

Al Rajhi Bank net income grows 23.9% YoY to SAR 4.1 Billion in first quarter of 2022

1Q 2022 Financial Results Highlights:

- **23.9% YoY net income growth after Zakat** on strong top-line growth and improving operating efficiency
- **Return on equity** grew 1.3 percentage points year-on-year, to 23.8%
- **Operating income growth of 17%** on improved net financing and investment income and higher fee income from banking services
- **Operating efficiency** improved by 2.3 percentage points YoY to 25.4%
- **Credit Quality** remains stable with non-performing financing ratio and non-performing financing coverage ratio at 0.62% and 307.8%, respectively
- **Cost of risk** improved by 19 basis points YoY to 0.48%
- **Net financing increased by SAR 32 billion or 7%** QoQ to SAR 485 billion
- **Strong stable funding with 73%** of customer deposits being non-profit bearing
- **Capitalization** remains strong with CET1 of 18.1% and total CAR of 19.3%
- **Healthy liquidity position** with LCR of 124% and loan to deposit ratio of 87.9%

Riyadh, 27th April 2022 – During the first quarter of the current year 2022, Al Rajhi Bank generated strong operating income growth of 17.0% year-on-year from 11.9% net financing and investment income growth and a 37.3% improvement in fee and other income. Income growth was boosted by 38.0% year-on-year growth in investments and 36.0% growth in net financing. Total retail financing grew by 36.9% as mortgage grew by 48.2% along with 28.4% growth in personal financing. This strong balance sheet and top-line momentum, in combination with improved operating efficiency and stable credit quality, translated to 23.9% net income growth after Zakat, reaching SAR 4,134 million. The Bank further maintained a strong capital position with a core equity tier 1 ratio of 18.1% and healthy liquidity with LCR of 124%.

Commenting on Al Rajhi Bank's first quarter results, **Mr. Abdullah bin Sulaiman Al Rajhi, Chairman of the Board of Directors**, said: "As we continue to reap the fruits of the "Bank of the Future" strategy, Al Rajhi Bank delivered strong results in first quarter of the year 2022 supported by the best in class customer experience coupled with innovative product and digital offerings. The continuation of Al Rajhi Bank's team dedication and focus reflects the effective and consistent execution of our strategy and affirms the bank's leadership in creating a financial ecosystem to its retail and corporate clients.

During first quarter of 2022, we were able to grow the financing portfolio by 7.0% to SAR 485 billion compared to the previous quarter. The growth in the financing portfolio was across all business segments driven by the good progress made on “Bank of the Future” strategy implementation. In Retail, financing portfolio registered a growth of 36.9% driven by a 48.2% growth in mortgage financing and 28.4% in personal financing. The progress in our strategy execution coupled with improved economic activities resulted in growth of 17.0% and 23.9% in operating income and net income, respectively. Additionally, ROE and ROA stands at 23.8% and 2.6%, respectively”.

Performance Highlights

Income Statement Summary

| SAR (mn) | 1Q 22 | 1Q 21 | YoY % | 1Q 22 | 4Q 21 | QoQ % |
|--|--------------|--------------|---------------|--------------|--------------|--------------|
| Net financing & investment income | 5,340 | 4,771 | +11.9% | 5,340 | 5,355 | -0.3% |
| Fees & other income | 1,616 | 1,177 | +37.3% | 1,616 | 1,500 | +7.8% |
| Total operating income | 6,957 | 5,948 | +17.0% | 6,957 | 6,855 | +1.5% |
| Operating expenses | (1,769) | (1,652) | +7.1% | (1,769) | (1,791) | -1.2% |
| Pre-Provision Profit | 5,188 | 4,296 | +20.8% | 5,188 | 5,064 | +2.4% |
| Total impairment charge | (578) | (577) | +0.2% | (578) | (590) | -2.0% |
| Net income for the period | 4,609 | 3,719 | +23.9% | 4,609 | 4,474 | +3.0% |
| Zakat | (476) | (383) | +24.1% | (476) | (461) | +3.2% |
| Net income for the period after Zakat | 4,134 | 3,335 | +23.9% | 4,134 | 4,012 | +3.0% |
| Earnings per share (SAR) | 1.65 | 1.33 | +23.9% | 1.65 | 1.60 | +3.0% |
| Dividends per share (SAR) | 0.0 | 0.0 | +0.0% | 0.0 | 0.0 | +0.0% |
| Return on equity | 23.76% | 22.43% | +1.3% | 23.76% | 23.87% | -0.1% |
| Return on assets | 2.59% | 2.75% | -0.2% | 2.59% | 2.70% | -0.1% |
| Net financing and investment margin | 3.80% | 4.56% | -0.76% | 3.80% | 3.93% | -0.13% |
| Cost to income ratio | 25.4% | 27.8% | -2.3% | 25.4% | 26.1% | -0.7% |
| Cost of risk | 0.48% | 0.67% | -0.19% | 0.48% | 0.53% | -0.05% |

Total operating income reached SAR 6,957 million in first quarter of the year 2022, an increase of 17.0% compared with the same period last year. This improvement was driven by 11.9% year-on-year growth of net financing and investment income due to strong growth in the financing and investment portfolios, and despite a 76 basis points contraction in the net financing and investment margin to 3.80% resulting from the higher cost of funds and escalated competition in the retail and corporate financing. Income growth was further aided by 37.3% year-on-year growth in fee and other income, where fee income on banking services grew 26.3% year-on-year.

Total operating income for the first quarter of 2022 amounted to SAR 6,957 million, an increase of 17.0% year-on-year and 1.5% relative to the previous quarter. This growth was similarly driven

1Q 2022 Earnings Release



by improvements across both net financing and investment income and fee income from banking services.

Operating expenses totalled SAR 1,769 million in the quarter, a rise of 7.1% year-on-year, supporting 17.0% operating income growth. These positive "jaws" were enabled through efficiencies gained in the Bank's digital platforms and cost optimization initiatives which resulted in an improvement in the cost to income ratio of 2.34 percentage points year-on-year to 25.4%. Additionally, operating expenses for the first quarter of 2022 decline by a modest 1.2% compared with the previous quarter.

The net impairment charge for the quarter amounted to SAR 578 million, a modest increase of 0.2% compared to last year driven by the financing portfolio growth and improved recoveries. The cost of risk for the period was 19 basis points lower year-on-year at 0.48%.

1Q 2022 Earnings Release

Balance Sheet Summary

| SAR (mn) | 1Q 22 | 4Q 21 | QoQ % | 1Q 21 | YoY % |
|---|----------------|----------------|---------------|----------------|---------------|
| Cash & balances with SAMA & other central banks | 36,143 | 40,363 | -10.5% | 38,562 | -6.3% |
| Due from banks & other FIs, net | 20,222 | 26,065 | -22.4% | 31,730 | -36.3% |
| Investments, net | 93,450 | 84,138 | +11.1% | 67,718 | +38.0% |
| Investment in associate | 309 | 295 | +4.5% | 250 | +23.3% |
| Financing, net | 484,526 | 452,831 | +7.0% | 356,144 | +36.0% |
| Other assets, net | 22,979 | 19,979 | +15.0% | 17,829 | +28.9% |
| Total Assets | 657,628 | 623,672 | +5.4% | 512,234 | +28.4% |
| Due to banks & other FIs | 38,827 | 17,952 | +116.3% | 9,731 | +299.0% |
| Customers' deposits | 507,892 | 512,072 | -0.8% | 421,269 | +20.6% |
| Other liabilities | 32,568 | 26,339 | +23.6% | 22,012 | +48.0% |
| Total liabilities | 579,287 | 556,363 | +4.1% | 453,011 | +27.9% |
| Total equity | 78,341 | 67,309 | +16.4% | 59,222 | +32.3% |
| Risk weighted assets | 446,700 | 425,629 | +5.0% | 353,498 | +26.4% |
| CET 1 ratio | 18.1% | 16.5% | +1.6% | 16.8% | +1.4% |
| Total capital adequacy ratio | 19.3% | 17.6% | +1.6% | 17.9% | +1.4% |
| Liquidity coverage ratio (LCR) | 124% | 121% | +3.2% | 142% | -23.3% |
| Basel III leverage ratio | 12.0% | 11.0% | +1.0% | 11.2% | +0.8% |
| Loan to Deposit Ratio | 87.9% | 82.3% | +5.6% | 80.6% | +7.3% |
| Non-performing loan ratio | 0.62% | 0.65% | -0.03% | 0.70% | -0.08% |
| Non-performing loan coverage ratio | 307.8% | 305.6% | +2.2% | 317.7% | -9.9% |

Total assets reached SAR 658 billion as at 31 March 2022, an increase of 28.4% compared to same period last year and 5.4% relative to previous quarter, from strong growth in the financing and investments portfolios.

Net financing grew 7.0% during the quarter and 36.0% year-on-year to reach SAR 485 billion, where strong growth was registered across the retail, corporate and SME financing portfolios. In retail, 36.9% year-to-year financing growth was driven by 48.2% year-on-year growth in residential financing.

The non-performing financing ratio decreased marginally by 8 basis points relative to the same period last year to 0.62%, as credit quality remained stable during the quarter. The non-performing financing coverage ratio stand at 307.8%. Non-profit bearing deposits continued to represented a significant proportion of total deposits of 73% as at 31 March 2022.

Al Rajhi Bank continued to maintain its strong capitalization profile with core equity tier 1 and total capital adequacy ratios of 18.1% and 19.3%, respectively. The Bank's liquidity position remained healthy with a liquidity coverage ratio of 124% and loan to deposit ratio of 87.9% as at 31 March 2022.

1Q 2022 Earnings Release



The bank during the quarter has successfully issued its first Tier 1 Sukuk amounting to SAR 6.5 billion. Additionally, the Board of Directors recommended to the Extraordinary General Assembly to increase the bank's capital to SAR 40 billion from SAR 25 billion through granting 3 bonus shares for every 5 shares owned. The Extraordinary General Assembly meeting will be held on 8th May 2022 at 6:30pm.

Additionally, the Group on 1 February 2022 completed the process and legal formalities of the acquisition of the entire shares of Ejada Systems Limited (a Saudi limited liability company) that is a leading IT service provider within the Kingdom of Saudi Arabia and Region. This is a strategic move of Al Rajhi Bank as a Group to have the necessary initiatives towards the financial digital transformation, and subsidizing its customers and markets with innovative ecosystem solutions.

Additional Information

Al Rajhi Bank's financial statements, earnings release, investor presentation, factsheet and analyst data supplement are available to the public on the IR website:

www.alrajhibank.com.sa/en/investor-relations/financials/pages

Investors Relations

Email: IR@alrajhibank.com.sa

Mr. Rayan Alshuaibi
Director of Investor Relations
Telephone: +966 (11) 828 1972
E-mail: alshuaibirs@alrajhibank.com.sa

Mr. Abdulrahman Alyami
Senior Investor Relations Specialist
Telephone: +966 (11) 828 3586
E-mail: AlyamiAH@alrajhibank.com.sa



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul
Mobile App



Emkan App



urpay App