
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

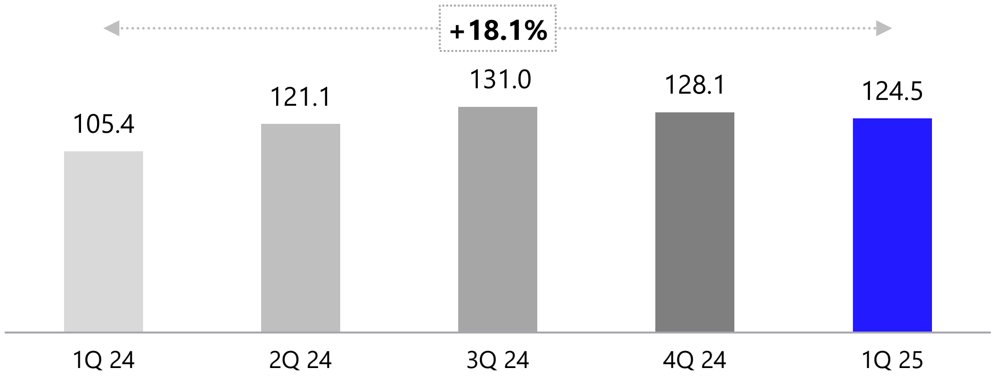


ECL Coverage (%)

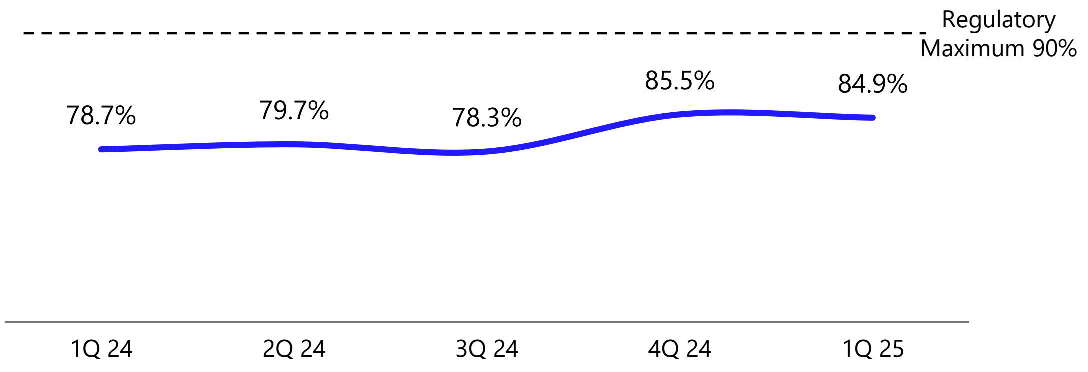


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

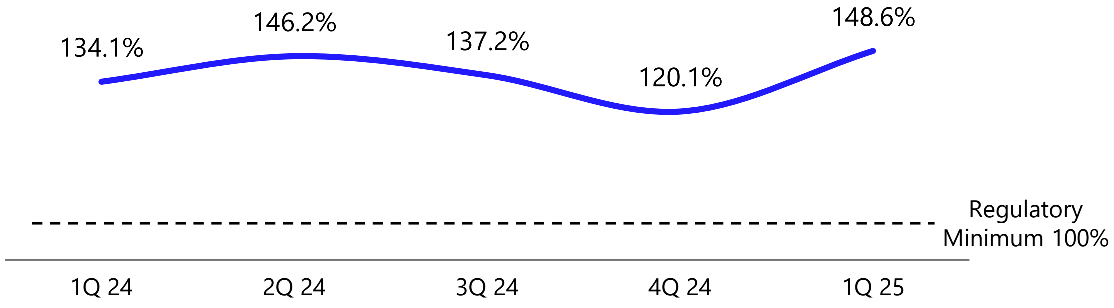
HQLA (SARbn)



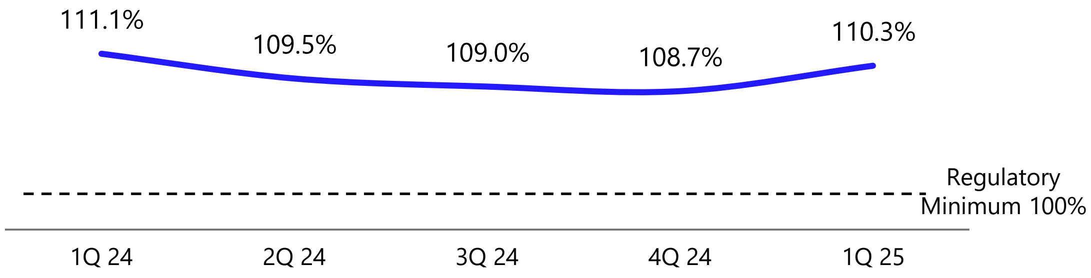
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

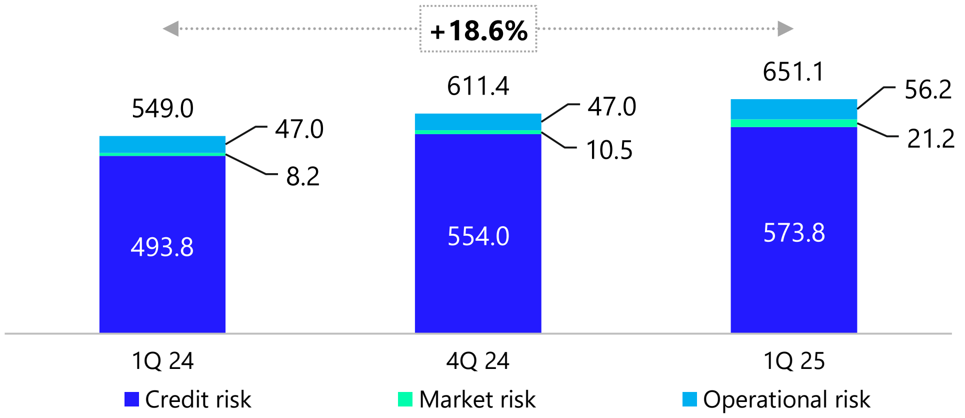


NSFR (%)

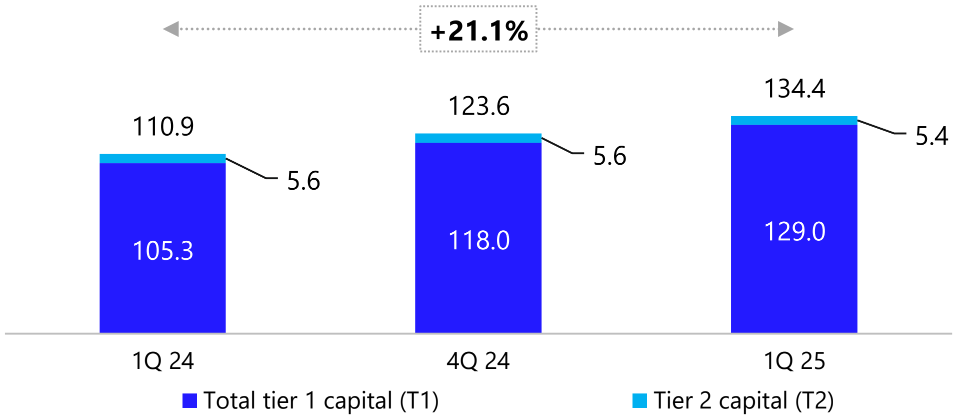


Capitalization Trends | Capital position well above regulatory minima

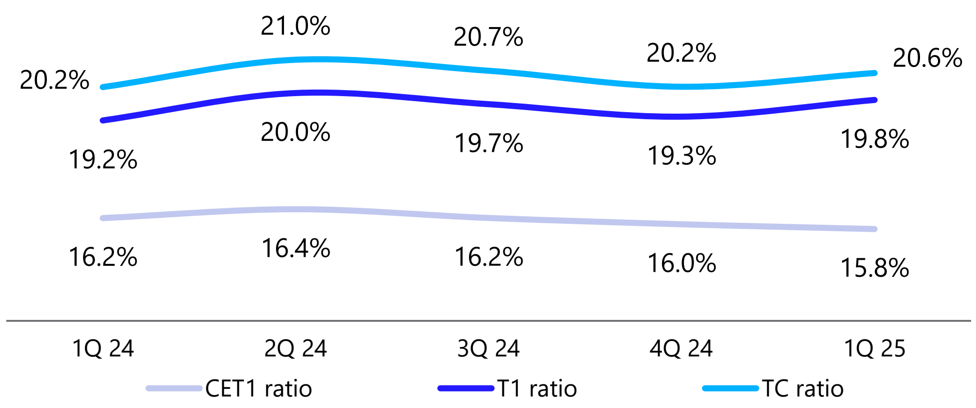
RWA (SARbn)



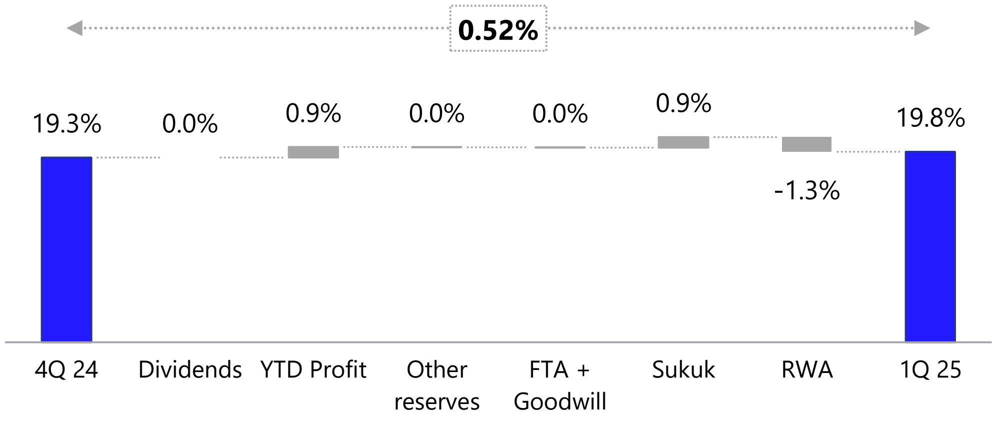
Total Capital (SARbn)



Capital Ratios (%)

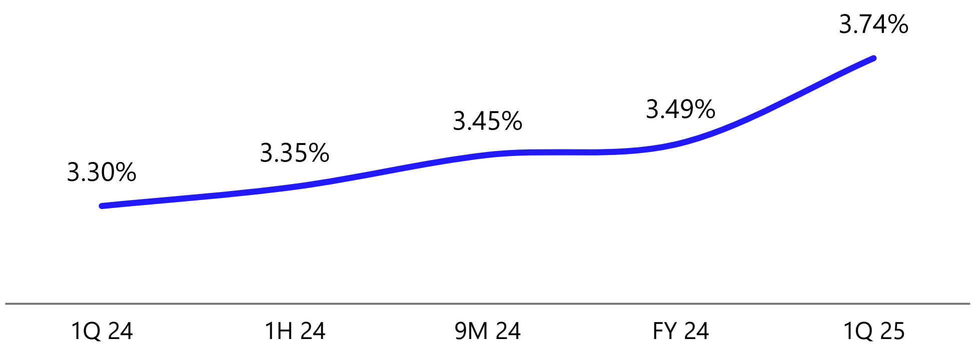


Tier 1 Drivers (%)

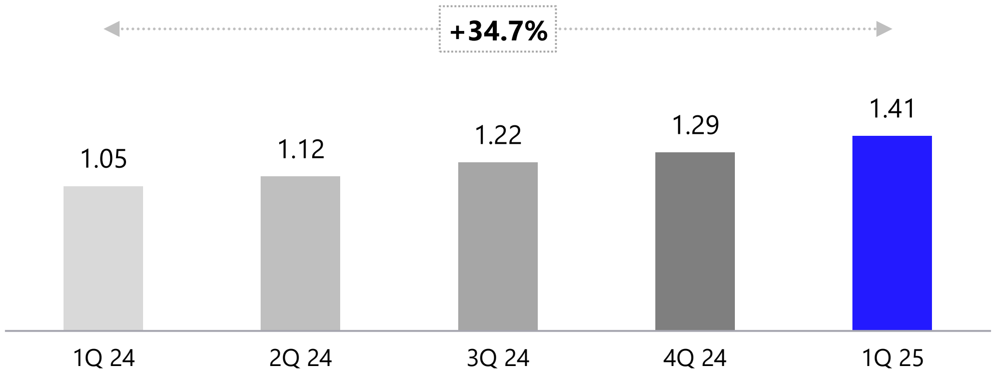


Return Metrics | Al Rajhi Bank's returns remain industry-leading

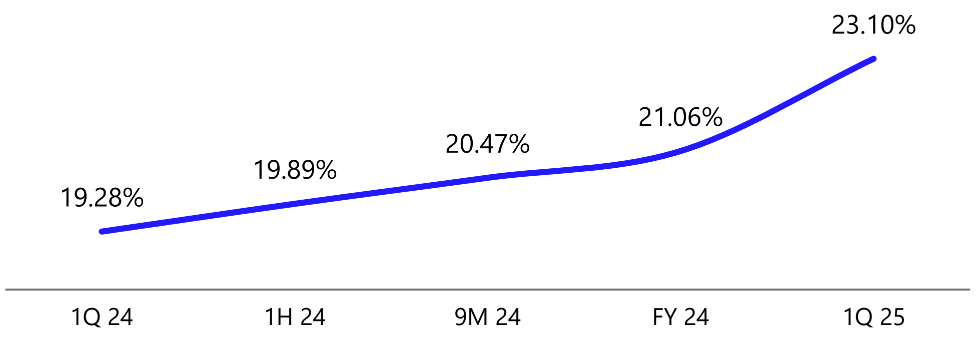
Return on RWA (%)



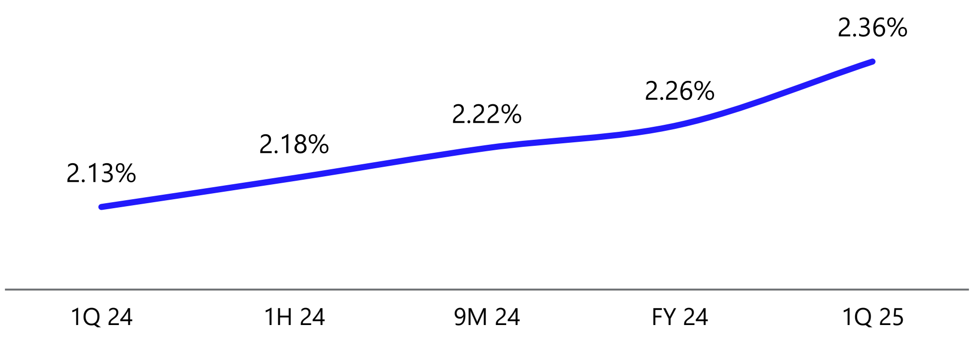
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2025 Guidance

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FY 2025 Assumptions and Outlook | Interest rates are expected to continue downward trend during 2025

Economy	• Saudi real GDP is expected to improve by 1.3% in 2024 driven by 4.3% higher non-oil activities • IMF has revised Saudi GDP growth forecasts to 3.0% in 2025 and projected 3.7% for 2026 • Consumer spending increased by 9.8% YoY by Feb 2025 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 updates on U.S and global economy, we expect one to two rate cuts by 2025 • The outlook of the interest rates environment will have an impact on both credit demand and deposit mix • NIM is expected to continue expanding in 2025 supported by the bank fixed-rate book • SRC benchmark rates remains at 7.3% levels by end of the first quarter 2025
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 2025 Guidance | For our strategy “Harmonize the Group“

		FY 2025 Guidance	1Q 2025 Actual	Guidance Revision
Balance Sheet	Financing	High single digit	+4.2%	— High single digit
Profitability	Net profit margin	+5 bps to +15 bps	+3 bps	— +5 bps to +15 bps
	Cost to income ratio	Below 24.5%	22.7%	↑ Below 23.5%
	ROE	Above 21%	23.1%	↑ Above 22.5%
Asset Quality	Cost of risk	0.30% - 0.40%	0.29%	— 0.30% - 0.40%
Capital	Tier 1 ratio	Above 19.5%	19.8%	— Above 19.5%

Q & A

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ESG Highlights

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ESG Highlights | 1Q 2025

	USD **4.6 bn** Green syndicated loan		**+200** Scholarships to Orphan students to join Universities	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 61 branches to reduce utilities consumption	**+39k** Families have been benefited from the affordable housing solutions	**+24k** Employees across the group	ISO 22301:2019 Business Continuity Management	
SAR **1,023bn** Total Assets	Around SAR **3bn** of financing renewable energy projects	SAR **677mn** Zakat	**+77** Kidney transplants	**282** Sharia Board Resolutions in 2024	**24%** growth in female employees in 2024
SAR **5.91bn** Net Profit after Zakat	USD **2.0bn** Sustainable Sukuk	SAR **983mn** In salaries and benefits paid	**12** Batches of Graduate Development Program since 2015	**137** Policies & Frameworks	**34%** of female employees at the group level
0% Financing exposure in Tobacco, Alcohol & Gambling	**95:5** Digital to Manual Ratio	SAR **41.8bn** in financing for SMEs	**+213k** total training days since 2023	**4 out of 11** Independent Board Directors	**+100%** growth in female customers since 2015
Financial Sustainability	**Environmental**	**Social**		**Governance**	**Gender Diversity**

1Q 2025 figures

KSA's Macro–Economic Environment

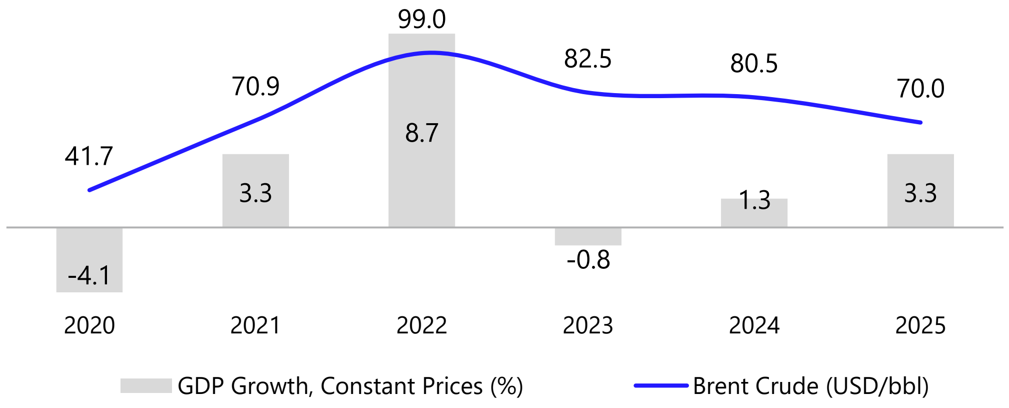
مصرف الراجحي
alrajhi bank

KSA Economic Outlook | Economic conditions remain positive for the Kingdom

Highlights

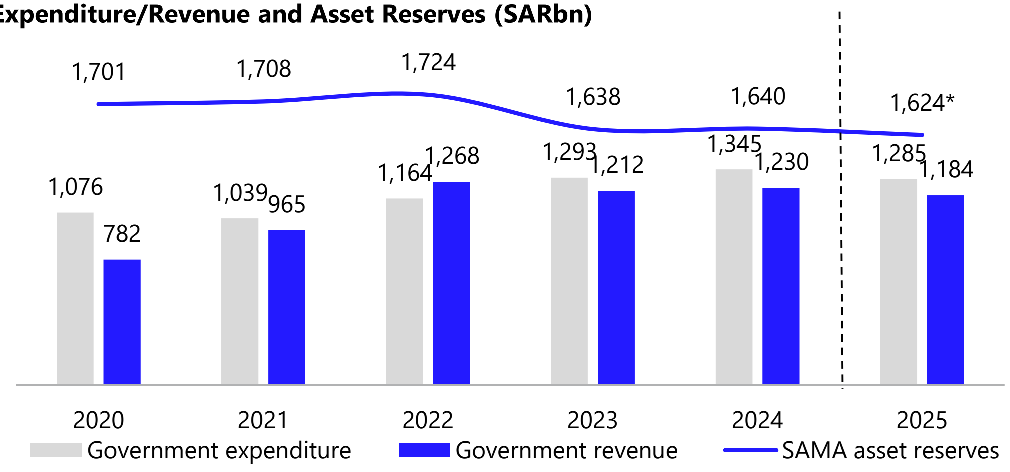
- Saudi GDP is expected to increase by 1.3% in 2024 driven by higher non-oil activities.
- Based on IMF forecasts, Saudi's GDP is estimated to grow 3.0% for 2025 and 3.7% for 2026
- Unemployment rate reached all-time low at 7.0% in 4Q 2024

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

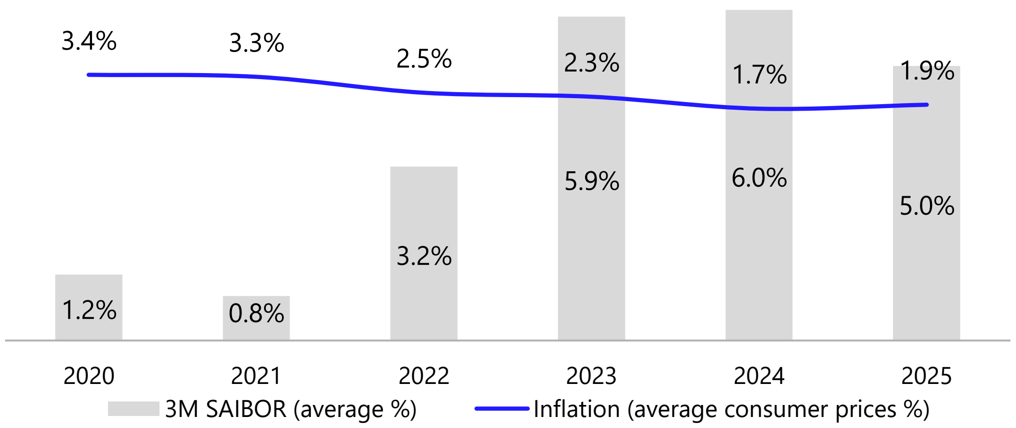
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

* March 2025 figure

3M SAIBOR / Inflation



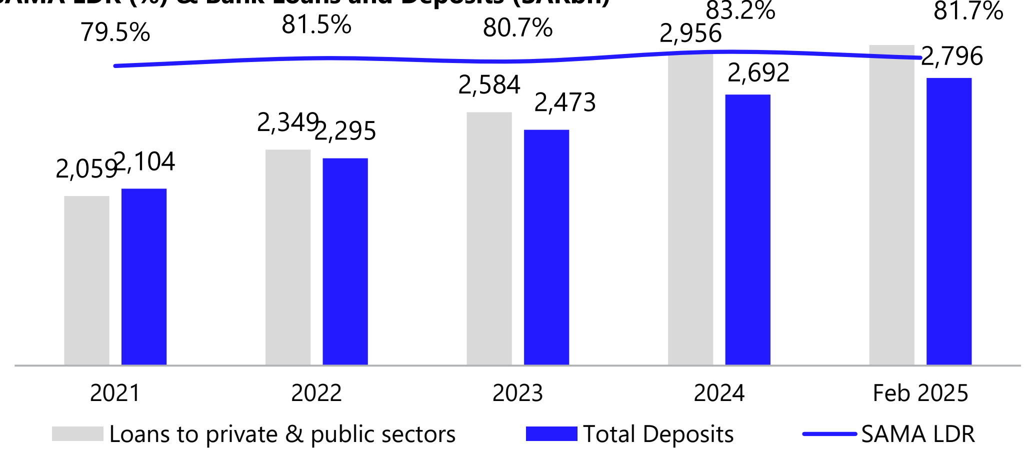
Source: SAMA, IMF, MoF

Banking Sector Highlights | Banking system deposits continue growing by the first quarter 2025

Recent Developments

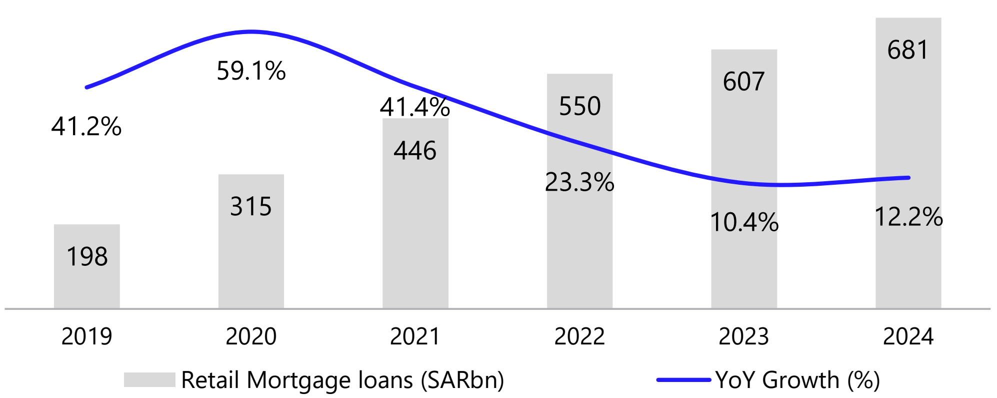
- Deposits have grown in the banking system by end of Feb 2025 align with loans growth.
- SRC benchmark rates remains 7.3% by the end of the first quarter 2025
- Consumer spending increased by 9.8% YoY in Feb 2025 with continuous migration toward cashless payment methods

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



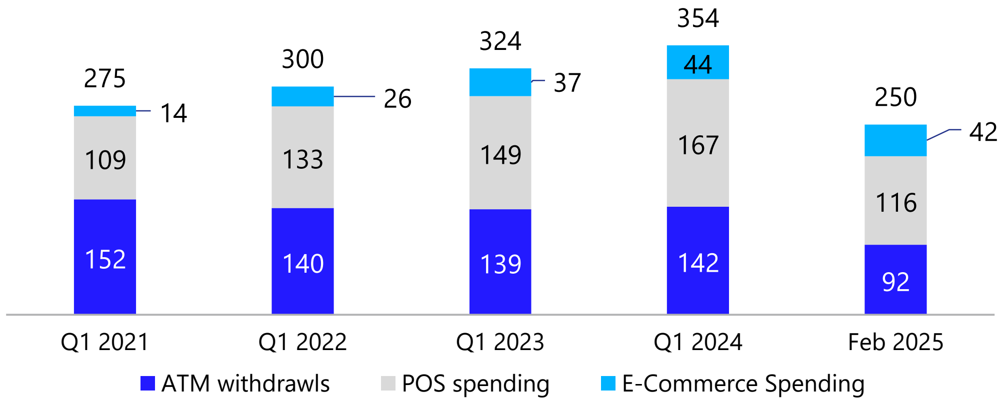
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

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- Annual Report
- Financial Statements
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