

Al Rajhi Bank Investor Presentation

2Q 2022 Results



2Q 2022 Investor Presentation

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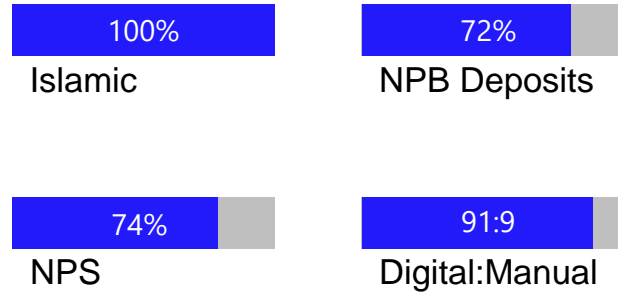
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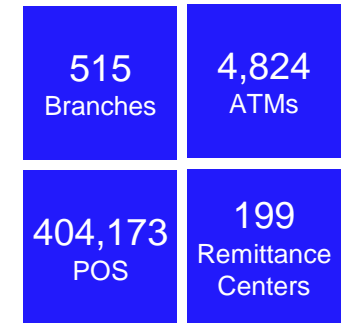
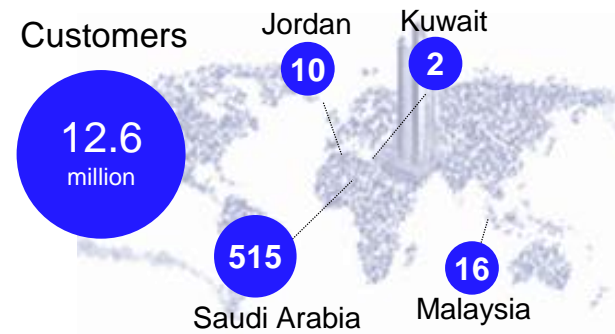


The World's Leading Islamic Bank

At a glance, 2Q 2022



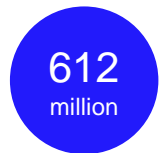
Presence & Branches, 1Q 2022



Largest network in Saudi Arabia

1H 2022 Strategic Highlights

1H22 Avg Trans./mth



Active Digital Customers



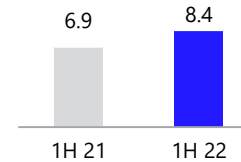
Training Days



Volunteering Hrs FY21



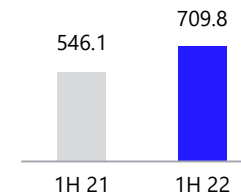
1H 2022 Financial Highlights



Group Net Income After Zakat

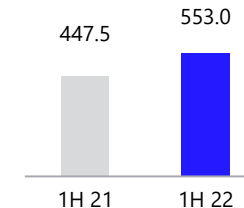
▲ +21%

- 33% YoY Net Financing Growth
- 19.0% Total Capital ratio
- 0.52% Cost of Funds



Total Assets

▲ +30%



Customer Deposits

▲ +24%



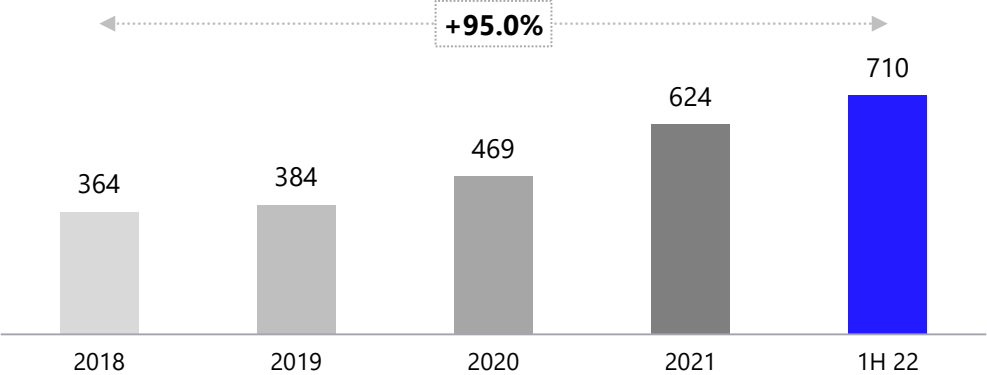
Top 10 Facts About Al Rajhi Bank

- 1** Largest Islamic Bank worldwide
(by Assets & Market Cap)
- 2** #1 Retail Bank in Middle East
(Retail Deposits & Income)
- 3** One of the highest NPB deposit ratios
(72% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC
(19.0% Total Capital ratio)
- 5** One of top NPS in KSA
(74% as on 1H 2022)
- 6** #1 Bank in KSA
(by number of customers)
- 7** #1 Distribution network in Middle East
(by # of Branches, POS, ATMs, Remittance Centres)
- 8** #1 Banking transactions in KSA
(612mn per month, average)
- 9** #1 Bank for remittances in Middle East
(by payment value)
- 10** #1 Bank brand in KSA
(Brand Power Score)

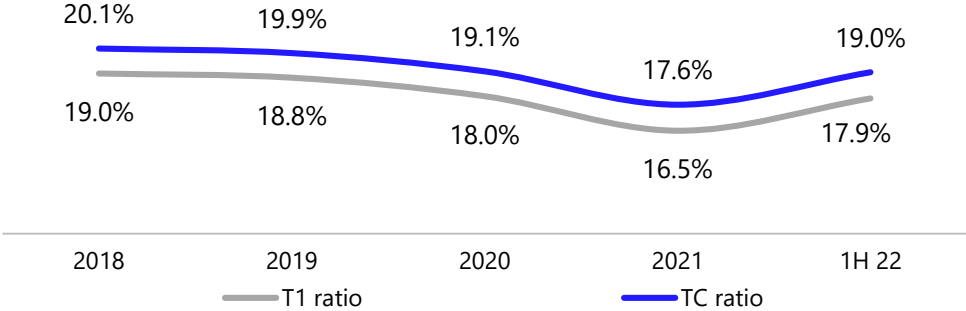


The World's Leading Islamic Bank | Robust balance sheet with 72% non-profit bearing deposits as of 1H 2022

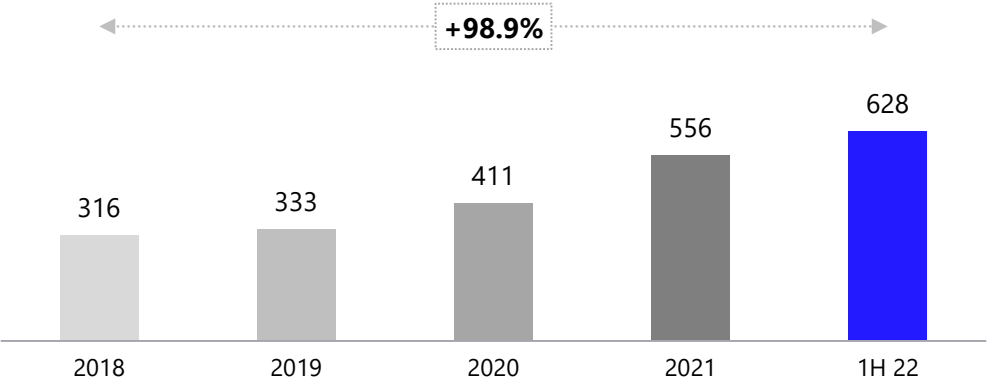
Total Assets (SARbn)



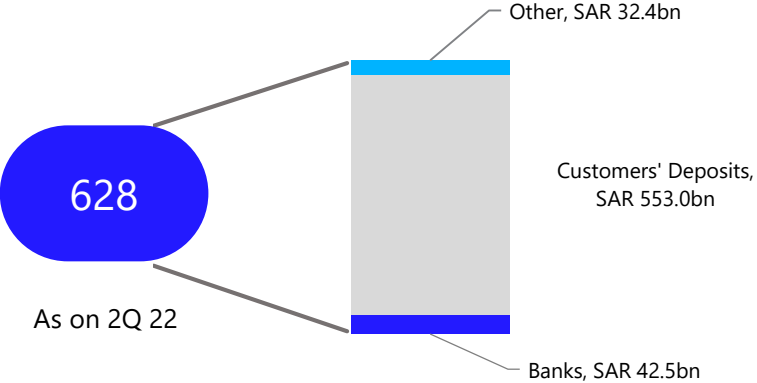
Capital Ratios (%)



Total Liabilities (SARbn)

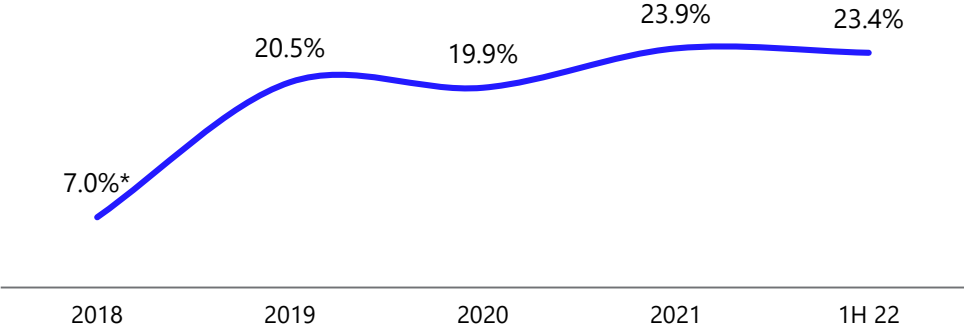


Total Liabilities Mix By Type (SARbn)



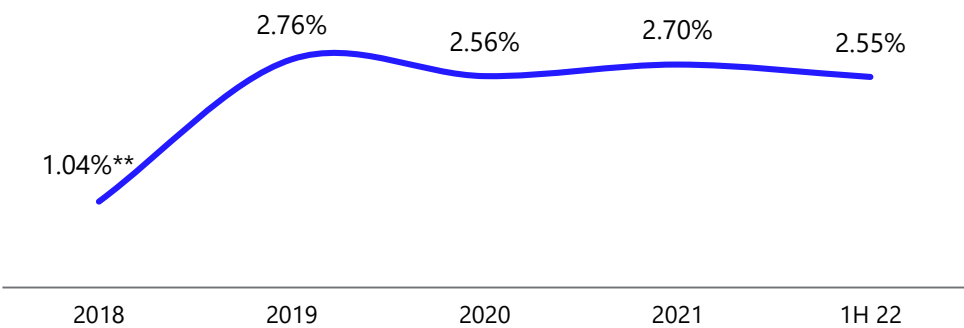
The World's Leading Islamic Bank | Outstanding foundation and strong returns

ROE (%)



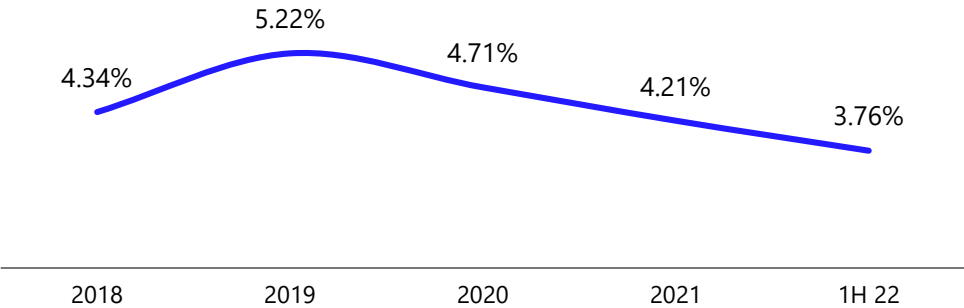
* As a result of Zakat Settlement – ROE before Zakat is 19.8%

ROA (%)

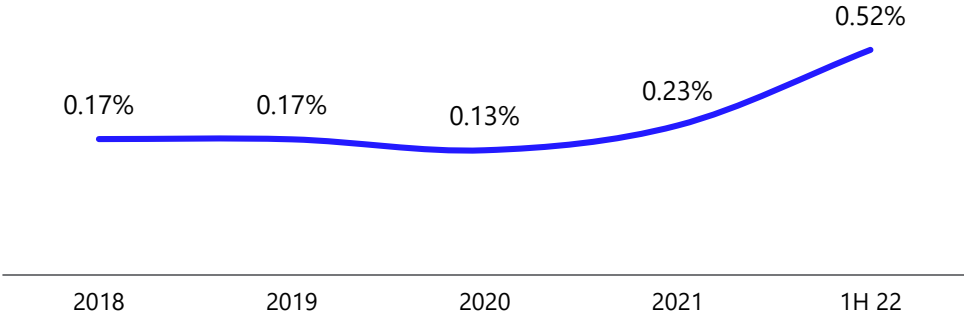


** As a result of Zakat Settlement – ROA before Zakat is 2.9%

Net Profit Margin (%)

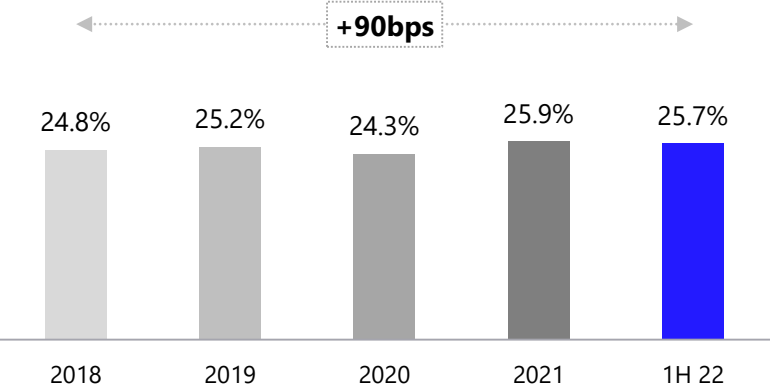


Cost of Funds (%)



What sets Al Rajhi Bank Apart | ARB has the largest retail banking business in the Middle East

Market Share - Demand Deposits

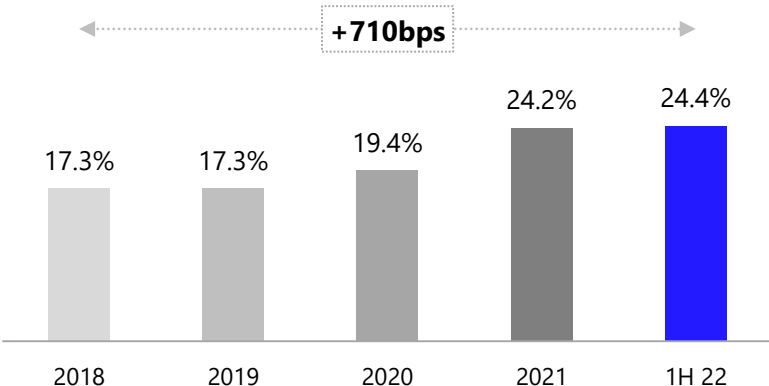


#2 in Saudi Arabia

12.6
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



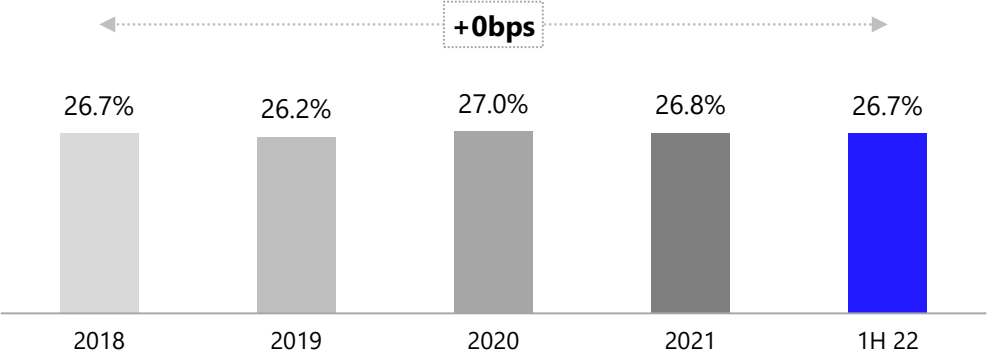
#2 in Saudi Arabia



Al Rajhi Bank's Leading Network | The Bank has a large distribution network in Saudi Arabia...

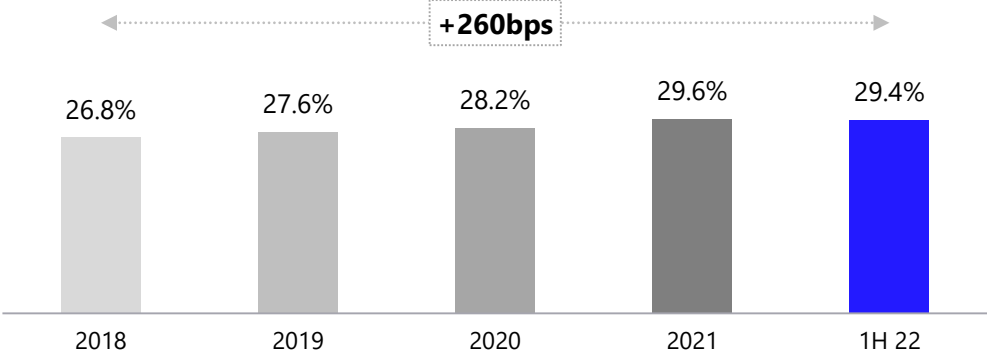
#1 in Branches

Market Share - Branches



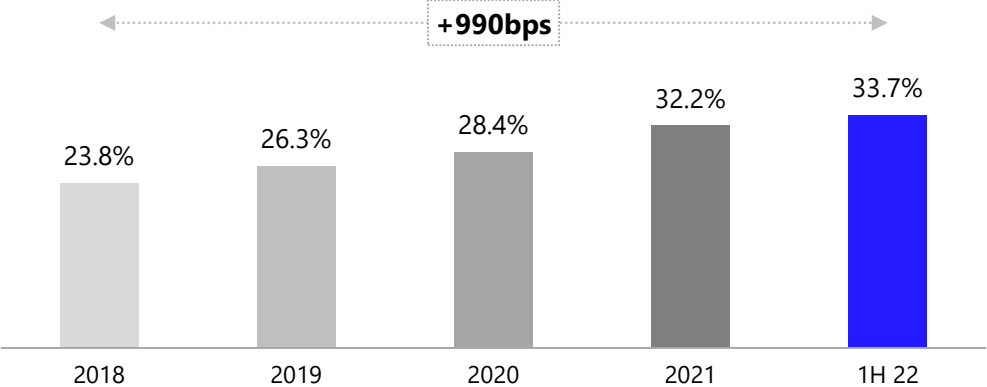
#1 in ATMs

Market Share - ATMs



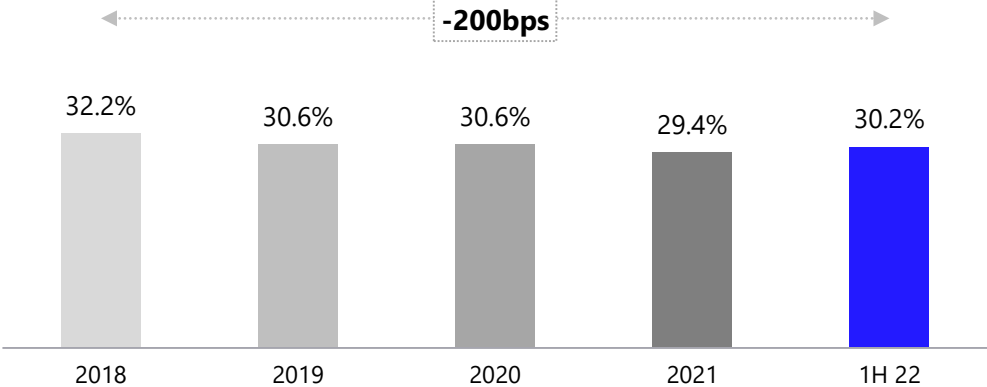
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

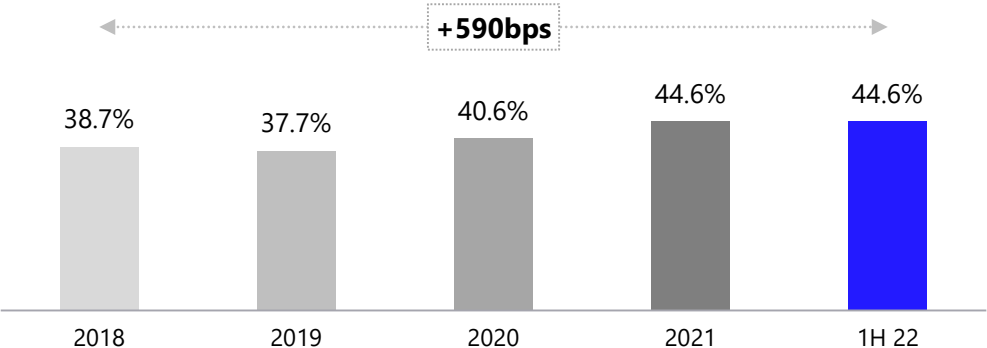
Market Share - Remittance Centers



Al Rajhi Bank has a unique franchise | We maintain a leading market share across key products

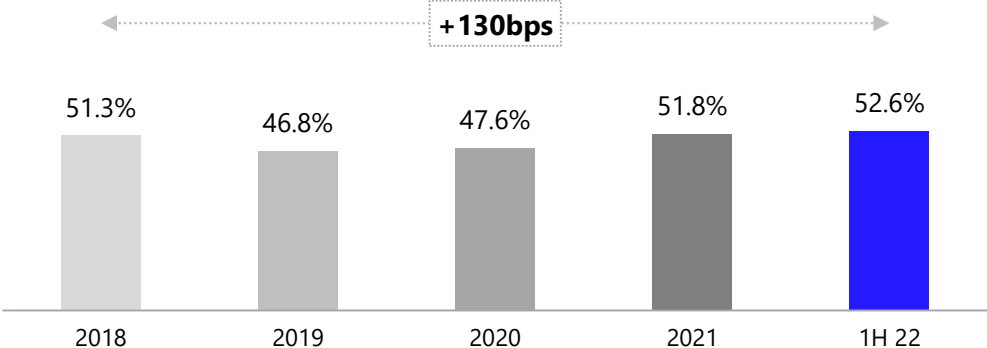
#1 in Personal Loans

Market Share - Personal Loans



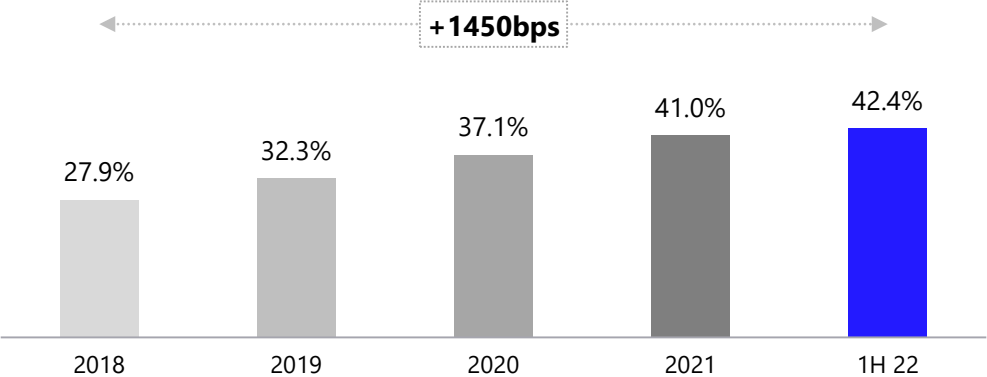
#1 in Auto Loans

Market Share - Auto Loans



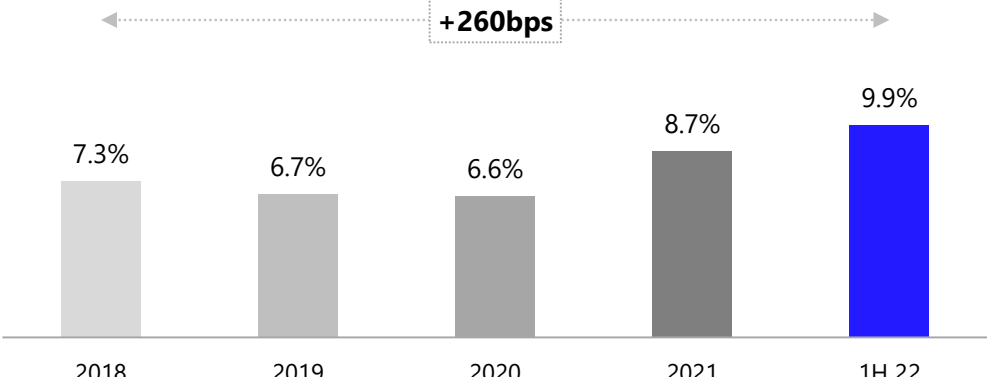
#1 in Mortgages

Market Share - Mortgages Loans



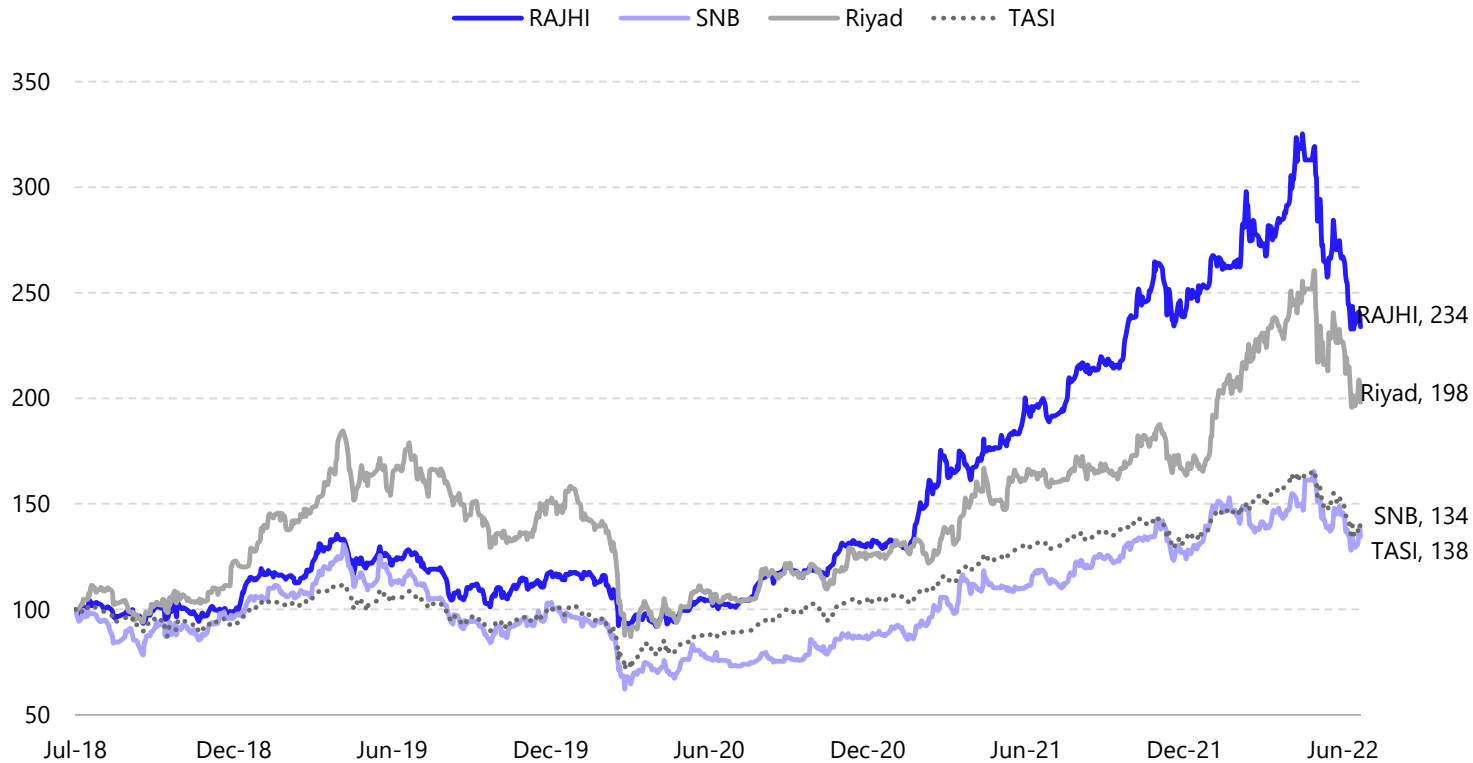
Improving Position in Corporate Loans

Market Share - Corporate Loans



Al Rajhi Bank Market Performance | ARB maintained its momentum and outperform its peer group

- Share Price Performance Top 3 KSA Banks (Daily; Rebased to 100)



30 Jun 2022

Key Metrics

Closing Price	SAR 82.5
Market Cap	SAR 330.0 bn
Market Cap / % Industry	31.2%
Market Cap / % Tadawul	3.1%
Shares outstanding	4.0 bn
90D Volatility	35.6
Price / Earnings	21.2 x
Price / Book	4.6 x
Dividend Yield (TTM)	1.1%

Sources: Bloomberg; Tadawul; RAJHI Financials

Ratings

Moody's	A1
S&P	BBB+
Fitch	A-

	Al Rajhi Bank	SNB	Riyadh Bank	Kuwait Finance House	First Abu Dhabi Bank	Qatar National Bank	Emirates NBD
Rebased to 100	234	134	198	237	154	130	141
As of 30 Jun 2022	82.5 SAR	65.9 SAR	32.1 SAR	871 KWD	18.8 AED	20.0 QAR	13.2 AED



ESG Highlights | 2Q 2022

			91 kidney transplants through Shifaa platform	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 5 branches to reduce utilities consumption	SAR 32mn Donation in 2021	9 batches of Graduate Development Program since 2015	ISO 22301:2019 Business Continuity Management	101 women-owned suppliers engaged
SAR 710bn Total Assets	Over USD1bn of financing renewable energy projects	SAR 965 mln Zakat paid	3,663 Employees volunteered in social programs	1,209 Sharia Board Resolutions	69% growth in female employees since 2015
SAR 8.4bn Net Profit after Zakat	ISO Green Certification for the head office building	SAR 1.6 bn in salaries and benefits paid	18,300+ of volunteering hours Clocked	137 Policies & Frameworks	17% of female employees
0% Financing exposure in Tobacco, Alcohol & Gambling	91:9 Digital to Manual Ratio	SAR 21.8bn in financing for SMEs	65,200+ total training days	4 out of 11 Independent Board Directors	93% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

■ 2Q 2022 figures



Awards | Recent international and local recognitions



The Global Economics

- Most Innovative Digital Bank – Saudi Arabia 2021
- Best New Mobile Banking Application - Saudi Arabia 2021



Global Finance:

- Best mobile banking app award for corporate in the middle east
- Best in social media marketing & services award for consumer in the middle east



International Finance Awards:

- Best Mobile Banking Application – Saudi Arabia
- Best Digital Bank – Saudi Arabia
- Most diversified Shari'ah compliant investment company



World Finance:

- Best Consumer Digital Bank - 2021 - Saudi Arabia
- Best Mobile Banking App - 2021 - Saudi Arabia



Seamless Awards:

- Digital Banking Experience of the Year



Saudi Capital Market Awards :

- Best Investor Relations Program (2020) –Saudi Capital Markets Awards (2020)
- Best Investor Relations Program (2021) – Saudi Capital Markets Awards (2021)



Sakani Program:

- Best Bank Award
- Best Financial Agency in the Real Estate sector
- Best Marketing Offer Award
- Best Sales Representative Award in the Real Estate Sector



Global Banking and Finance:

- Best Digital Bank KSA 2021



We are building the
“Bank of the Future”

Bank

Build on our core

- Grow Retail including Private Sector
- Expand Corporate
- Bank of Choice for SMEs
- Grow Demand Deposits
- Improve Revenue Mix

OF

Outperform our competition

- Customer Experience
- Preferred Employer
- Market Share
- Preferred Loyalty Program
- Leader in Financial Conduct

The

Transform technology

- Digital Core Banking Platform
- Data Leader for Customer Insights
- Modernize our technology
- Leverage our Infrastructure
- Adopt Agile Delivery

Future

Focus on new client needs

- Become Leading Finance Company
- Develop Best Payments Solution
- Grow Private Bank
- Expand customer reach
- Deepen Relationships via X-Sell



In strong position to deliver the “Bank of the Future” | Good progress made on strategy implementation

Bank

Build on our core

OF

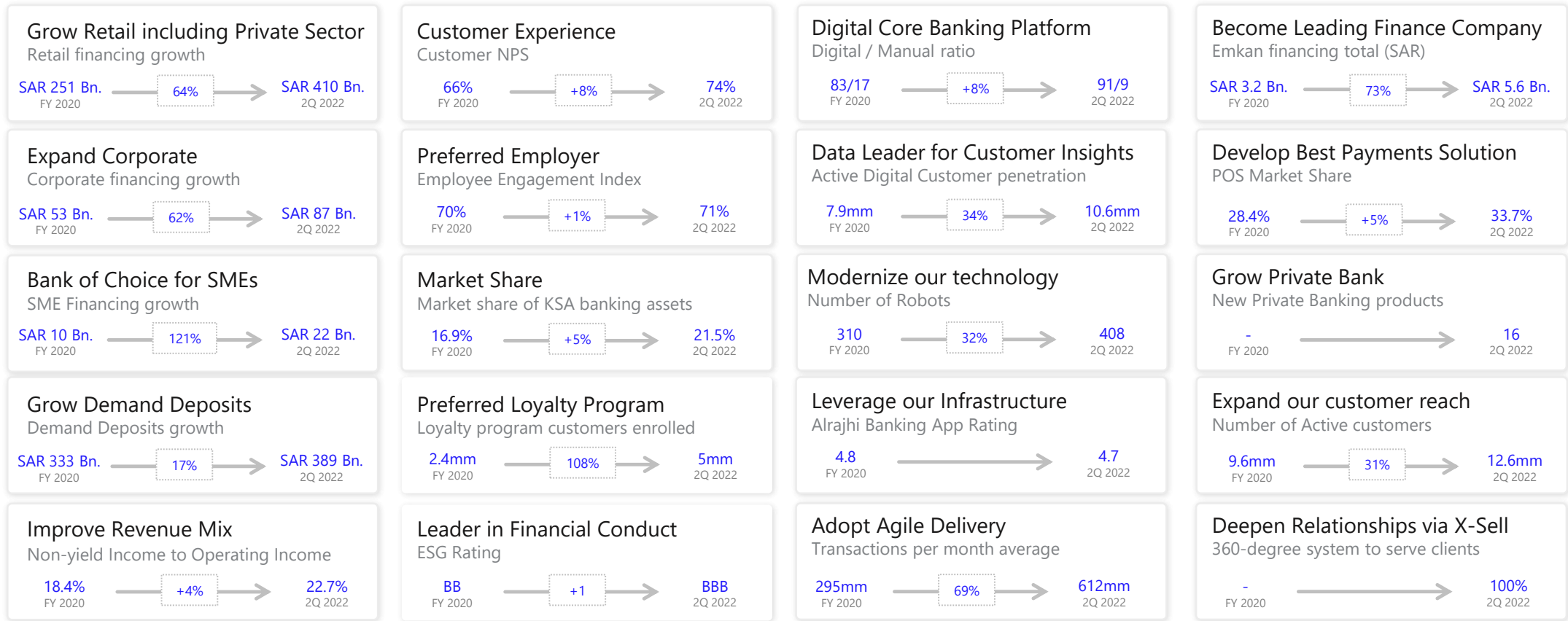
Outperform our competition

The

Transform technology

Future

Focus on new client needs

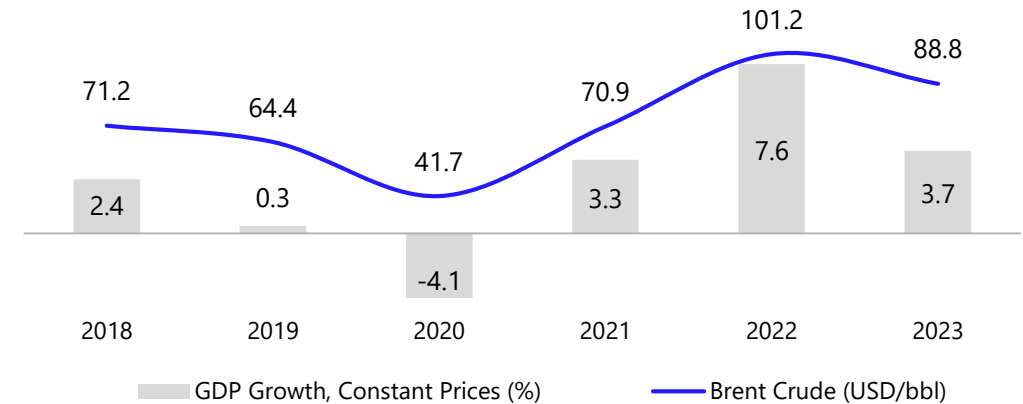


KSA's Macro-Economic Environment

Highlights

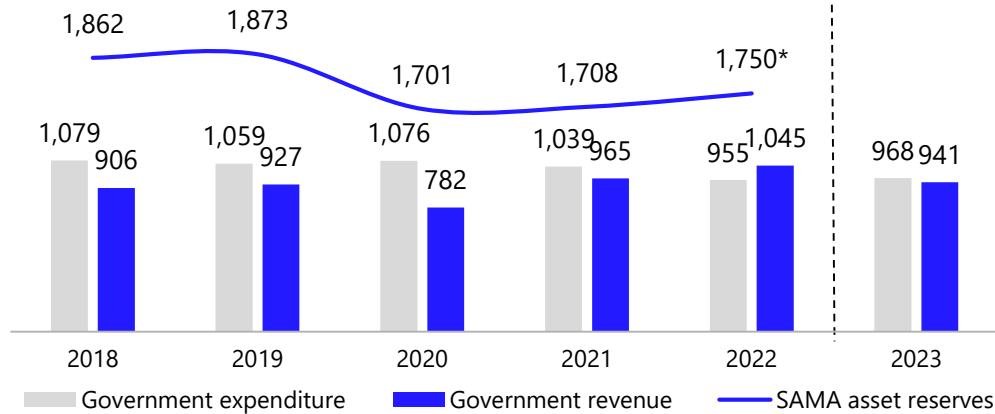
- IMF maintains a 7.6% GDP growth in 2022 and revised up 2023 growth forecasts to 3.7% compared to 3.6% earlier
- GDP grew by 11.8% in 2Q 2022 driven by higher oil prices and recovery in non-oil activities
- Average inflation estimated to be 2.5% in 2022 and expected to normalize in 2023 to 2.0%

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

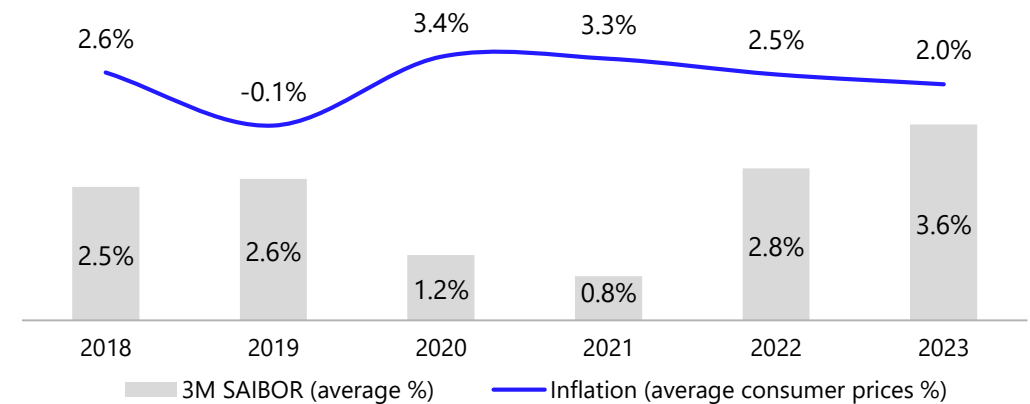
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

* June 2022 figure

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

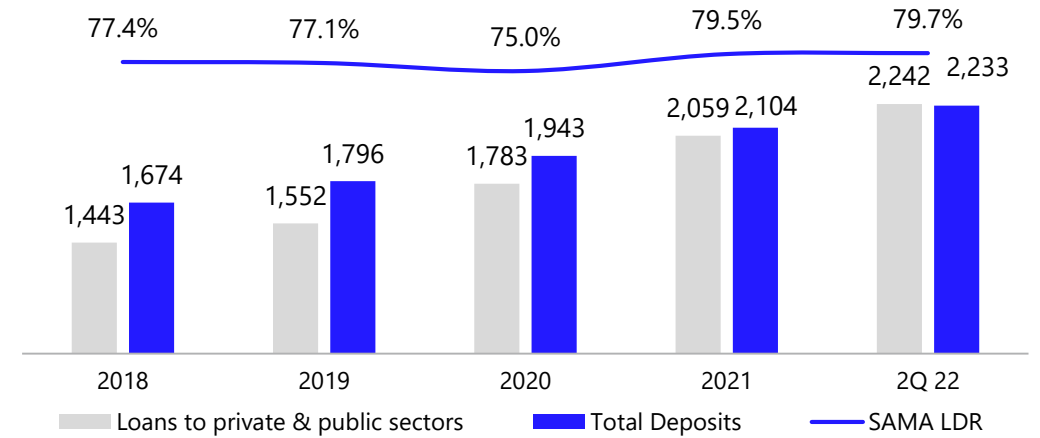


Banking Sector Highlights | Banking system loans growth was broad based

Recent Developments

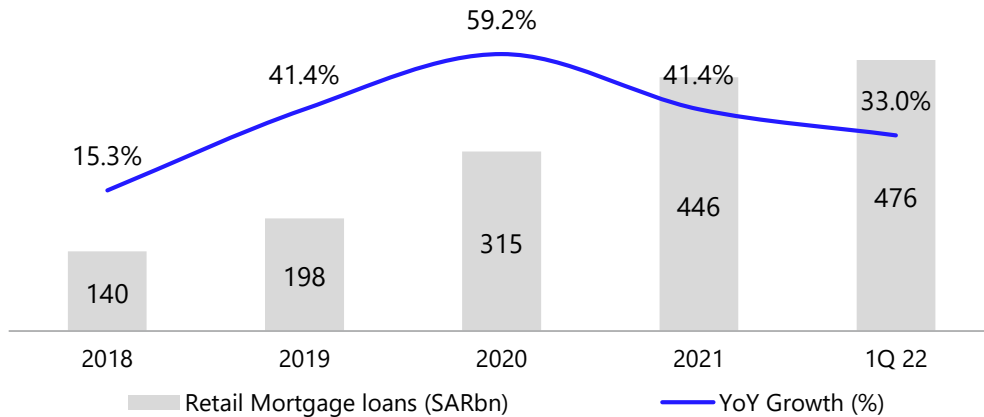
- Broad-based loan growth in the banking system during the first half of 2022
- SRC has revised up the mortgage subsidies cap rate in late June 2022
- Consumer spending increased by 8.3% YoY with continuous migration to cashless payment methods

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



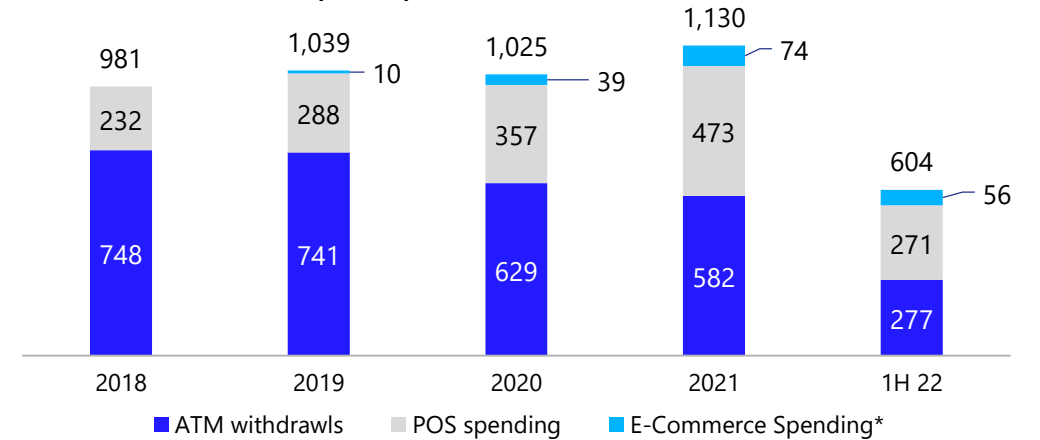
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

* E-Commerce started in 2019



2Q 2021 Financial Highlights

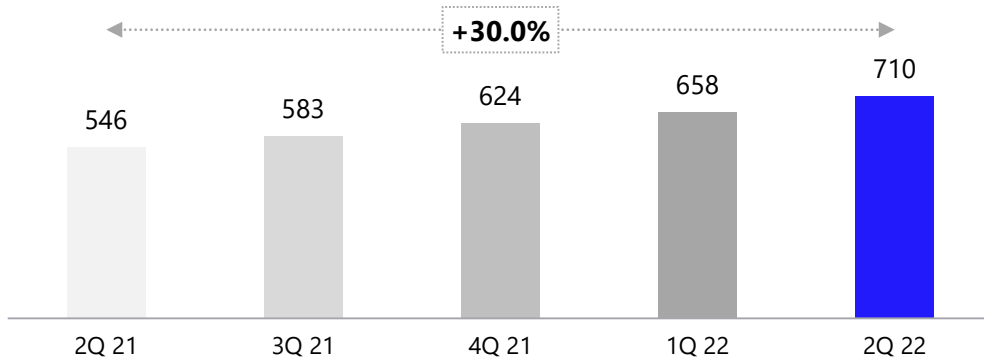
ARB had a strong set of results in the first half of 2022 | Results are in line with or ahead of expectations

13.8% YTD Balance Sheet Growth	14.8% Growth in financing driven by all lines of business	12.9% Growth in liabilities	Improved LDR to support financing growth
	Net Financing 452.8bn $\xrightarrow{+14.8\%}$ 519.7bn FY 21 1H 22	Total Liabilities 556.4bn $\xrightarrow{+12.9\%}$ 627.9bn FY 21 1H 22	Loan to Deposit Ratio 82.3% $\xrightarrow{\text{green line}}$ 83.8% FY 21 1H 22
Solid 21% net income growth YoY	11% Net yield income growth, impacted by lower NPM	29.9% Non yield income growth	14.8% Operating income growth
	Net Yield income 9,822mn $\xrightarrow{+11\%}$ 10,907mn 1H 21 1H 22	Non Yield Income 2,462mn $\xrightarrow{+29.9\%}$ 3,197mn 1H 21 1H 22	Operating Income 12,284mn $\xrightarrow{+14.8\%}$ 14,104mn 1H 21 1H 22
Stable credit quality	13 bps COR reduction	8 bps improvement in NPL ratio from strong loan growth	NPL coverage remained strong and stable
	Cost of risk 0.60% $\xrightarrow{\text{green line}}$ 0.47% FY 21 1H 22	NPL 0.65% $\xrightarrow{\text{green line}}$ 0.57% FY 21 1H 22	NPL Coverage 306% $\xrightarrow{\text{green line}}$ 293% FY 21 1H 22
Key Ratios	2.1 ppt better operating efficiency	Improved capital position	Lower NPM
	Cost to income ratio 27.5% $\xrightarrow{\text{green line}}$ 25.4% 1H 21 1H 22	Total Capital Adequacy Ratio 18.0% $\xrightarrow{\text{green line}}$ 19.0% 1H 21 1H 22	NPM 4.44% $\xrightarrow{\text{green line}}$ 3.76% 1H 21 1H 22

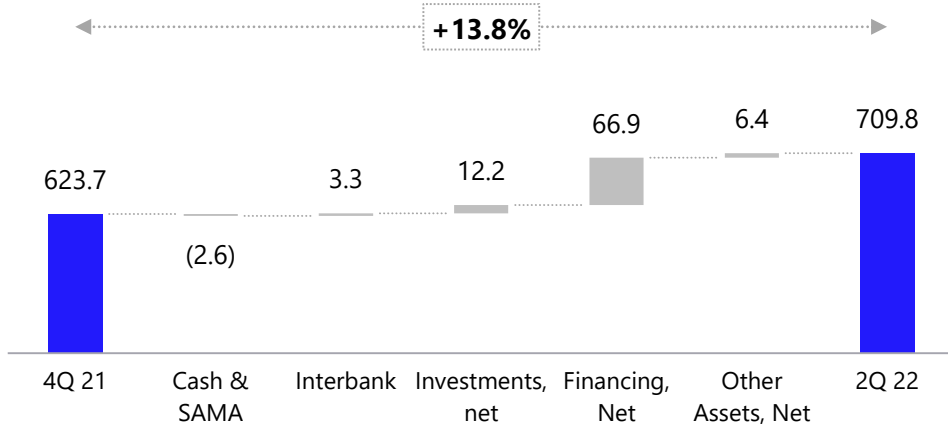


Balance Sheet Trends (1) | | Strong 14% YTD balance sheet growth driven by Financing and Investments

Total Assets (SARbn)



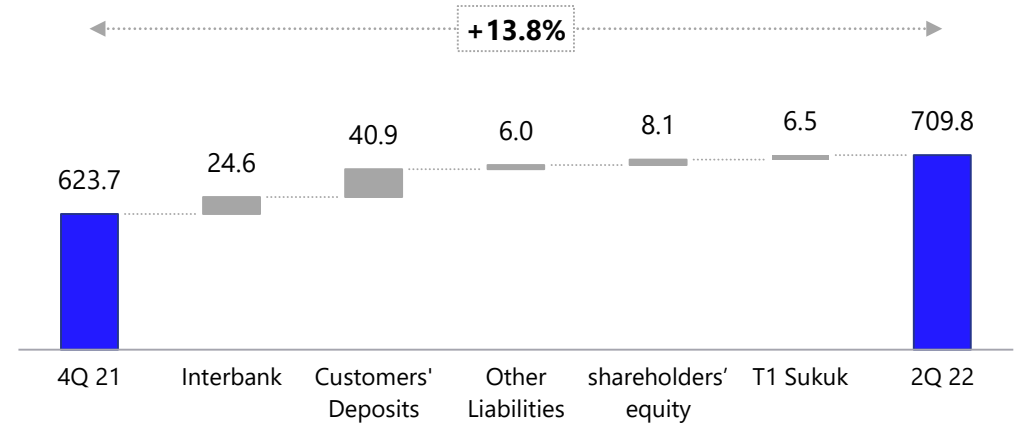
Movement in Assets (SARbn)



SAR (mn)

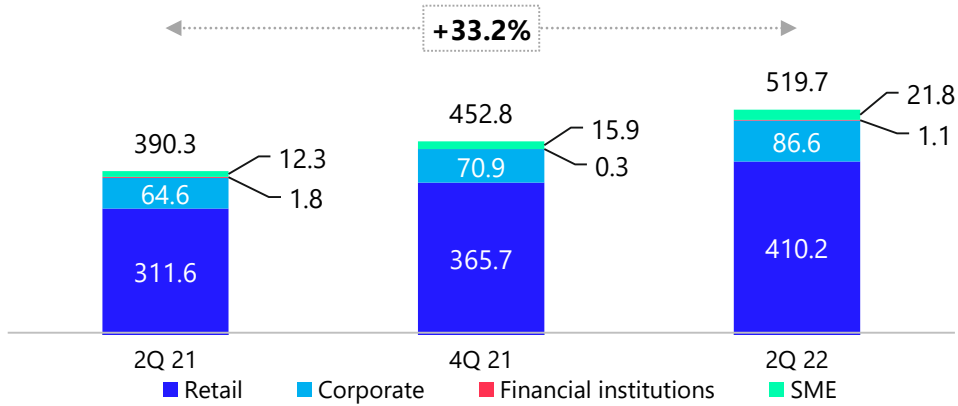
	2Q 22	1Q 22	QoQ	4Q 21	YTD
Cash & balances with SAMA	37,714	36,143	+4%	40,363	-7%
Due from banks & other FI	29,412	20,222	+45%	26,065	+13%
Investments, net	96,618	93,758	+3%	84,433	+14%
Financing, net	519,701	484,526	+7%	452,831	+15%
Other assets, net	26,334	22,979	+15%	19,979	+32%
Total assets	709,779	657,628	+8%	623,672	+14%
Due to banks & other FI	42,532	38,827	+10%	17,952	+137%
Customers' deposits	552,957	507,892	+9%	512,072	+8%
Other liabilities	32,377	32,568	-1%	26,339	+23%
Total liabilities	627,866	579,287	+8%	556,363	+13%
Total equity	81,913	78,341	+5%	67,309	+22%

Movement in Funding (SARbn)

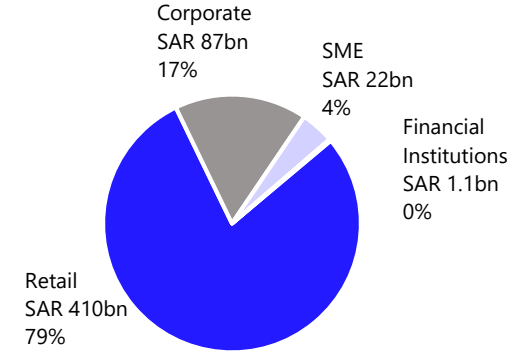


Balance Sheet Trends (2) | Financing growth driven by all lines of business

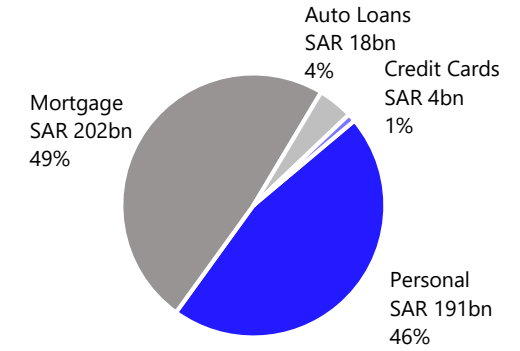
Financing, Net (SARbn)



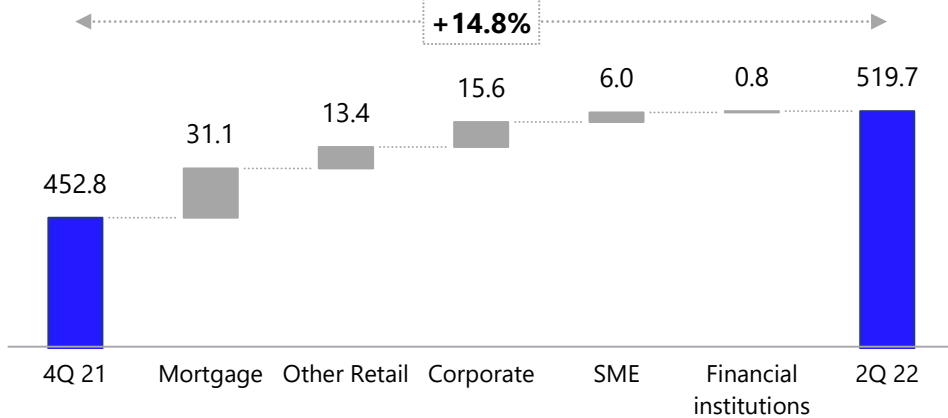
Financing, Net Mix By Segment (SARbn)



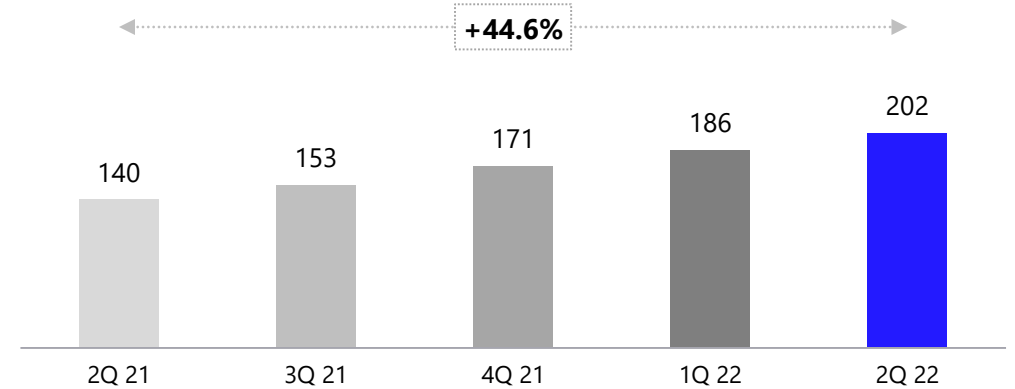
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

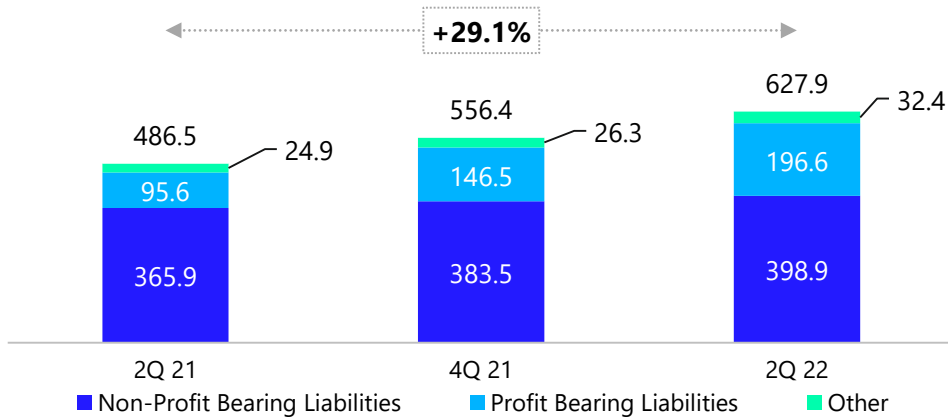


Mortgage Financing (SARbn)

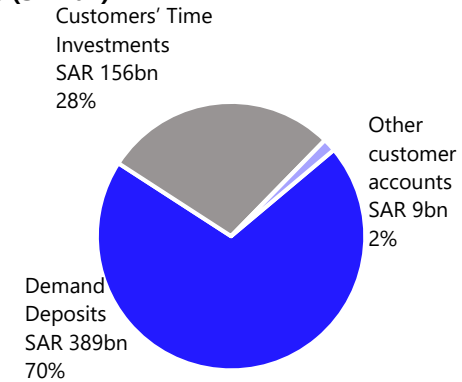


Balance Sheet Trends (3) | Balance sheet growth funded by NPB deposits

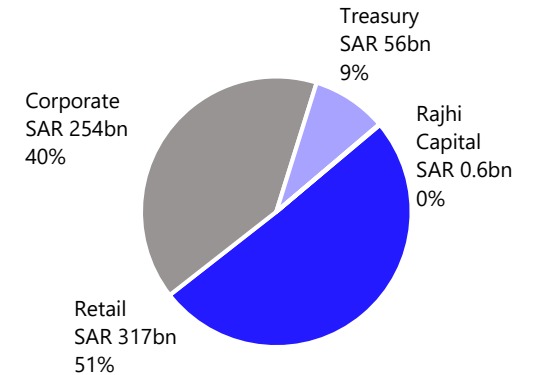
Total Liabilities (SARbn)



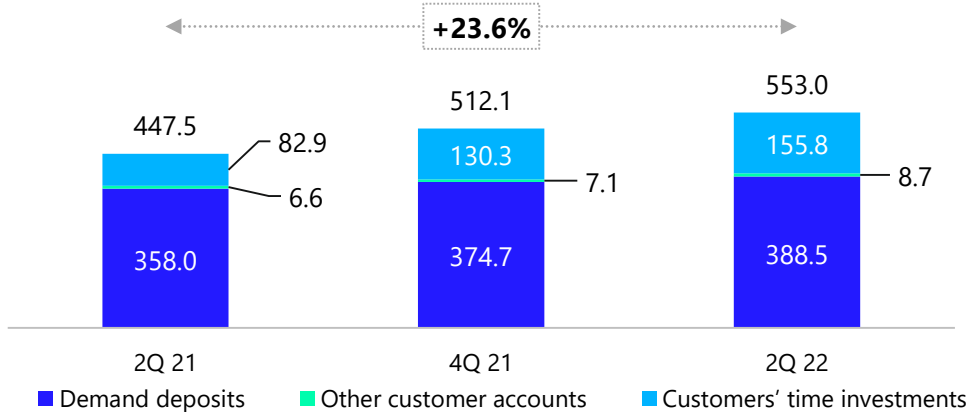
Total Customers' Deposits Mix By Type (SARbn)



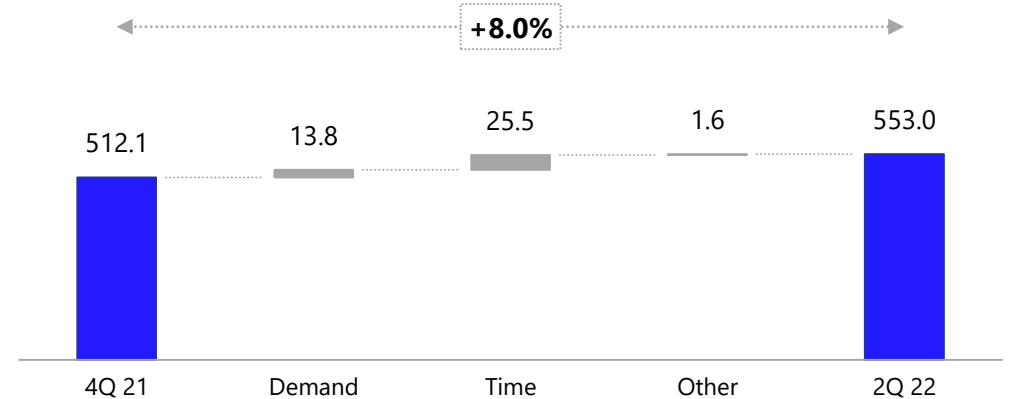
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

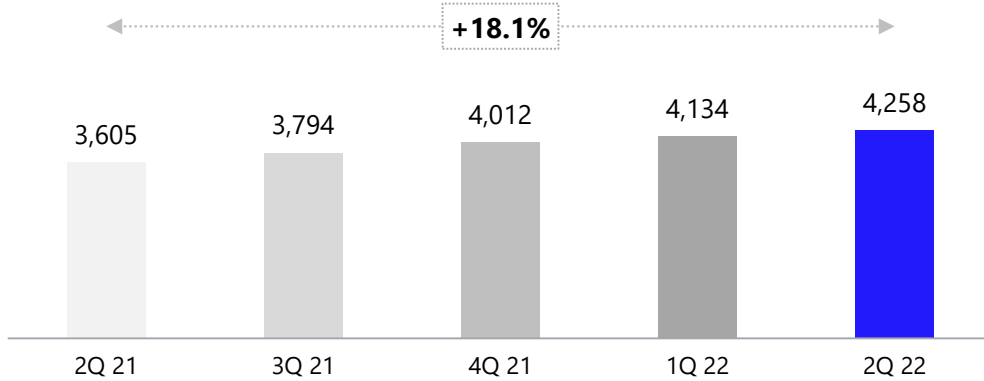


Movement in Total Customers' Deposits (SARbn)

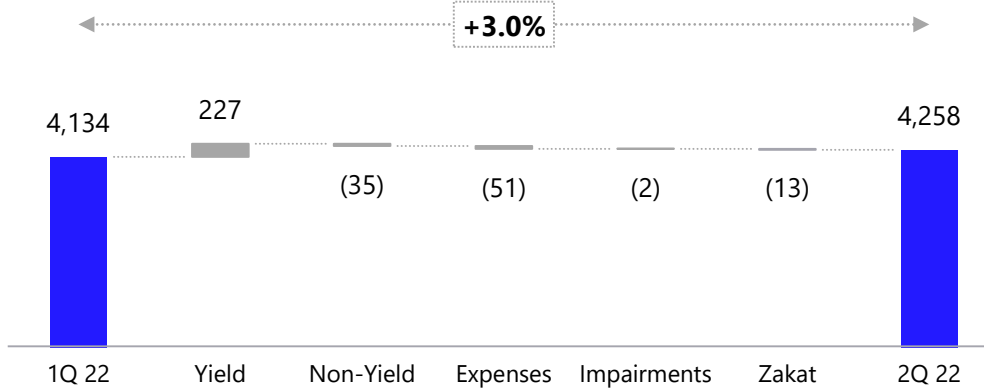


Net Income Trends | Solid net profit growth of 24% YoY

Net Income For The Period After Zakat (SARmn)



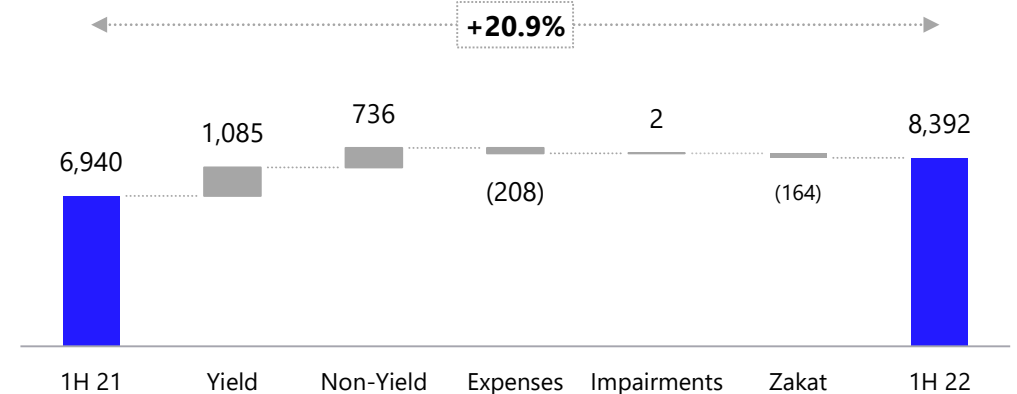
Net Income After Zakat Growth Drivers By Type (SARmn)



SAR (mn)

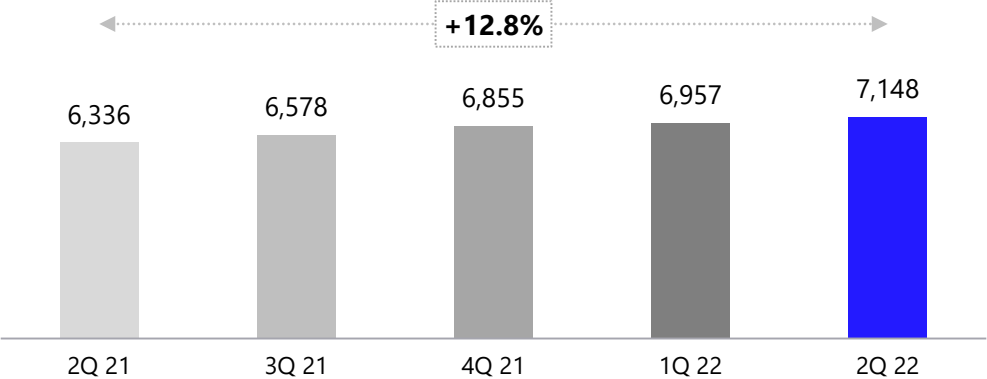
	1H 22	1H 21	YoY	2Q 22	2Q 21	YoY
Net financing & investment income	10,907	9,822	+11%	5,567	5,052	+10%
Fee from banking services, net	2,310	1,843	+25%	1,163	934	+24%
Exchange Income, net	545	359	+52%	308	184	+67%
Other operating income, net	342	259	+32%	111	166	-33%
Fees and other income	3,197	2,462	+30%	1,581	1,285	+23%
Total operating income	14,104	12,284	+15%	7,148	6,336	+13%
Operating expenses	-3,589	-3,382	+6%	-1,820	-1,730	+5%
Pre-provision profit	10,515	8,902	+18%	5,328	4,606	+16%
Total impairment charge	-1,159	-1,161	-0%	-580	-584	-1%
Net income for the period before Zakat	9,357	7,741	+21%	4,747	4,022	+18%
Zakat	-965	-801	+20%	-489	-418	+17%
Net income for the period after Zakat	8,392	6,940	+21%	4,258	3,605	+18%

Net Income After Zakat Growth Drivers By Type (SARmn)

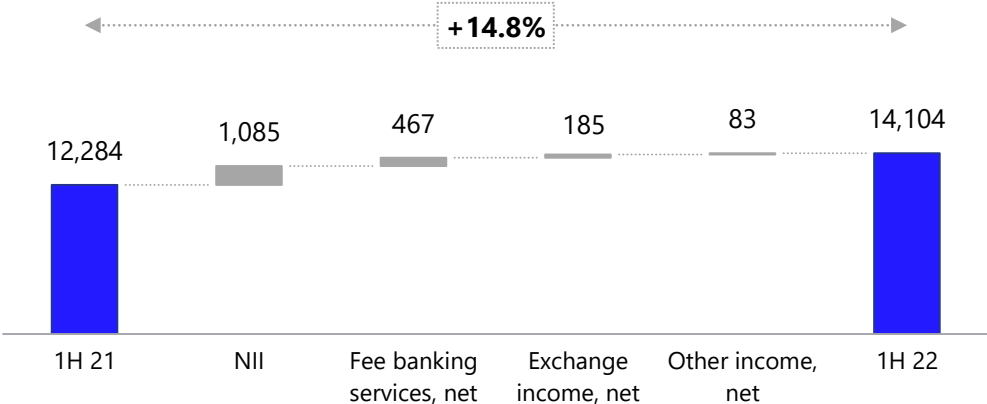


Operating Income Trends | Strong income growth reflecting successful strategy execution

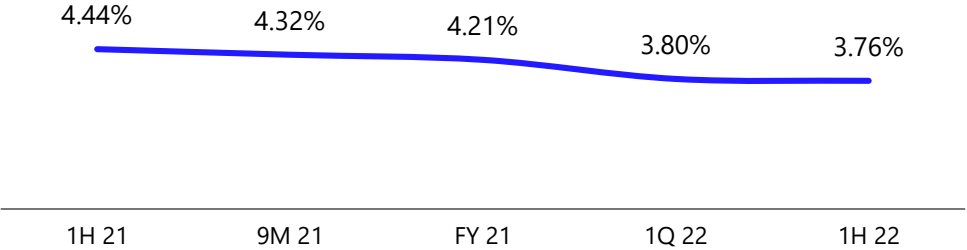
Total Operating Income (SARmn)



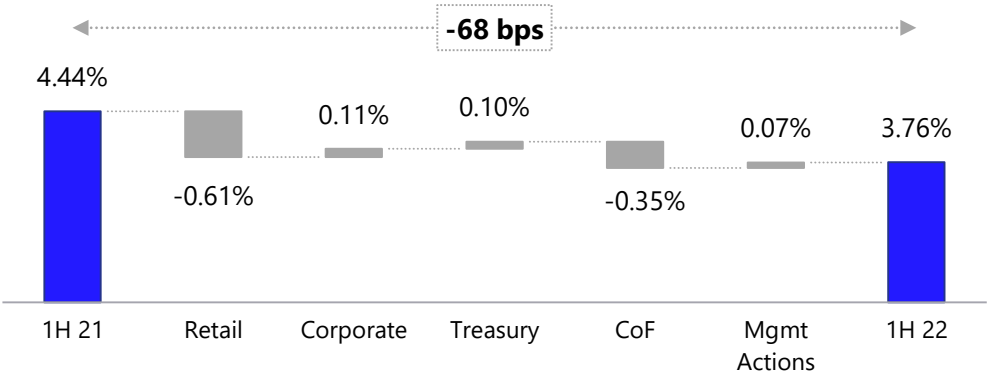
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

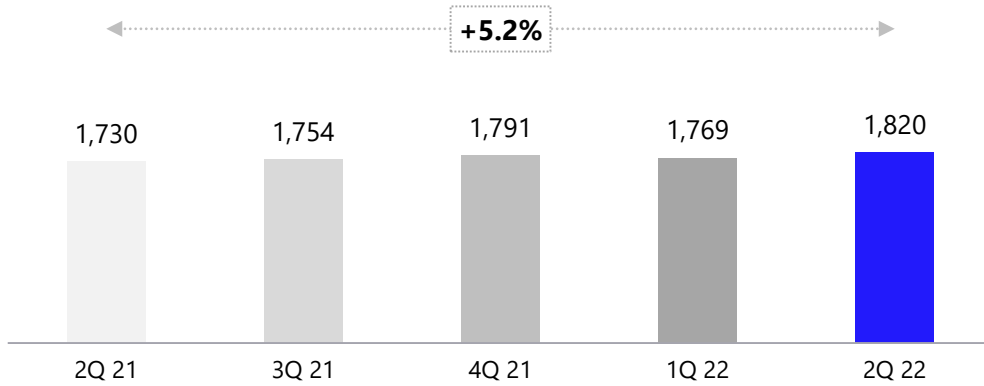


NPM Drivers (%)

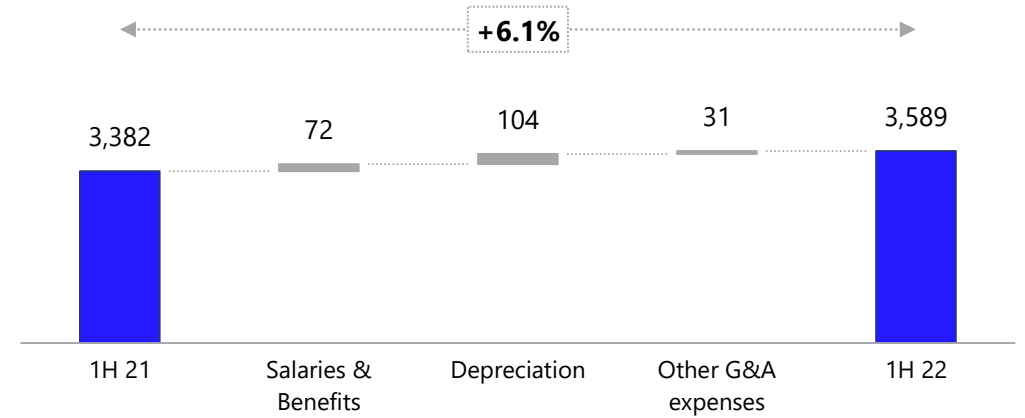


Expenses Trends | Cost efficiencies resulted in higher positive jaws

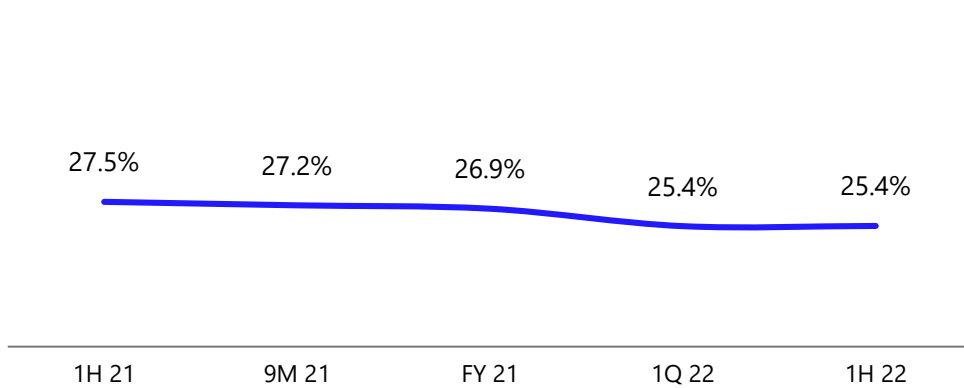
Operating Expenses (SARmn)



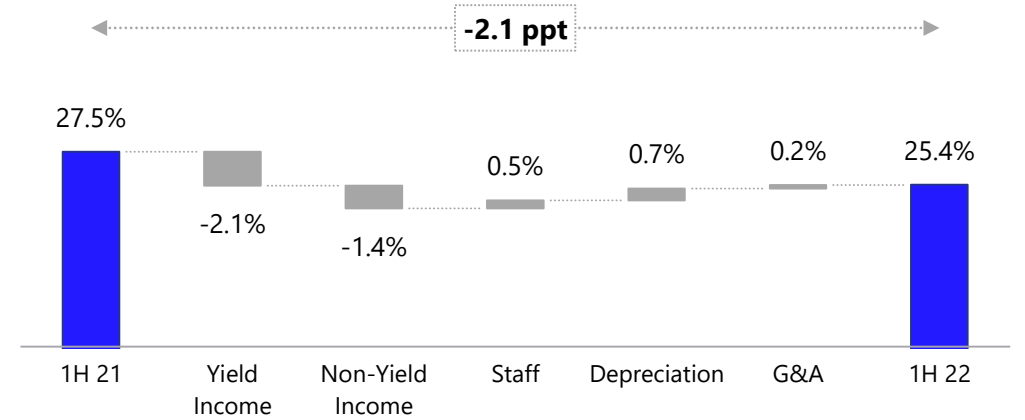
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

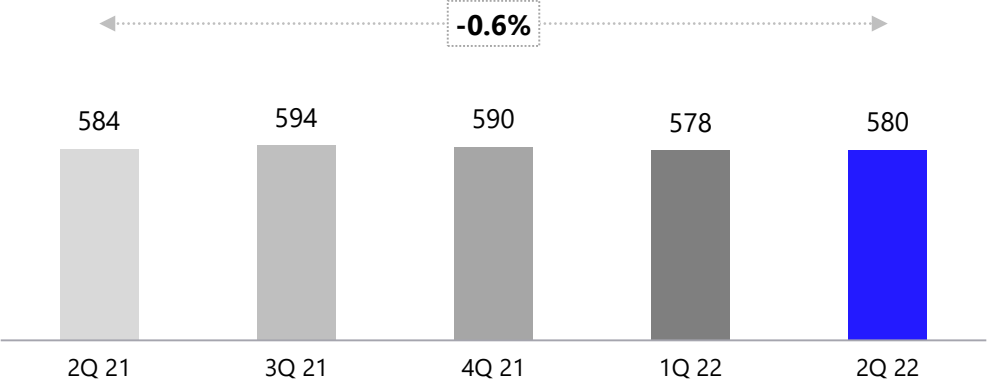


Cost to Income Ratio Drivers (%)

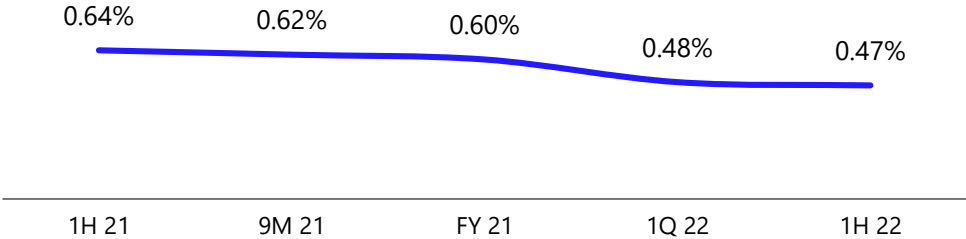


Net Impairment & Cost of Risk | Stable net impairment resulted in cost of risk improvement

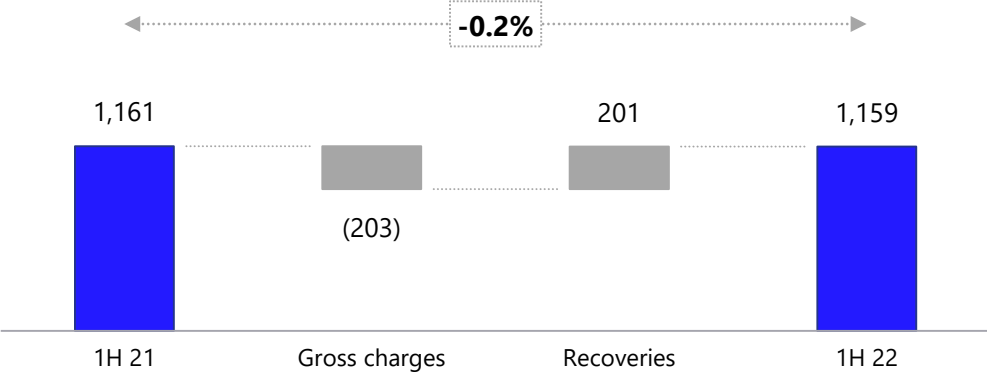
Net Impairment Charges (SARmn)



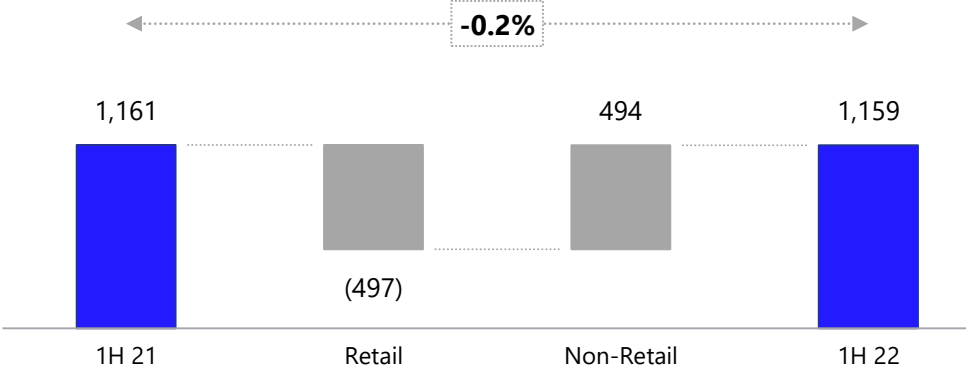
Cost of Risk (%)



Movement in Net Impairment (SARmn)



Movement in Net Impairment by Group (SARmn)

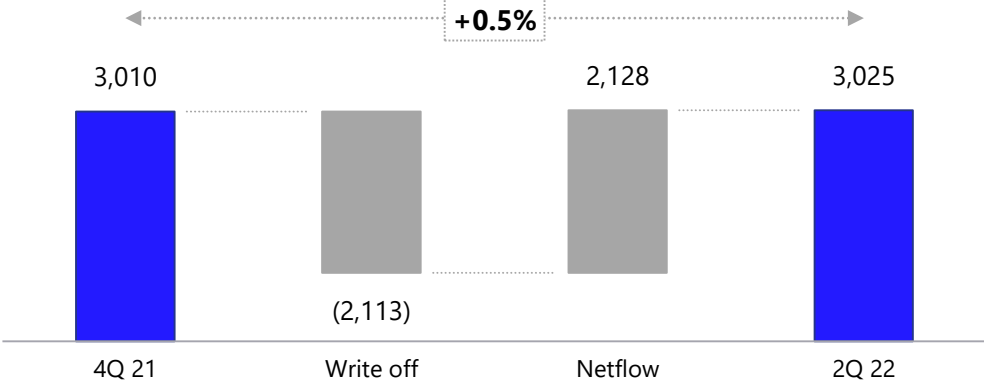


Asset Quality Trends (1) | Asset quality remains healthy and NPL coverage remains strong and stable

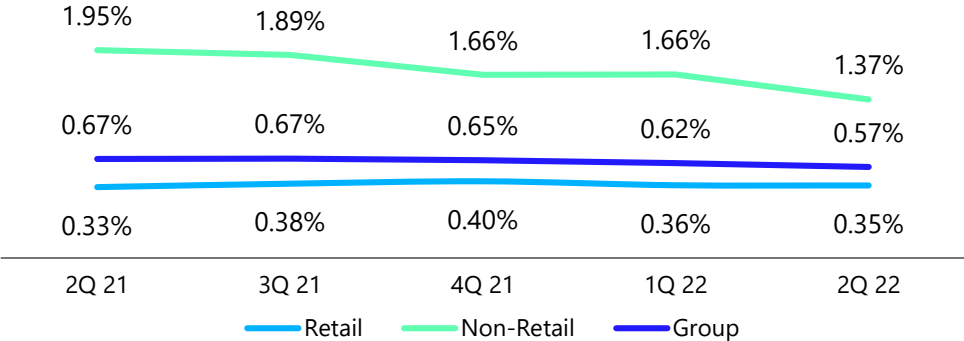
Movement in NPL (SARmn)



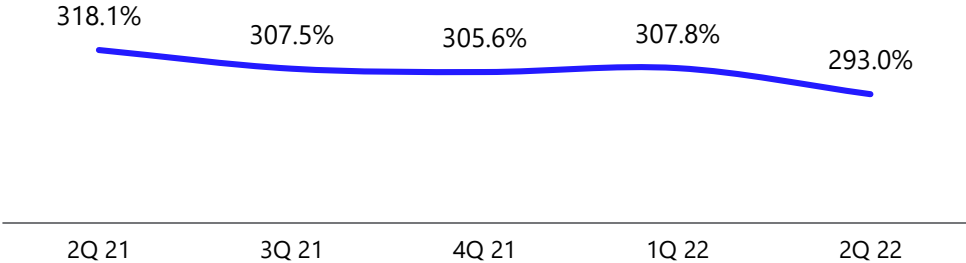
NPL Formation (SARmn)



NPL Ratio (%)

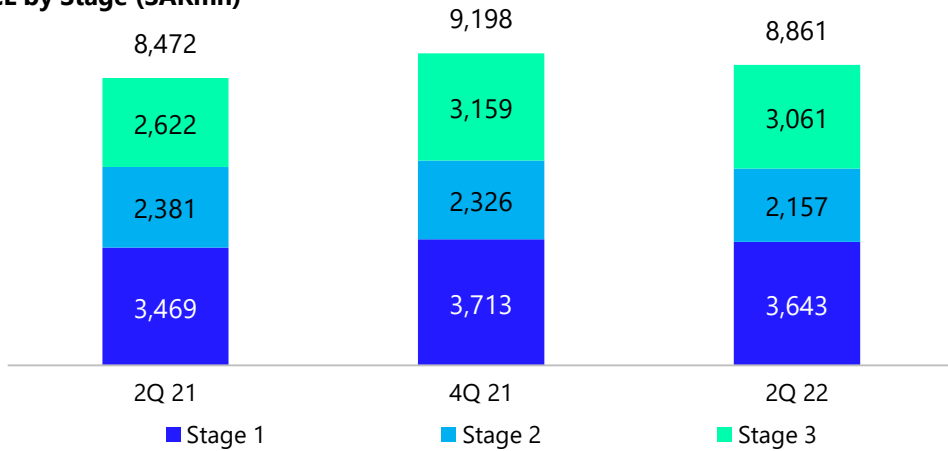


NPL coverage ratio (%)

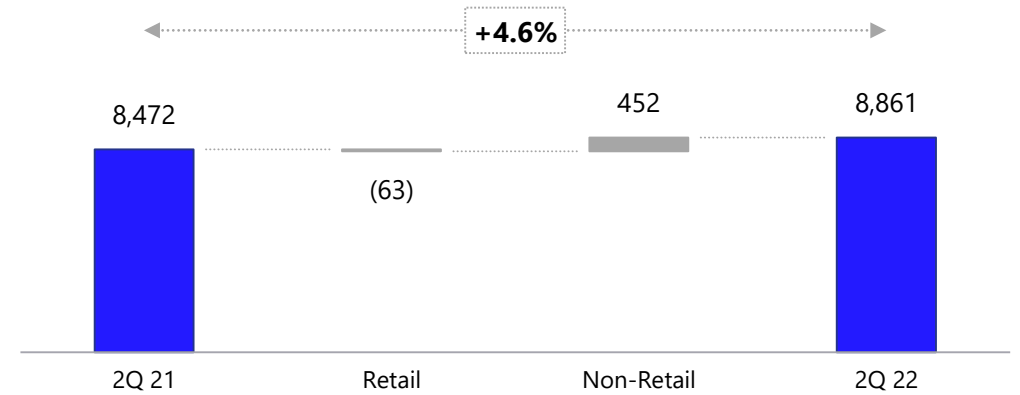


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

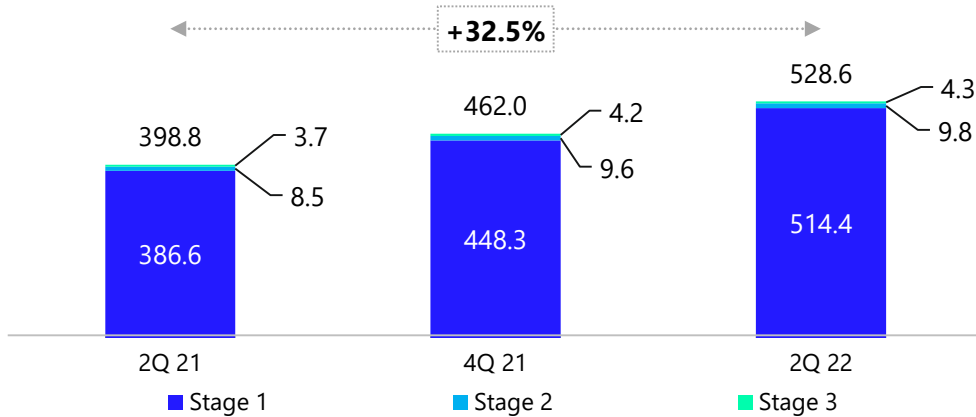
ECL by Stage (SARmn)



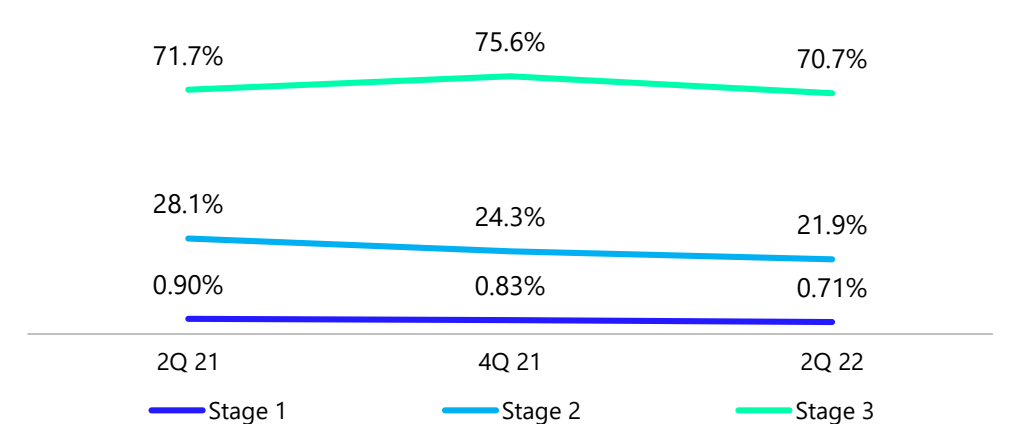
Movement in ECL by Group (SARmn)



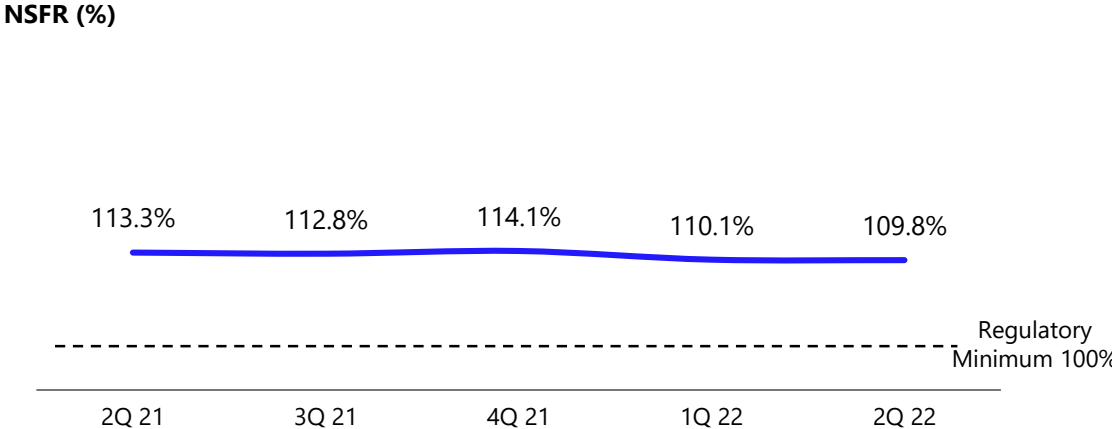
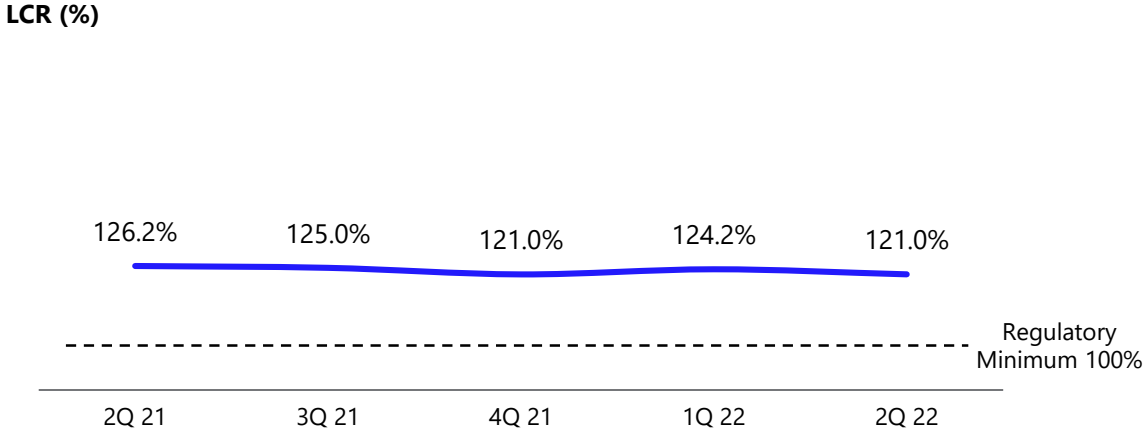
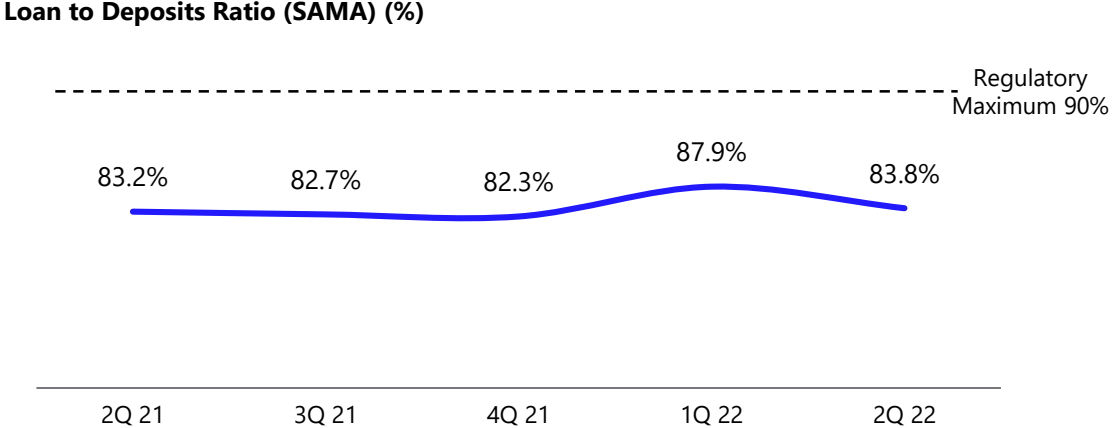
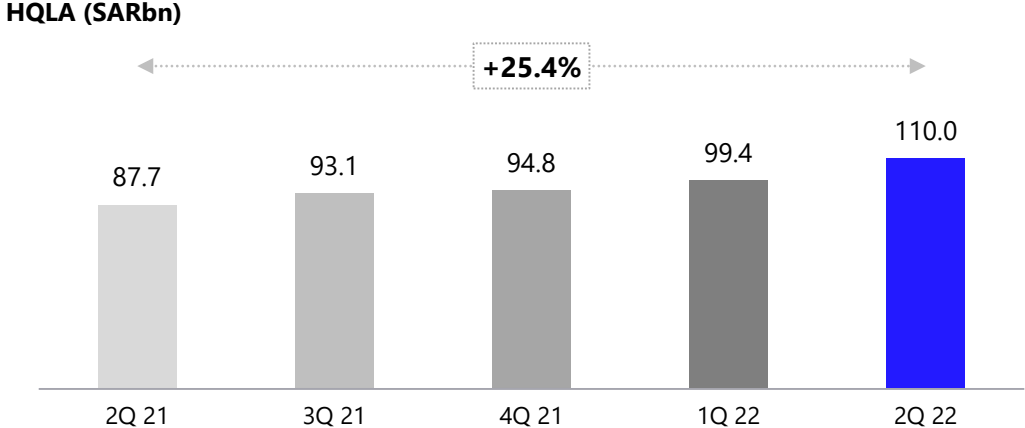
Gross Loans by Stage (SARbn)



ECL Coverage (%)

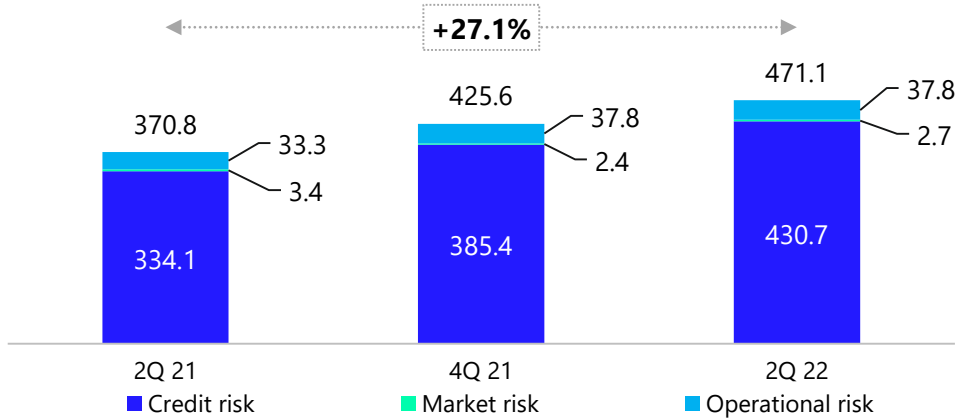


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

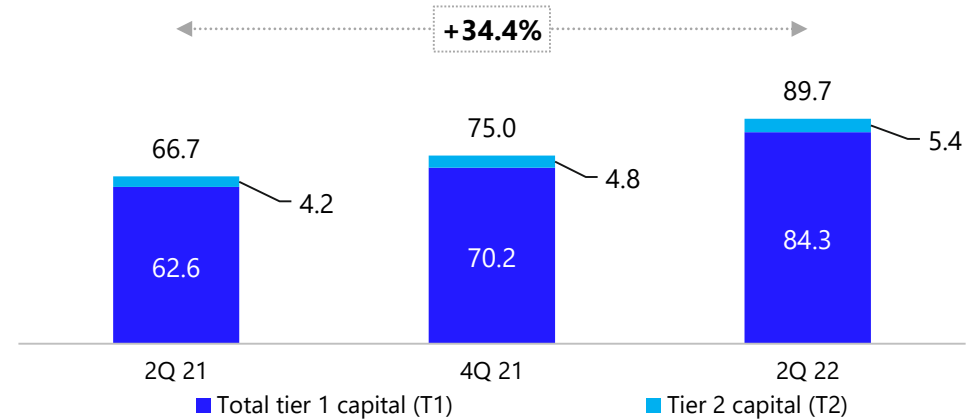


Capitalization Trends | Capital position well above regulatory minima

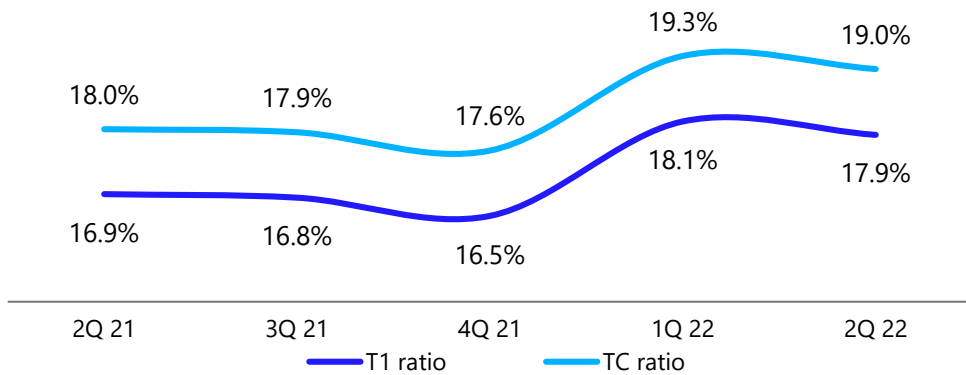
RWA (SARbn)



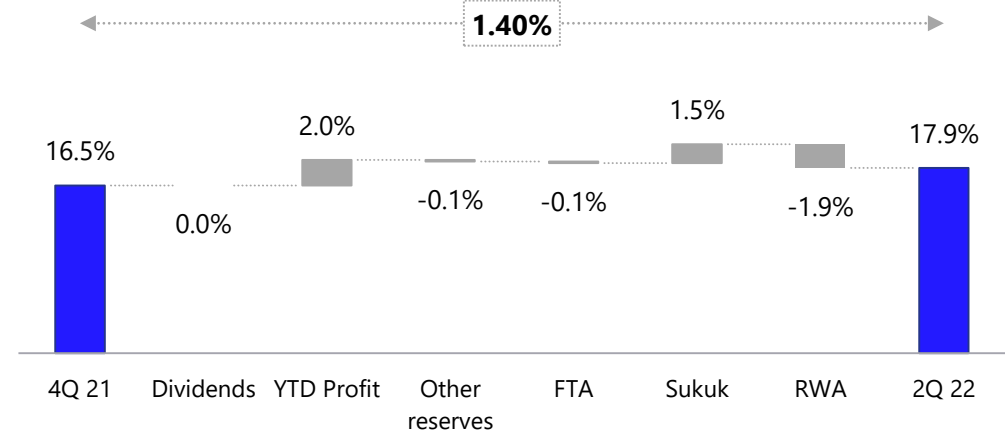
Total Capital (SARbn)



Capital Ratios (%)

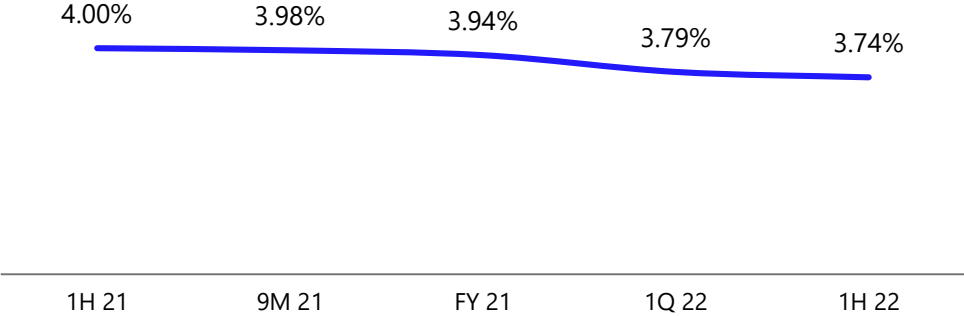


Tier 1 Drivers (%)

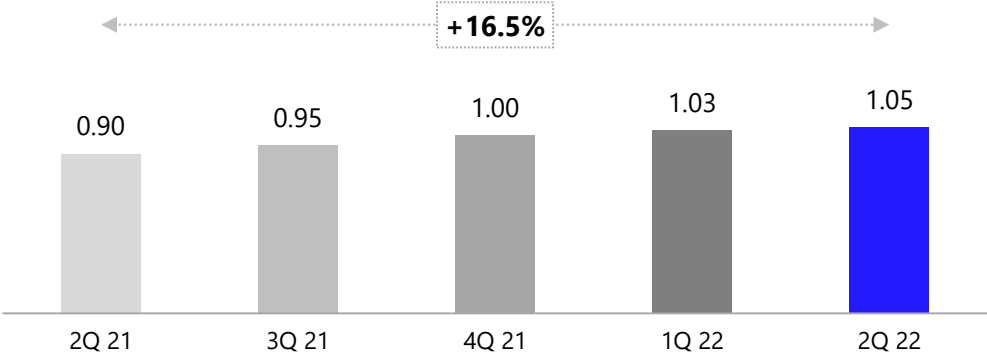


Return Metrics | Al Rajhi Bank's returns remain industry-leading

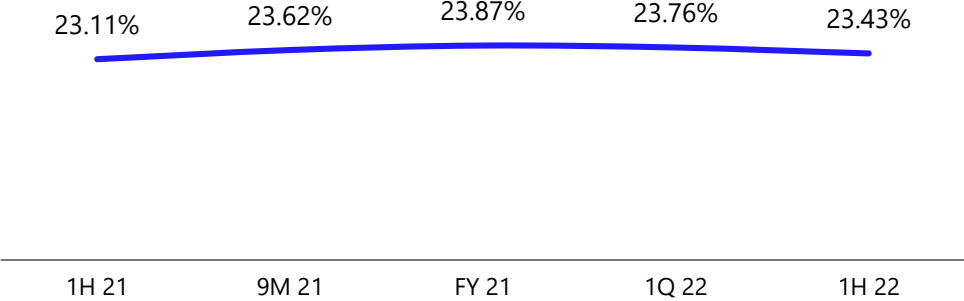
Return on RWA (%)



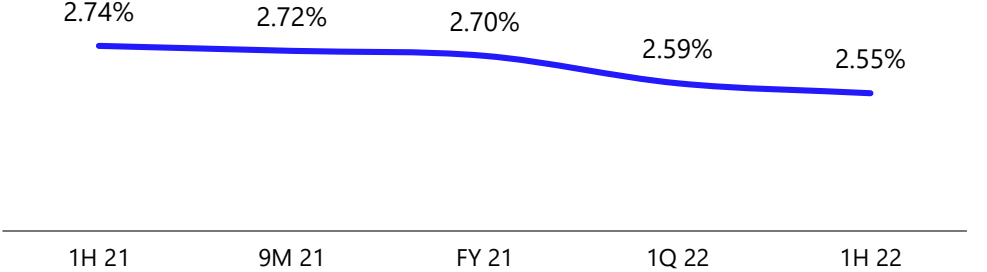
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2022 Guidance

FY 2022 Assumptions and Outlook | Driven by positive economic outlook with focus in delivering efficiencies

Economy



- IMF maintains a 7.6% GDP growth in 2022 and revised up 2023 growth forecasts to 3.7% compared to 3.6% earlier
- Saudi economy grew by 11.8% in 2Q 2022, recording the highest growth rate since 2011
- Consumer spending increased by 8.3% in 1H 2022 on the back of improved economic activities
- Credit growth is expected to continue during 2022 supported by government and PIF initiatives and projects

Interest Rates



- Interest rates are expected to move higher during 2022 as US inflation staying well above its 2% target
- Competition is expected to continue which will negate the positive impact of higher interest rates
- Retail ex-mortgage assets re-pricing is expected to occur in the range of 1-3 years
- SRC has revised up the mortgage subsidies cap rate again in late June 2022

Strategy & Execution



- “Bank of the Future” strategy is paving the way for growth opportunities across all business lines
- Strategy execution is on track to build a financial ecosystem addressing changing customer needs
- The focus will continue to improve the bank overall efficiencies through several initiatives
- ESG remains a focus for the management to build a sustainable business that contributes to the bottom line



FY 2022 Guidance | Continuation of excellent results and strategy execution

		FY 2022 Guidance	1H 2022 Actual	Guidance Revision	
Balance Sheet	Financing	Low twenties	+14.8%	—	No change
	Net profit margin	-55 bps to -65 bps	-45 bps	—	No change
Profitability	Cost to income ratio	Below 26.5%	25.4%	—	No change
	ROE	23% – 24%	23.43%	—	No change
Asset Quality	Cost of risk	0.40% - 0.50%	0.47%	—	No change
Capital	Tier 1 ratio	17% - 18%	17.9%	—	No change



IR Contact Information

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Visit our website ([here](#)) for more Investor disclosures:

- Annual Report
- Financial Statements
- Investor Presentation
- Factsheet
- Data Supplement
- Earnings Release

Upcoming Events in 3Q 2022

Saudi Corporate Day – London	5 th September
GS 10 th Annual CEEMEA Financials Symposium - London	7 th – 8 th September
EFG 16 th Annual One on One Conference – Dubai	21 st – 22 nd September
JPM 5 th Annual Saudi Arabia Investment Forum – New York	10 th – 11 th October



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul Mobile App



Emkan App



urpay App



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