Al Rajhi Bank
ESG Investor Presentation
30 June 2019

The Blue Chip Islamic Bank
ESG is part of Al Rajhi Bank's DNA
Ethical values are central to Islamic Finance, UN SDGs and KSA Vision 2030

Protection of faith, life, mind, wealth, and human dignity → ISLAMIC FINANCE PRINCIPLES ← Zakat, no usury, risk sharing, anti-speculation, prohibited sectors, sanctity of contracts

VISION 2030
Thrift economy
Ambitious nation

SUSTAINABLE DEVELOPMENT GOALS

Vision, Mission and Values
Al Rajhi Bank Strategy
Al Rajhi Bank - The Blue Chip Islamic Bank

We maintain a strong market position and financial performance

**Strong Market Position**

- No. 1 in Banking transactions in KSA
- No. 1 Bank brand in KSA
- Largest Islamic Bank in the world
- No. 1 Retail Bank in the Middle East
- No. 1 Distribution network in Middle East

**Sustainable Blue Chip Status and Excellent Shareholder Returns**

- 12% Weighting in MSCI GCC Index
- SAR 50.1bn Shareholder’s Equity
- SAR 174bn Market Capitalization
- 27% 1-Year Total Shareholder Return

**Net Profit Margin (%)**

- 2015: 3.92%
- 2016: 4.35%
- 2017: 4.42%
- 2018: 4.75%
- 1H 19: 5.20%

**Return on Equity (%)**

- 2015: 16.11%
- 2016: 16.65%
- 2017: 17.24%
- 2018: 19.82%
- 1H 19: 7.56%

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1 Market Sources and ARB Analysis
2 As of 1H 2019

ESG Investor Presentation as at 30 June 2019
Robust balance sheet with 97% non-profit-bearing deposits at 2Q 2019

Total Assets (SARbn)

- 2015: 315.6
- 2016: 339.7
- 2017: 343.1
- 2018: 364.3

+4.9%

Total Liabilities (SARbn)

- 2015: 269.0
- 2016: 287.8
- 2017: 287.4
- 2018: 315.7

+5.5%

Capital Ratios (%)

- 2015: 19.7%
- 2016: 20.8%
- 2017: 22.0%
- 2018: 23.3%

T1 ratio
TC ratio

Total Liabilities Mix By Type (SARbn)

- Deposits: SAR 294bn
- Other: SAR 15bn

As at 31 December 2018

316

SAR 7bn
Banks

Deposits
Other
Developments impacting Al Rajhi Bank's operating environment

Major factors integrated into our approach to ESG and our value creation model

**Major Factors**

- Client & Investor Demands
- Geopolitics
- Environmental Challenges
- Workplace of the future
- Business & Financial Risk
- Economic Landscape
- Privacy & Data Security
- Regulations
- Vision 2030
- Digitization

**'ABCDE' Strategy**

- Accelerate growth
- Improve portfolios in key customer segments
- Become Employer of choice
- Create a performance-driven culture where the customer comes first
- Customer focus
- Provide greater convenience and security in customer offering
- Digital leadership
- Expand digital channels and migrate customers to self-service banking
- Execution excellence
- Explore and execute measures to improve operations
Strategy Outputs

ABCDE 'Back to Basics' strategy delivers strong results

A. Accelerate Growth
   - 12.7% YoY operating income growth
   - 39% YoY growth in mortgages
   - 9.0% YoY growth in current accounts
   - 55bps YoY net profit margin improvement to 5.20%

B. Become Employer of Choice
   - Al Rajhi Bank Academy
   - School of Banking
   - Graduate Program
   - 16,660 training days delivered

C. Customer Focus
   - 13 new products launched to cater to customers' needs
   - Enhanced Distribution Network
   - #1 Bank brand in KSA (BrandPower Score 2018)
   - #1 Net Promoter Score in KSA

D. Digital Leadership
   - 97K POS
   - 5K ATMs
   - 280 Self Service Kiosks
   - 4.7mn active digital users

E. Execution Excellence
   - 253 Bots
   - 24K transactions per day
   - New head office and data center
   - Further enhanced turnaround time

Mortgage Financing (SARbn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20.0</td>
</tr>
<tr>
<td>1H 2019</td>
<td>41.4</td>
</tr>
</tbody>
</table>

Number of Female Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8.7%</td>
</tr>
<tr>
<td>1H 2019</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Net Promoter Score

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>14%</td>
</tr>
<tr>
<td>1H 2019</td>
<td>47%</td>
</tr>
</tbody>
</table>

Digital : Manual Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40:60</td>
</tr>
<tr>
<td>1H 2019</td>
<td>60:40</td>
</tr>
</tbody>
</table>

Transactions per month (Avg.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>101m</td>
</tr>
<tr>
<td>1H 2019</td>
<td>205m</td>
</tr>
</tbody>
</table>
Sustainability Highlights
As of FY2018 unless stated otherwise

- **SAR 364bn**
  - Total Assets

- **SAR 10.3bn**
  - Net Profit before Zakat

- **SAR 6.9bn**
  - Dividend Distribution (74% Payout)

- **30%**
  - of loans and project finance integrate ESG factors

- **SAR 575mn**
  - Zakat paid in 1H2019

- **75**
  - Social responsibility programs in 22 cities

- **1,170**
  - Sharia Board Resolutions

- **64%**
  - growth in female employees since 2015

- **SAR 3.2bn**
  - in salaries and benefits paid

- **2,904**
  - Volunteers completed 14,115h community service

- **32**
  - Governance Policies & Frameworks

- **14.3%**
  - total number of female employees

- **60:40**
  - Digital to Manual Ratio

- **SAR 4.9bn**
  - in financing for SMEs

- **65,000+**
  - total training days

- **8/11**
  - Independent Board Directors

- **30%**
  - growth in female customers

- **ISO Green Certification for new head office building**

- **2,904 Volunteers completed 14,115h community service**

- **65,000+ total training days**

- **60:40 Digital to Manual Ratio**

- **32 Governance Policies & Frameworks**

- **14.3% total number of female employees**

- **8/11 Independent Board Directors**

- **30% growth in female customers**
Al Rajhi Bank's Financial Sustainability

In the last ten years, ARB's Assets grew 1.3x Nominal GDP

ARB Total Assets vs KSA Nominal GDP

- ARB Total Assets
- KSA Nominal GDP

ARB asset growth through the cycle

10y KSA Nominal GDP CAGR: 6.9%

10y ARB Total Assets CAGR: 8.8%
Al Rajhi Bank's Market Resilience

Growing market share in the Saudi banking sector

Market Share Operating Income

+247bps

FY 15 FY 16 FY 17 FY 18 1H 19

17.3% 18.6% 18.5% 19.1% 19.7%

Market Share Net Income After Zakat

+648bps

FY 15 FY 16 FY 17 FY 18 1H 19

16.3% 19.6% 20.2% 20.5% 22.8%
We are a key enabler of financial inclusion in KSA

Our large distribution network and leading market share in Saudi Arabia...

Market Share in Saudi Arabia

Market Share - Branches

26.4% 26.4% 26.6% 26.5% 26.7%

27.6% 29.7% 31.0% 32.2% 30.3%

23.9% 25.0% 26.2% 26.8% 27.3%

22.7% 23.2% 24.9% 23.8% 25.1%

Source: SAMA
Responsible Lending

As an Islamic Bank, responsible finance is embedded in our decision-making

All of our financial solutions are designed to be Shariah-compliant, so we apply strict standards pertaining to credit evaluation and financing and we look to avoid funding projects that may pose negative environmental or social risks for the Bank.

- In May 2018, SAMA issued the Responsible Lending Principles.
- Al Rajhi Bank reviewed and assessed the regulations to ensure our lending practices are in full compliance
- ~30% of loans and project finance activities in 2018 integrate ESG factors

Corporate and institutional banking customers

<table>
<thead>
<tr>
<th>Year</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4,421</td>
</tr>
<tr>
<td>2017</td>
<td>4,792</td>
</tr>
<tr>
<td>2018</td>
<td>7,890*</td>
</tr>
</tbody>
</table>

Value of loan portfolio (SARbn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Portfolio Value (SARbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>58.1</td>
</tr>
<tr>
<td>2017</td>
<td>59.2</td>
</tr>
<tr>
<td>2018</td>
<td>60.6</td>
</tr>
</tbody>
</table>

Lending and project finance that integrates ESG factors (SARbn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Finance Value (SARbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17.9</td>
</tr>
<tr>
<td>2017</td>
<td>16.8</td>
</tr>
<tr>
<td>2018</td>
<td>17.9</td>
</tr>
</tbody>
</table>

*Includes both borrowing & non borrowing clients. Increase in 2018, largely on account of migration of non-borrowing clients from other group_segments
Digital Leadership

Digital leadership is one of the five pillars of our strategic plan

Management Approach

We remain focused on expanding channels, digitising customer journeys, migrating customers to self-service channels, and exploring innovations in payment methods. In 2018,

- 60% of all customer transactions are performed digitally
- 25% of all transactions were made on a mobile or desktop
- We have 253 bots processing over 22,000 transactions daily
- The number of active retail users of the Bank’s online platform grew by 64% during 2018 to 3.6 million; active corporate users grew by 12.8% to 39,588.
Placing customer relationships at the heart of ARB

We achieved our target of becoming the most recommended bank in KSA

We ask customers:
Based on your experience with your main bank, how likely are you to recommend it to a friend, relative or colleague, on a scale from 0 to 10?
Ensuring ARB staff are proud, valued and energized

The ARB employee engagement index (EEI) score is at its peak

<table>
<thead>
<tr>
<th>EEI Score = Highly Engaged + Engaged</th>
<th>27</th>
<th>46</th>
<th>53</th>
<th>59</th>
<th>62</th>
<th>60</th>
<th>66</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>48%</td>
<td>28%</td>
<td>28%</td>
<td>24%</td>
<td>22%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>2016</td>
<td>15%</td>
<td>29%</td>
<td>34%</td>
<td>38%</td>
<td>39%</td>
<td>38%</td>
<td>28%</td>
</tr>
<tr>
<td>H1' 2017</td>
<td>14%</td>
<td>13%</td>
<td>19%</td>
<td>21%</td>
<td>23%</td>
<td>21%</td>
<td>37%</td>
</tr>
<tr>
<td>H2' 2017</td>
<td>12%</td>
<td>17%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
<td>17%</td>
</tr>
<tr>
<td>H1' 2018</td>
<td>12%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>H2' 2018</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>H1' 2019</td>
<td>14%</td>
<td>13%</td>
<td>12%</td>
<td>13%</td>
<td>17%</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>

We ask employees three equal-weighted questions to calculate the Employee Engagement Index score:
1. I am proud to work for Al Rajhi Bank
2. I feel valued
3. I am energized by work I do

Base: 3,934 4,398 3,003 3,435 2,598 2,407 2,723
Al Rajhi Bank's new head office and data centre
Two new state-of-the-art buildings cater to employees' needs

**New head office building (completed in 2018)**

Al Rajhi Bank Tower is an ultra-modern building. Amenities include:

- GREEN CERTIFICATE ISO 29000
- Educational and administrative areas
- Break out areas for team collaboration
- Natural lighting and open office spaces
- Fully-catered dining area and recycling stations
- A gym and exercise facility with the latest equipment, a mosque and a medical unit

**New data centre**

The North Ring Road Complex houses our operations and technology teams. This includes a Tier 4 data centre, distinguishing Al Rajhi Bank as the first bank in the GCC to achieve Tier 4 certification.

Full migration to the new data centre is scheduled for 2020 and will provide us with a world-class infrastructure ensuring resilient risk, security and compliance controls.
Engagement and Wellbeing

We strive to nurture an engaged workforce

As the largest banking employer in the Kingdom, we recognize the importance of having employees with a high level of wellbeing and enthusiasm for the work they do. 2018 highlights include:

- Overall employee engagement score\(^1\) rose to 60%
- Overall employee turnover increased to 9.93%. This was mainly due to mutual separation schemes
- Attrition in the high-performer category was 1.5%

Voluntary Employee Turnover (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.4%</td>
<td>5.2%</td>
<td>7.0%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Overall Turnover (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.9%</td>
<td>7.1%</td>
<td>9.9%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Engagement Score (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46%</td>
<td>59%</td>
<td>60%</td>
<td>66%</td>
</tr>
</tbody>
</table>

\(^1\) Annual "pulse" survey
Talent Development

Establishing sustainable talent management practices is integral to our strategy

**Management Approach**

We invest in our people to make full use of their capabilities and provide professional development opportunities that will inspire them to build a long-term career with Al Rajhi Bank

**2018 Highlights:**

- We recruited 725 new employees, 55% of which took positions in our branches and 45% in head office roles
- We expanded development and training programs and delivered more than 65,000 training days to employees
- We launched ‘Al Rajhi Bank Academy’ to develop Saudi competence in the banking sector
- 100% hired from Graduate Development Program

**Average training per employee (days)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>2.5</td>
<td>2.3</td>
<td>3.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**Saudization (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudization</td>
<td>90.9%</td>
<td>91.8%</td>
<td>95.9%</td>
<td>96.5%</td>
</tr>
</tbody>
</table>

**The HR Pipeline**

1. Recruit the Best
2. Develop Talent
3. Cater to Graduates
4. Plan for Succession
5. Strengthen Leadership
6. Drive Performance
Diversity & Inclusion

Strengthening diversity is a heightened priority for Al Rajhi Bank

2018 Highlights

- The percentage of female talent grew by 6.2% in 2018, and today women comprise 13.7% of ARB’s workforce
- Expanded management and leadership training for HIPO women
- Introduced a nursery allowance programme
- Launched the “She” programme to empower women and help them advance their careers to become the leaders of tomorrow

% Females in Workforce

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.3%</td>
<td>12.4%</td>
<td>13.7%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Female % of New Hires

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.38%</td>
<td>31.50%</td>
<td>24.23%</td>
<td>33.58%</td>
</tr>
</tbody>
</table>

Female % of Employees Trained

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1H 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.43%</td>
<td>25.02%</td>
<td>24.97%</td>
<td>22.49%</td>
</tr>
</tbody>
</table>
Compensation and Benefits

We invest in attracting, retaining and rewarding top talent at Al Rajhi Bank

Management Approach

To ensure consistency and comparability, we developed:

- A clear Employee Value Proposition
- Compensation policies and practices based on a pay-for-performance-and-potential model
- Compensation packages built towards rewarding performance while encouraging behaviours that support the Bank's values, risk management framework and regulatory compliance

Compensation comprises fixed and variable components:

- Fixed compensation, including basic salary
- Variable compensation
- Full spectrum of benefits (education and travel allowances, and top medical insurance).
- Share grants to senior employees (3-year vesting period)

Workforce Overview

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior management</td>
<td>9,687</td>
<td>9,666</td>
<td>9,045</td>
</tr>
<tr>
<td>Middle management</td>
<td>10,320</td>
<td>10,263</td>
<td>9,628</td>
</tr>
</tbody>
</table>

Facts & figures

<table>
<thead>
<tr>
<th></th>
<th>Number of employees</th>
<th>Fixed compensation (SAR'000)</th>
<th>Cash (SAR'000)</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>17</td>
<td>31,515</td>
<td>18,352</td>
<td>35,712</td>
</tr>
<tr>
<td>Employees engaged in risk-taking activities</td>
<td>1,460</td>
<td>391,876</td>
<td>57,459</td>
<td>15,818</td>
</tr>
<tr>
<td>Employees engaged in control functions</td>
<td>463</td>
<td>146,484</td>
<td>32,964</td>
<td>15,534</td>
</tr>
<tr>
<td>Other employees</td>
<td>11,592</td>
<td>1,876,868</td>
<td>197,110</td>
<td>18,360</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,532</strong></td>
<td><strong>2,446,743</strong></td>
<td><strong>305,885</strong></td>
<td><strong>85,424</strong></td>
</tr>
<tr>
<td>Accrued fixed compensation in 2018</td>
<td></td>
<td>148,136</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other employee costs</td>
<td></td>
<td>214,570</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Total</strong></td>
<td><strong>13,532</strong></td>
<td><strong>2,809,449</strong></td>
<td><strong>305,885</strong></td>
<td><strong>85,424</strong></td>
</tr>
</tbody>
</table>
Community Engagement

‘Care for society’ is one of Al Rajhi Bank’s core values

Management Approach

We contribute to a range of programmes geared to providing relief and support for marginalised or disadvantaged segments of society. We also partner with the public sector to help improve the services it delivers. We develop an annual CSR plan that details our community investment goals.

2018 Highlights

- 75 social responsibility programmes in 22 cities throughout KSA included: environmental initiatives; food banks; initiatives for low-income, disabled and blind people
- In cooperation with Benaa, a Charity Association for Orphans, we helped restore 10 houses and furnish 20 homes for orphans.
- Raising financial awareness at 35 secondary schools in Riyadh
- Nearly 3,000 of our people bonded together, volunteering 14,115h – up from 5,753 hours in 2017 – for various community initiatives
- We supported anti-smoking programmes at schools in cooperation with the Ministry of Education

Employee Volunteering (hours)

- 1,655
- 5,735
- 14,115
- 8,815

2016 2017 2018 1H 2019
Responsible Procurement
Supporting local suppliers is a priority for Al Rajhi Bank

Management Approach

We formally started tracking supplier data in 2017. Supporting local suppliers, as well as supplier diversity, is a priority for us.

2018 Highlights

• We engaged with more than 300 suppliers with total procurement spending reaching SAR 2.45 billion

• 93% of our procurement spending in 2018 (SAR 2.28 billion) was on local suppliers in Saudi Arabia

Women-Owned suppliers (% of total suppliers)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women Owned suppliers (%) of total suppliers</td>
<td>7.8%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Total procurement spending (SAR mn)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total procurement spending (SAR mn)</td>
<td>3,042</td>
<td>2,451</td>
</tr>
</tbody>
</table>

Total number of local suppliers engaged

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of local suppliers engaged</td>
<td>344</td>
<td>300</td>
</tr>
</tbody>
</table>
Corporate Governance

Our profitability and long-term stability depend on the foundation of robust and effective corporate governance.

Management Approach

We have sound policies and procedures in place that reflect our commitment to corporate governance:

- A diversified and balanced Board of Directors
- A comprehensive Corporate Governance Manual
- Charters for Board Committees and Management Committees
- Adherence to both SAMA (CG Principles) and CMA (CG Regulations)
- Our Shariah Board issued 1,170 resolutions and 627 audit standards in 2018

Corporate Governance Practices at a glance

Corporate Governance Manual and Supplement
Code of Conduct
Independent Directors
Director Orientation and Continuing Education
Annual Board Performance Evaluation
Executive Compensation and Remuneration Standards
Nomination and Membership Policy
Policy on Related Party Transactions and Conflicts of Interest
Whistleblower Policy
Succession Planning
Stakeholder Communication and Feedback Channels
Oversight of ESG-Related Risks and Issues
Corporate Governance
Our Board comprises only non-executive Directors

Board Snapshot

<table>
<thead>
<tr>
<th>Al Rajhi Bank’s Board of Directors</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of members</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Executive members</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-Executive members</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Percentage of Board seats occupied by Independent Directors</td>
<td>As per SAMA</td>
<td>36%</td>
<td>45%</td>
</tr>
<tr>
<td>As per CMA</td>
<td>64%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Independent members of the Board of Directors</td>
<td>As per SAMA</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>As per CMA</td>
<td>7</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Non-Independent members of the Board of Directors</td>
<td>As per SAMA</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>As per CMA</td>
<td>4</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Percentage of Board seats occupied by woman</td>
<td></td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Corporate Governance Framework
Managing Risk

Al Rajhi Bank has a strong framework in place for managing risk

Management Approach

Our risk management practices regulate the entire customer journey from onboarding to issuing finance and providing reliable and relevant products and services.

2018 Highlights

- CAR (Tier 1) stood at 19.08% in 2018 notwithstanding the one-time Zakat payment and IFRS9 Provision Adjustment.
- We maintained a low overall NPL ratio at 0.85% and an NPL coverage ratio of 342%
- Our credit ratings reflect both the strength of our business as well as our risk management framework

Credit Ratings

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Long term</th>
<th>Short term</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB+</td>
<td>A-2</td>
</tr>
<tr>
<td>Fitch</td>
<td>A-</td>
<td>F1</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A1</td>
<td>P-1</td>
</tr>
<tr>
<td>Capital Intelligence</td>
<td>A+</td>
<td>A1</td>
</tr>
</tbody>
</table>
Integrity and Transparency

Management Approach

Integrity and transparency are core values at Al Rajhi Bank and are fundamental to forging relationships of trust. This means being open and honest while maintaining the highest standards of corporate and personal ethics, wherever we operate.

Areas of focus

2018 Highlights

- We continued to invest in the bank’s investor relations program, promoting transparency and trust with our shareholders
- As of December 2018, we had 151 employees in the Compliance Group, a growth of 147% year-over-year
- We launched a Robotics Process Automation solution and updated our AML risk rating for all customers
- We made enhancements to our Sanctions Programme, implementing a “Daily Delta Screening” methodology
- We performed fraud risk assessments covering all business functions, products and channels.
Data Protection and Cyber Security

We maintain pace with the threats concerning cyber risk.

Management Approach

The Bank recognizes the magnitude of risks posed to online transactions and is committed to the safety of its customers’ online transactions.

Areas of focus

We have established a robust IT Risk Policy to ensure security, including:

- An Information Security Policy that applies to all employees, contractors, third parties and others entrusted with the Bank’s information


- A strong security architecture consisting of firewalls, employee access controls, advanced day-to-day monitoring of our networks and physical facilities, and other controls

- We follow external security standards and best practices (ISO27001).

2018 Highlights

- We completed two SAMA programmes to update and boost our capabilities – the Security Issues Remediation programme) and the Cyber Security Framework implementation programme

- The Bank implemented new risk appetite metrics for IT security, risk and Business Continuity Management (BCM)

- We began including IT security and cyber crime scenarios in our Integrated Stress Testing Framework

- During the year, we launched 10 new programmes involving 17 projects as part of our Cyber Security Framework
# Awards

## Recent international recognition

### Global Awards

<table>
<thead>
<tr>
<th>Award</th>
<th>Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Bank in Saudi Arabia</td>
<td>(3 consecutive years 2016, 2017, 2018)</td>
</tr>
<tr>
<td>Best Financial Institution in Saudi Arabia</td>
<td></td>
</tr>
<tr>
<td>Largest Bank in the world in terms of Sharia Assets</td>
<td></td>
</tr>
<tr>
<td>Best Bank in Saudi Arabia</td>
<td>(2 consecutive years 2017 &amp; 2018)</td>
</tr>
</tbody>
</table>

### Regional Awards

- Best Bank in GCC
- Fastest Growing Bank in KSA
- Most Innovative Bank in KSA
- Best Retail Bank in KSA
- Strongest Islamic Retail Bank in the World
- Strongest Islamic Retail Bank in the GCC
- Strongest Islamic Retail Bank in the MEA
- GCC Best Employer Brand Award
- Most Improved Investor Relations Team – Blue-Chip (2018)
- Best Investor Relations in the Middle East (2019)
- Best Investor Relations in KSA (2019)
- Best CFO in the Middle East (2019)
- Best Investor Relations Professional (2019)
"We believe our future success is interlinked with the well-being of our stakeholders and the world around us." - Steve Bertamini, CEO

**Conclusion and the way forward**

**Governance**
- Open dialogue channels with shareholders
- Policies dealing with insider dealing
- Cyber-resilience

**Financial Inclusion**
- SME
- Women Outreach
- Underserved & Disadvantaged Groups

**Social & Community**
- 50K hours of cumulative volunteering by 2020
- Financial literacy programmes in universities
- Responsible Procurement

**Digital Leadership**
- Partnerships with FinTechs
- Use of robotics
- New Tier 4 data centre

**ESG Journey**
- Transparency on management of ESG issues
- Relevant KPI disclosures as per GRI & SASB standards
- Target setting & Reporting

**Environment**
- Carbon Disclosure Project
- Energy and water consumption reduction
- Pilot solar energy project

**Employer of Choice**
- Engaged workforce
- Talent development and learning
- Culture of diversity and Inclusion

**Customer Experience**
- NPS
- Customer experience metrics
- Customer Communication
Additional Information

Contact investor relations for more information

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Download Al Rajhi Bank Investor Relations App

Available on the App Store and Google play

We are Proud

to announce that we’ve been recognized as the best for 2019.

- Best Corporate for Investor Relations, Middle East
- Best Corporate for Investor Relations, Saudi Arabia
- Best Investor Relations by CEO, Middle East
- Best Investor Relations Professional, Saudi Arabia
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