

# Al Rajhi Bank Results Presentation

4Q 2024 Earnings Conference Call and Webcast



# 4Q 2024 Earnings Call

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# 4Q 2024 Results Summary | Results are above expectations for the year 2024

20.6% YoY Balance Sheet Growth	16.7% YoY Growth in financing portfolio	21.4% Growth in liabilities	LDR below regulatory minima
	<p>Net Financing</p> <p>594.2bn <math>\xrightarrow{+16.7\%}</math> 693.4bn</p> <p>FY 23 FY 24</p>	<p>Total Liabilities</p> <p>701.3bn <math>\xrightarrow{+21.4\%}</math> 851.2bn</p> <p>FY 23 FY 24</p>	<p>Loan to Deposit Ratio</p> <p>82.9% <math>\xrightarrow{\text{red line}}</math> 85.5%</p> <p>FY 23 FY 24</p>
18.7% higher net income YoY	16.8% growth in net yield income	15.2% higher Non yield income	16.4% higher operating income
	<p>Net Yield income</p> <p>21,269mn <math>\xrightarrow{+16.8\%}</math> 24,843mn</p> <p>FY 23 FY 24</p>	<p>Non Yield Income</p> <p>6,262mn <math>\xrightarrow{+15.2\%}</math> 7,212mn</p> <p>FY 23 FY 24</p>	<p>Operating Income</p> <p>27,531mn <math>\xrightarrow{+16.4\%}</math> 32,055mn</p> <p>FY 23 FY 24</p>
Stable credit quality	7 bps COR increase	5 bps Higher in NPL ratio	NPL coverage remained strong
	<p>Cost of risk</p> <p>0.25% <math>\xrightarrow{\text{red line}}</math> 0.32%</p> <p>FY 23 FY 24</p>	<p>NPL</p> <p>0.71% <math>\xrightarrow{\text{red line}}</math> 0.76%</p> <p>FY 23 FY 24</p>	<p>NPL Coverage</p> <p>203% <math>\xrightarrow{\text{red line}}</math> 159%</p> <p>FY 23 FY 24</p>
Key Ratios	Operating efficiency remains solid	Strong capital position	Higher NPM
	<p>Cost to income ratio</p> <p>27.2% <math>\xrightarrow{\text{green line}}</math> 24.9%</p> <p>FY 23 FY 24</p>	<p>Total Capital Adequacy Ratio</p> <p>21.5% <math>\xrightarrow{\text{red line}}</math> 20.2%</p> <p>FY 23 FY 24</p>	<p>NPM</p> <p>2.99% <math>\xrightarrow{\text{green line}}</math> 3.13%</p> <p>FY 23 FY 24</p>



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

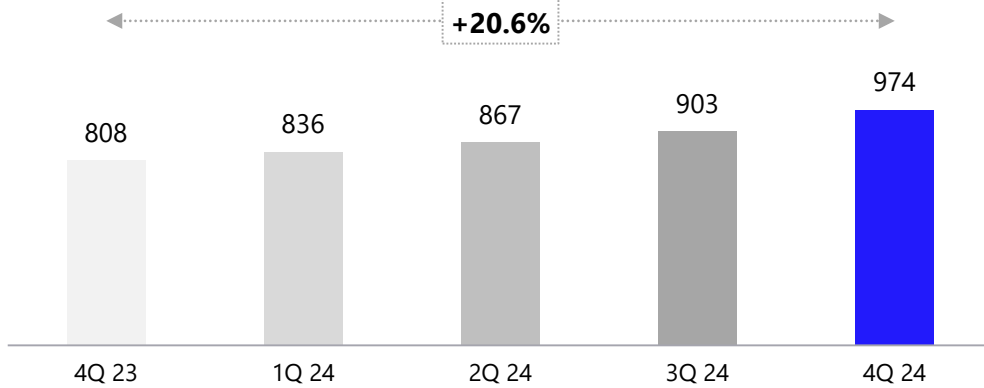


# 4Q 2024 Financial Highlights

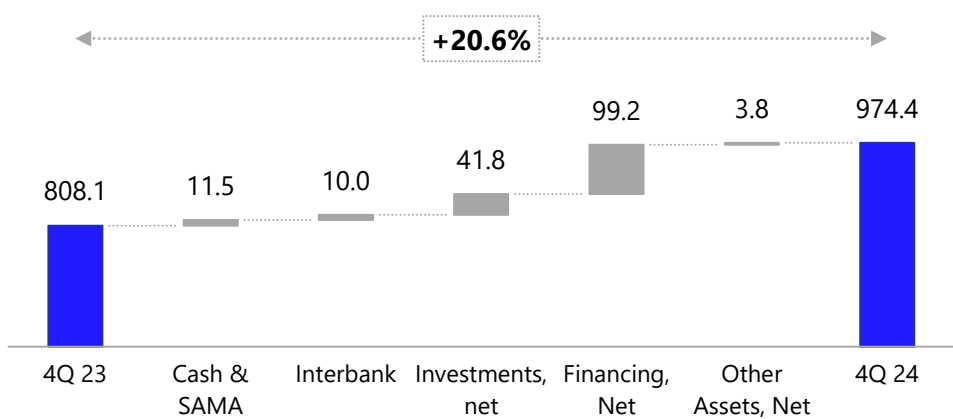
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# Balance Sheet Trends (1) | Balance sheet growth of 20.6% YoY driven by Financing and Investments

Total Assets (SARbn)



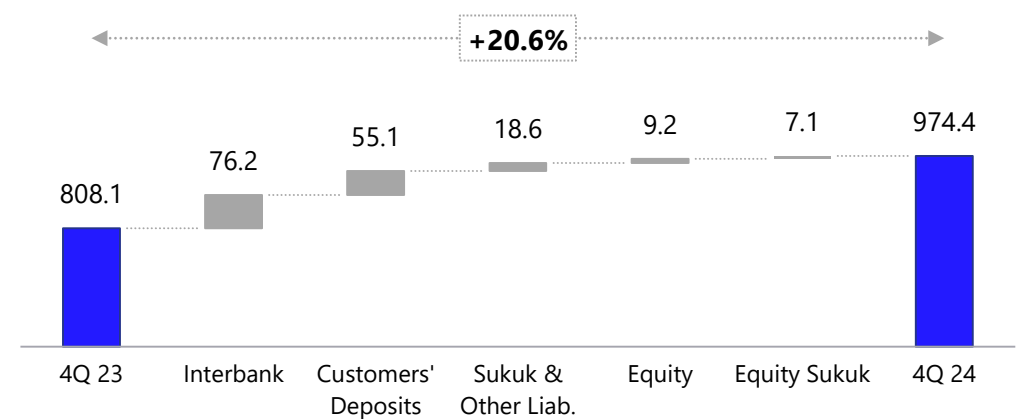
Movement in Assets (SARbn)



SAR (mn)

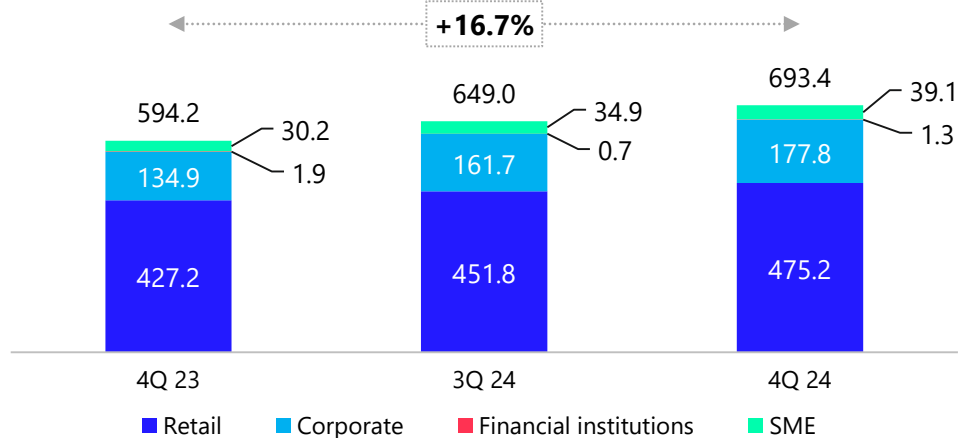
	4Q 24	3Q 24	QoQ	4Q 23	YoY
Cash & balances with SAMA	53,245	45,085	+18%	41,768	+27%
Due from banks & other FI	19,530	15,433	+27%	9,507	+105%
Investments, net	176,068	161,760	+9%	134,299	+31%
Financing, net	693,410	649,024	+7%	594,205	+17%
Other assets, net	32,135	31,269	+3%	28,321	+13%
<b>Total assets</b>	<b>974,387</b>	<b>902,571</b>	<b>+8.0%</b>	<b>808,098</b>	<b>+21%</b>
Due to banks & other FI	173,435	121,630	+43%	97,247	+78%
Customers' deposits	628,239	622,572	+1%	573,101	+10%
Sukuk issued	8,451	8,448	+0%	3,789	+123%
Other liabilities	41,124	32,041	+28%	27,202	+51%
<b>Total liabilities</b>	<b>851,247</b>	<b>784,692</b>	<b>+8%</b>	<b>701,339</b>	<b>+21%</b>
<b>Total equity</b>	<b>123,033</b>	<b>117,778</b>	<b>+4%</b>	<b>106,759</b>	<b>+15%</b>

Movement in Funding (SARbn)

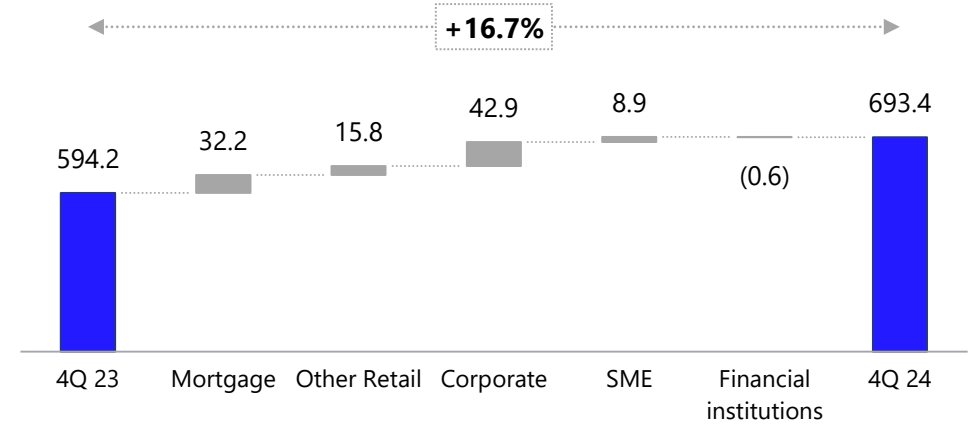


## Balance Sheet Trends (2) | Financing growth driven by Corporate and Mortgage

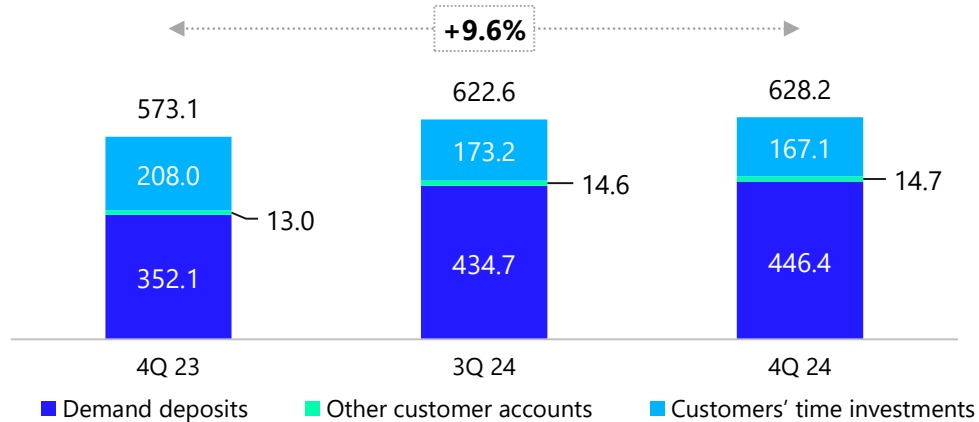
Financing, Net (SARbn)



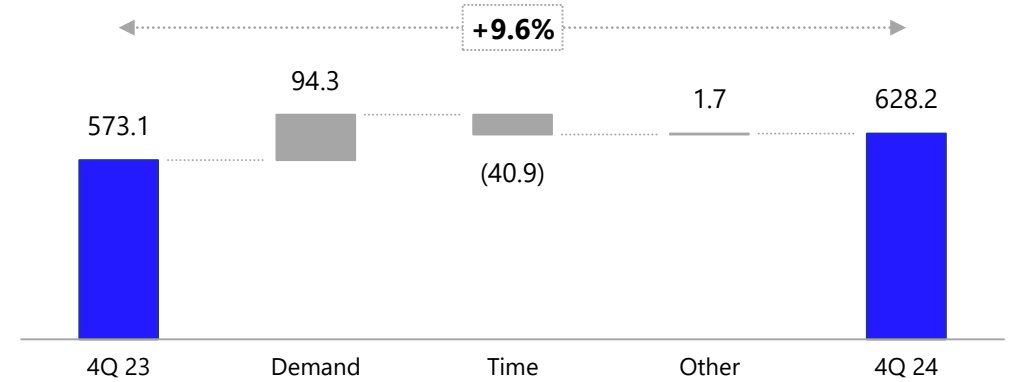
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

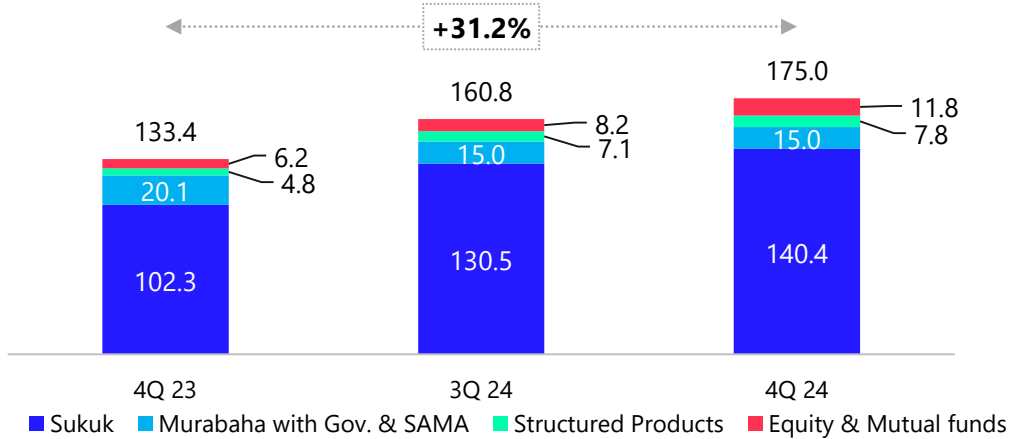


Movement in Total Customers' Deposits (SARbn)

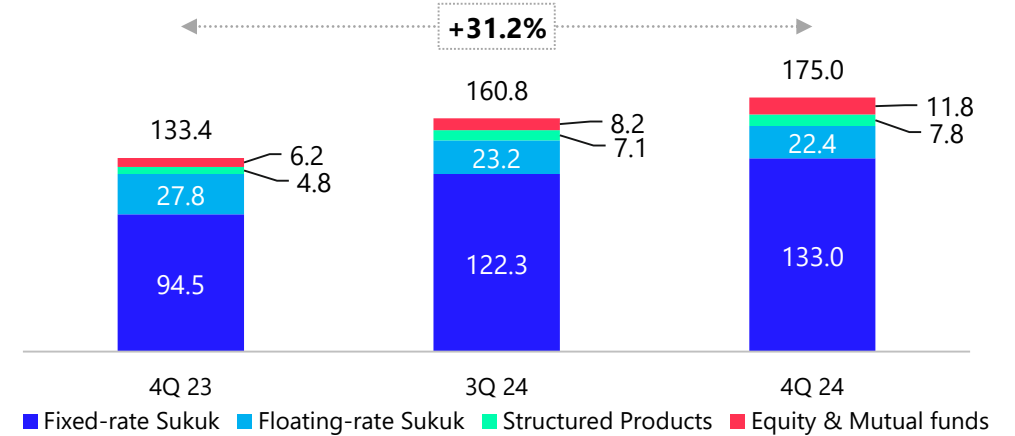


# Balance Sheet Trends (3) | Investments have grown significantly supporting our portfolio diversification

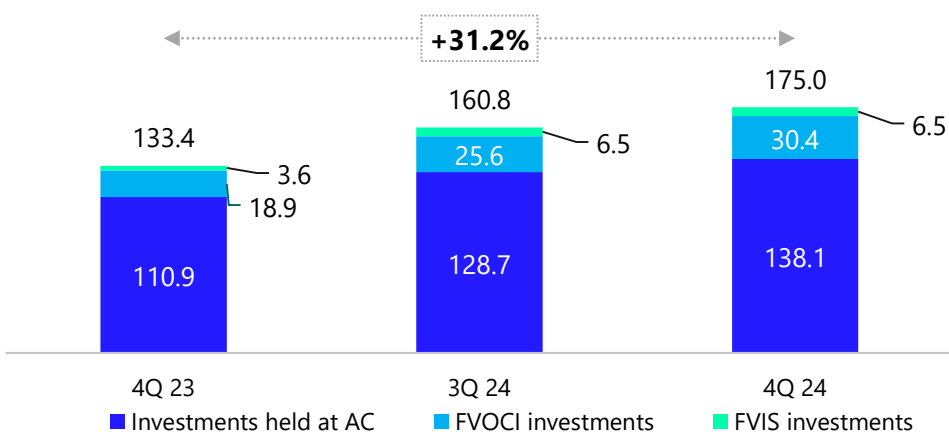
Investments, Net (SARbn)



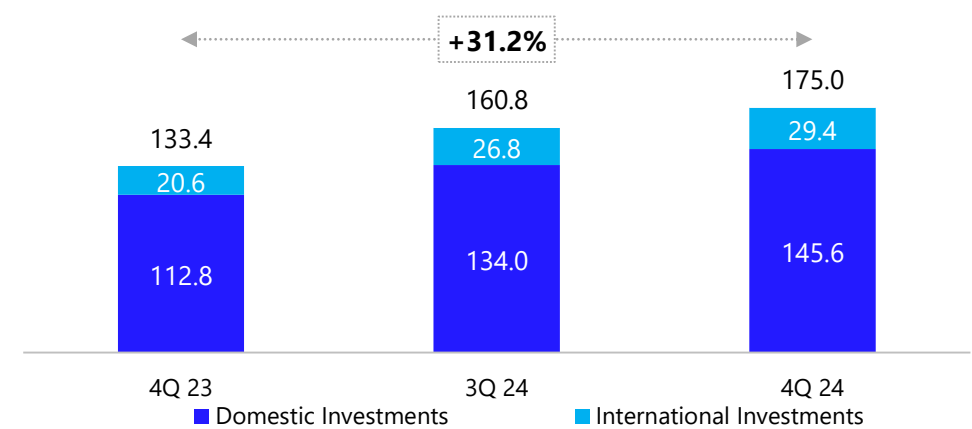
Investments, Net (SARbn)



Investments, Net (SARbn)



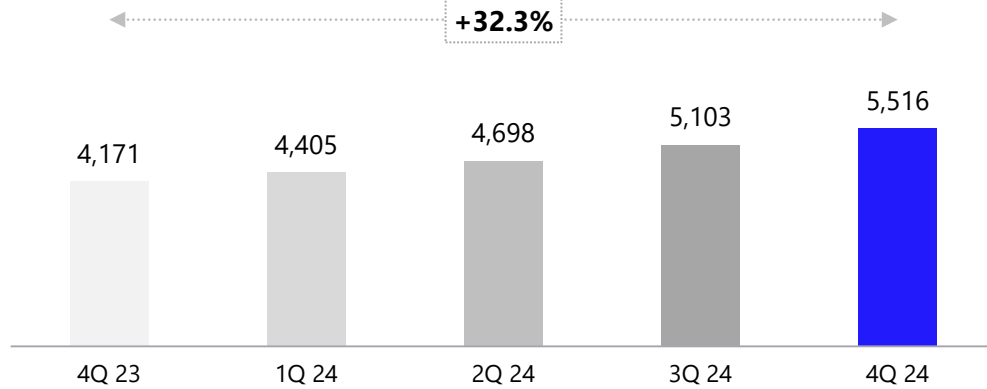
Investments, Net (SARbn)





# Net Income Trends | highest-ever annual net income with a 19% growth YoY

Net Income For The Period After Zakat (SARmn)



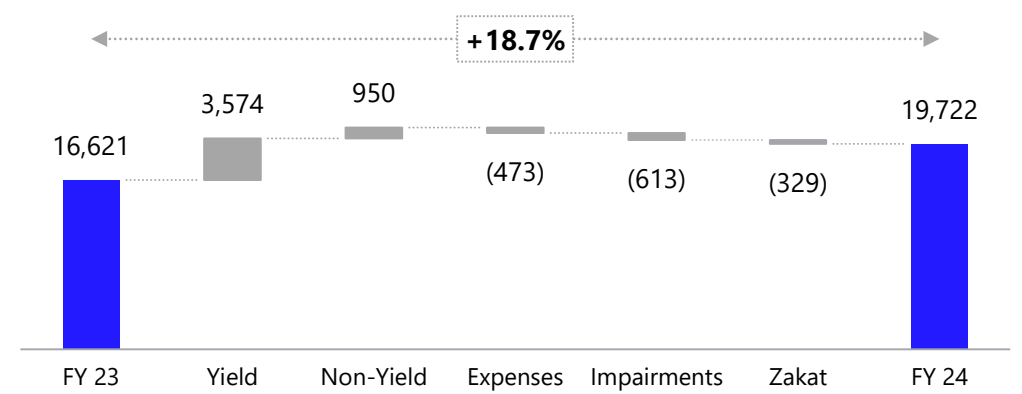
Net Income After Zakat Growth Drivers By Type (SARmn)



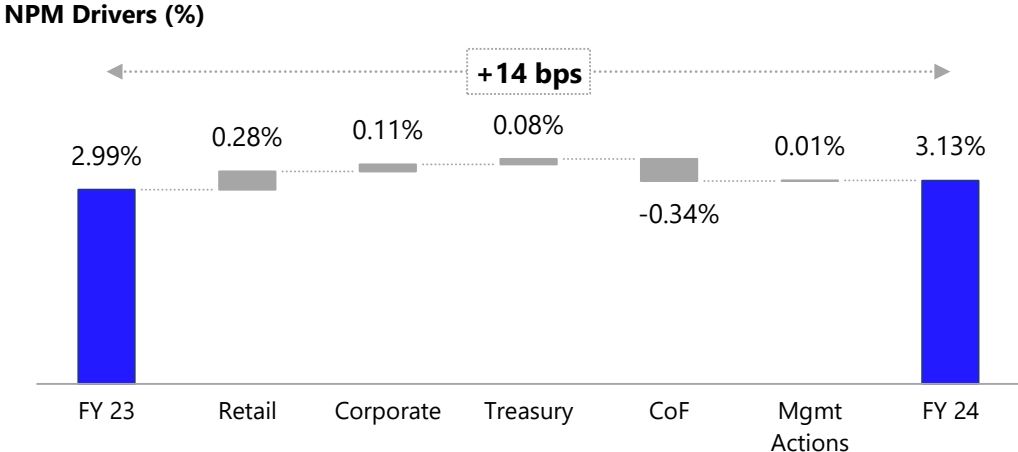
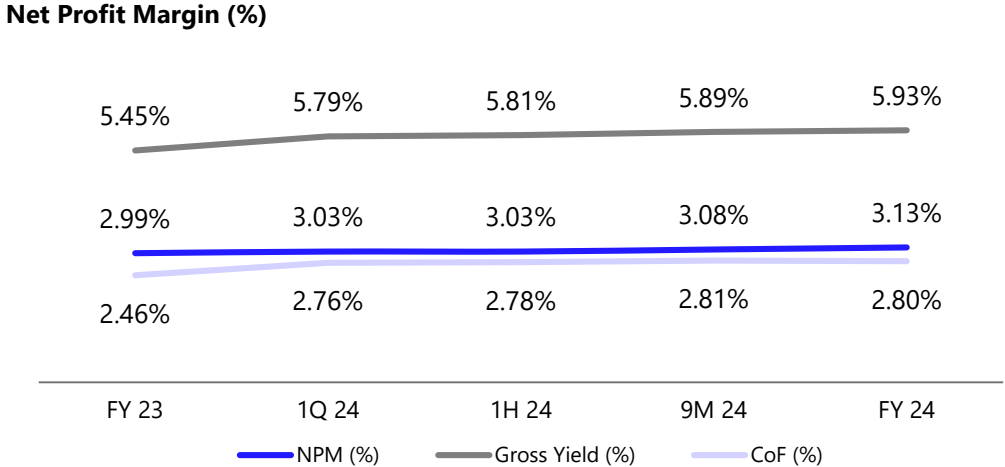
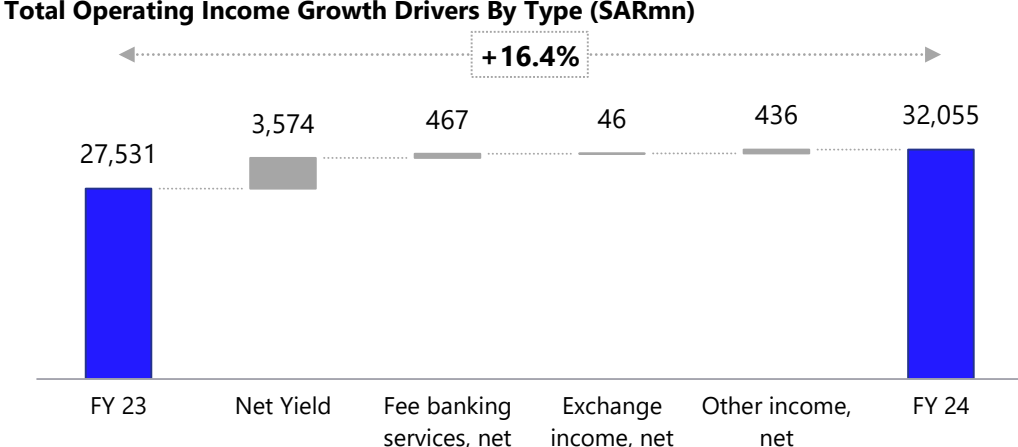
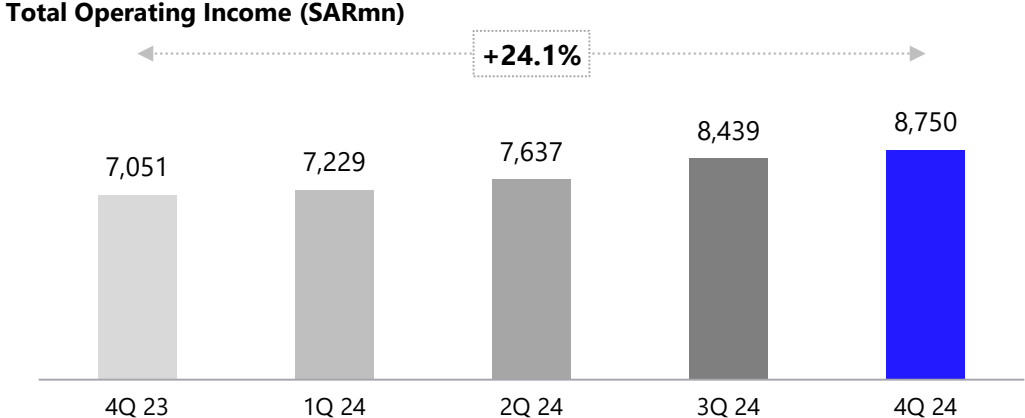
SAR (mn)

	FY 24	FY 23	YoY	4Q 24	4Q 23	YoY
<b>Net financing &amp; investment income</b>	<b>24,843</b>	<b>21,269</b>	<b>+17%</b>	<b>6,941</b>	<b>5,550</b>	<b>+25%</b>
Fee from banking services, net	4,693	4,226	+11%	1,288	988	+30%
Exchange Income, net	1,293	1,246	+4%	337	322	+5%
Other operating income, net	1,227	790	+55%	183	192	-4%
<b>Fees and other income</b>	<b>7,212</b>	<b>6,262</b>	<b>+15%</b>	<b>1,809</b>	<b>1,501</b>	<b>+20%</b>
<b>Total operating income</b>	<b>32,055</b>	<b>27,531</b>	<b>+16%</b>	<b>8,750</b>	<b>7,051</b>	<b>+24%</b>
Operating expenses	-7,971	-7,498	+6%	-2,050	-1,998	+3%
<b>Pre-provision profit</b>	<b>24,085</b>	<b>20,033</b>	<b>+20%</b>	<b>6,700</b>	<b>5,053</b>	<b>+33%</b>
Total impairment charge	-2,117	-1,504	+41%	-553	-406	+36%
<b>Net income for the period before Zakat</b>	<b>21,968</b>	<b>18,529</b>	<b>+19%</b>	<b>6,147</b>	<b>4,647</b>	<b>+32%</b>
Zakat	-2,237	-1,908	+17%	-626	-477	+31%
Non-controlling interests	9	0	-	5	0	-
<b>Net income for the period after Zakat</b>	<b>19,722</b>	<b>16,621</b>	<b>+19%</b>	<b>5,516</b>	<b>4,171</b>	<b>+32%</b>

Net Income After Zakat Growth Drivers By Type (SARmn)

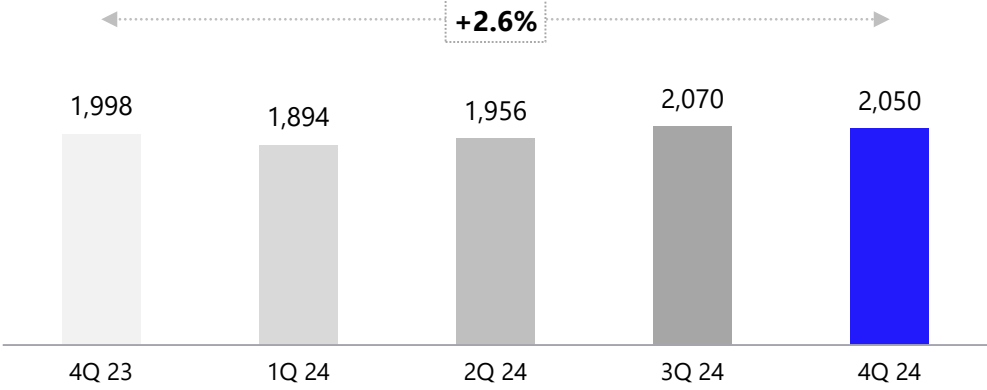


# Operating Income Trends | Higher operating income driven by net yield and fee income growth

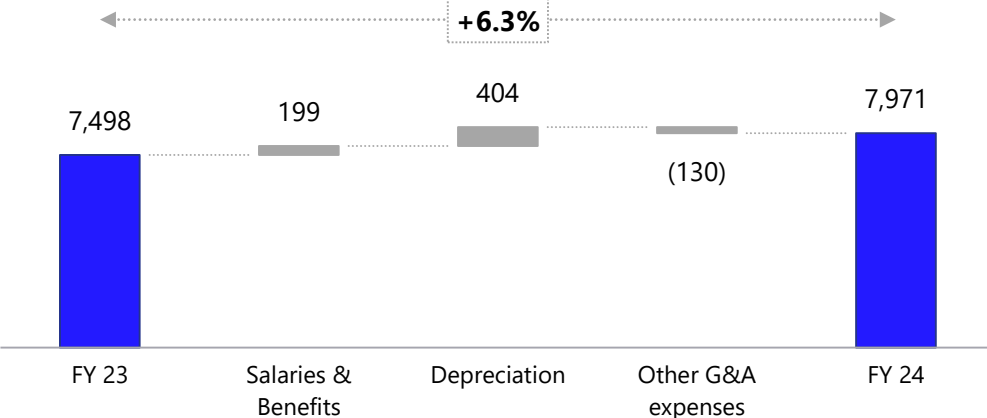


# Expenses Trends | Cost efficiencies remains solid

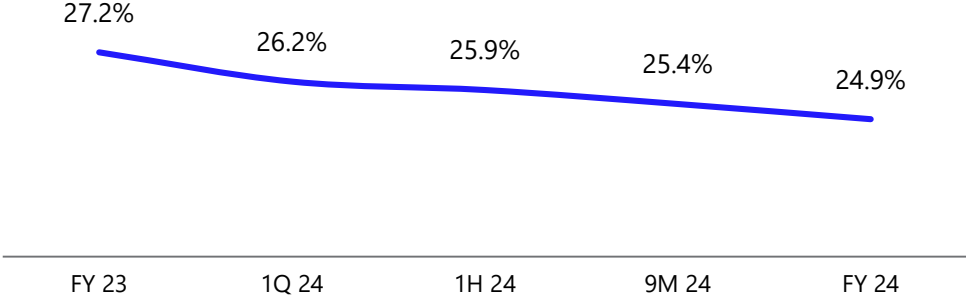
Operating Expenses (SARmn)



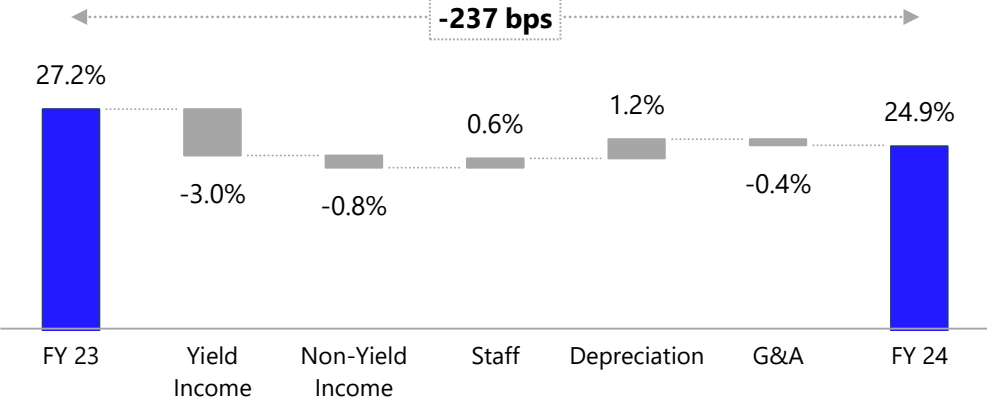
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

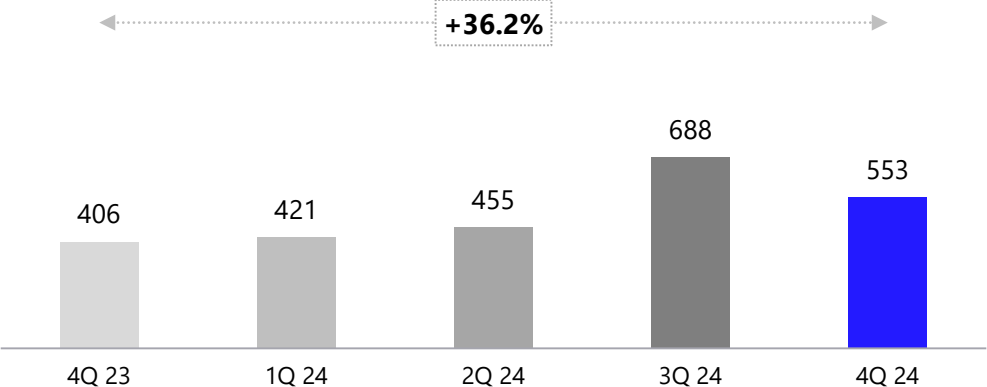


Cost to Income Ratio Drivers (%)

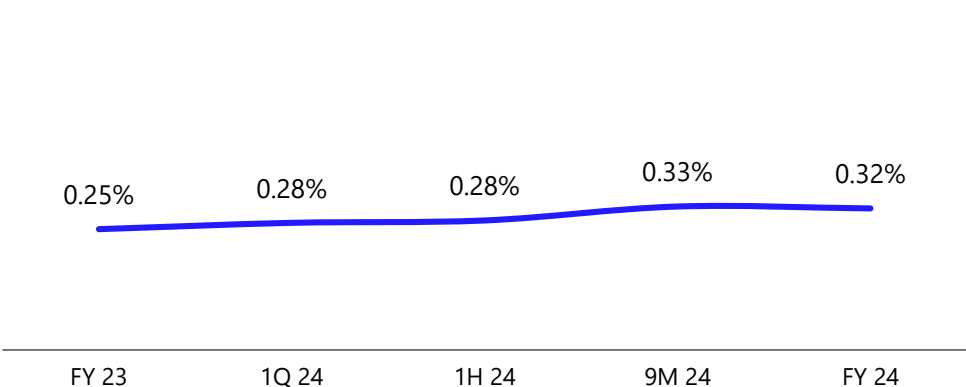


# Net Impairment & Cost of Risk | Higher gross charge due to Financing portfolio growth

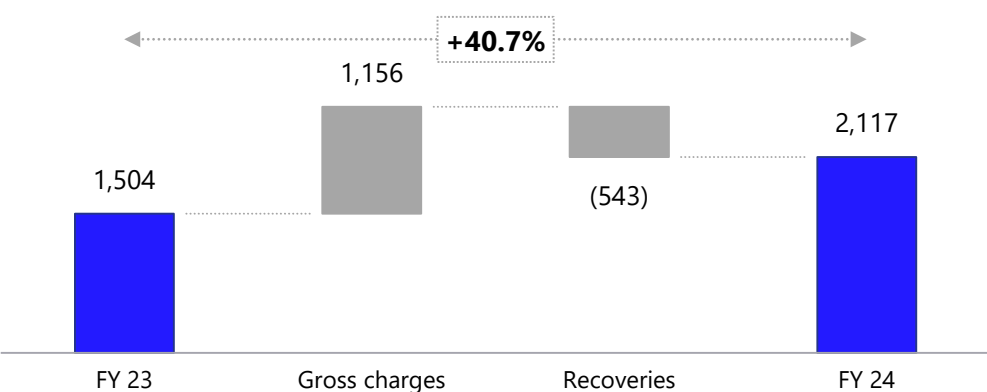
Net Impairment Charges (SARmn)



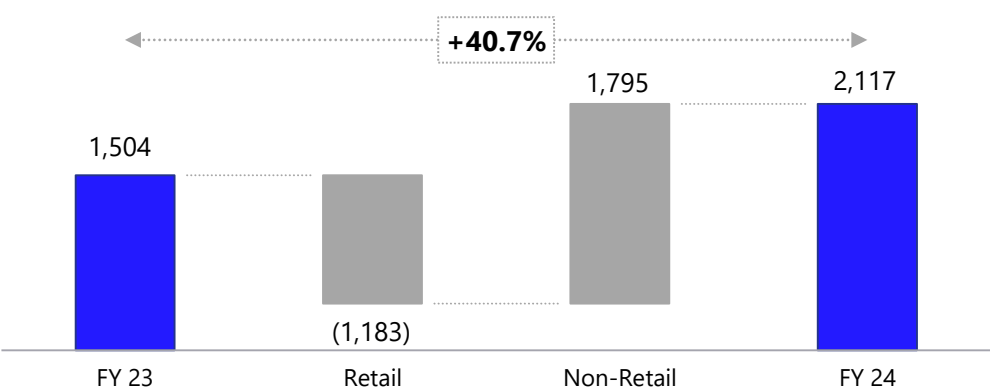
Cost of Risk (%)



Movement in Net Impairment (SARmn)

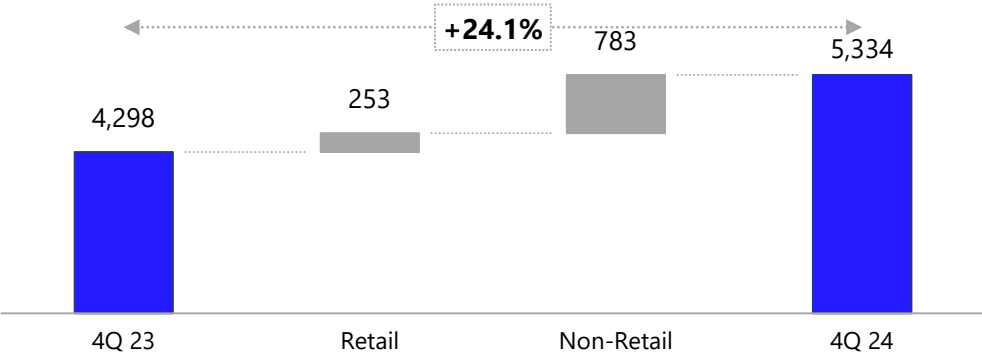


Movement in Net Impairment by Group (SARmn)

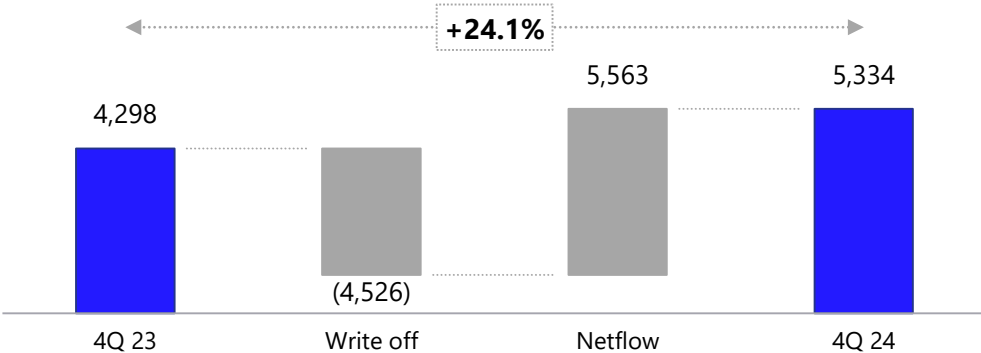


# Asset Quality Trends (1) | Asset quality remains healthy with a high NPL coverage

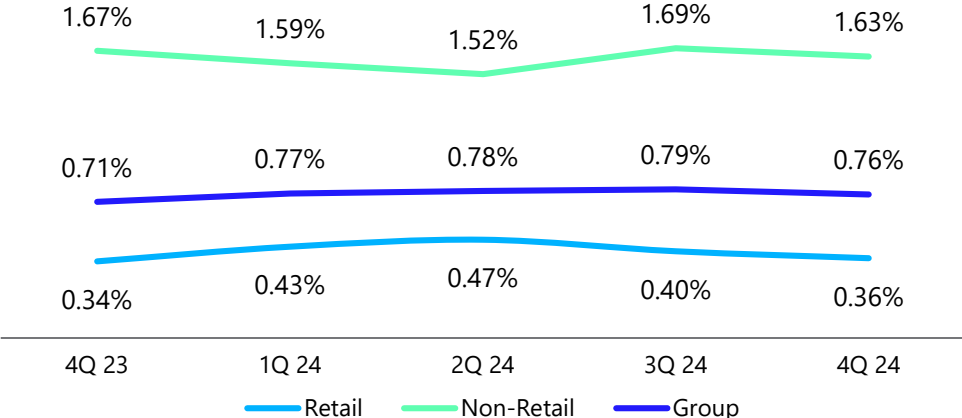
**Movement in NPL (SARmn)**



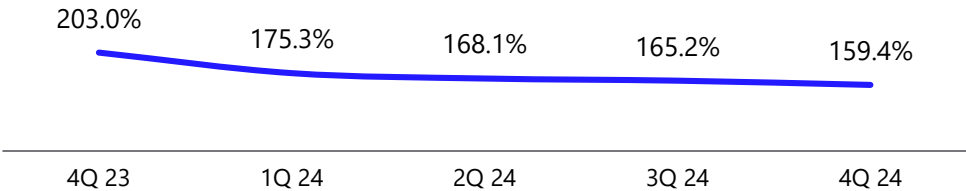
**NPL Formation (SARmn)**



**NPL Ratio (%)**

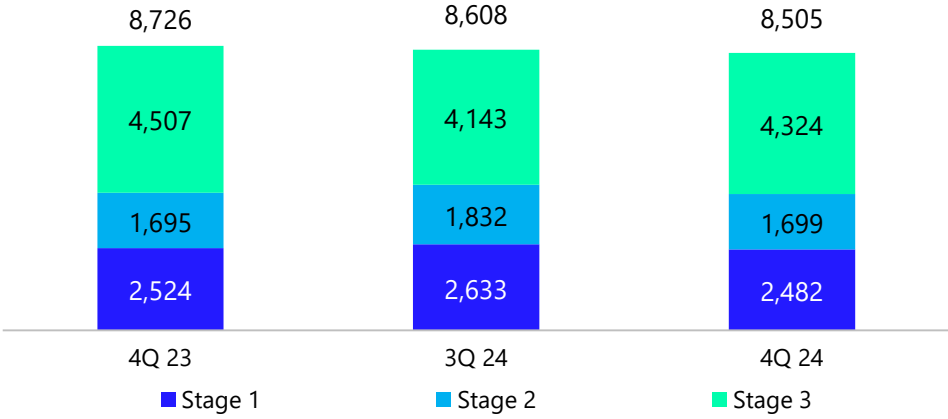


**NPL coverage ratio (%)**

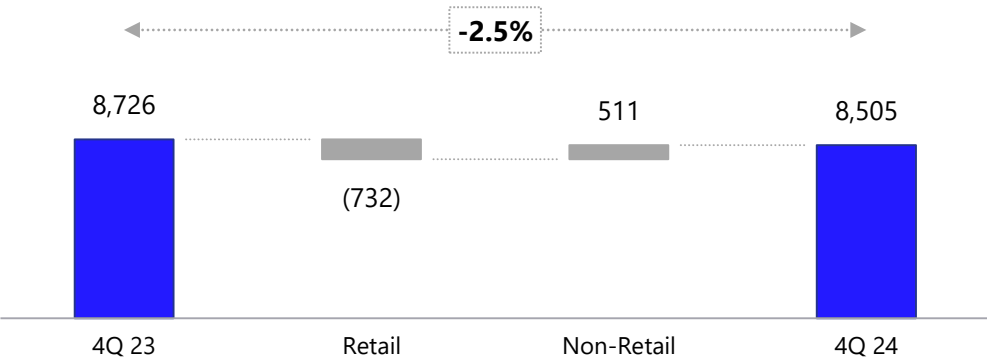


# Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

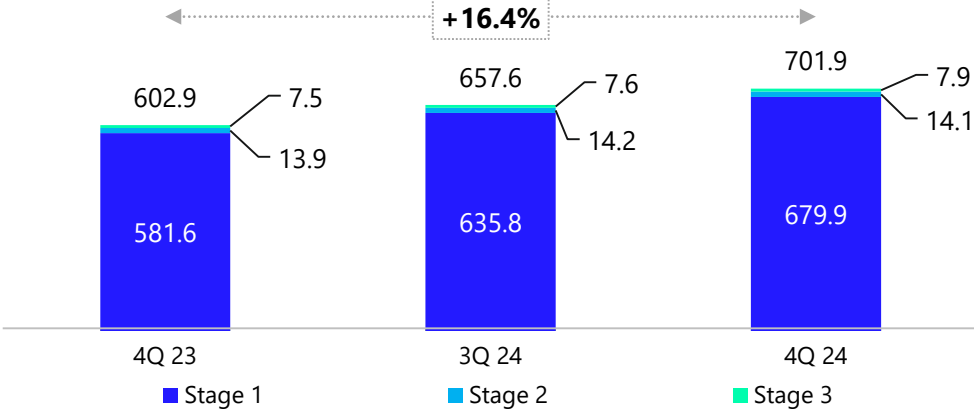
ECL by Stage (SARmn)



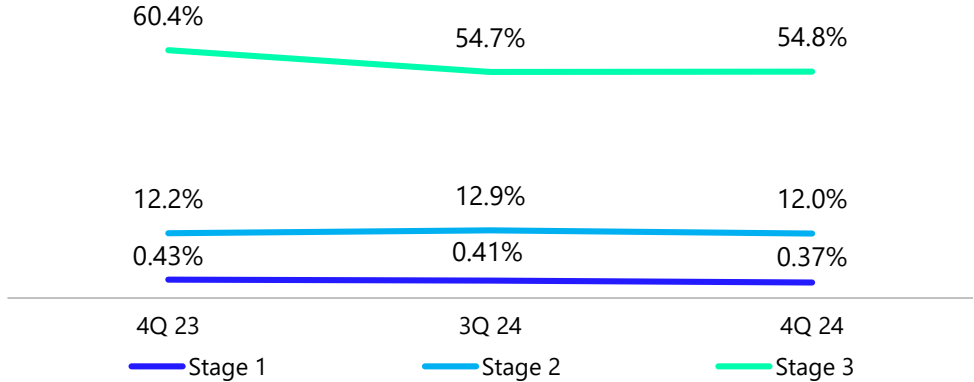
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

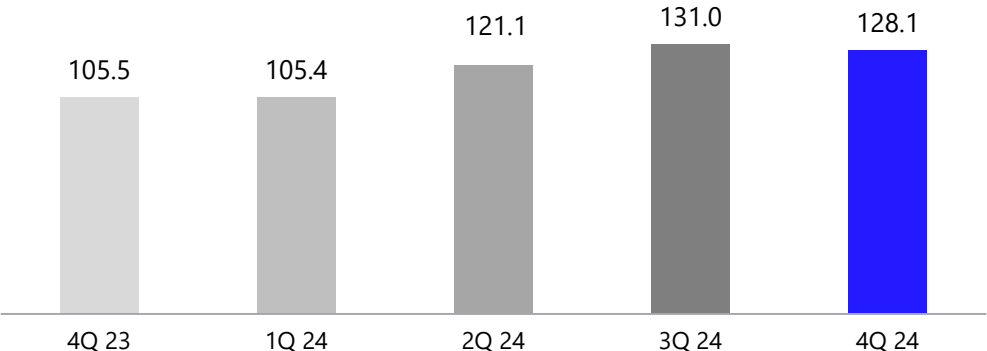


ECL Coverage (%)

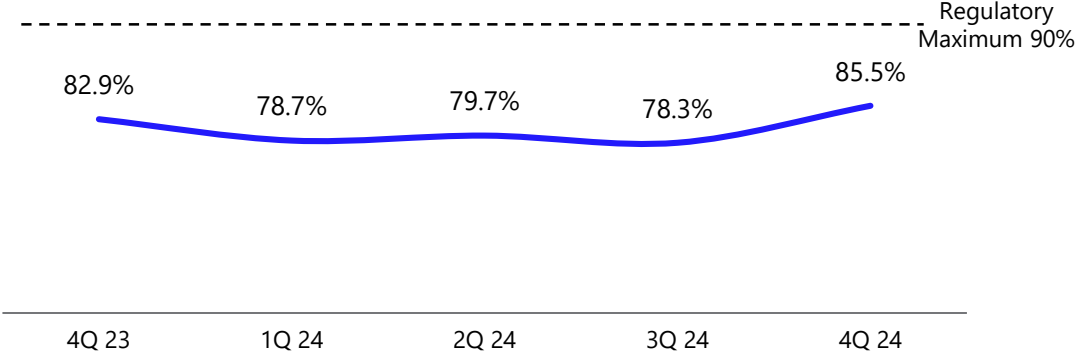


# Liquidity Trends | Liquidity remains comfortably within regulatory requirements

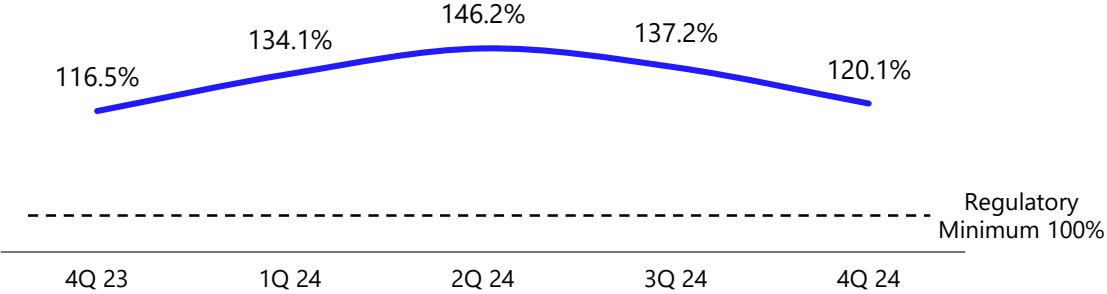
**HQLA (SARbn)**



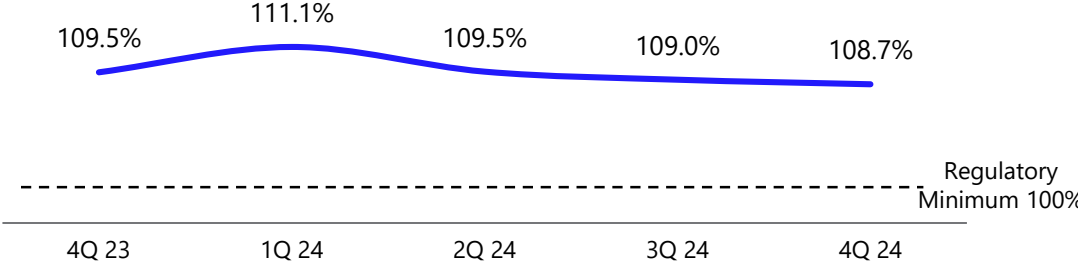
**Loan to Deposits Ratio (SAMA) (%)**



**LCR (%)**

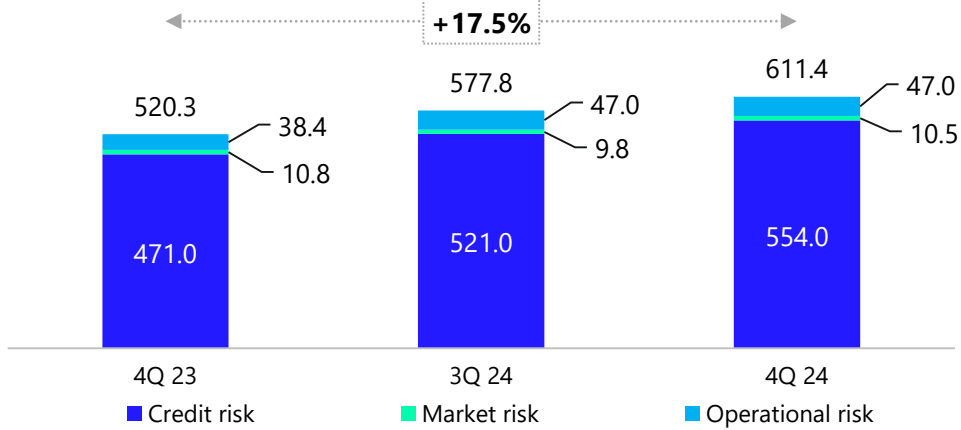


**NSFR (%)**

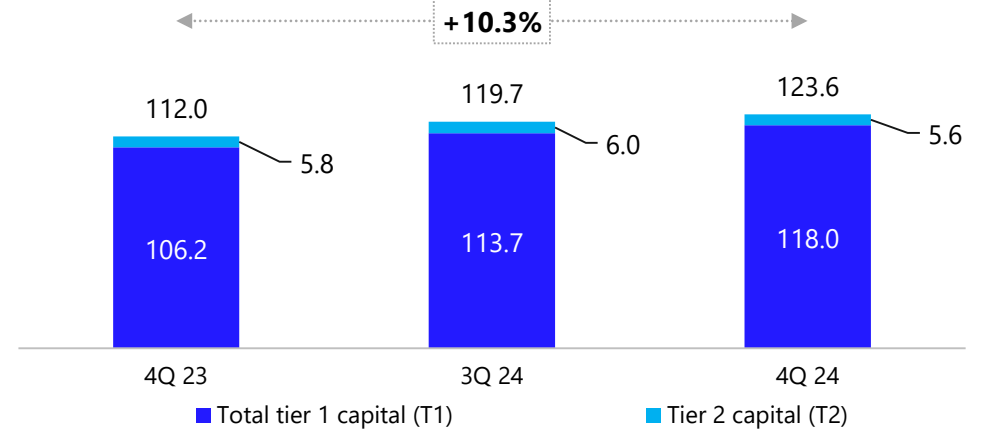


# Capitalization Trends | Capital position well above regulatory minima

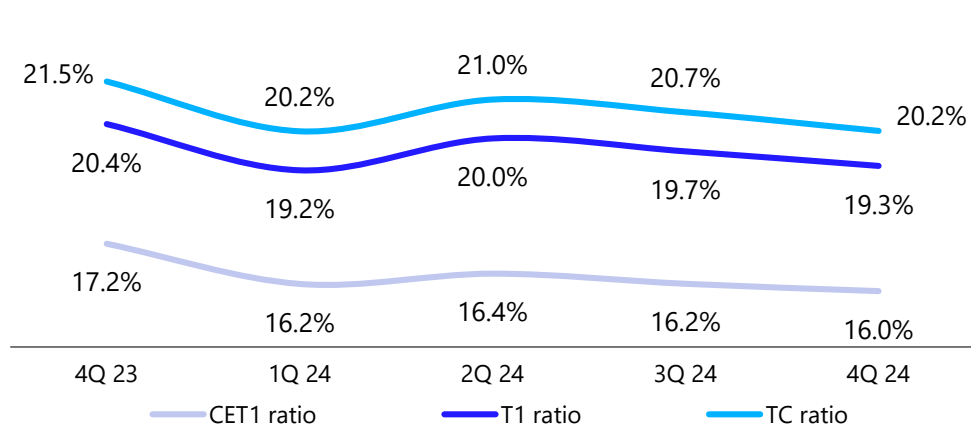
RWA (SARbn)



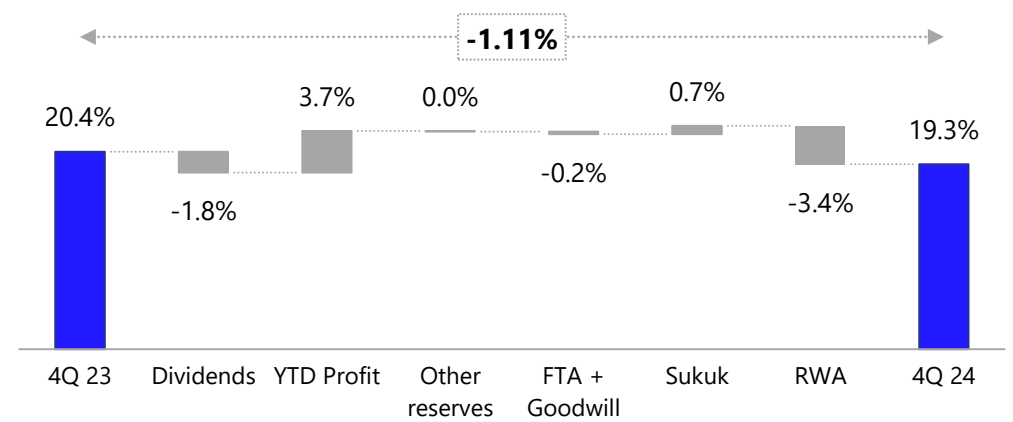
Total Capital (SARbn)



Capital Ratios (%)



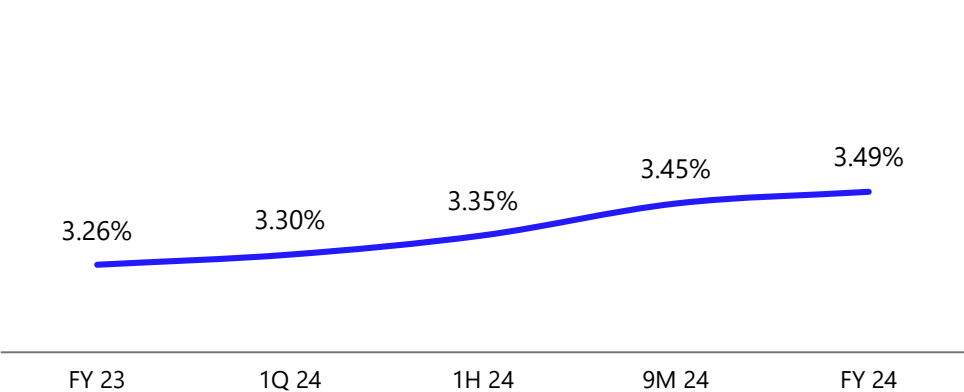
Tier 1 Drivers (%)



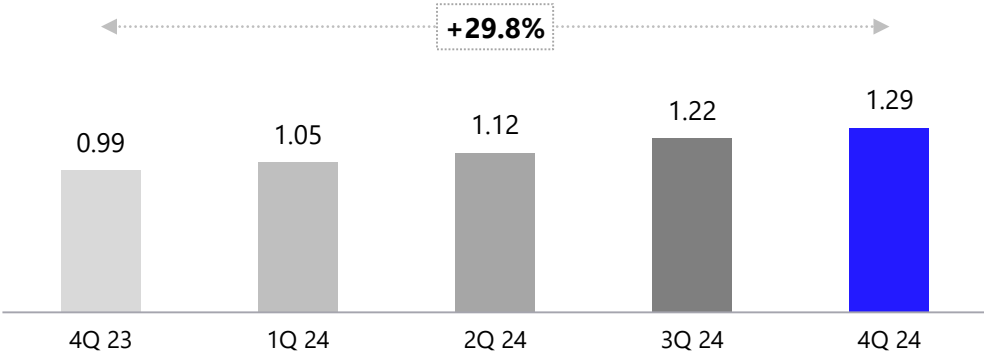


# Return Metrics | Al Rajhi Bank's returns remain industry-leading

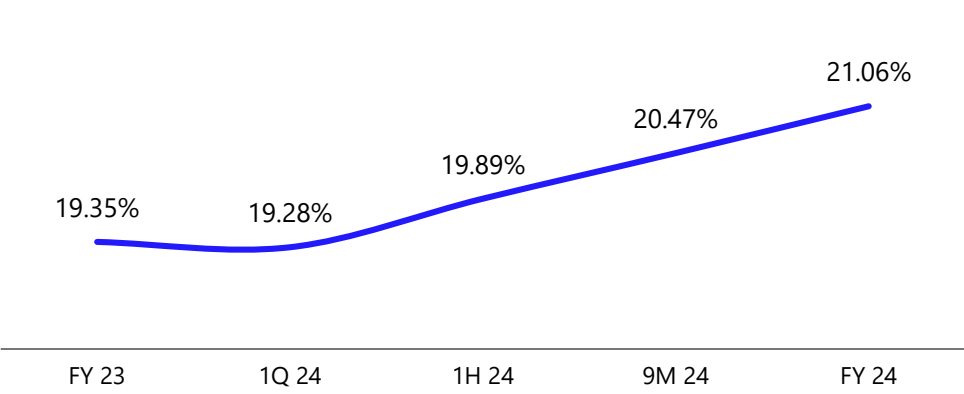
**Return on RWA (%)**



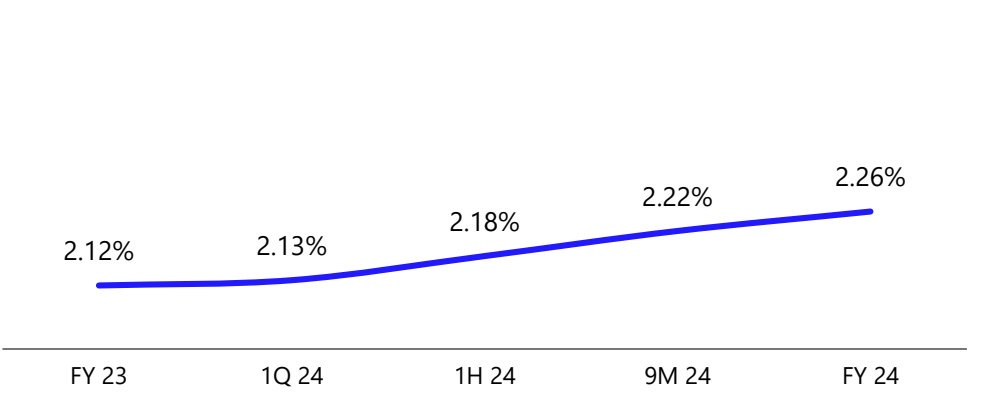
**Earnings per Share (SAR)**



**Return on Equity (%)**



**Return on Assets (%)**



# FY 2025 Guidance

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## FY 2025 Assumptions and Outlook | Interest rates are expected to remain stable in 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 3.3% in 2025 and projected 4.1% for 2026
- Consumer spending increased by 7.5% YoY in FY 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 rate cut by the second half of 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 have increased to 7.3% levels in Dec 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 2025 Guidance | For our strategy “Harmonize the Group”

		FY 2024 Change	FY 2024 Actual	FY 2025 Guidance
<b>Balance Sheet</b>	Financing	+16.7%	SAR 693 Bn.	High single digit
<b>Profitability</b>	Net profit margin	+14 bps	3.13%	+5 bps to +15 bps
	Cost to income ratio	-2.4%	24.9%	Below 24.5%
	ROE	+1.7%	21.1%	Above 21%
<b>Asset Quality</b>	Cost of risk	+7 bps	0.32%	0.30% - 0.40%
<b>Capital</b>	Tier 1 ratio	-1.1%	19.3%	Above 19.5%



Q & A

# ESG Highlights

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# ESG Highlights | 4Q 2024

	USD <b>4.6 bn</b> Green syndicated loan		<b>+200</b> Scholarships to Orphan students to join Universities	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 61 branches to reduce utilities consumption	<b>+39k</b> Families have been benefited from the affordable housing solutions	<b>+22k</b> Employees across the group	ISO 22301:2019 Business Continuity Management	
SAR <b>974bn</b> Total Assets	Around SAR <b>3bn</b> of financing renewable energy projects	SAR <b>2.2bn</b> Zakat	<b>+77</b> Kidney transplants in 2024	<b>282</b> Sharia Board Resolutions in 2024	<b>12%</b> growth in female employees in 2023
SAR <b>19.7bn</b> Net Profit after Zakat	USD <b>2.0bn</b> Sustainable Sukuk	SAR <b>3.7bn</b> In salaries and benefits paid	<b>12</b> Batches of Graduate Development Program since 2015	<b>137</b> Policies & Frameworks	<b>30%</b> of female employees at the group level
<b>0%</b> Financing exposure in Tobacco, Alcohol & Gambling	<b>95:5</b> Digital to Manual Ratio	SAR <b>39.1bn</b> in financing for SMEs	<b>+190k</b> total training days since 2023	<b>4 out of 11</b> Independent Board Directors	<b>+100%</b> growth in female customers since 2015
<b>Financial Sustainability</b>	<b>Environmental</b>	<b>Social</b>		<b>Governance</b>	<b>Gender Diversity</b>

■ 4Q 2024 figures



# KSA's Macro-Economic Environment

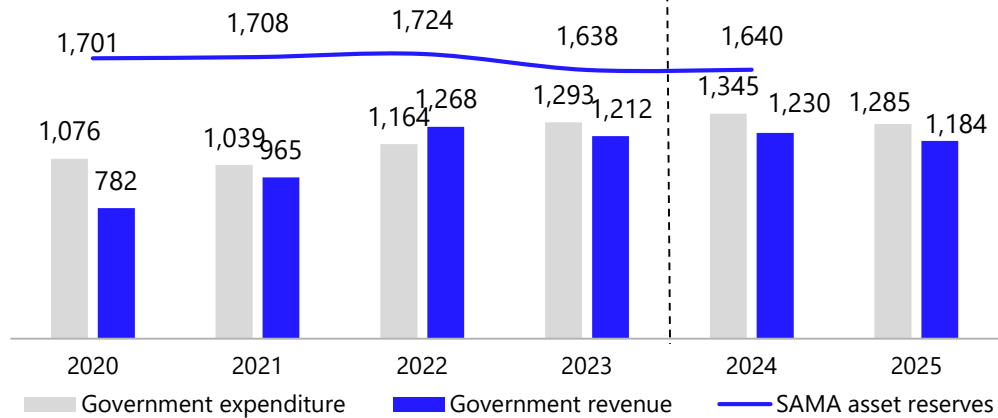
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## Highlights

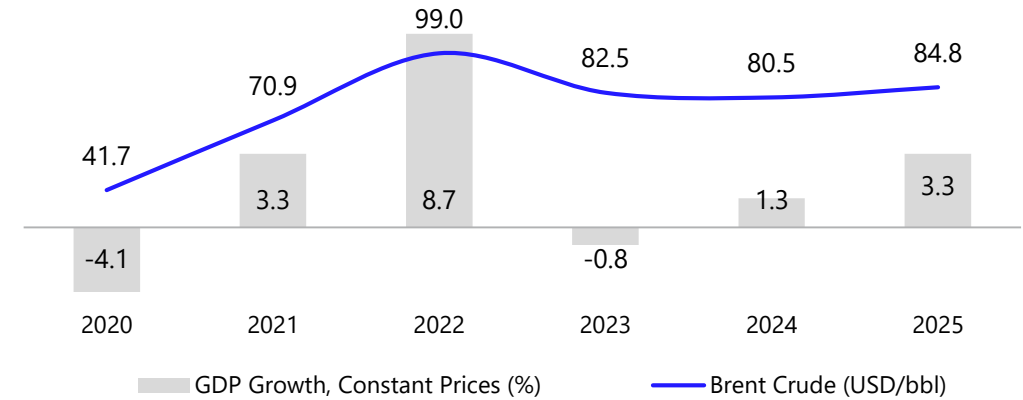
- Saudi GDP is expected to increase by 1.3% in 2024 driven by higher non-oil activities.
- Based on IMF forecasts, Saudi's GDP is estimated to grow 3.3% for 2025 and 4.1% for 2026
- Unemployment rate reached 7.8% in 3Q 2024

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



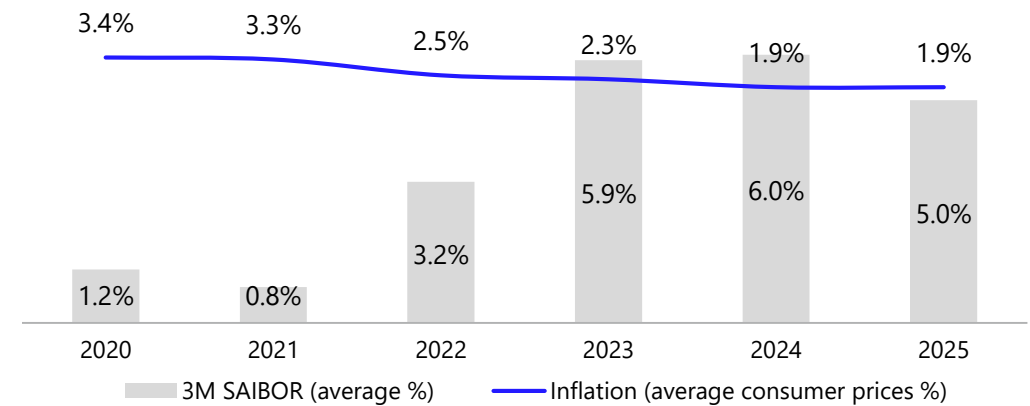
Source: MoF, SAMA

### GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

### 3M SAIBOR / Inflation



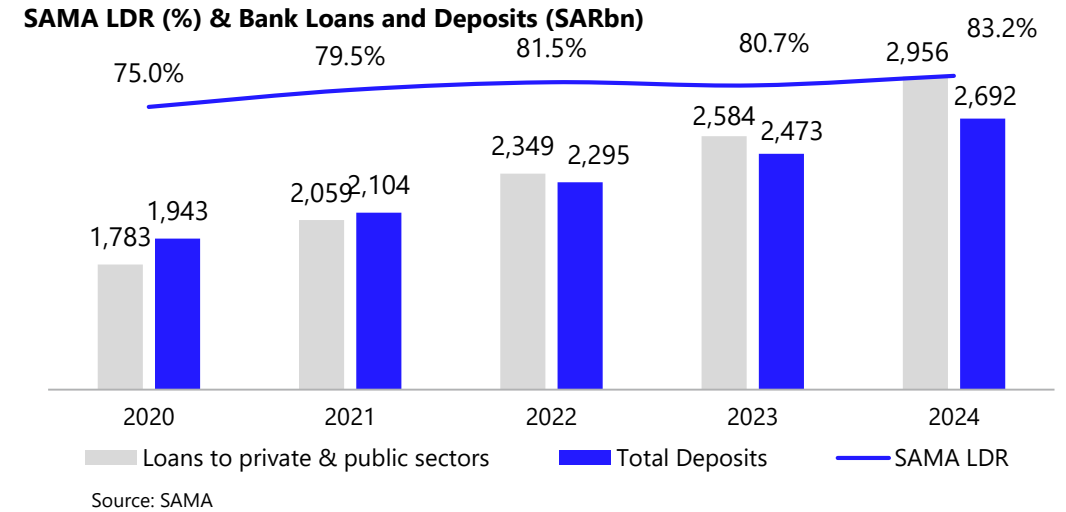
Source: SAMA, IMF, MoF



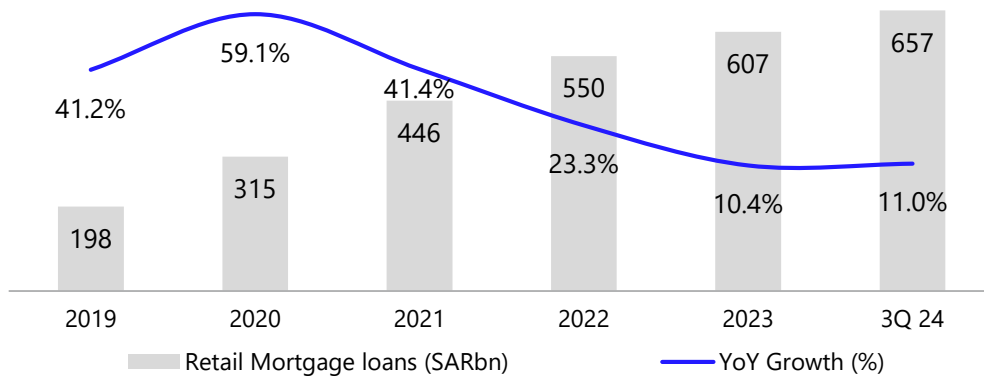
# Banking Sector Highlights | Banking system deposits continue growing by end of 2024

## Recent Developments

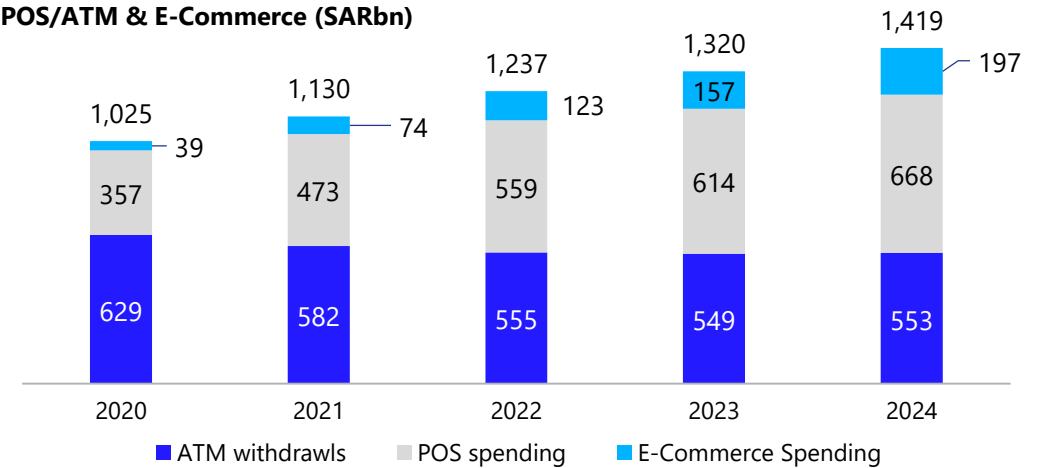
- Deposits have grown in the banking system by end of December 2024 align with loans growth.
- SRC benchmark rates increased to 7.3% in Dec 2024
- Consumer spending increased by 7.5% YoY in FY 2024 with continuous migration toward cashless payment methods



### Retail Mortgage (SARbn)



### POS/ATM & E-Commerce (SARbn)



# IR Contact Information

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## Additional Information | Contact investor relations for more information

### Sulaiman Alquraishi

+966 (11) 828 1987

[Alquraishis@alrajhibank.com.sa](mailto:Alquraishis@alrajhibank.com.sa)

### Mohammed M. Alqahtani

+966 (11) 828 1921

[AlqahtaniM-M@alrajhibank.com.sa](mailto:AlqahtaniM-M@alrajhibank.com.sa)

### Abdulsalam Al sukaiti

+966 (11) 828 1942

[AlsukaitiAl@alrajhibank.com.sa](mailto:AlsukaitiAl@alrajhibank.com.sa)

### Aishah Alshammari

+966-11-828-1973

[Al-shammariAK@alrajhibank.com.sa](mailto:Al-shammariAK@alrajhibank.com.sa)

### Investors Relations

[IR@alrajhibank.com.sa](mailto:IR@alrajhibank.com.sa)

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