

Al Rajhi Bank Investor Presentation

4Q 2022 Results



4Q 2022 Investor Presentation

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20 4Q 2022 Financial Highlights

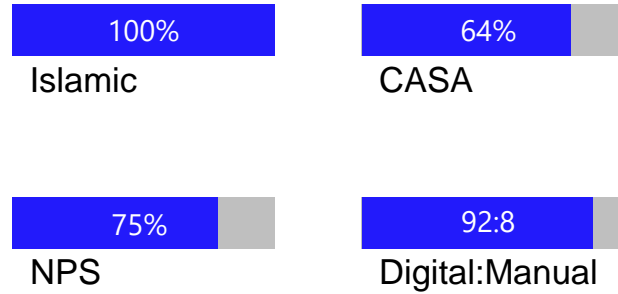
34 FY 2023 Guidance

37 IR Contact Information

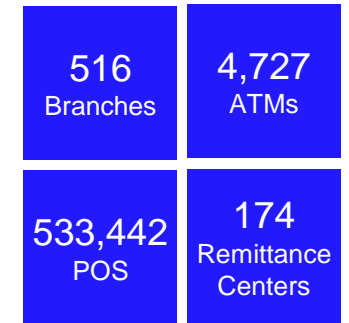
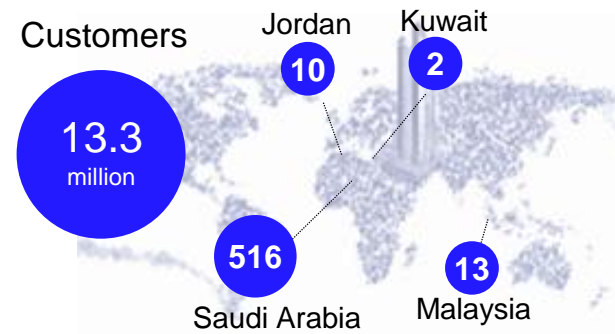


The World's Leading Islamic Bank

At a glance, FY 2022



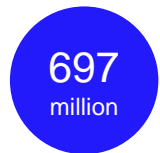
Presence & Branches, FY 2022



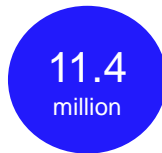
Largest network in Saudi Arabia

FY 2022 Strategic Highlights

FY22 Avg Trans./mth



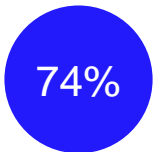
Active Digital Customers



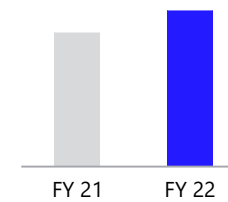
Training Days



Employee Engagement Index

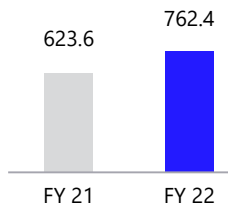


FY 2022 Financial Highlights

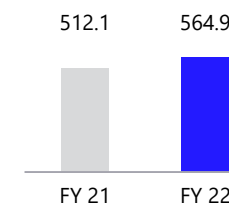


Group Net Income After Zakat
▲ +16%

- 25.5% YoY Net Financing Growth
- 21.4% Total Capital ratio
- 1.03% Cost of Funds



Total Assets
▲ +22%



Customer Deposits
▲ +10%



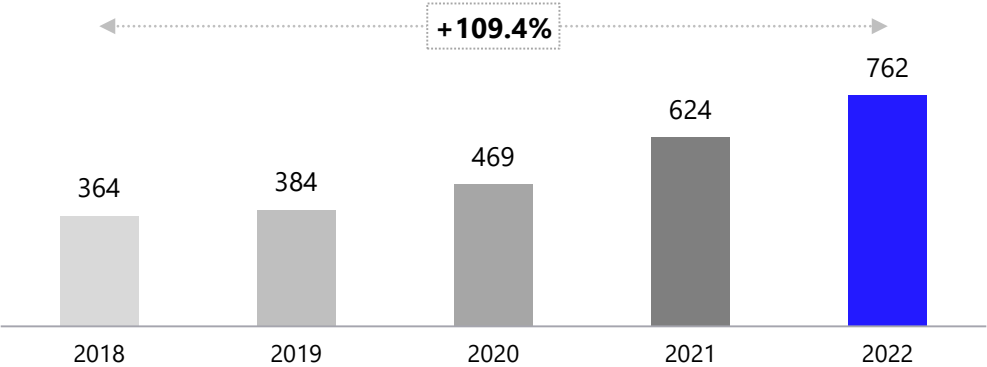
Top 10 Facts About Al Rajhi Bank

- 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
(64% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC
(21.4% Total Capital ratio)
- 5** #1 NPS in KSA
(75% as on December 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
(697mn per month, average)
- 9** #1 Bank for remittances in Middle East
(by payment value)
- 10** #1 Bank brand in KSA
(Brand Power Score)

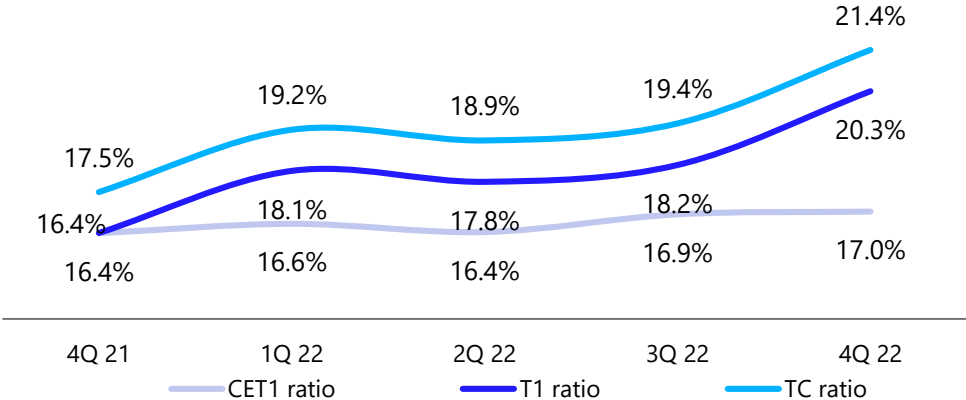


The World's Leading Islamic Bank | Robust balance sheet with 64% non-profit bearing deposits in 2022

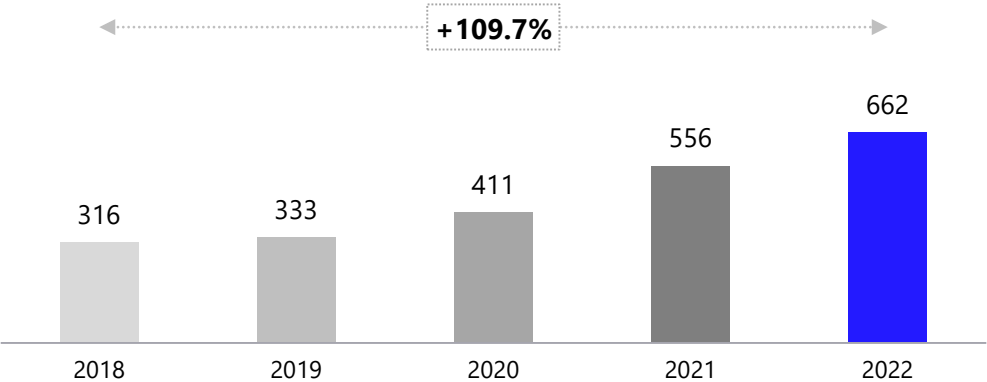
Total Assets (SARbn)



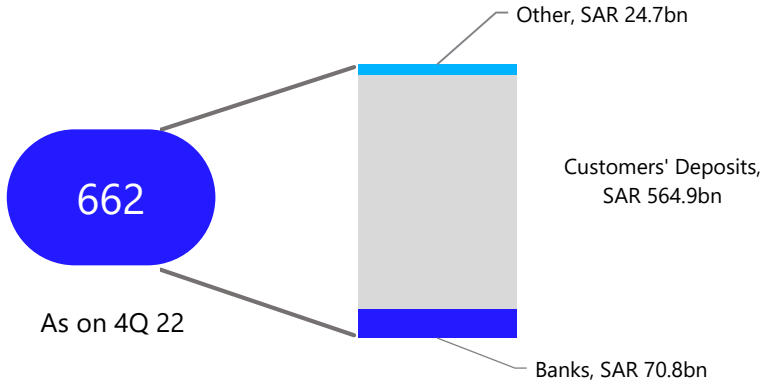
Capital Ratios (%)



Total Liabilities (SARbn)

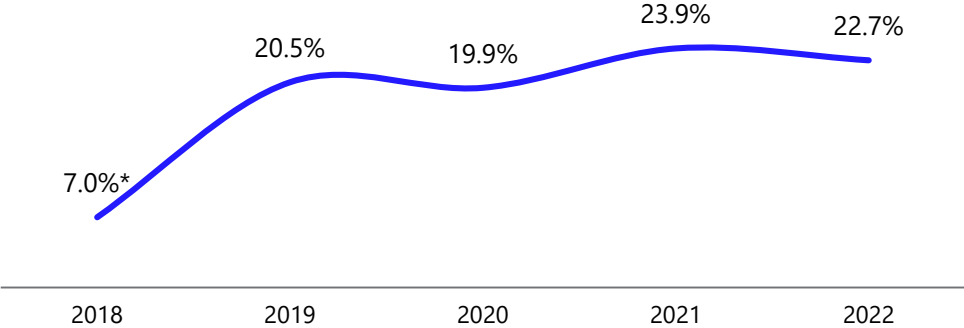


Total Liabilities Mix By Type (SARbn)



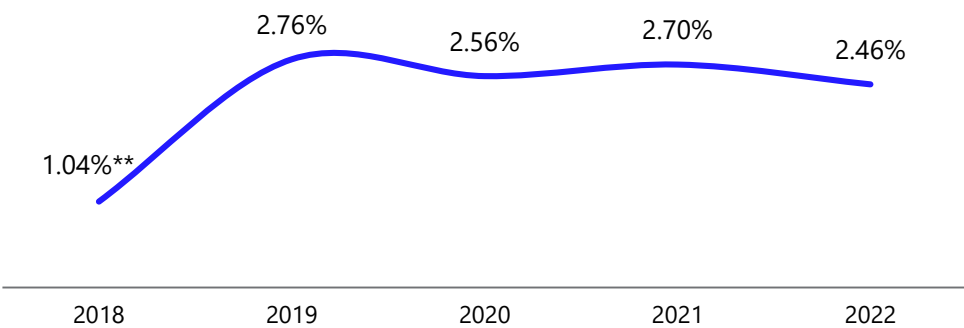
The World's Leading Islamic Bank | Outstanding foundation and strong returns

ROE (%)



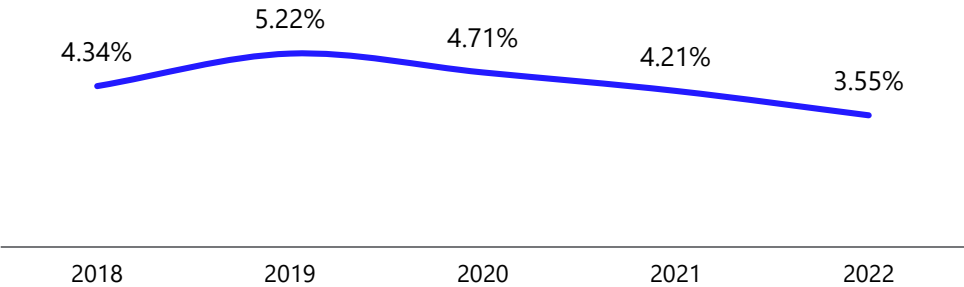
* As a result of Zakat Settlement – ROE before Zakat is 19.8%

ROA (%)

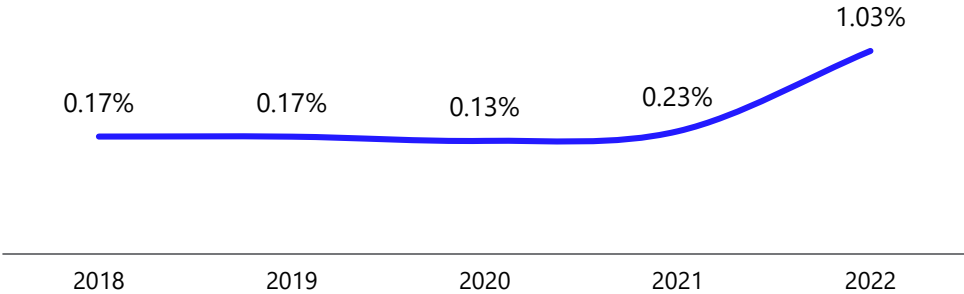


** As a result of Zakat Settlement – ROA before Zakat is 2.9%

Net Profit Margin (%)

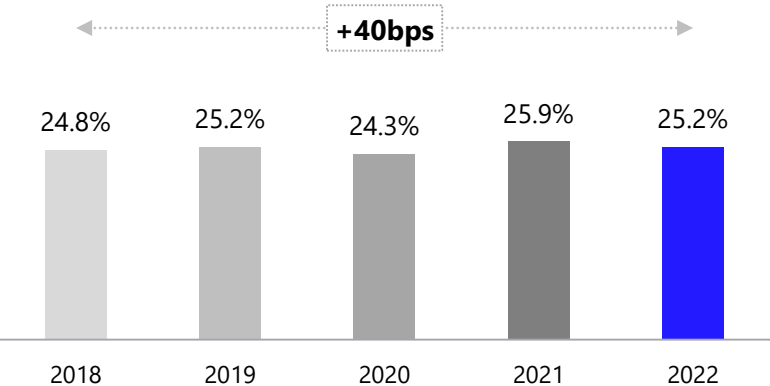


Cost of Funds (%)



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

Market Share - Demand Deposits

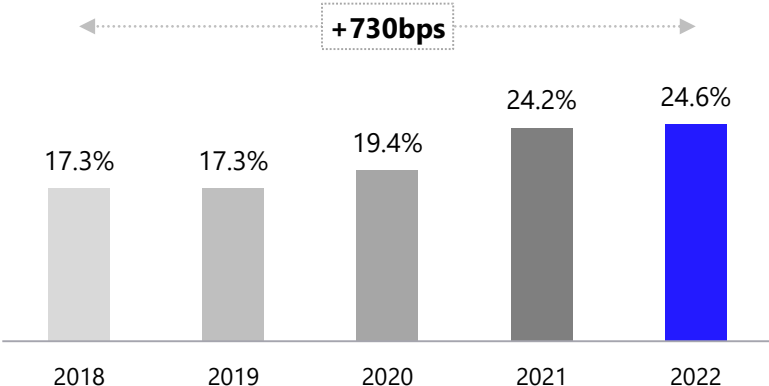


#2 in Saudi Arabia

13.3
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



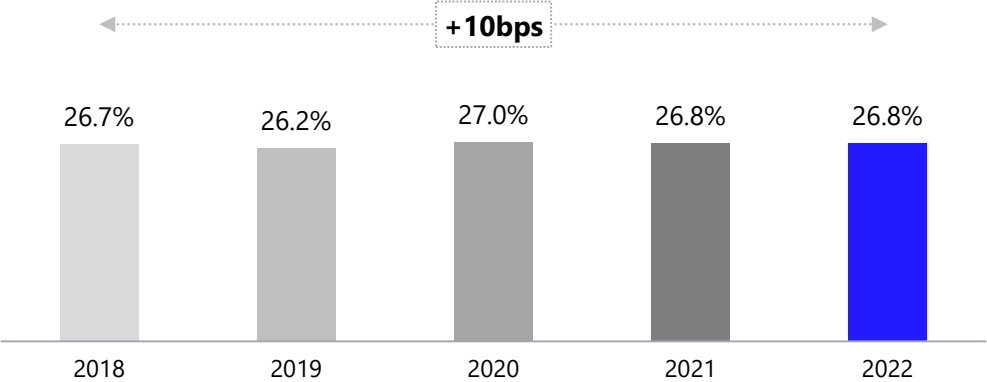
#2 in Saudi Arabia



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

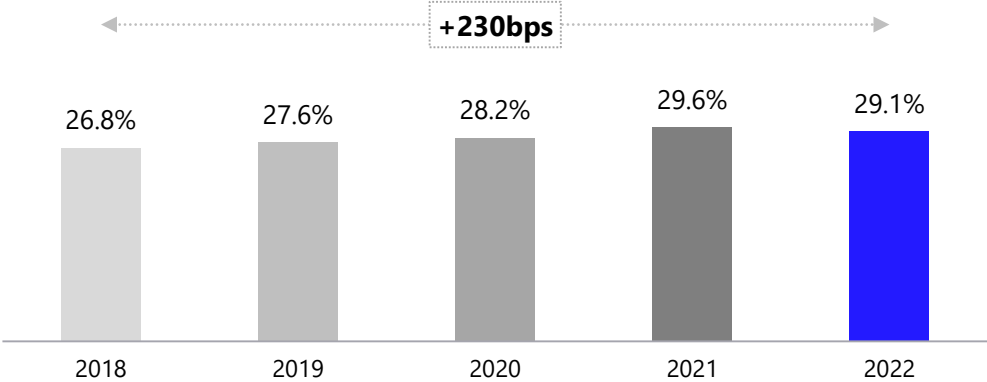
#1 in Branches

Market Share - Branches



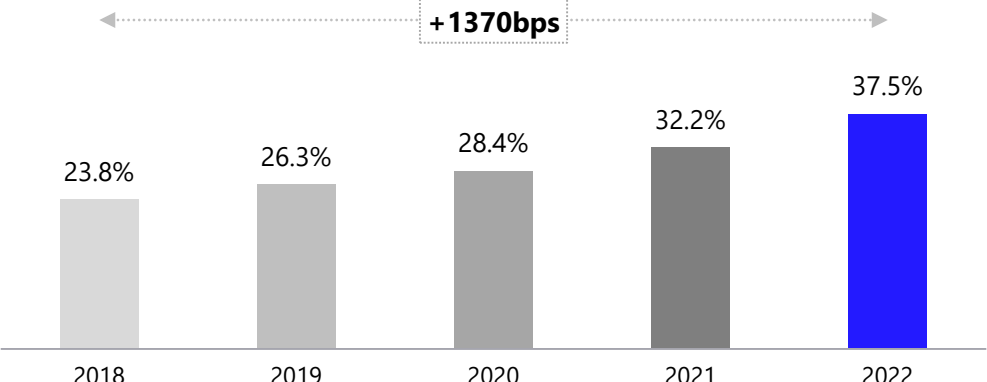
#1 in ATMs

Market Share - ATMs



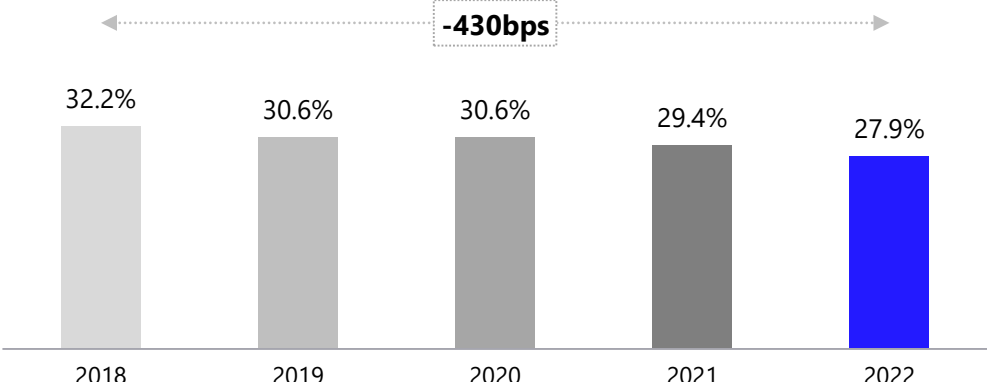
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

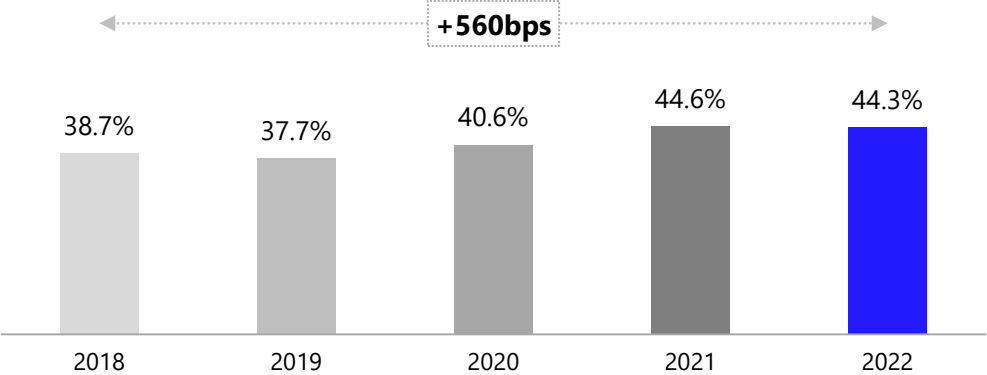
Market Share - Remittance Centers



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

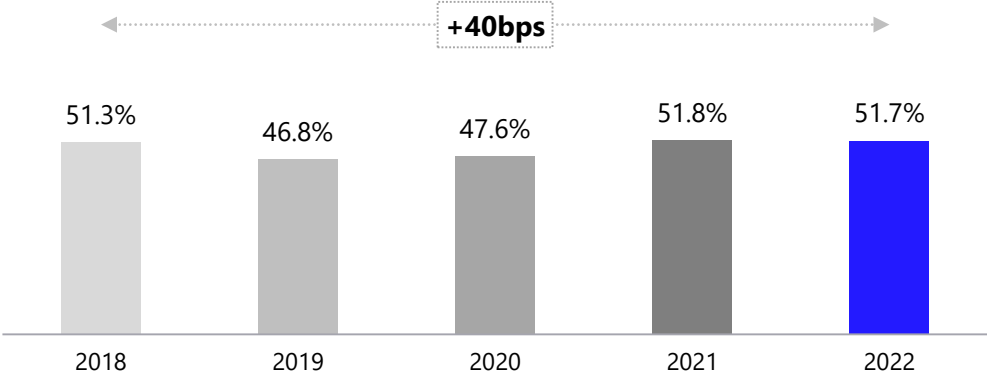
#1 in Personal Loans

Market Share - Personal Loans



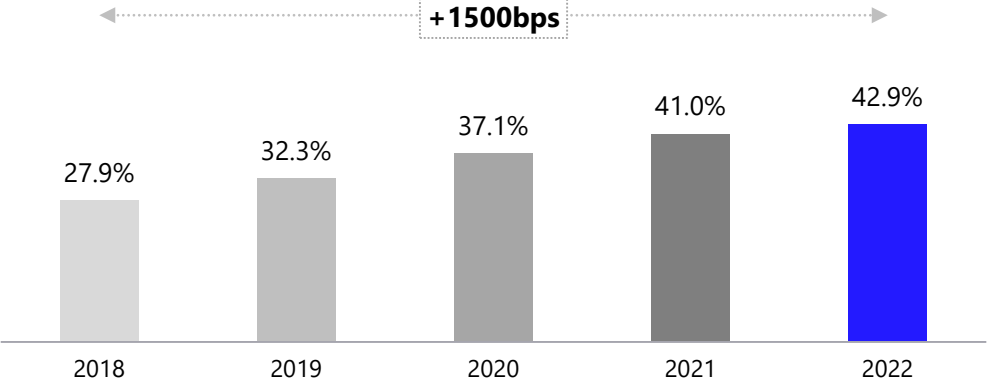
#1 in Auto Loans

Market Share - Auto Loans



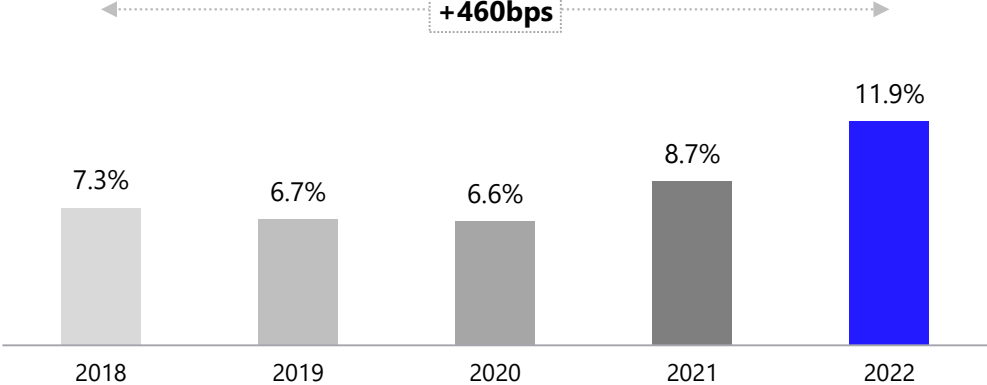
#1 in Mortgages

Market Share - Mortgages Loans



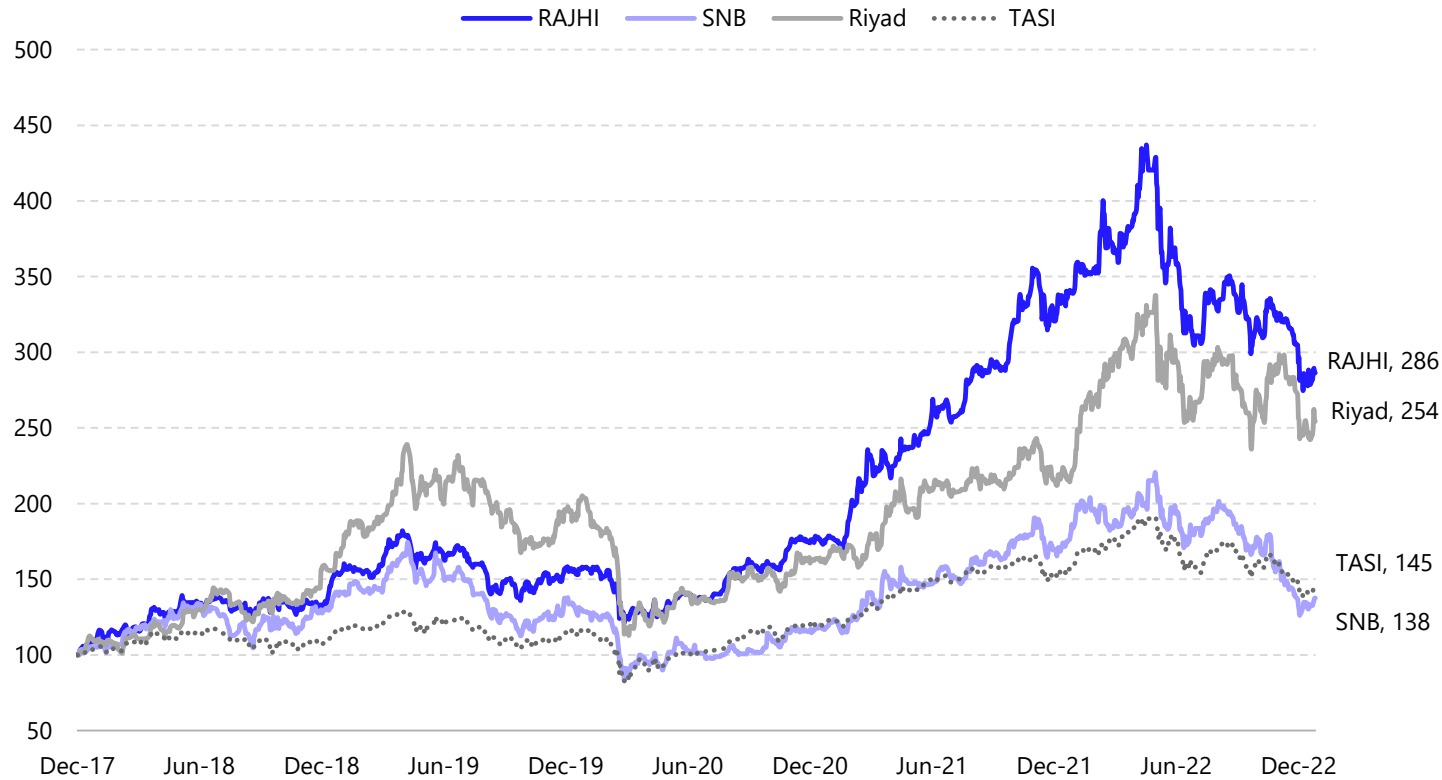
Improving Position in Corporate Loans

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)



31 Dec 2022

Key Metrics

Closing Price	SAR 75.2
Market Cap	SAR 300.8 bn
Market Cap / % Industry	31.8%
Market Cap / % Tadawul	3.0%
Shares outstanding	4.0 bn
90D Volatility	25.0
Price / Earnings	17.7 x
Price / Book	3.6 x

Sources: Bloomberg; Tadawul; RAJHI Financials

Ratings

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

	Al Rajhi Bank	SNB	Riyad Bank	Kuwait Finance House	First Abu Dhabi Bank	Qatar National Bank	Emirates NBD
Rebased to 100	286	138	254	229	166	143	165
As of 31 Dec 2022	75.2 SAR	50.5 SAR	31.8 SAR	823 KWD	17.1 AED	18.0 QAR	13.0 AED



	USD 1.2 bn Green syndicated loan		Renovation Of children with disability Association clinic	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 44 branches to reduce utilities consumption	SAR 41.6mn Donation in 2022	6 Key social projects delivered	ISO 22301:2019 Business Continuity Management	
SAR 762bn Total Assets	Around SAR 3bn of financing renewable energy projects	SAR 2.0bn Zakat paid	91 kidney transplants through Shifaa platform	1,448 Sharia Board Resolutions	109% growth in female employees in 2022
SAR 17.2bn Net Profit after Zakat	ISO Green Certification for the head office building	SAR 3.4bn in salaries and benefits paid	10 batches of Graduate Development Program since 2015	137 Policies & Frameworks	28% of female employees at group level
0% Financing exposure in Tobacco, Alcohol & Gambling	92:8 Digital to Manual Ratio	SAR 25.5bn in financing for SMEs	141,000+ total training days	4 out of 11 Independent Board Directors	+100% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity



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

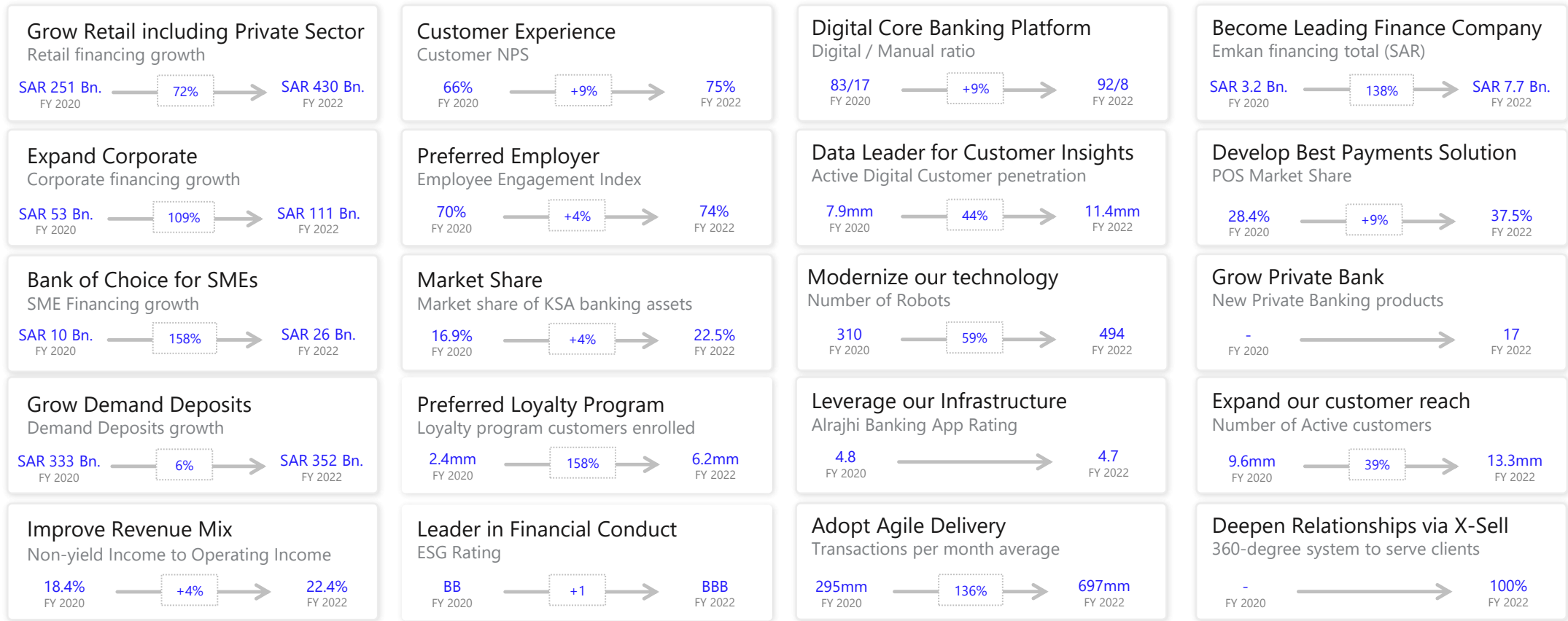
Outperform our competition

The

Transform technology

Future

Focus on new client needs

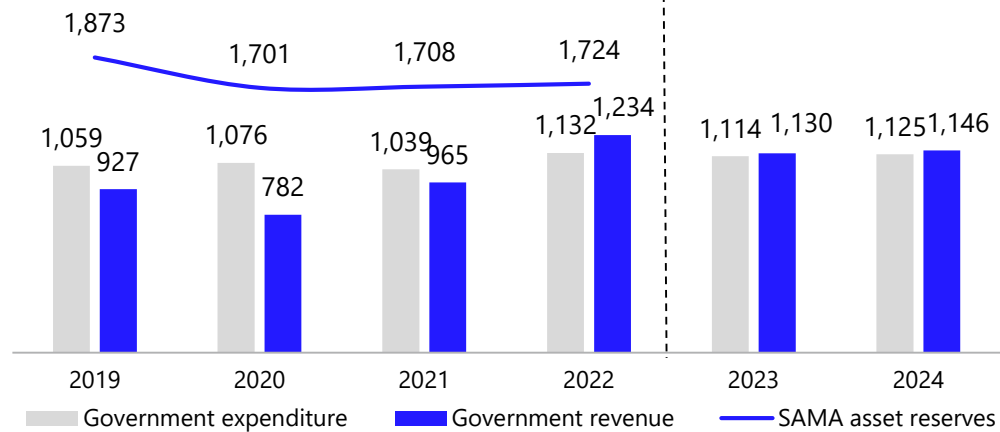


KSA's Macro-Economic Environment

Highlights

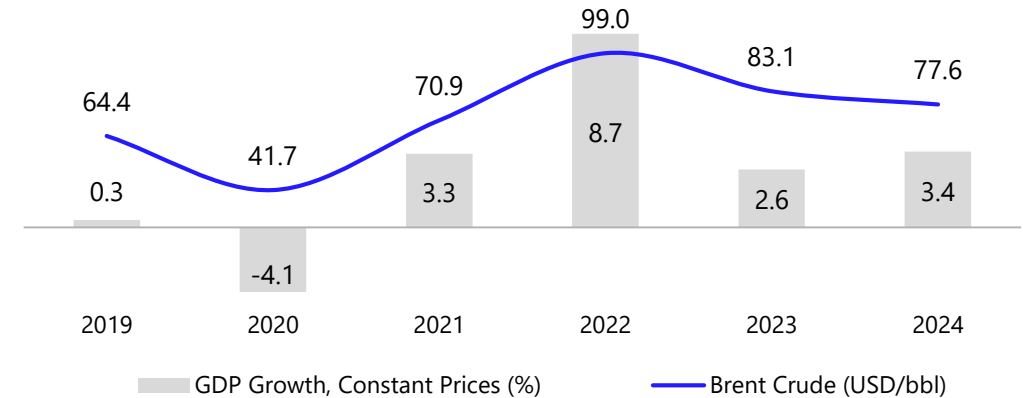
- GDP grew by 8.7% in 2022 driven by higher oil prices and recovery in non-oil activities
- IMF revised down Saudi's GDP growth forecasts in 2023 to 2.6% while revising up 2024 to 3.4%
- Inflation averaged 2.5% in 2022 and expected to normalize in 2023 to 2.2%

Expenditure/Revenue and Asset Reserves (SARbn)



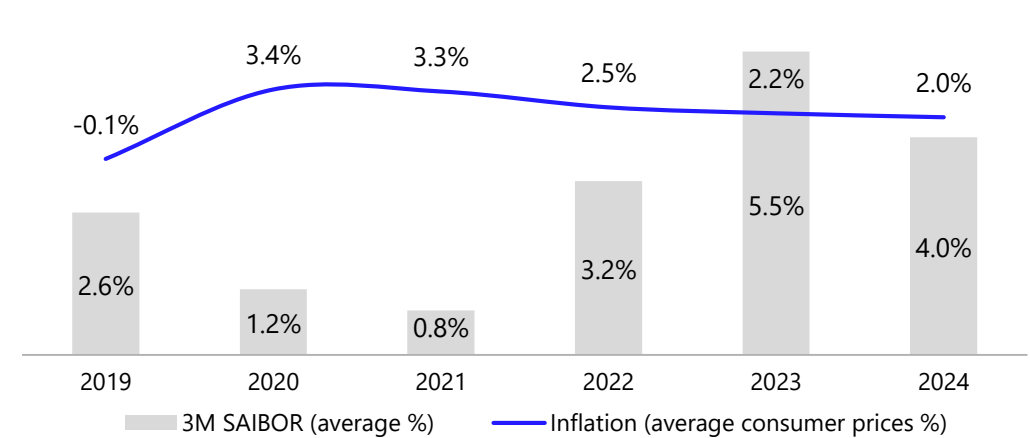
Source: MoF, SAMA

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

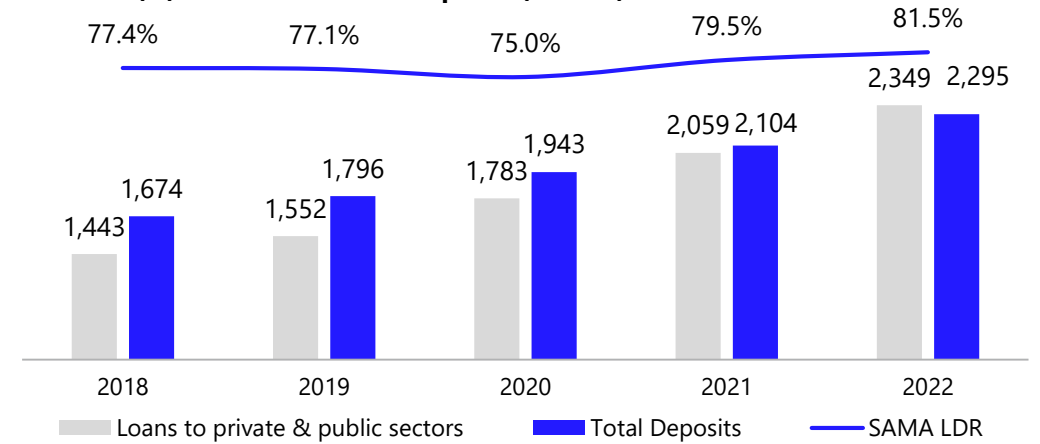


Banking Sector Highlights | Banking system loans growth was broad based in 2022

Recent Developments

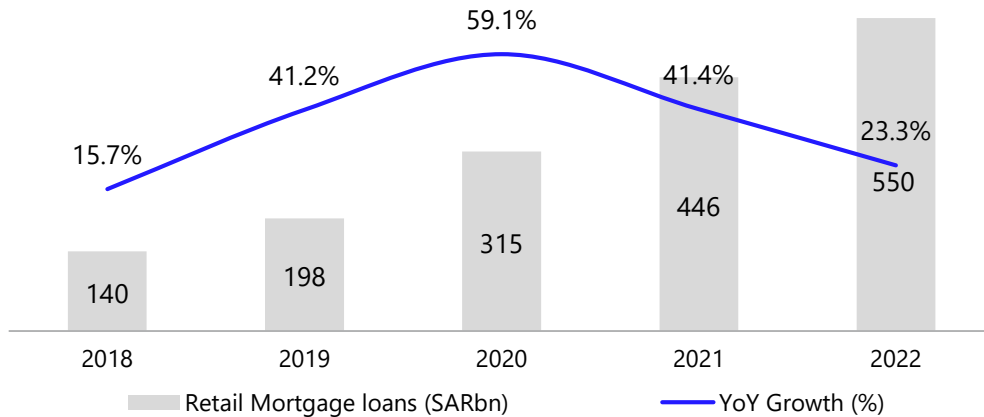
- Strong loan growth in the banking system during 2022 despite the slower deposits growth
- SRC has revised up the mortgage subsidies cap rate in early November 2022 for the fourth time in 2022
- Consumer spending increased by 9.5% in 2022 with continuous migration to cashless payment methods

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



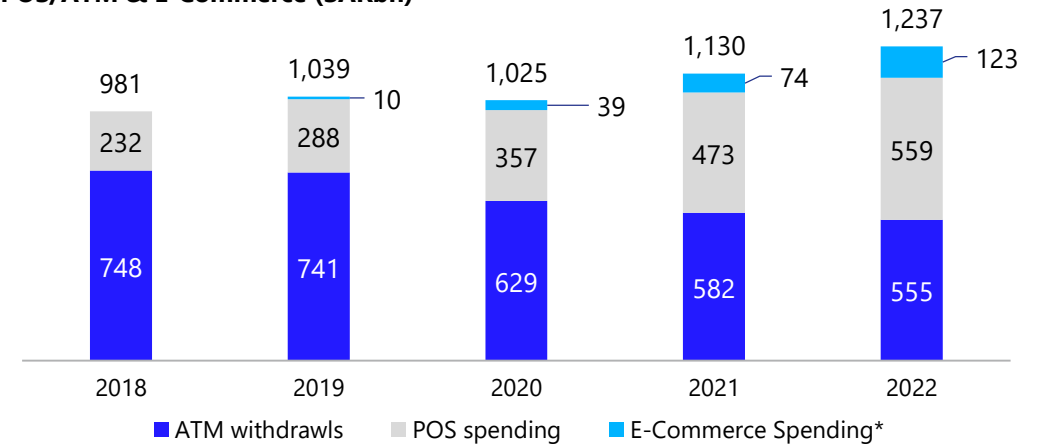
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

* E-Commerce started in 2019



4Q 2021 Financial Highlights

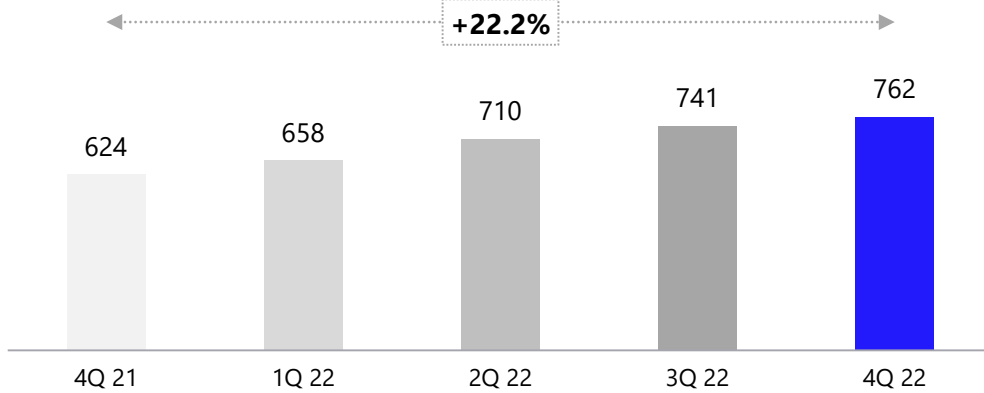
ARB had a strong set of results in 2022 | Results are in line with or ahead of expectations

22% YoY Balance Sheet Growth	25.5% Growth in financing driven by all lines of business	19.0% Growth in liabilities	LDR below regulatory minima
	Net Financing 452.8bn $\xrightarrow{+25.5\%}$ 568.3bn FY 21 FY 22	Total Liabilities 556.4bn $\xrightarrow{+19.0\%}$ 662.1bn FY 21 FY 22	Loan to Deposit Ratio 82.3% $\xrightarrow{\text{green line}}$ 85.9% FY 21 FY 22
Solid 16% net income growth YoY	8.7% Net yield income growth, impacted by lower NPM	20.2% Non yield income growth	11.1% Operating income growth
	Net Yield income 20,392mn $\xrightarrow{+8.7\%}$ 22,173mn FY 21 FY 22	Non Yield Income 5,324mn $\xrightarrow{+20.2\%}$ 6,402mn FY 21 FY 22	Operating Income 25,716mn $\xrightarrow{+11.1\%}$ 28,575mn FY 21 FY 22
Stable credit quality	21 bps COR reduction	11 bps improvement in NPL ratio from strong loan growth	NPL coverage remained strong
	Cost of risk 0.60% $\xrightarrow{\text{green line}}$ 0.39% FY 21 FY 22	NPL 0.65% $\xrightarrow{\text{green line}}$ 0.54% FY 21 FY 22	NPL Coverage 306% $\xrightarrow{\text{green line}}$ 260% FY 21 FY 22
Key Ratios	86 bps better operating efficiency	Improved capital position	Lower NPM
	Cost to income ratio 26.9% $\xrightarrow{\text{green line}}$ 26.1% FY 21 FY 22	Total Capital Adequacy Ratio 17.5% $\xrightarrow{\text{green line}}$ 21.4% FY 21 FY 22	NPM 4.21% $\xrightarrow{\text{green line}}$ 3.55% FY 21 FY 22



Balance Sheet Trends (1) | Strong 22% YoY balance sheet growth driven by Financing and Investments

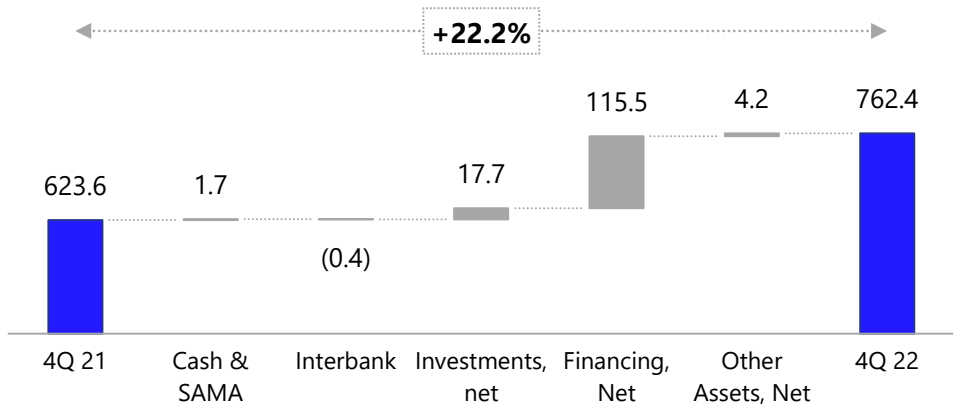
Total Assets (SARbn)



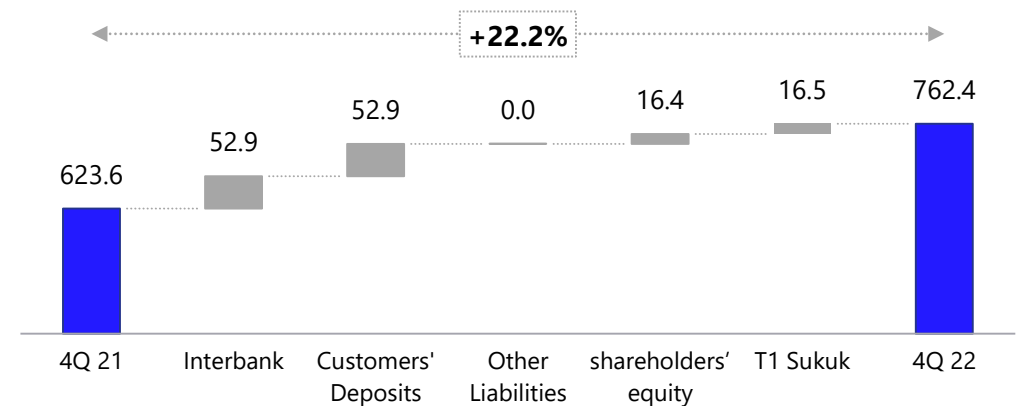
SAR (mn)

	4Q 22	3Q 22	QoQ	4Q 21	YTD
Cash & balances with SAMA	42,052	43,995	-4%	40,363	+4%
Due from banks & other FI	25,656	14,744	+74%	26,065	-2%
Investments, net	102,146	101,808	+0%	84,433	+21%
Financing, net	568,338	557,498	+2%	452,831	+26%
Other assets, net	24,173	22,583	+7%	19,952	+21%
Total assets	762,366	740,627	+3%	623,645	+22%
Due to banks & other FI	70,839	71,828	-1%	17,952	+295%
Customers' deposits	564,925	555,767	+2%	512,072	+10%
Other liabilities	24,700	26,930	-8%	26,028	-5%
Total liabilities	662,141	654,525	+1%	556,363	+19%
Total equity	100,225	86,101	+16%	67,282	+49%

Movement in Assets (SARbn)

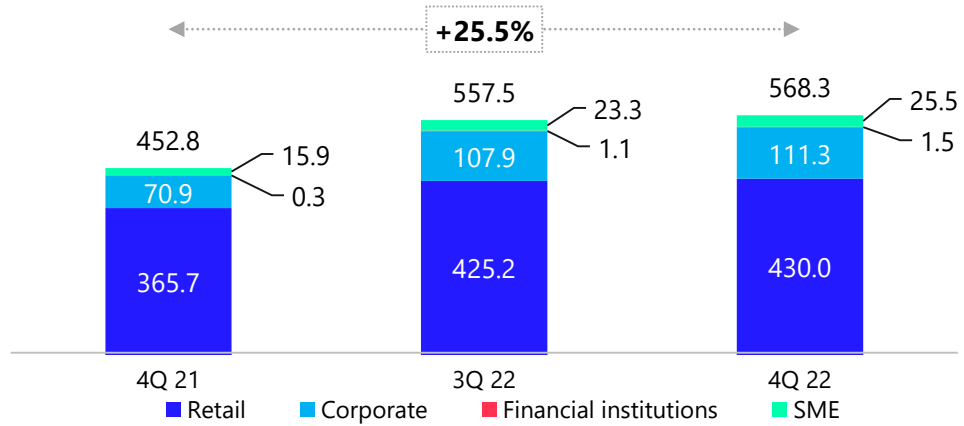


Movement in Funding (SARbn)

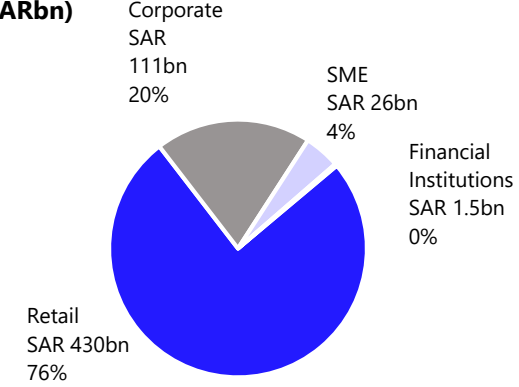


Balance Sheet Trends (2) | Financing growth driven by all lines of business

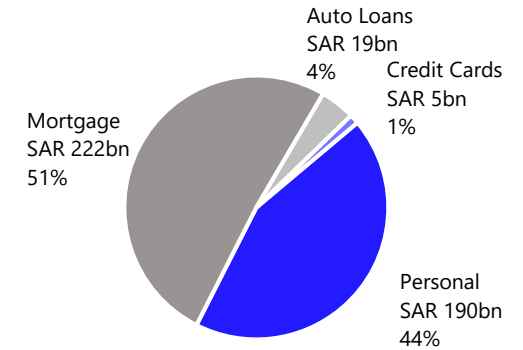
Financing, Net (SARbn)



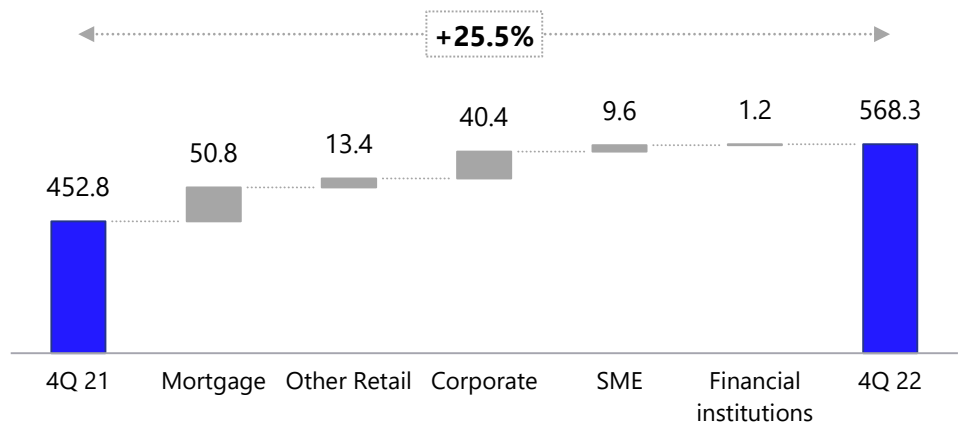
Financing, Net Mix By Segment (SARbn)



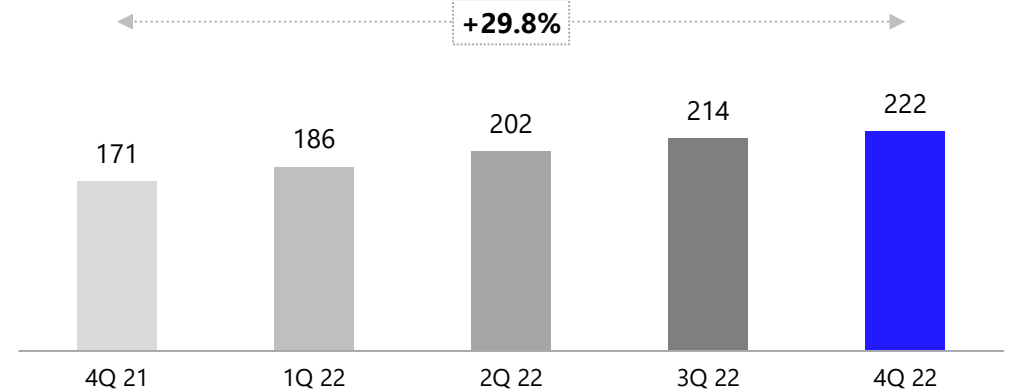
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

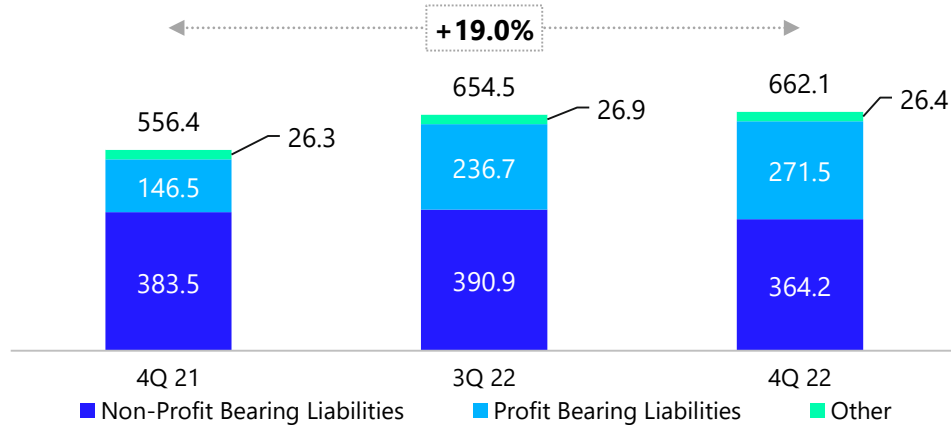


Mortgage Financing (SARbn)

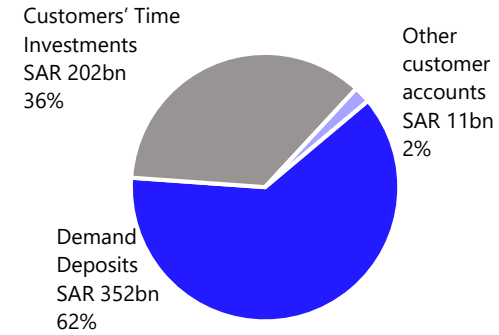


Balance Sheet Trends (3) | Balance sheet shows improving funding mix

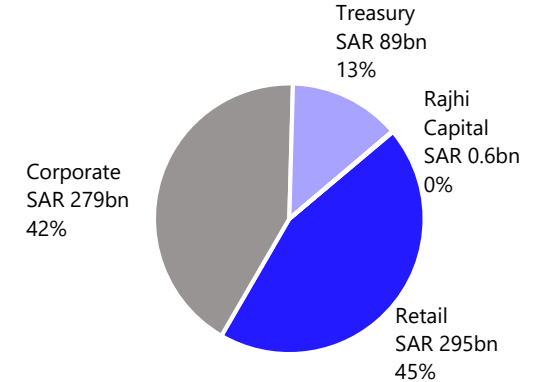
Total Liabilities (SARbn)



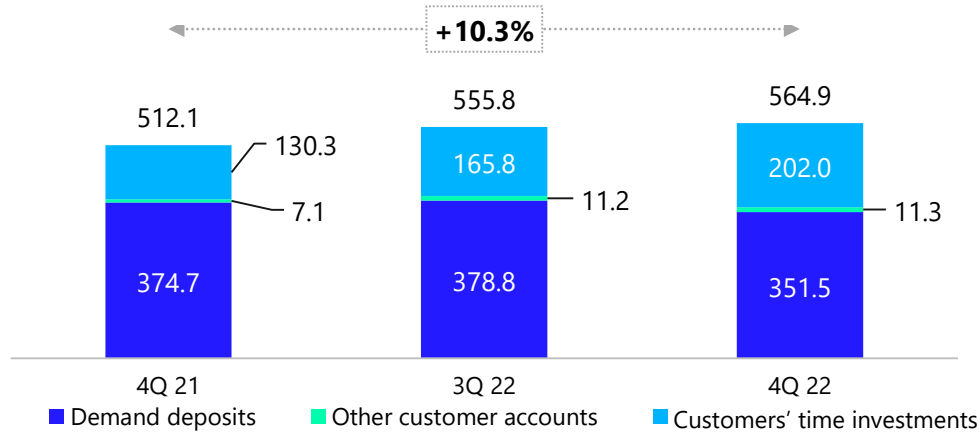
Total Customers' Deposits Mix By Type (SARbn)



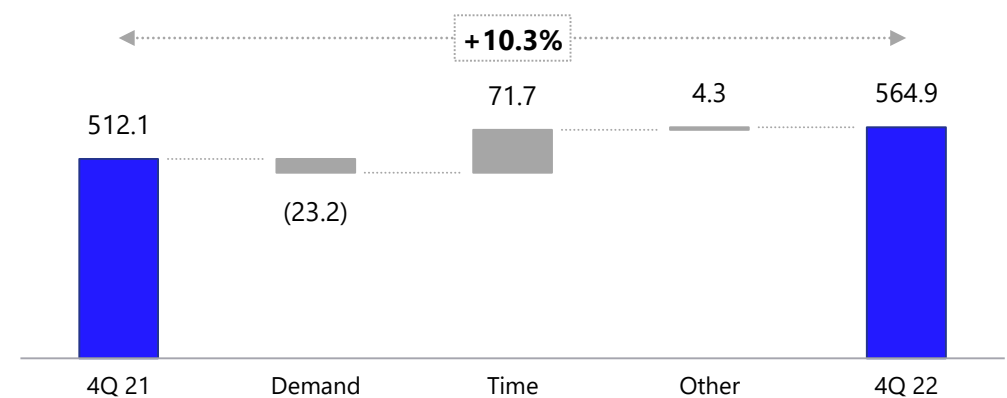
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

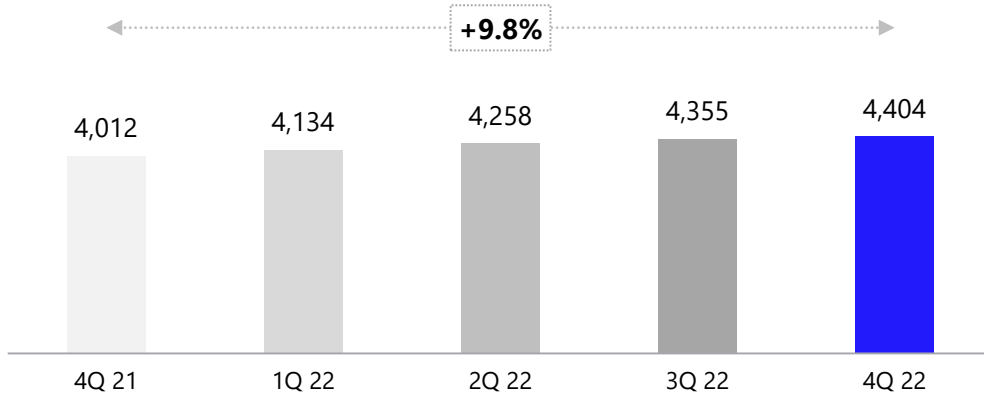


Movement in Total Customers' Deposits (SARbn)

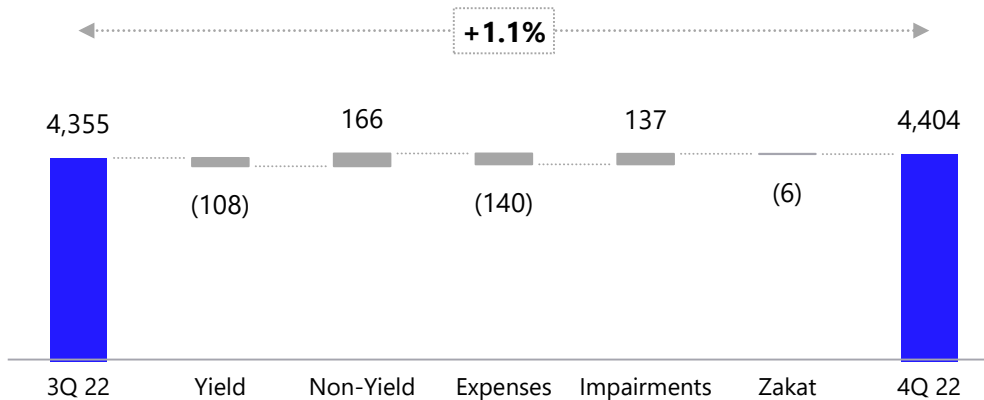


Net Income Trends | Solid net profit growth of 16% YoY

Net Income For The Period After Zakat (SARmn)



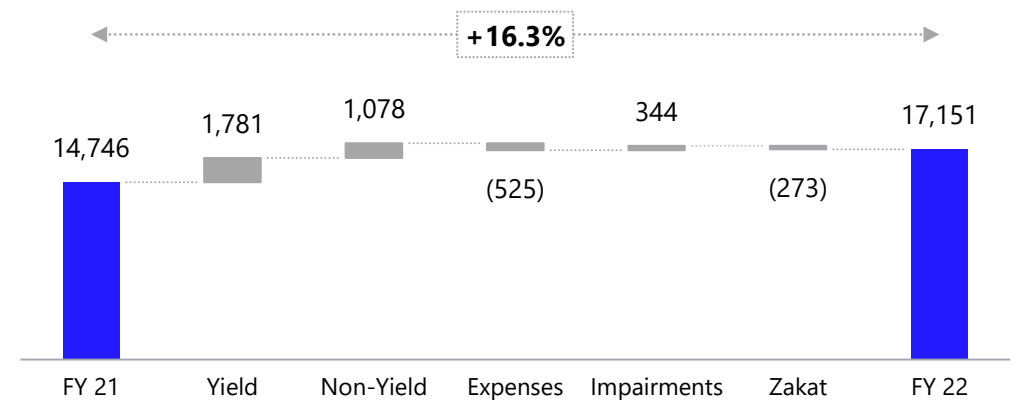
Net Income After Zakat Growth Drivers By Type (SARmn)



SAR (mn)

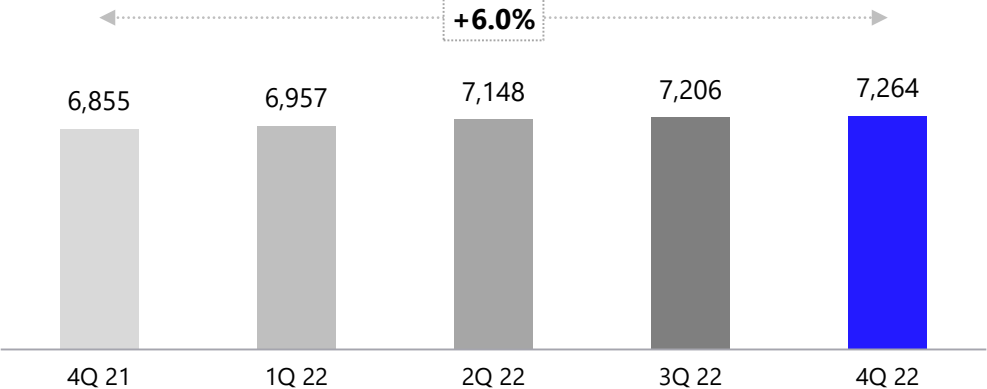
	FY 22	FY 21	YoY	4Q 22	4Q 21	YoY
Net financing & investment income	22,173	20,392	+9%	5,579	5,355	+4%
Fee from banking services, net	4,624	3,933	+18%	1,179	1,114	+6%
Exchange Income, net	1,162	788	+48%	298	218	+36%
Other operating income, net	616	603	+2%	209	168	+24%
Fees and other income	6,402	5,324	+20%	1,685	1,500	+12%
Total operating income	28,575	25,716	+11%	7,264	6,855	+6%
Operating expenses	-7,451	-6,927	+8%	-2,001	-1,791	+12%
Pre-provision profit	21,124	18,790	+12%	5,263	5,064	+4%
Total impairment charge	-2,001	-2,345	-15%	-353	-590	-40%
Net income for the period before Zakat	19,123	16,445	+16%	4,911	4,474	+10%
Zakat	-1,972	-1,699	+16%	-506	-461	+10%
Net income for the period after Zakat	17,151	14,746	+16%	4,404	4,012	+10%

Net Income After Zakat Growth Drivers By Type (SARmn)

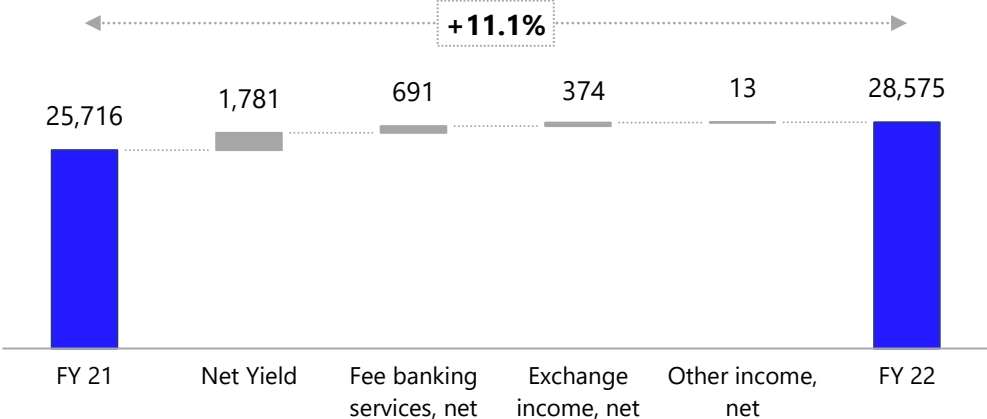


Operating Income Trends | Strong income growth reflecting successful strategy execution

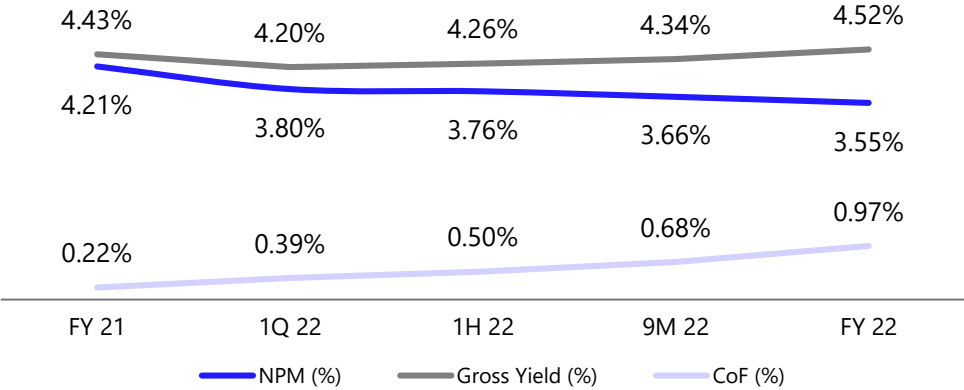
Total Operating Income (SARmn)



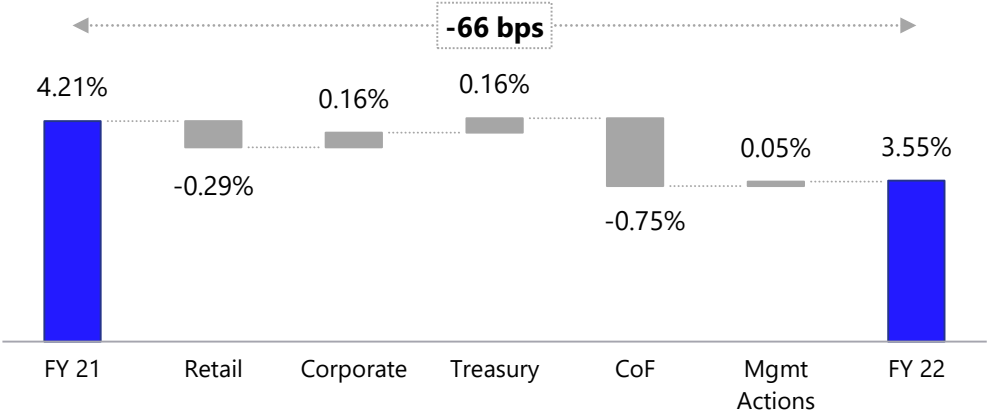
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

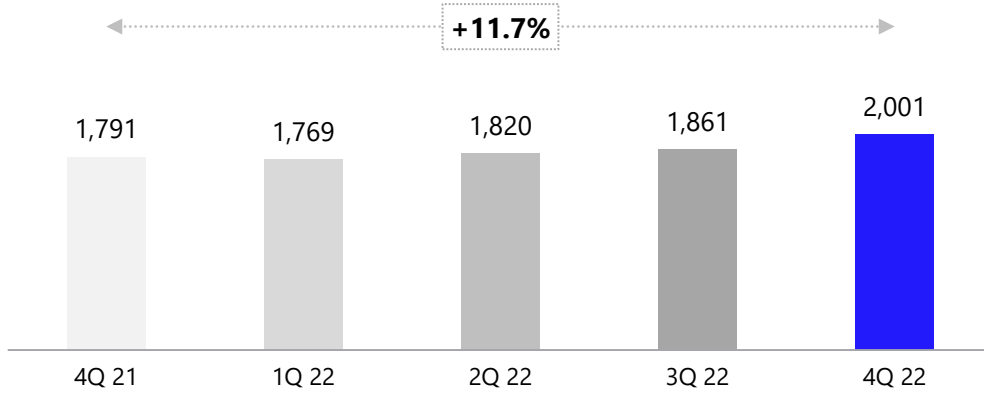


NPM Drivers (%)

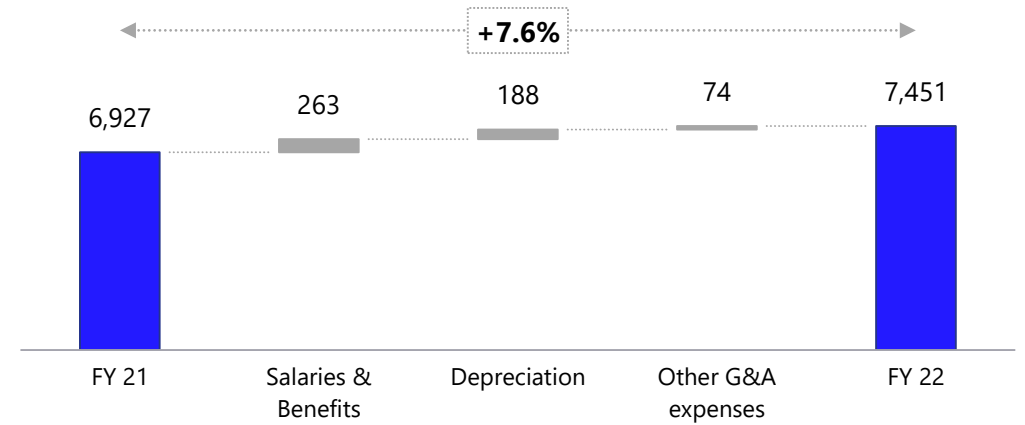


Expenses Trends | Cost efficiencies resulted in higher positive jaws

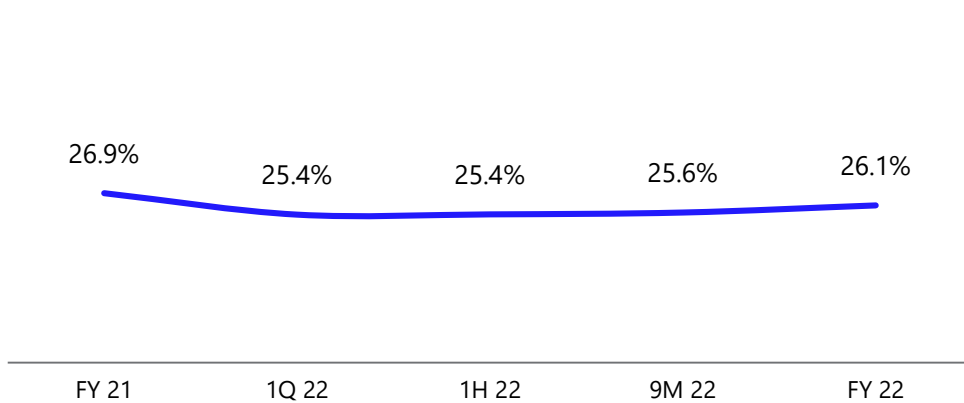
Operating Expenses (SARmn)



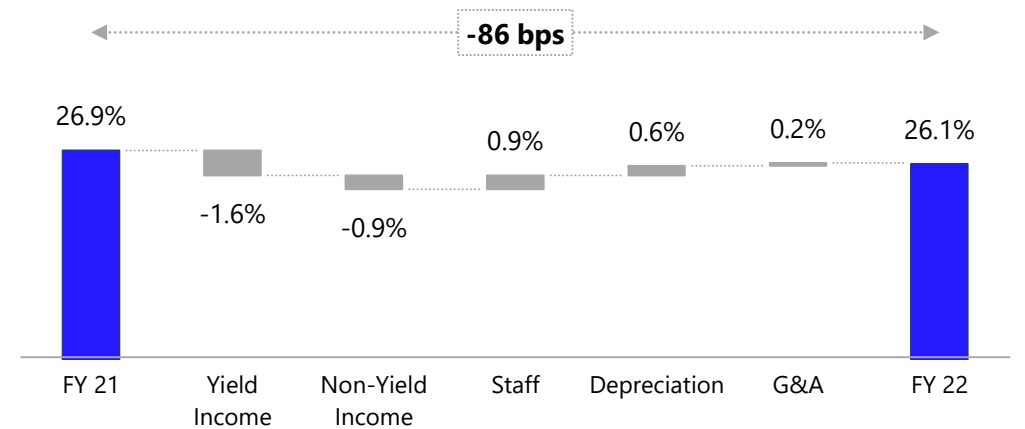
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

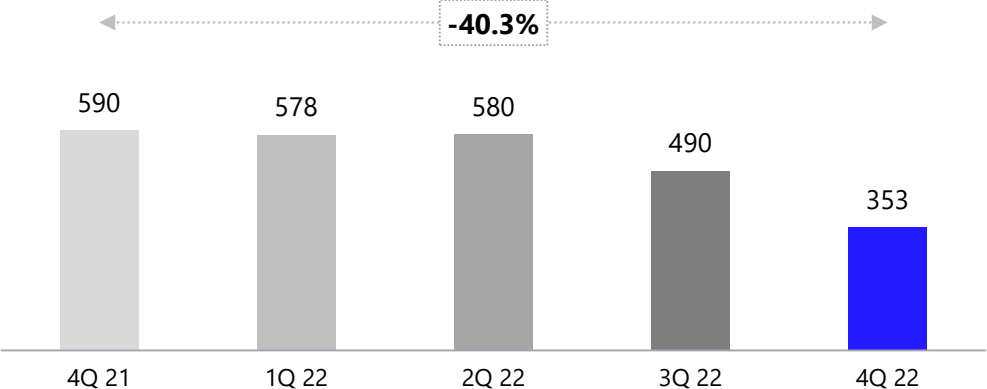


Cost to Income Ratio Drivers (%)

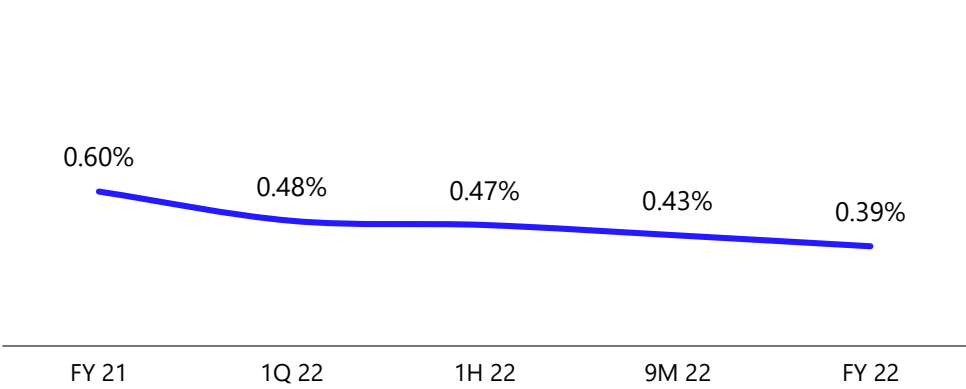


Net Impairment & Cost of Risk | Lower net impairment resulted in cost of risk improvement

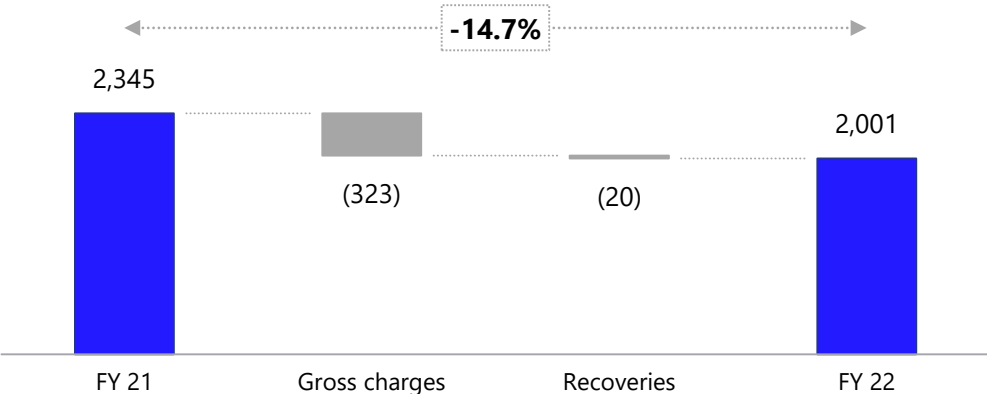
Net Impairment Charges (SARmn)



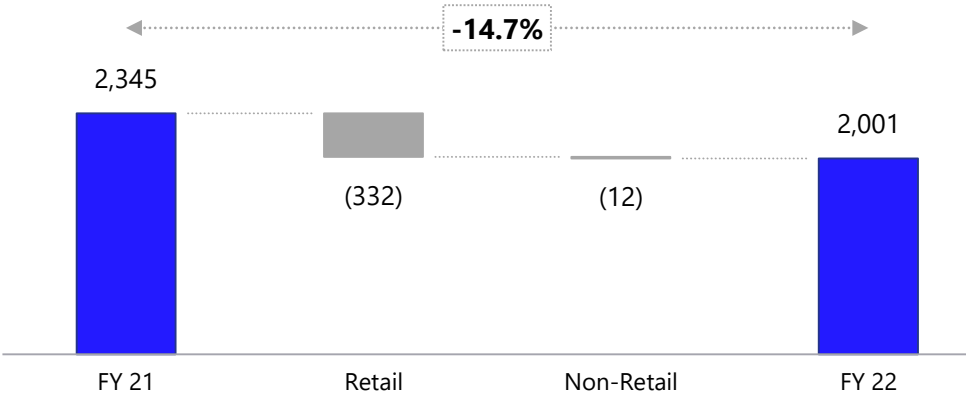
Cost of Risk (%)



Movement in Net Impairment (SARmn)

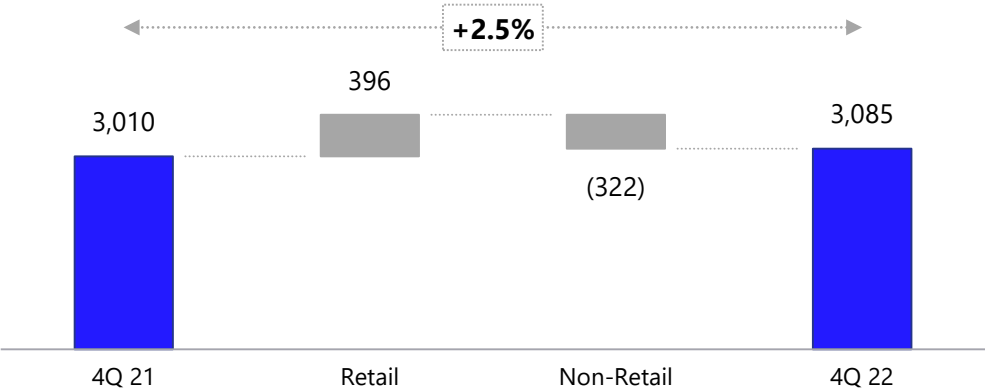


Movement in Net Impairment by Group (SARmn)

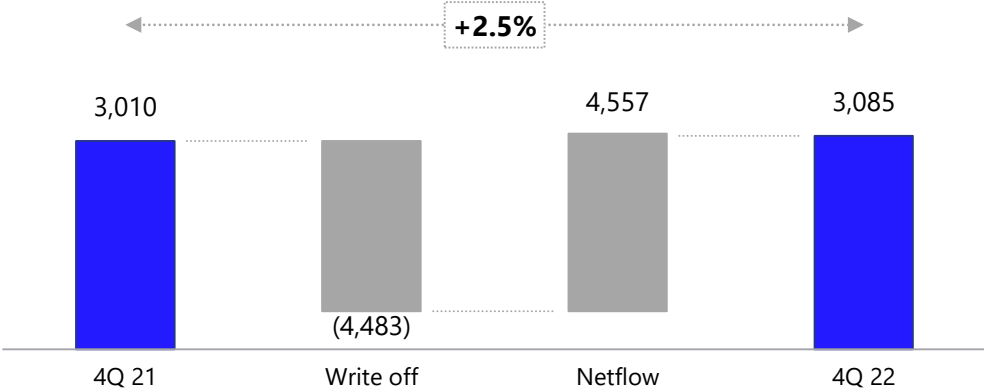


Asset Quality Trends (1) | Asset quality remains healthy with strong NPL coverage

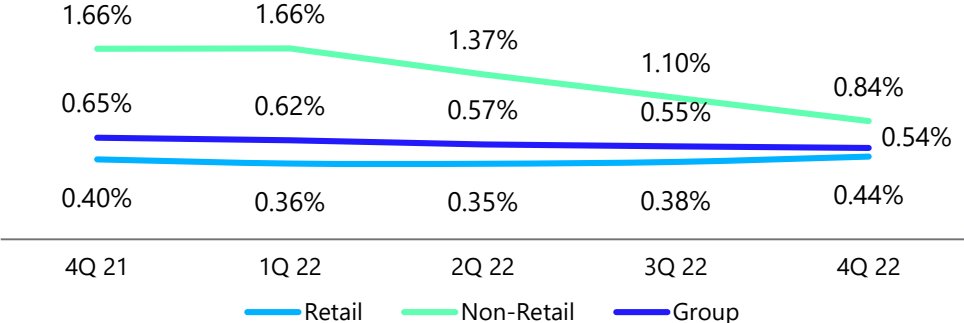
Movement in NPL (SARmn)



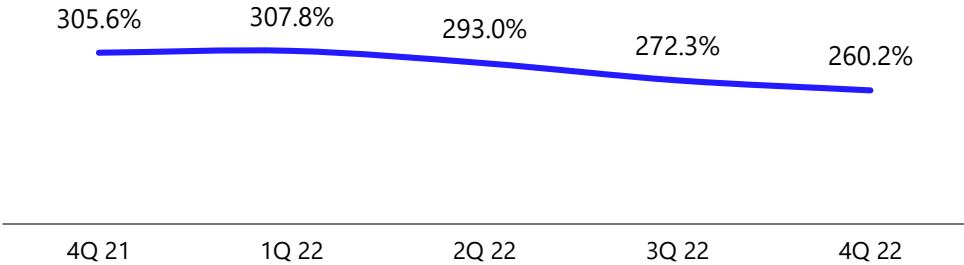
NPL Formation (SARmn)



NPL Ratio (%)

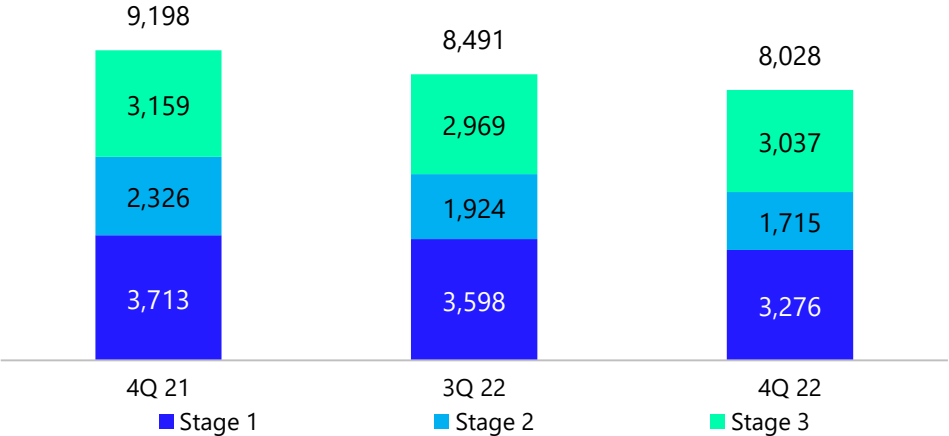


NPL coverage ratio (%)

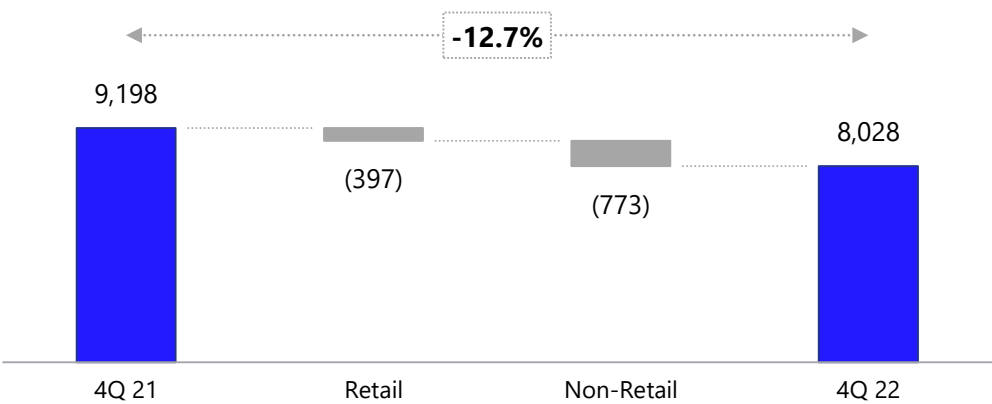


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

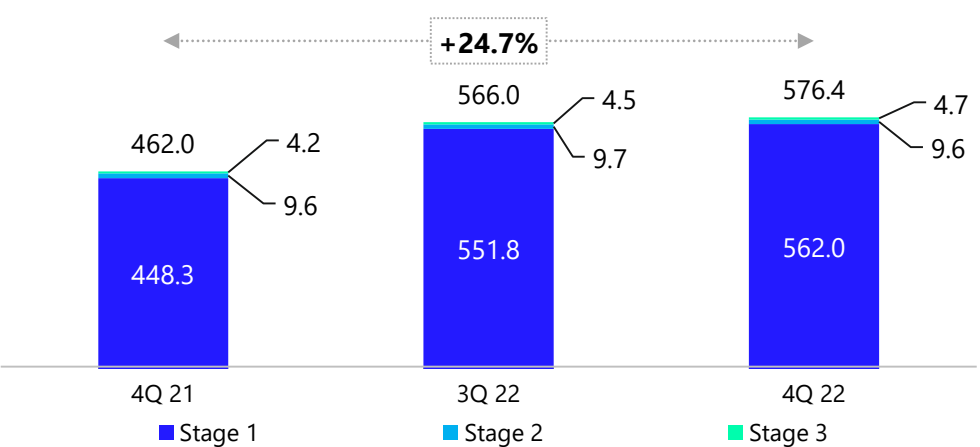
ECL by Stage (SARmn)



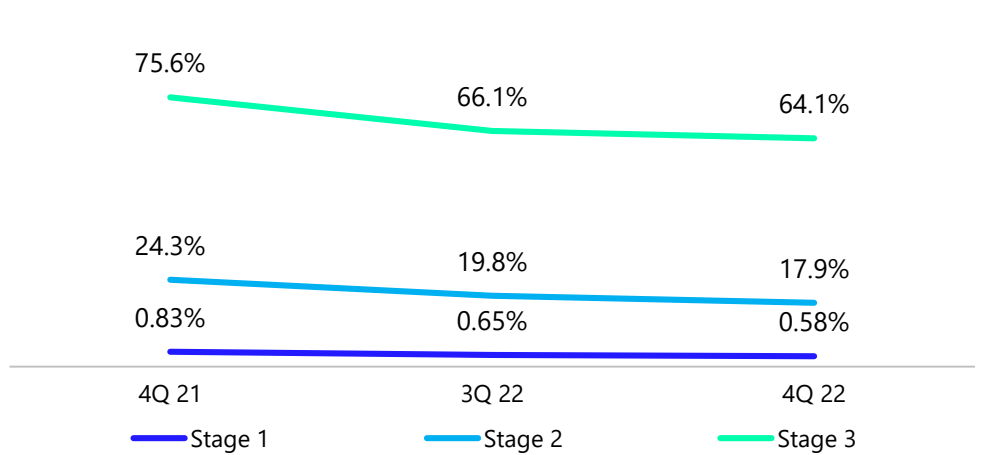
Movement in ECL by Group (SARmn)



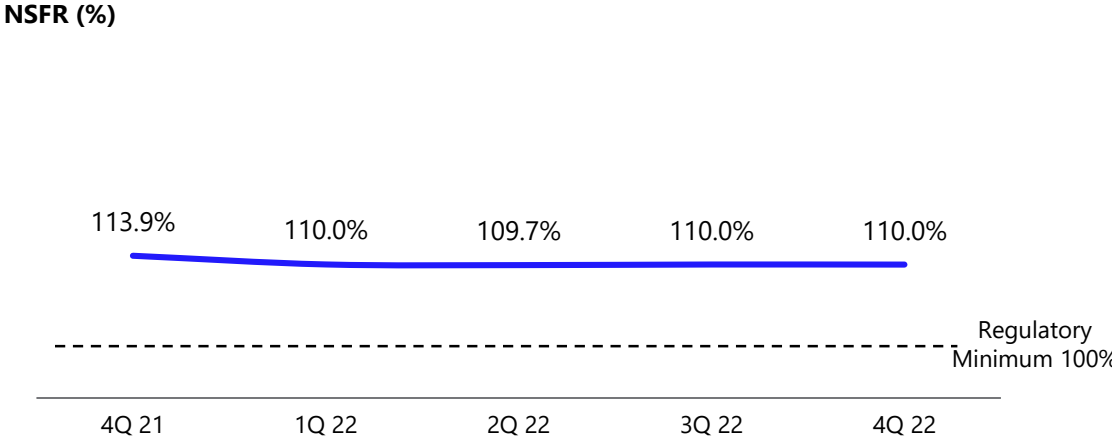
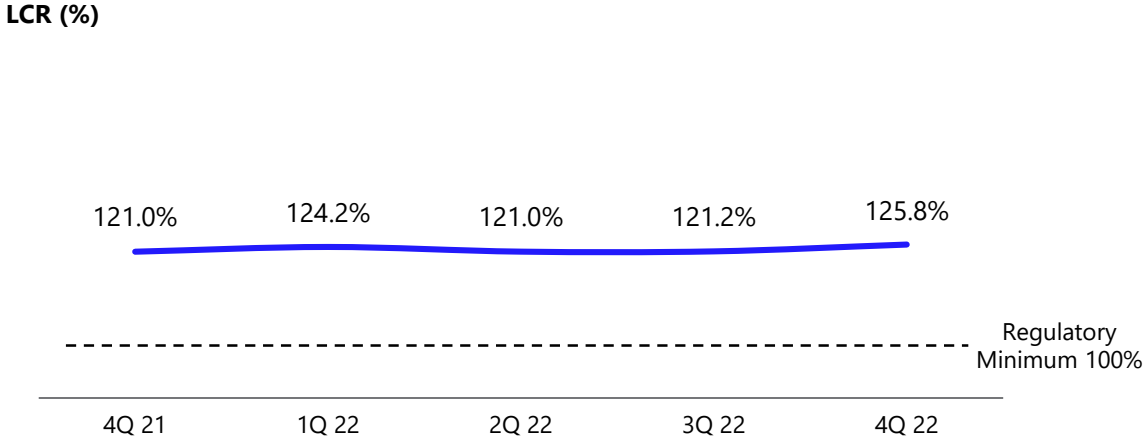
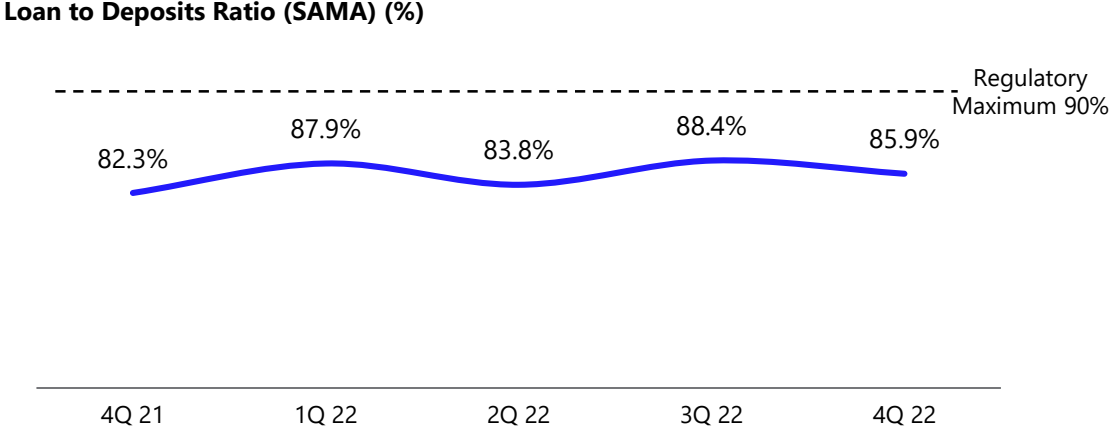
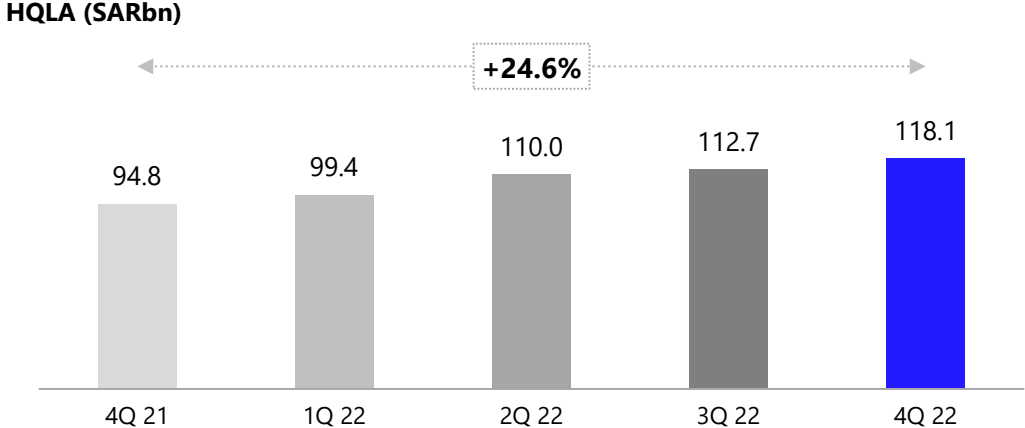
Gross Loans by Stage (SARbn)



ECL Coverage (%)

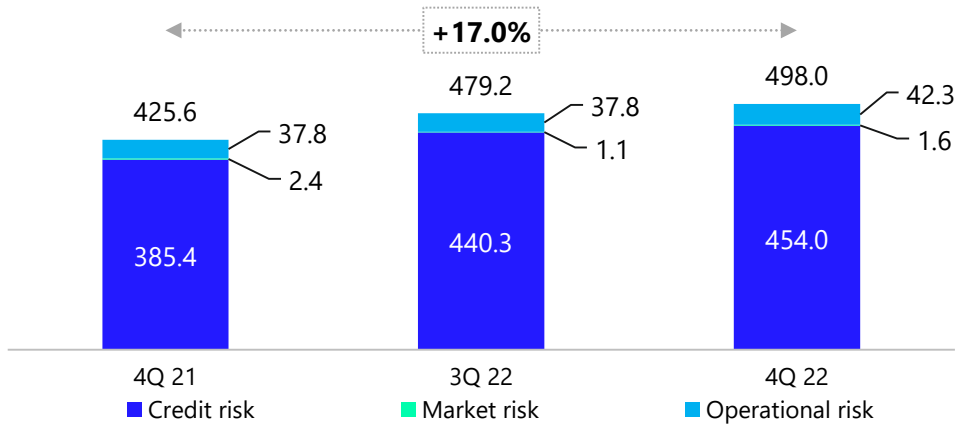


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

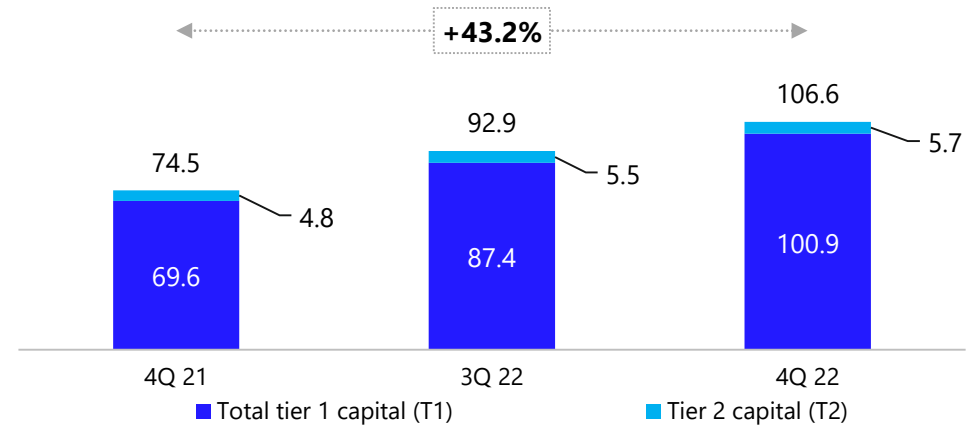


Capitalization Trends | Capital position well above regulatory minima

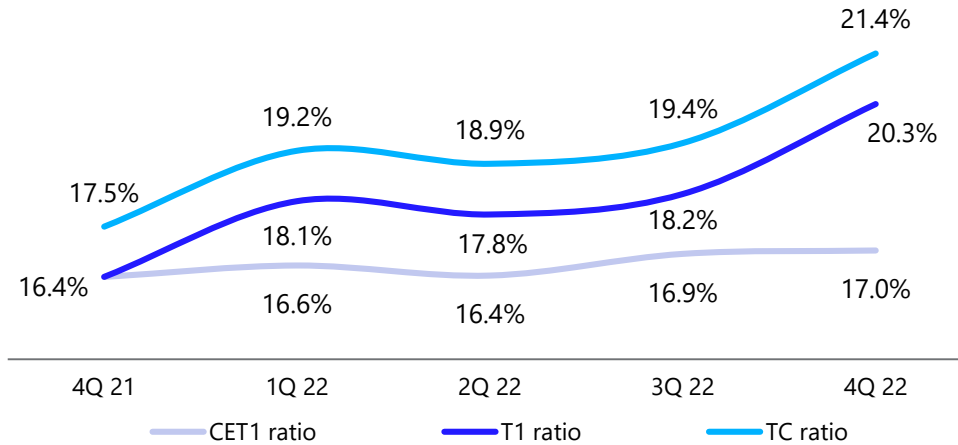
RWA (SARbn)



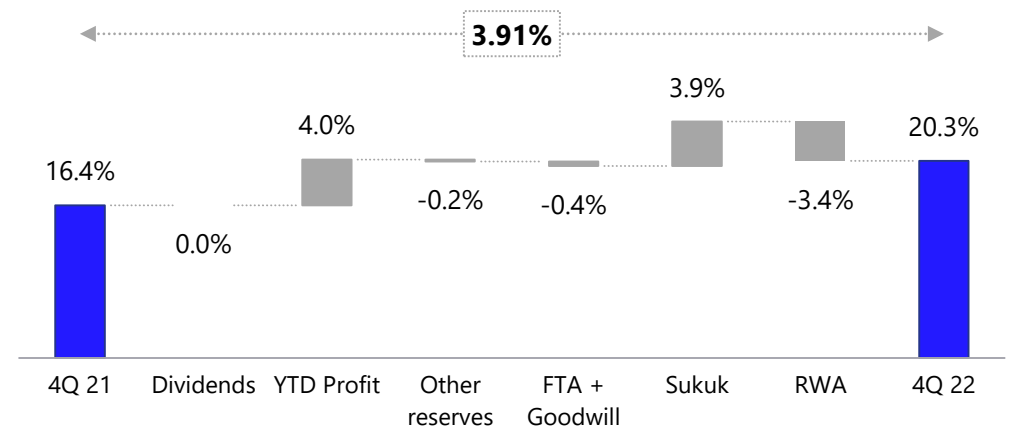
Total Capital (SARbn)



Capital Ratios (%)

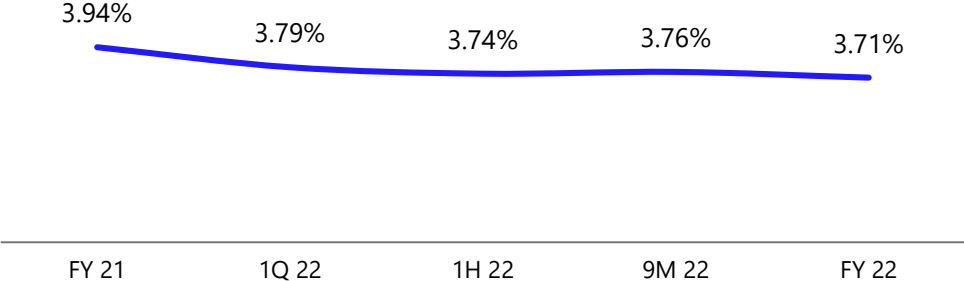


Tier 1 Drivers (%)

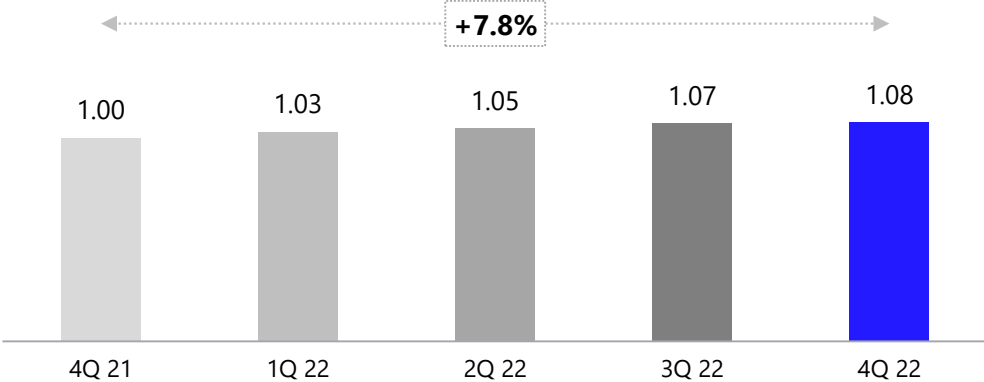


Return Metrics | Al Rajhi Bank's returns remain industry-leading

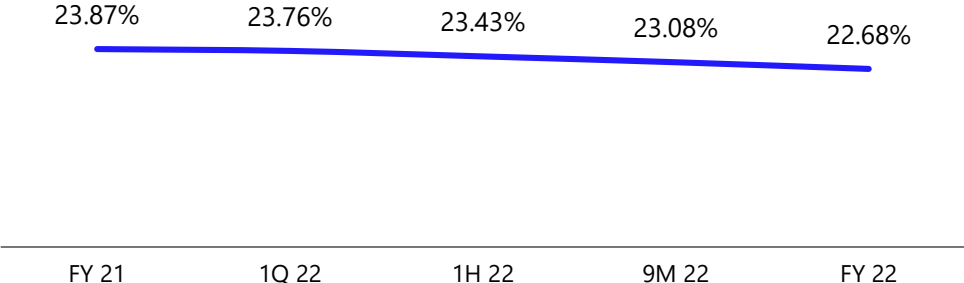
Return on RWA (%)



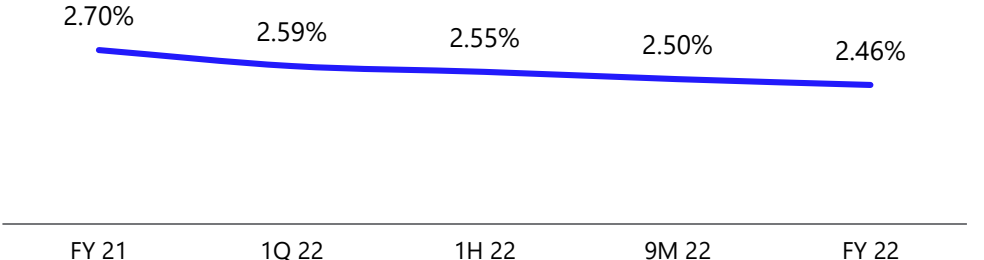
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2023 Guidance

FY 2023 Assumptions and Outlook | High interest rates is expected to weigh on credit demand

Economy



- IMF revised GDP growth forecasts to 8.7% in 2022 and 2.6% in 2023 and 3.4% in 2024
- Saudi economy grew by 5.4% in 4Q 2022, resulting in 8.7% of GDP growth in full year 2022
- Consumer spending increased by 9.5% in 2022 on the back of improved economic activities
- Credit growth is expected to normalize in 2023 with long-term demand still healthy driven by Vision 2030 initiatives

Interest Rates



- Interest rates are expected to move slightly higher early 2023 and then stay flat for the remaining of the year
- Higher interest rates is expected to weigh on credit demand in 2023
- Gross yields trend is expected to continue improving during the year reducing cost of funding pressure
- SRC has revised up the mortgage subsidies cap rate in November for the fourth time last year

Strategy & Execution



- “Bank of the Future” strategy delivery is in-line or ahead of expectations
- 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 2023 Guidance | Progressing in line with “Bank of The Future” strategy

		FY 2022 Change	FY 2022 Actual	FY 2023 Guidance
Balance Sheet	Financing	+25.5%	SAR 568 Bn.	Mid single digit
Profitability	Net profit margin	-66 bps	3.55%	-15 bps to -25 bps
	Cost to income ratio	-0.9%	26.1%	Below 26%
	ROE	-1.19%	22.68%	Above 21%
Asset Quality	Cost of risk	-0.21%	0.39%	0.30% - 0.40%
Capital	Tier 1 ratio	+3.9%	20.3%	Above 20%



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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 1Q 2023

Saudi Capital Market Forum 2023 – Riyadh	12 th – 13 th February
Goldman Sachs Sixth Annual Saudi Arabia Conference - London	1 st – 2 nd March
EFG 17th Annual One on One Conference – Dubai	6 th – 9 th March



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul Mobile App



Emkan App



urpay App



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