

مصرف الراجحي
alrajhi bank



unbank the bank



annual report 2022

In The Name of Allah
The Most Merciful, The Most Gracious



The Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud



His Royal Highness Crown Prince
Mohammad Bin Salman Bin Abdulaziz Al Saud

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15%

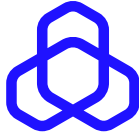
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unbank the bank

Really, it is about being the Bank YOU the stakeholder, want us to be. This is the journey we are on; to "unbundle" the Bank we have been up to now; to re-imagine and re-fashion purpose, strategy and action that will lead to Al Rajhi being your partner, a "financial coach" even; an institution that will care for and empower you to be the best you can be. All this achieved through the complex made simple – be it product, process, accessibility, communication and more.

The "unbanked" Al Rajhi is how we will navigate the future...together.

06

overview

About the Report	06
This is Al Rajhi Bank	08
Value Drivers: 2022 at a Glance	14
Five-year Summary	17
Chairman's Statement	18
Managing Director and Chief Executive Officer's Review	22

26

context

Value Creation Model	28
Operating Context	31
Stakeholders	35
Materiality	40
Strategic Direction	42

48

business in perspective

Chief Financial Officer Review 2022 Performance	49
Business Portfolio Review	56
Retail Banking	56
Corporate Banking	60
Treasury Group	65
MSME Business	69
Subsidiaries and International Branches	72
Al Rajhi Capital	73
Tuder Real Estate Company	75
Neoleap	78
Emkan Finance	80
Ejada Systems	81
Al Rajhi Bank – Malaysia	83
Al Rajhi Bank – Jordan	87
Al Rajhi Bank – Kuwait	91
Human Resources	95
Marketing and Customer Experience	106
Shared Services Group	110
Digital Footprint and Technology Transformation	114
Sharia Group	116



118

ESG report

135

corporate governance

Board of Directors 136

Executive Management 140

Chief Executive Officers of Subsidiaries 142

Governance 144

Risk Management 174

179

financial statements

Independent Auditors' Report 180

Consolidated Statement of
Financial Position 186

Consolidated Statement of Income 188

Consolidated Statement of
Comprehensive Income 189

Consolidated Statement of Changes in
Shareholders' Equity 190

Consolidated Statement of Cash Flows 194

Notes to the Consolidated
Financial Statements 196

307

supplementary

GRI Content Index 305

Glossary of Key Islamic Finance Terms 308

Corporate Information 310

about the report

Overview

Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Report structure

GRI 2-3

This is an integrated annual report that offers an exhaustive but concise account of Al Rajhi Bank's performance, operations and strategy – as far as it is prudent to disclose such information – over the course of the year that ended 31 December 2022. The report paints a clear, complete picture of the Bank's journey over the year as it created value against trends that shaped its operating environment. This comprehensive integrated annual report is available online in HTML as well as in print and PDF versions.

Report boundary

GRI 2-4

The boundary for financial reporting in this document extends to cover Al Rajhi Bank, referred to as "the Bank", and its subsidiaries, which, together with the Bank, are collectively referred to as the "Group". Where applicable, other Group entities are referred to as "Group" or "Consolidated". The reporting focuses on aspects that may substantially affect the Bank's ability to create value over the short, medium and long term, and may have a significant probability of occurrence.

Reporting period

GRI 2-6

This Report covers the 12-month period from 1 January to 31 December 2022 and is consistent with the Bank's conventional annual reporting cycle for financial and sustainability reporting. The Bank's most recent integrated report covered the 12-month period that ended 31 December 2021. There are no restatements of information from previous reports and no significant changes from previous reporting periods in the scope and aspect boundaries.

Compliance

GRI 2-23

Al Rajhi Bank Annual Report 2022 complies with all applicable laws, regulations and standards, and guidelines for voluntary disclosures. Additional details can be found in the chapter on Governance (pages 144 to 173) and in the Financial Statements and the Notes thereon (pages 179 to 306).

The consolidated environmental, social and governance (ESG) data has been prepared in accordance with the following standards, principles, concepts and guidelines:



The Saudi Exchange ESG Disclosure Guidelines
(www.sseinitiative.org)



The International Integrated Reporting Framework
(www.integratedreporting.org)



GRI Sustainability Reporting Standards – GRI Standards
(www.globalreporting.org)

As organisations preparing an integrated report are not necessarily required to adopt the International Integrated Reporting <IR> Framework categorisation of capitals (as provided in the paragraphs 2.10 and 2.17-2.19 in the <IR> Framework), the Bank has categorised the capitals differently in its value creation model diagram to aptly describe its value creation process. The process of preparing this Report continues to strengthen and reinforce integrated thinking across the Bank.

Al Rajhi Bank prides itself on its cognisance of the wider impact of its operations. The Group always takes into consideration the financial, economic, social and environmental consequences of its actions when launching new ventures and initiatives. With its best in class systems and risk management processes, the Bank is in complete compliance with all local regulatory requirements.

The Consolidated Financial Statements as of and for the year that ended 31 December 2022 are in line with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants (SOCPA). The Statements comply with the provisions of the Banking Control Law, the Regulations for Companies in the KSA, and the Bank's Articles of Association.

Precautionary principle

The Bank takes great pains to study the direct and indirect impact its actions have on the environment and on society at large. One particular area of interest to the Bank is the indirect consequences of the actions of businesses to whom the Bank lends. The Bank avoids or reduces any such negative impacts through its credit policies, screening for ESG criteria, post-disbursement supervision and risk management processes.

Although the Bank's business model and operations do not directly create a significant negative impact on the environment, every effort is made to reduce its own carbon footprint through initiatives such as solar energy usage, prudent energy, water and waste management, and the elimination of paper usage across its operations.

Queries

Your comments on this Report are most welcome. Please email: IR@alrajhibank.com.sa to send in your feedback on the Bank's Integrated Annual Report 2022.

this is al rajhi bank

GRI 2-23



our vision

To be a trusted leader delivering innovative financial solutions to enhance quality of life everywhere.



our mission

To be the most successful bank, admired for its innovative service, people, technology and Sharia compliance products, both locally and internationally.



history

Al Rajhi Bank is a Saudi joint stock company.

1957

established as an exchange house

1988

converted to a bank under the name
Al Rajhi Banking and Investment Corporation

2006

named Al Rajhi Bank

The Bank was formed and licensed in accordance with Royal Decree No. M/59 and Article 6 of the Council of Ministers' Resolution No. 245, both of June 1987.



our values

Our core values articulate why we are the number one bank of choice in the Kingdom.

Integrity & Transparency

Openness and highest standards of corporate and personal ethics in all that we do.

A Passion to Serve Our Customers

A strong commitment to anticipate and address customer needs beyond expectation, helping them achieve their objectives.

Modesty

Humility in thought and deed in everything we do.

Innovativeness

Nurturing imagination and fostering creativity for better results.

Meritocracy

Defining, differentiating and reinforcing excellence in people.

Care for Society

Contributing towards a better tomorrow.

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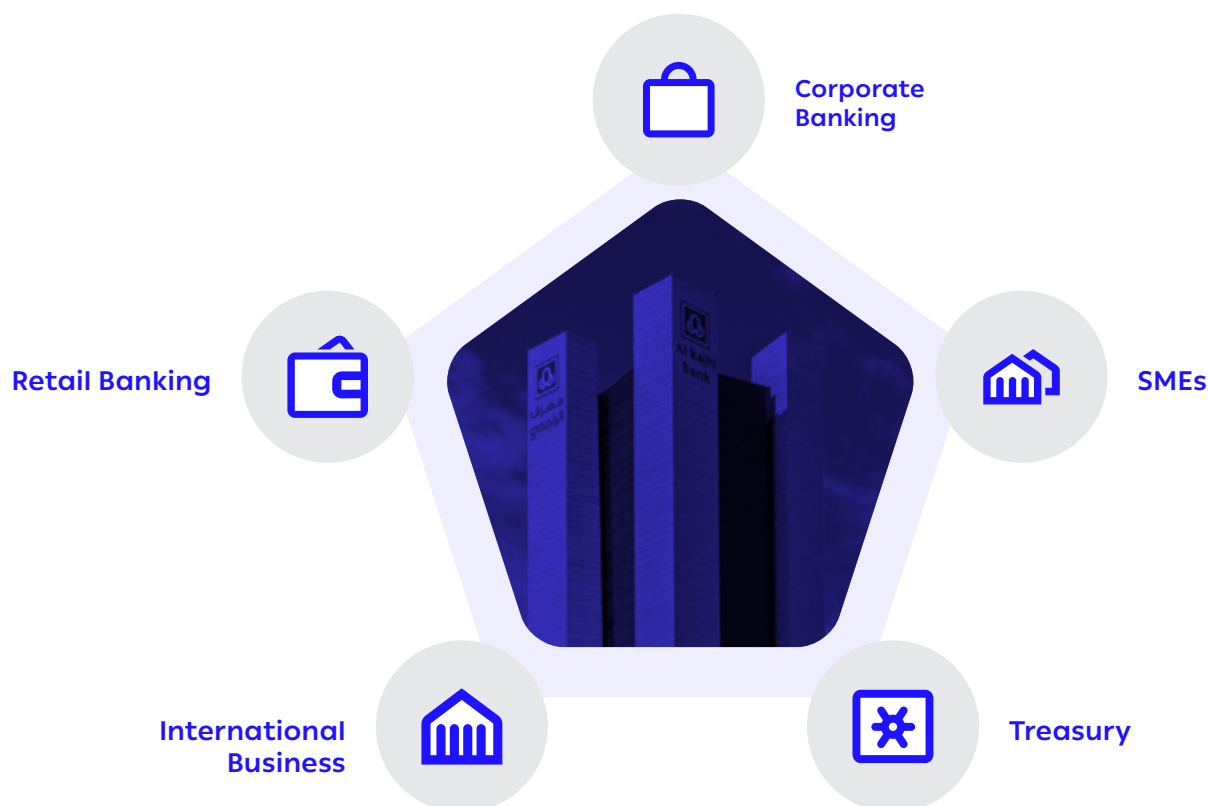
the bank

GRI 2-1

Headquartered in Riyadh, Kingdom of Saudi Arabia, Al Rajhi Bank operates under Commercial Registration No. 1010000096. A member of the Al Rajhi Bank Group, the Bank is listed on the Saudi Stock Exchange (Tadawul) with the Ticker No. RJHI [1120].

Al Rajhi Bank is the world's largest Islamic bank with SAR 762 Bn. (USD 203 Bn.) in assets, a paid-up capital of SAR 40 Bn. (USD 11 Bn.) and an employee base of over 19,964 associates.

The Bank's business is diversified across the following

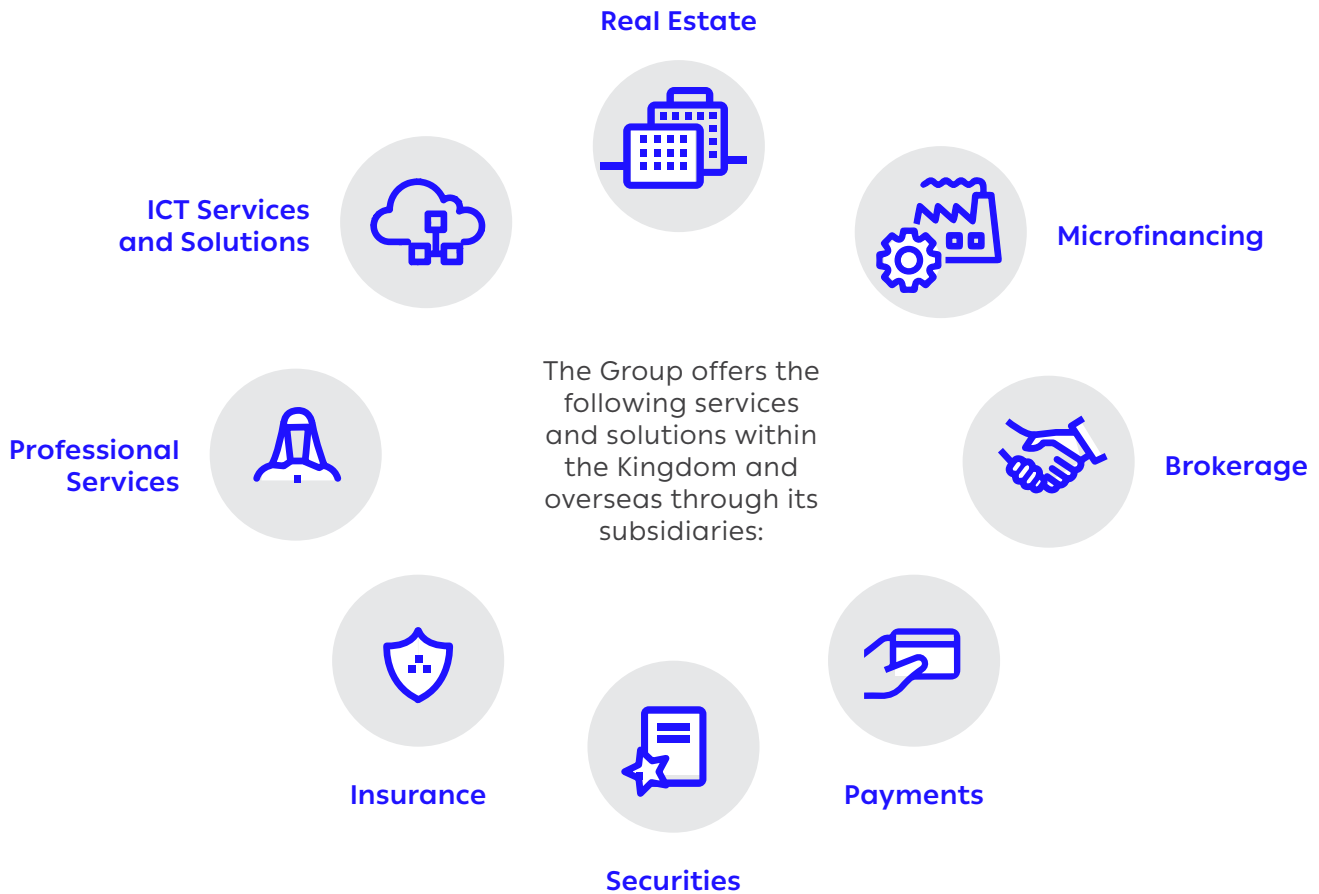


● Overview

Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

al rajhi bank group

The Al Rajhi Bank Group provides clients with innovative financial products and services that are simultaneously in line with Islamic banking principles and modernity-oriented. The Group is Sharia-compliant and is instrumental in bridging the gap between 21st-century financial demands and intrinsic Islamic values.



Subsidiaries and International Branches in Brief



• Overview

Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

GRI 2-6

• **Al Rajhi Capital Company – KSA**

A Saudi closed joint stock company authorised by the Capital Market Authority to carry on securities business in the activities of dealing/ brokerage, managing assets, advising, arranging and custody.

• **Management and Development for Human Resources Company – KSA**

A limited liability company registered in the Kingdom of Saudi Arabia to provide recruitment services.

• **Al Rajhi Bank – Kuwait**

A foreign branch registered with the Central Bank of Kuwait.

• **Al Rajhi Bank – Jordan**

A foreign branch operating in the Hashemite Kingdom of Jordan, providing financing, banking, and investments services, and importing and trading in precious metals and stones in accordance with Islamic Sharia and applicable banking laws.

• **Al Rajhi Corporation Limited – Malaysia**

A licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.

• **Tuder Real Estate Company – KSA**

A limited liability company registered in the Kingdom of Saudi Arabia to support the mortgage programs of the Bank through transferring and holding the title deeds of real estate properties under its name on behalf of the Bank, collection of revenue of certain properties sold by the Bank, provide real estate and engineering consulting services, provide documentation service to register the real estate properties and overseeing the evaluation of real estate properties.

• **Emkan Finance Company – KSA**

A closed joint stock company registered in the Kingdom of Saudi Arabia providing micro consumer financing, finance lease and small and medium business financing.

• **Tawtheeq Company – KSA**

A closed joint stock company registered in the Kingdom of Saudi Arabia providing financial leasing contracts registration to organise contracts data and streamline litigation processes.

• **Al Rajhi Financial Markets Ltd.**

A Limited Liability Company registered in the Cayman Islands with the objective of managing certain treasury related transactions on behalf of the Bank.

• **International Digital Solutions Co. (Neoleap)**

A closed joint stock company owned by the Bank for the purpose of practising technical work in financial services, digital payment systems, financial settlements and related services.

• **Ejada System Limited Co. – KSA**

A Saudi Limited Liability owned by the Bank for the purpose of providing professional, scientific, technological activities, information communication services, system analysis and senior management consultation services.

Strength and reach

- Largest bank in terms of financing portfolio and second largest bank in Saudi Arabia in terms of assets – accounting for 21% of total assets and 25% of total deposits among banks in the Kingdom as of 31 December 2022
- Total Group assets amounted to SAR 762 Bn. as of 31 December 2022.
- A market capitalisation of SAR 301 Bn. as of 31 December 2022
- Diverse traditional and modern channels spanning the Kingdom including:
 - 516 branches
 - 4,727 ATMs
 - 533,442 POS terminals
 - 174 Tahweel centres
- Expanding digital banking ecosystem
- Growing mobile banking ecosystem
- Processing the payrolls of around 50% of government employees
- Handling an average of 697 million transactions and over 1.9 remittances per month and partnering with over 200 correspondent banks in around 50 countries
- 19,964 employees at the end of 2022 ranking the Group among the top 10 employers in the Kingdom
- The largest Islamic bank in the world with the largest branch network in the Middle East including 10 branches in Jordan, 2 branches in Kuwait and 13 branches in Malaysia
- Al Rajhi Bank's return matrices remain industry-leading with Return on Equity standing at 22.68% and best in-class Cost to Income ratio at 26.1% and Asset Quality with NPL standing at 0.54% as on 31 December 2022



Committed to Vision 2030

The Bank remains one of the Kingdom's main contributors towards the three themes of Vision 2030: a vibrant society, a thriving economy, and an ambitious nation. With a significant number of the goals of Vision 2030 either directly or indirectly connected with finance, the Bank is ideally placed to further the Kingdom's aspirations, policies, and plans in its journey towards realising Vision 2030 in the coming years.

value drivers: 2022 at a glance

Overview

Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Largest Bank in
the Kingdom and MENA
In terms of market cap

#1

in Retail Banking
Branch Network and ATMs
Microfinancing
Payments
Brokerage

#3

in Corporate Banking as of
December 2022 up

4

spots from #7 in 2021



Highest Net Promoter Score (NPS)
in the Kingdom

2022 - 75%

2021 - 72%

Customer deposits

2022

SAR 565 Bn.

2021 - SAR 512 Bn.
Increase: 10%

Retail financing

2022

43.6%

market share
2021 - 42.2%

Earnings per share

2022

SAR 4.24

2021 - SAR 3.69
Increase: 15%

value drivers: 2022 at a glance

Overview **●**
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Total mortgage
2022
SAR 222 Bn.
2021 – SAR 171 Bn.
Increase: 30%

Digital:Manual ratio
2022
92:8
2021 – 90:10

Total capital
adequacy ratio
2022
SAR 21.4%
2021 – 17.5%

Total assets
2022
SAR 762 Bn.
2021 – SAR 624 Bn.
Increase: 22.2%

Active digital users
2022
11.4 million
2021 – 9.7 million
Increase: 17.5%

Net income (after Zakat)
2022
SAR 17.15 Bn.
2021 – SAR 14.75 Bn.
Increase: 16.3%

Staff strength
2022
19,964
2021 – 15,078

Employee training days
2022
141,547
2021 – 98,335

Intellectual capital

Al Rajhi Bank prides itself in its wealth of intellectual capital which has, since the Bank's inception, set it apart from the competition. This growing and increasingly sophisticated capital includes intangibles that provide competitive advantage, future readiness and the ability to meet stakeholder expectations at all times, on top of impacting the Bank's total market value. Al Rajhi Bank's intellectual capital also comprises a number of vital attributes that are rarely reflected on the balance sheet, including, among other things, integrity and business ethics, corporate culture, systems and processes, intellectual property, capacity to innovate, accumulated knowledge and expertise, brands, and relationships. (Refer Stakeholders on page 35 for descriptions of other capitals).

Awards

Best Digital Bank in Saudi Arabia awarded by The Digital Banker

Best Mobile Banking Application in Saudi Arabia awarded by Global Business Magazine

Three awards including Leading Digital Bank in Saudi Arabia won at the World Business Outlook Awards

Best Bank in Saudi Arabia awarded by Euromoney

Three awards including Best Digital Payments and Remittance Bank in Saudi Arabia won at the International Business Magazine Awards



The Best Digital Bank at the Global Economics Awards

Best Banking Group in Saudi Arabia at the World Finance Awards

Best Mobile Banking Application in Saudi Arabia awarded by the Global Business Outlook

Best Digital Bank at the Global Banking & Finance Awards

Best Broker and Best Financial Research House awards for the Saudi Market at the Saudi Stock Exchange Awards for 2021

Al Rajhi GCC Equity Fund named the Lipper Fund Award 2022 winner for Equity GCC (Gulf Cooperation Council) over the three- and five-year periods in the MENA Markets category, the MENA Markets Domestic Funds category and the Global Islamic Fund category

Best performance in 2021 in the Saudi equity funds and GCC equity funds categories for the Al Rajhi Saudi Equity Fund and Al Rajhi GCC Equity Fund at the 2021 Sanadeq Awards

osk

الهيئة العامة للغذاء والدواء
Saudi Food & Drug Authority

تيسران

مما يتمناه

تفهم

البساطة



five-year summary

Overview 
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Key indicators from the consolidated financial statements for the years ended 31 December 2022.

For the years ended 31 December	2022	2021	2020	2019	2018
Operating results for the year, SAR '000					
Net financing and investment income	22,172,687	20,391,936	16,913,017	16,427,723	14,486,985
Total operating income	28,575,019	25,716,398	20,721,260	19,484,464	17,319,518
Total operating expenses	9,452,329	9,271,608	8,907,641	8,158,106	7,183,616
Net income	17,150,825	14,746,211	10,595,548	10,158,527	3,767,953
Total comprehensive income	16,640,035	15,190,996	10,676,861	10,292,041	3,665,518
Assets and liabilities, SAR '000					
Financing, net	568,338,114	452,830,657	315,712,101	249,682,805	231,758,206
Customer deposits	564,924,688	512,072,213	382,631,003	312,405,823	293,909,125
Total assets	762,366,022	623,644,628	468,824,723	384,086,576	364,030,844
Total liabilities	662,140,987	556,363,064	410,706,205	332,894,919	315,724,978
Total equity	100,225,035	67,281,564	58,118,518	51,191,657	48,305,866
Profitability					
Return on average assets (%)	2.46	2.70	2.56	2.76	1.04
Return on average equity (%)	22.68	23.87	19.94	20.49	7.01
Earnings per share	4.24	5.90	4.24	4.06	1.51
Dividend per share	1.25	1.40	1.00	3.00	2.76
Regulatory ratios					
Capital adequacy ratio:					
Tier I (%)	20.27	16.36	17.99	18.80	18.98
Tier I and II (%)	21.41	17.50	19.08	19.87	20.07
Growth					
Al Rajhi Group Staff (Nos.)	19,964	15,078	13,445	13,439	13,003
Branches (Nos.)	516	521	543	544	551
ATMs (Nos.)	4,727	4,891	5,211	5,215	5,006
POS Terminals (Nos.)	533,442	326,121	204,549	115,243	83,958

chairman's statement

- Overview

- Context
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

We have worked at Al Rajhi Bank to enhance our leading role in serving the national economy and keeping pace with these increasing positive indicators, while maintaining our full commitment to providing banking services and achieving the broader goal of sustainable financing, by continuing to implement the "Bank of the Future" strategy.



We are pleased to present to our esteemed customers, partners and shareholders, the Annual Report of Al Rajhi Bank for the year 2022,

which details information on the Bank's performance and achievements. My message will briefly touch upon some of the main milestones in our journey to continue to serve the national economy of our dear country.

After the end of the difficult repercussions of a global pandemic, the world entered a new turn shaped by blurry horizons, uncertainties, stagnation and increasing inflation rates, with a direct negative impact on food production, trade and supply chains around the world, as a result of the Russian-Ukrainian war.

In contrast to that gloomy picture, and with God's help and success, coupled with the vision of our rational leadership, the Saudi economy recorded a positive transformation in 2022, which was resulted mainly by achieving the highest growth rate among the Group of Twenty at 8.7%, according to the World Bank report, with a moderate inflation rate, as a direct result. This was due to the rise in oil prices, the launch of many mega projects in various fields, and the increase in government spending to develop various local industries and activities, in addition to the diversification and continuous growth

of non-oil sectors, within the framework of implementing the initiatives and objectives of the Kingdom's Vision 2030, as outlined in the Saudi budget statement for 2023. The Kingdom's gross domestic product in 2022 reached SAR 3.927 Bn.

We have worked at Al Rajhi Bank to enhance our leading role in serving the national economy and keeping pace with these increasing positive indicators, while maintaining our full commitment to providing banking services and achieving the broader goal of sustainable financing, by continuing to implement the "Bank of the Future" strategy that aims to protect and to enhance the Bank's core excellence in the field of retail Banking services, and to achieve digital leadership in the market, while continuing to shift from traditional transactions to digital transactions and enhancing customer experience.

Overview

Context

Business in Perspective

ESG Report

Corporate Governance

Financial Statements

Supplementary

Within the framework of this strategy, the Bank continued during 2022 to enhance its business and services, diversify investment products and open new savings channels, by issuing Sukuk in Saudi riyals fixed at 3.5% per annum. The second offering was completed as a public offering being the first of its kind in the Saudi market, where the Tier 1 Sukuk was offered for public subscription to individuals, financial institutions and companies, with a total value of SAR 10 Bn., with a fixed profit rate of 5.5%. This was covered by 300% of the size of the original issue of SAR 4 Bn. in record time. With an unprecedented turnout of 125,000 investors, through the successful management of Al Rajhi Capital, which reflects – praise be to God – confidence in the Bank's performance, services and initiatives.

An overview of the performance of the Bank and its subsidiaries during 2022 is detailed in this report. The positive indicators continue in various fields, which confirms Al Rajhi Bank's position among the major banks in the world, as the net income after zakat reached 17.2 billion Saudi riyals. Compared to 14.7 Saudi riyals in the previous year, the Bank's assets increased by 22% compared to 2021, reaching 762.4 billion riyals. In the same context, shareholders' equity increased by 24% to reach 83.7 billion Saudi riyals by the end of 2022.

The Bank has continued its support for the Kingdom's Vision 2030 programs by providing the best financial and digital solutions to individual and corporate clients, within the framework of its growing role to support the private sector and support the growth of small and medium enterprises, in line with the direction of our wise government to achieve structural transformations that support long-term growth.

In this context, growth was achieved in the corporate financing portfolio by 57%, the financing portfolio for medium and small companies by 61%, and a growth rate of 30% in the real estate financing portfolio, in a practical

application of the Bank's keenness to support efforts to increase citizens' home ownership. In order to encourage the Saudi family to save as one of the goals of the vision, the Bank provides all savings services to customers of the "Zood" savings program and the "Zood Al-Ajyal" savings program, in cooperation with the Social Development Bank.

Fulfilling our social responsibility remains at the top of our priorities. In this report, we provide a detailed presentation of the pioneering role of Al Rajhi Bank in community service under the slogan "Right and Duty" through participation in campaigns to support charitable work through the "Ihsan" platform, in addition to cooperation with the Ministry of Human Resources and Development. Social services continued in the fields of training, rehabilitation and social care for male and female students. The Bank also sponsors the tuition fees for the bachelor's degree in private universities for all orphans with special conditions in all regions of the Kingdom, through the "Al-Rajhi Bank Educational Orphan Care Program", which aims to implement a qualitative initiative with a sustainable impact on society. This is in addition to supporting the Health Endowment Fund and providing many initiatives to care for children with disabilities, financing kidney transplants, establishing a medical center for diabetes, and other areas of health care, while supporting charitable housing initiatives throughout the Kingdom.

Additionally as it is the investment that exceeds every investment, we at Al Rajhi Bank continue to invest without borders in our wealth of human cadre to qualify our employees for excellence in various banking services, and to act as financial advisors who provide innovative financial solutions to clients and companies, as well as to prepare future Saudi leaders. This preparation and qualification takes place through the Al Rajhi Academy Talent Nurturing Center and specialized training programmes, as well as through partnership with a number of international

universities. The Bank is also keen to provide opportunities for Saudi women for excellence and career advancement and to confirm their worthiness for work and achievement in all departments, sectors and job levels.

In direct appreciation of its performance, distinction and leadership, Al Rajhi Bank won more awards, including two awards from the "sakani" forum as the best bank and best financing entity in the real estate sector, with the aim of contributing to achieving the aspirations of citizens to obtain housing. In addition to the Best Investor Relations Program award for the second year in a row, along with many awards for the Bank's distinguished digital services, and other awards that are included in detail throughout the pages of this report.

Al Rajhi Bank is aware of the repercussions of climate change, and keeping pace with the Kingdom's drive to develop the "green economy", and although the Bank's business model and operations do not cause a direct negative impact on the environment, every effort is being made to reduce carbon emissions, through initiatives that include expansion in the use of solar energy, the prudent management of energy and water consumption, and the reduction of use of paper in the various fields of the Bank.

In conclusion, we at Al Rajhi Bank are honored to express our gratitude and loyalty to The Custodian of the Two Holy Mosques, and His Royal Highness, The Crown Prince, may God support them, for the progress and prosperity that our dear country is achieving in all fields. And because every success is the result of teamwork, we extend our thanks and appreciation to the Ministry of Finance, the Ministry of Commerce, the Ministry of Human Resources and Social Development, the Central Bank of Saudi Arabia, the Capital Market Authority, and all

government agencies, with abundant thanks and appreciation to our shareholders, our valued customers, and our honorable partners. Our thanks are also extended to the distinguished president and members of the Sharia Board. I also thank my esteemed colleagues, members of the Board of Directors, expressing my utmost pride in our distinguished human cadre, who contribute with dedication and giving, to strengthening Al Rajhi Bank's launch towards new horizons of success, in the service of this benevolent country.

Abdullah bin Sulaiman Al Rajhi
Chairman

managing director and chief executive officer's review

● Overview

Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Another year in the journey
of excellence for Al Rajhi Bank,
a moment in time where we
pause to reflect and review a
year gone by of achievements.



In 2022, Al Rajhi Bank was able, with the continuous support of the Board of Directors, to continue its outstanding performance in various sectors,

to strengthen its leading position at the local, regional and international levels, and to face all the challenges and difficulties posed by the global economic crises and fluctuations amidst local and regional repercussions.

The Bank was also able to continue the successful implementation of the "Bank of the Future" strategy, which consolidated the Bank's leading position in providing innovative financial solutions, and the optimal use of modern technologies to sustain growth, increase operational efficiency, and achieve increasing value for shareholders. During the year 2022, the Bank worked to develop and enhance its digital capabilities and invest in technological infrastructure, and this resulted in achieving the main objectives of the strategy, the most important of which is maintaining leadership in the retail banking sector in the Kingdom. Further, the shift from traditional transactions to digital transactions widened, as well the number of digital banking customers increased to reach 11.4 million customers. A number of digital services were improved and new features and capabilities were added to provide a unique user experience to retail and corporate customers. As a culmination of these efforts, Al Rajhi Bank's digital banking services were ranked first in the market, according to its Net Promoter Score (NPS) indicators throughout the year.

Additionally, the Bank moved to take advantage of various growth opportunities and to develop its market shares in some sectors that are still in the development stages, including corporate banking services, which witnessed a growth rate of 57%, and the small and medium-sized enterprise sector achieved a growth rate of 61%. The microfinance company Emkan has more than doubled its financing portfolio since its launch. These positive developments have contributed to building and strengthening the Bank's capabilities in these sectors, and increasing its share and profitability to a level that inspires pride and admiration.

The year 2022 witnessed the achievement of more positive results, represented by an increase in net income after zakat, an increase in customer deposits, an overall growth in the assets and liabilities portfolio, a growth in the real estate financing portfolio by 30%, a growth in the market share in retail financing to 43.6%, and an increase in the number of POS terminals by 64%.

managing director and chief executive officer's review

Overview

Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Moreover, the impressive results of the Bank's subsidiaries also reflected the Bank's strong performance during 2022. Al Rajhi Capital was ranked by Bloomberg as the number one trader in the global Sukuk market for 2022. ARC was also awarded the "Best Broker" and "Best Financial Research House" awards for the Saudi Market last year.

The company Neoleap seeks to lead and map the future of digital payments in the Kingdom, achieving significant growth represented in increasing numbers of users of the "urpay" smart wallet surpassing more than 3 million users.

Amidst the rapid developments and successful achievements witnessed, and based on Al Rajhi Bank's deep awareness of the importance of fulfilling our social responsibility, we have launched many projects and initiatives in charitable work, health, social, educational and housing fields, which are detailed in this report. These initiatives serve our society and our environment throughout our dear country, as this patriotic duty represents a source of pride for all employees of Al Rajhi Bank, as it is the optimal way to give back to a benevolent country that has provided us so much.

In light of the distinguished position and leadership position enjoyed by Al Rajhi Bank, with its large employee, customer and shareholder base, we understand the necessity of a strong commitment to promoting sustainability and applying the highest standards of environmental, social and institutional governance, as well as applying internationally approved best practices in risk management, all in line with the goals of the Kingdom's Vision 2030, the Saudi Green Initiative and the United Nations Sustainable Development Goals.

In appreciation of the Bank's role in serving the national economy and supporting investment and development throughout the Kingdom, the Bank has won many awards from various international and local institutions, including the best digital bank award in the Kingdom, and the best mobile banking application from Global Business magazine. Best Bank in the Kingdom

of Saudi Arabia from Euromoney Magazine, Best Digital Bank from Global Banking & Finance Magazine, Best Foreign Exchange Bank from Global Finance Magazine, and other awards are mentioned in this report.

Keeping in line with the principle of "customer centricity", we are always keen to focus on meeting our customers' needs and increasing our points of contact, while strengthening our competitive position, by growing our presence and participation on social media, applying data-based insights and targeted marketing, while introducing new products and solutions. To meet the growing and evolving needs of customers, and to expand the range of services and solutions through subsidiaries to complete the banking business system, the following initiatives were carried out:

- Review the "Voice of the Customer" indicators and focus on areas that could be a source of complaint in order to maintain our #1 ranking and improving our digital product offering and customer experience.
- Establishing an integrated financial system in which Al Rajhi Bank, Emkan, Neoleap and other subsidiaries cooperate to increase our product offerings and meet the needs of our customers.
- Leverage our large customer base across digital channels, and employ data management technology and artificial intelligence to increase cross-selling opportunities and increase revenue and profits.

Our new slogan "unbank the bank" gains its standing from Al Rajhi Bank's position as a global Saudi brand, amongst the largest in the region, achieving value for its shareholders through advanced digital capabilities. The Bank's acquisition of Ejada Systems Limited had a positive impact on developing our technical capabilities and supporting digital transformation by adopting the latest technologies, to meet the needs and aspirations of customers to obtain innovative financial products and services, thus enhancing our leadership in providing unique banking services and products to individuals and companies.

managing director and chief executive officer's review

Overview	●
Context	
Business in Perspective	
ESG Report	
Corporate Governance	
Financial Statements	
Supplementary	

Every achievement, owing to God's grace, is also built on those minds and arms that accomplish triumphs and provide outstanding performance and innovation. We continue, at Al Rajhi Bank, to invest heavily in the care and development of our employees. We are constantly keen to enhance the experience of employees in this national economic society, and make it an attractive, unique and inspiring workplace, through specialized training and development programs and employee benefits. The Bank provides the necessary infrastructure and technical solutions for employees to work with the highest levels of efficiency and proficiency, and we strive to attract and retain talents in all disciplines. At the same time, we are constantly working on modernizing the infrastructure of the Al Rajhi Bank Academy to provide more digital programs, while emphasizing the importance of the Graduate Development Program in providing a sustainable pool of talent with the aim of preparing future leaders.

In conclusion, we extend our thanks and appreciation to the shareholders, customers and partners of success. With utmost gratitude for the support and guidance of the Central Bank of Saudi Arabia and the Capital Market Authority, and to their Excellencies the Chairman and members of the Board of Directors. Greetings, appreciation and pride, to female colleagues and colleagues, in various departments, sectors and subsidiaries, who continue to participate with their outstanding performance, dedication and commitment, in enhancing the growth of our global national economic edifice, Al Rajhi Bank, towards new horizons of prosperity and success.

Waleed Abdullah Almogbel

Managing Director and Chief Executive Officer

context

26

26

Value Creation Model 28

Operating Context 31

Stakeholders 35

Materiality 40

Strategic Direction 42

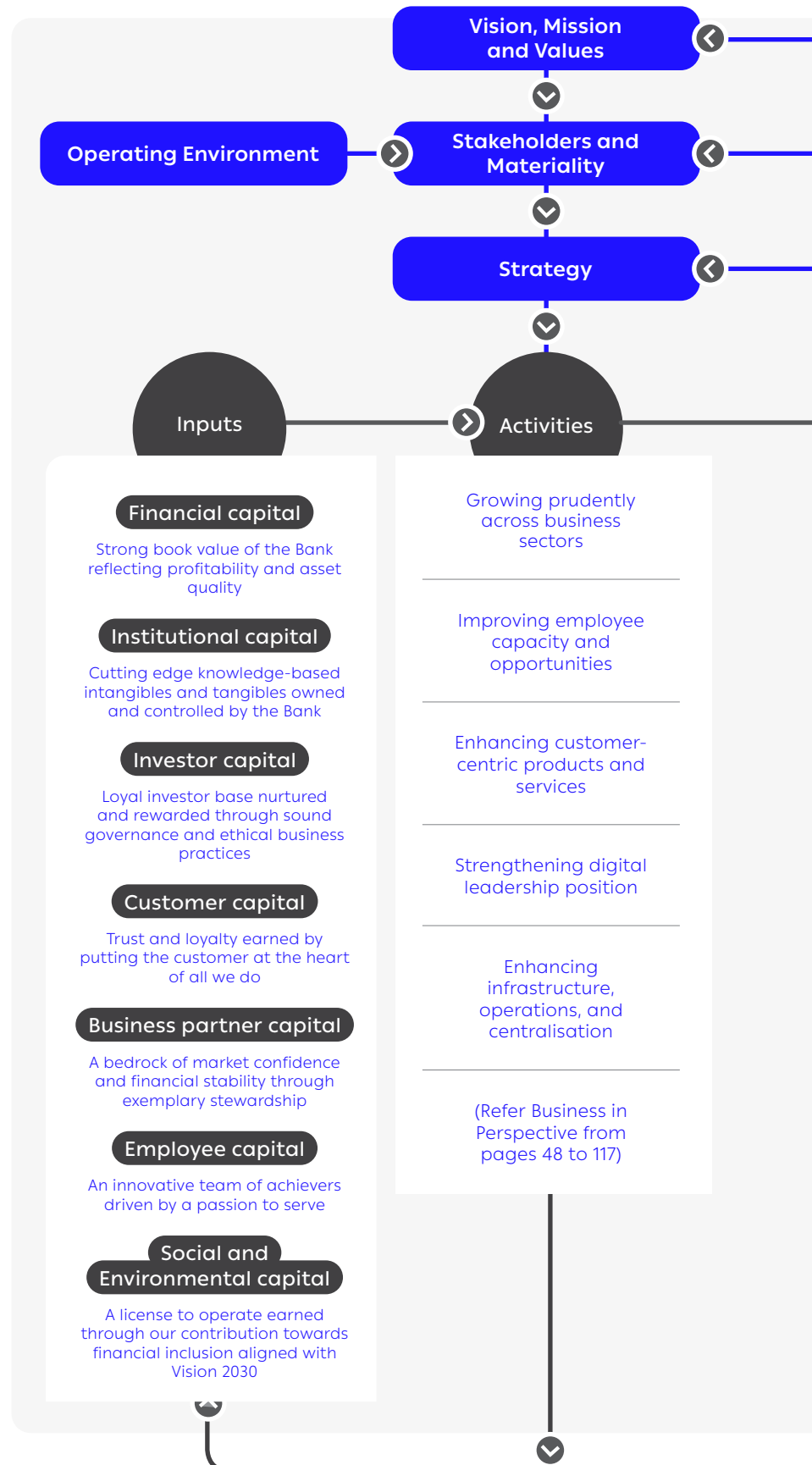




value creation model

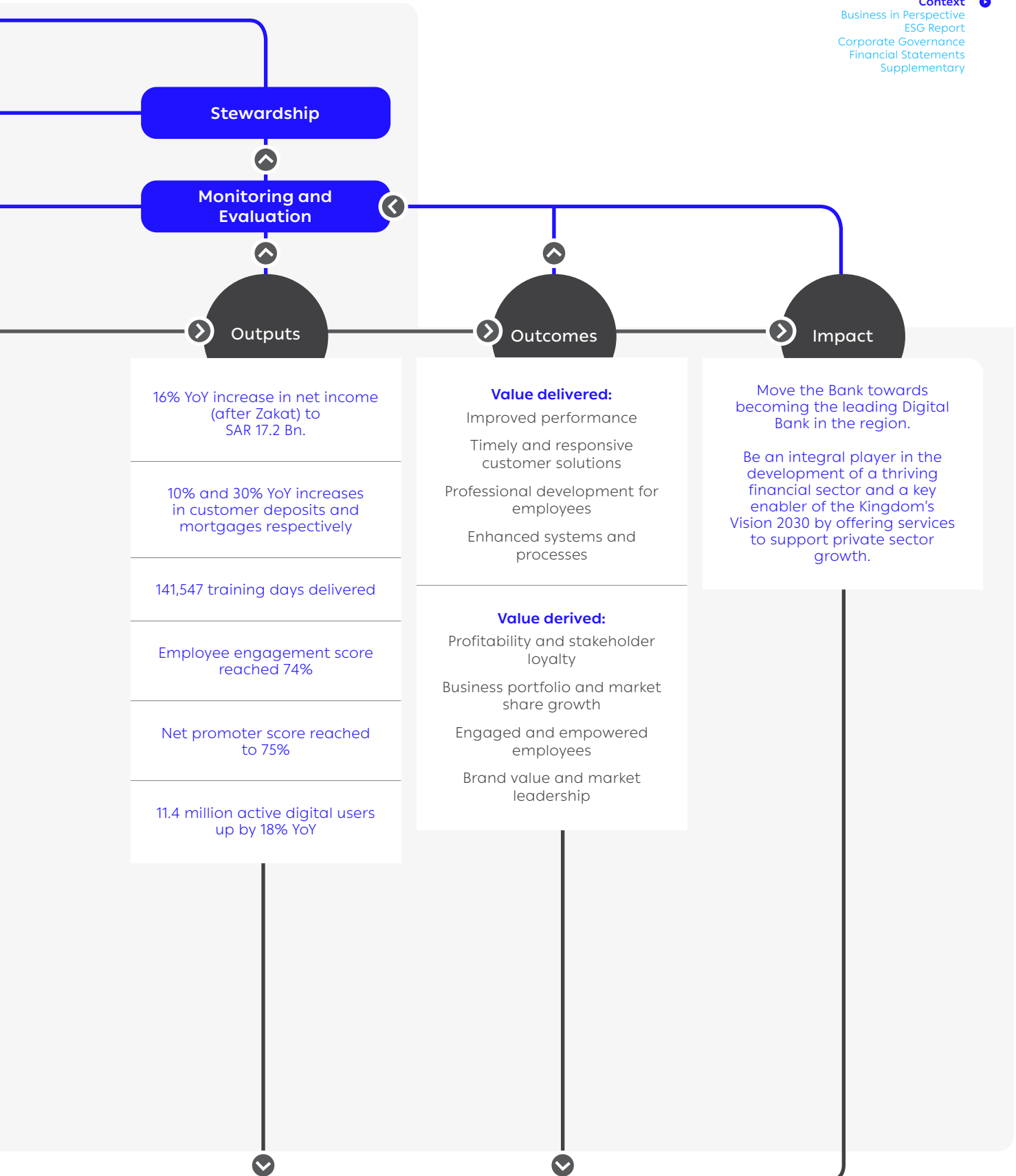
- Overview
- Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

GRI 102-2



value creation model

Overview
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary



- Overview
- **Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

The value drivers

The Bank's value is driven by its Vision and Mission (refer This is Al Rajhi Bank on page 08); engagement with stakeholders (refer Stakeholders on page 35); and integrated thinking and strategy (refer Strategic Direction on page 42). The adoption of a multi-capital mindset is driving the Bank's strategy formulation, powering it further on its integrated reporting journey.

The results chain

The Bank's future earnings are driven by value derived from and delivered to stakeholders. The Bank creates value in this manner sustainably over time as it continues to build and strengthen relationships with its key stakeholder groups. The Bank considers such stakeholder groups to be forms of "capital".

In addition to financial capital and Institutional capital, other capitals include investor capital, customer capital, business partner capital, employee capital, government and regulator capital, and social and environmental capital (refer Stakeholders on page 35). Together, these capitals provide the "inputs" for the Bank's activities, enabling delivery of value to and deriving of value from stakeholders over time.

The Bank's system for transforming input capitals through business activities into outputs, outcomes and impact is illustrated in the Value Creation Model on page 28. Each segment that follows "Inputs" is part of a results chain that represents value creation in the current, short, medium, and long term respectively.

Completing the picture

The business drivers and the results chain described previously are complemented by events and trends in the internal and external operating environment (refer Operating Context on page 31), good governance (refer Governance on page 144) risk management practices (refer Risk Management on page 144), and the ongoing monitoring and evaluation of the Bank's performance in the current, short, medium, and long term.

Despite the vibrant nature of the value creation process – where the capitals are constantly rising, falling, or being preserved – the Bank remains focused on increasing the overall stock of capital (refer Business in Perspective on page 48).

operating context

Overview
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

The International Monetary Fund (IMF) recorded 3.4% growth in the world in 2022 driven by better-than-expected performance of advanced economies. 2023 will see 2.9% growth before rising to 3.1% in 2024 driven by "surprisingly resilient" demand in the United States and Europe, easing energy costs and the reopening of China's economy, but limited by the rise in central bank rates. High inflation, rising energy prices, a geopolitical crisis and supply chain disruptions around the globe defined a near-tumultuous year, leading to much uncertainty and trepidation in markets worldwide.

However, despite the grim global outlook, Gulf Cooperation Council (GCC) countries fared well in the reporting period, with individual GCC economies expanding significantly by the end of the year. The Kingdom of Saudi Arabia in particular reported a 8.7% growth in 2022 fuelled by rising oil prices and a boom in economic activity, driving profits for financial institutions in the region, monetary tightening notwithstanding.

Al Rajhi Bank, one of the world's largest Islamic banks, skilfully navigated global headwinds that threatened to destabilise entire markets while contending with challenges faced regionally and locally during 2022, coming out on top as an industry behemoth in the MENA region.

Global trends

With global growth slowing from 6.0% in 2021 to 3.4% in 2022, fear of a global recession loomed large as the year came to a close; a period rife with rising inflation and high cost-of-living, both of which had a significant impact on banks around the world. Unexpected inflation hurt lenders due to the decline in purchasing power of their money during the life of the loan, and banks, as net monetary creditors, would decrease the value of their nominal assets due to rising prices that let the value of their nominal liabilities diminish.

Higher prices reduced consumer purchasing power in 2022, giving rise to lower demand for credit. This slowdown in credit growth resulting from lower consumer confidence and deferred investments from corporates and influenced the price of assets, thereby decreasing their net to value.

The Ukraine crisis and other unforeseen geopolitical developments led to friction in trade relations and supply chain disruptions not observed in years. With over USD 100 Bn. of Russian debt held by foreign banks, concerns were raised about the risks posed to banks outside Russia and the potential for a default to trigger a liquidity crisis similar to the one that occurred in 2008. Banks faced stress tests from the impact of energy crisis defaults in the wake of the conflict, with the potential of higher energy prices resulting in higher costs for consumers and industries, translating to reduced cash flows to fund their financial engagements.

Towards the end of the reporting period, the bear market in stocks was intensifying as forecasted. Mortgage rates globally had more than doubled, corporate credit spreads were widening, and the value of the dollar was soaring against most currencies.

Growing debt in developing nations during the reporting period exposed banks with large holdings of sovereign debt to losses, with government finances coming under pressure, leading to the decline of government debt market value. This forced banks – especially those with less capital – to curtail lending to companies and households, further slowing economies, adding more pressure on government finances, and further squeezing banks.

Central banks around the world rushed to tighten their monetary policy in the face of near-runaway inflation and fast-depleting forex reserves. New investments were halted as governments across the world attempted to contain fiscal deficits by controlling expenses, and normalising supply chains.

- Overview
- **Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Apart from such regulatory changes, the global financial sector also continued to be impacted by the drive towards digitalisation as well as the demand for sustainable financing during the year under review.

Regional trends

Against a backdrop of global economic upheaval, GCC economies recorded notable levels of expansion in 2022, with the Kingdom of Saudi Arabia outperforming developed nations as well as emerging economies to become the world's fastest growing economy in 2022, registering a growth rate of 8.7% for the year.

Regional Central Banks increased their interest rates following the US Fed monetary tightening policy due to GCC currencies being pegged to the USD. However, GCC countries maintained lower levels of inflation than the rest of the world in 2022, benefiting from the ability to provide lower energy prices to their citizens. Subsidies supported by surpluses in fiscal balance further eased inflationary pressures.

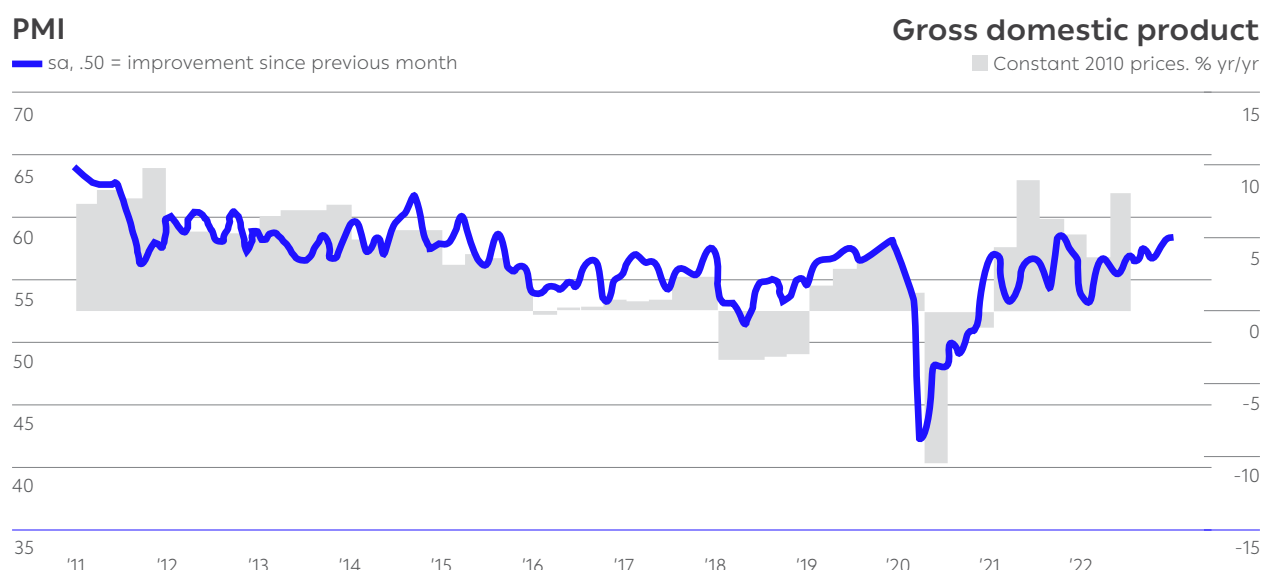
A regional-level warming to a less hydrocarbon-dependent, diversified economic model opened up new possibilities for a more sustainable growth strategy during the reporting period, as the world becomes increasingly forced to transition into a low-carbon economic environment.

2022 was also notable for increased profitability levels of banks across the GCC region, with many banks recording profits higher than pre-pandemic levels. The key drivers of this profit boom were fiscal stimulus by the government and spending backed by higher oil prices, which in turn supported the expansion of economic activity. The cost of risk stabilized by returning to normalized levels by the second half of the year, offset by higher net interest margins as well as adequate provisioning. Lending growth of GCC banks accelerated in 2022 compared to 2021 due to greater economic activity and improving sentiment based on high oil prices.



Local trends

The Kingdom's impressive growth in 2022 was supported by proactive structural and fiscal reforms that were implemented within the framework of its deeply ambitious and comprehensive Vision 2030 strategy, which set a strong foundation for a diversified economy and enhanced the growth in non-oil sectors at sustainable rates over the medium-term.



The Government of Saudi Arabia, through Ministry of Finance and Saudi Central Bank (SAMA), took several steps to contain inflation during the reporting period such as capping energy prices, introducing SAR 20 Bn. support package, applying fiscal discipline, and increasing repo and reverse repo rates, which enabled the Kingdom to control local inflation despite global inflationary pressures.

The Kingdom continued to attract more foreign investment flows through Vision 2030 Programmes and new investment opportunities across multiple sectors. Vision 2030 megaprojects such as AMAALA, Green Riyadh, NEOM, Qiddiya, ROSHN and The Red Sea project continued to expand the Kingdom's economic, social, technological and cultural diversification at an impressive scale during 2022. Meanwhile the push for non-oil sector investments saw focus shift towards diverse industries, from Aerospace

and Defence, Transport and Logistics, and Food and Agriculture, to Metals and Mining, Utilities and Renewables, Consumer Goods and Retail as well as Financial Services, with the Kingdom's scheduled launch of Open Banking services in 2023.

Commercial and industrial real estate continued to see benefits of economic growth, as well as the relocation of offices of international firms into Saudi Arabia, a direct impact of the investment opportunities unlocked by Vision 2030.

The Kingdom's Saudisation agenda continued steadily in 2022, with more women being integrated into the workforce. This was evidenced by the Kingdom's first place ranking in labour force growth rate among the G20 countries during 2012 – 2021, according to a recent report published by the National Labour Observatory.

- Overview
- **Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

The public sector also continued to fast adapt to international labour market demands in competency and productivity supported by the rapid digitalising of services, nurturing a competent labour market with a stronger value proposition for private sector partnering.

The Public Investment Fund (PIF) and the National Development Fund (NDF) – the financial arms of the government – continued to play an important role in supporting regular events of the calendar year return back to pre-pandemic levels, including Hajj, Umrah, the Saudi Seasons, and tourism in general.

S&P Global – a leading global provider of credit ratings, benchmarks and analytics, in the Riyadh Bank Saudi Arabia Purchasing Managers' Index™ (PMI®) at the end of December, recorded an increasing headline index of 56.9, signalling the ongoing marked expansion of the Kingdom's non-oil private sector economy. Growth was underpinned by strong gains in both output and new orders, whilst firms continued to bolster their purchasing activity.

The December 2022 Primary Consumer Sentiment Index (PCSI) showed that the Saudi Arabia's IPSOS PCSI was 70.3, reaching the top of the global list. The score for the reporting period peaked at 71.3 in June.

Sector-specific trends

During 2022, the Saudi banking sector supported the implementation of Vision 2030 projects and Vision Realisation Programmes (VRPs), contributing towards enhancing investments and stimulating projects across multiple sectors, while also giving rise to the contribution of domestic content.

The budget for 2022 released by the Saudi Ministry of Finance indicated economic recovery as a key pillar for the year's fiscal outlook, with expansion expected to help support the budget position and debt levels as a portion of GDP. The Kingdom's banking sector identified a number of key focus areas in line with Vision 2030, including Mortgage, Tourism, and Transport and Logistics.

Beyond the conventional risks, the Kingdom's banking sector was also impacted by a number of emerging risks in 2022; these included cyber risk due to the intensifying financial activity online; digitalisation risk due to potential inadequacies in digital transformation; fintech risks in rapidly growing and aggressively competitive open banking environment; and long-term asset risks rising from declining value of fixed rate assets.

Despite a number of challenges, Saudi Banks witnessed robust growth in profitability in 2022 underpinned by higher total interest income and lower impairment charges, resulting in a return on assets (RoA) of 1.99%. Industry wide loan-to-deposit ratio (LDR) continued to increase during the year, with the sector also exhibiting improvement in cost efficiencies stemming from growth in operating income, resulting in an improving cost-to-income (C/I) ratio.

Increased interest rates continued to feed the Saudi banks' margins. Credit to the private sector expanded due to growth in mortgage owing to market saturation, and a Vision 2030-backed increase in demand for corporate credit. However, heightened liquidity pressures stemming from faster credit growth than expected will lead banks to find alternative source of funding since liquidity will be a key driver in credit growth in 2023.

Due to this year's strong performance, Saudi banks are touted to enter an uncertain 2023 on solid footing, with the expected slowdown of the global economy, compounded by potential liquidity constraints.

stakeholders

Overview
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Key stakeholder groups

GRI 2-29

Identifying stakeholder groups and understanding the mutual beneficiality of constantly evolving relationships between the Bank and each group remains critical to the successful implementation of our BOTF strategy. The Bank is keenly aware of how emerging trends in the operating environment affects its ability to sustainably deliver value to each stakeholder group, and to derive value from them in turn. Al Rajhi Bank considers it an utmost priority to understand its stakeholders and their concerns,

and goes to great lengths to stay informed by effectively and frequently engaging with those that matter most to its operations.

The range of stakeholders that directly or indirectly impact the Bank's performance, and are impacted by the Bank's performance, is extensive, but by categorising them as follows, Al Rajhi Bank has been able to better manage stakeholder relationships by incorporating their concerns and expectations into our strategy, and drive sustainable value creation.



Investors



Customers



Business
partners



Employees



Government
Authorities and
Regulators



Society and
Environment



- Overview
- Context
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Stakeholder engagement process




The Bank maintains a continuous stakeholder engagement process as demonstrated in the graphic below. It is a process that ensures the Bank remains engaged and responsive to meet evolving challenges, sustain and improve our business model, and provide timely and reliable communication and solutions to address stakeholder concerns.



Mode and frequency of stakeholder engagement

Stakeholder Group	Topics of Engagement	Mode of Engagement	Frequency of Engagement				
			ANN	QUA	MON	AR	CON
 Investors	<ul style="list-style-type: none"> Financial performance Strategy Governance Shareholder returns Business expansion plans Risk management Sustainable growth 	General Assembly Meeting	✓				
		Extraordinary General Meetings				✓	
		Annual Report	✓				
		Interim financial statements		✓			
		Investor earnings call		✓			
		Investor roadshows and presentations				✓	
		Investor disclosures		✓			
		Press conferences and releases				✓	
		Announcements made on the Saudi Stock Exchange				✓	
		Corporate website					✓
		One-on-one discussions				✓	
		Feedback surveys				✓	
 Customers	<ul style="list-style-type: none"> Banking hours Customer security and privacy Service quality Financial inclusion Affordability of services and convenience Grievance handling mechanism Financial education and literacy Financial support for revival of business Specialised needs 	Branches					✓
		Service centres					✓
		ATM network					✓
		Online banking					✓
		Mobile app					✓
		Corporate website					✓
		Print and electronic media				✓	
		Social and conventional media					✓
		Customer satisfaction surveys				✓	
		Customer visits				✓	
		Customer queries and complaints				✓	
		Net promoter score					✓

- Overview
- Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Stakeholder Group	Topics of Engagement	Mode of Engagement	Frequency of Engagement				
			ANN	QUA	MON	AR	CON
 <p>Business Partners</p>	<ul style="list-style-type: none"> Contractual performance Future business opportunities Maintaining healthy relationships Timely settlement of dues Ease of working Growth potential Collaboration for new technological advances in the financial sector 	<p>Supplier relationship management</p> <p>On-site visits and meetings</p>				✓	
 <p>Employees</p>	<ul style="list-style-type: none"> Performance standards Career planning Training and development Corporate values Corporate strategies and plans Trends in banking Saudisation Remuneration and benefits Employee loyalty and recognition CSR programmes 	<p>Induction and training programmes</p> <p>Key performance indicators</p> <p>Al Rajhi Academy</p> <p>Career development guidance</p> <p>Internal communications</p> <p>Staff societies</p> <p>Volunteerism</p> <p>HR Management System</p> <p>Employee Loyalty Rewards App</p> <p>Employee satisfaction survey</p>	✓			✓	✓
 <p>Government Authorities and Regulators</p>	<ul style="list-style-type: none"> Financial performance Strategy Governance Shareholder returns Business expansion plans Risk management Sustainable growth Saudisation Employment opportunities Microfinance and SME 	<p>Consultations</p> <p>Relationship building meetings</p> <p>Informal briefings and communications</p> <p>General Assembly Meeting</p> <p>Extraordinary General Meetings</p> <p>Annual Report</p> <p>Interim financial statements</p> <p>Announcements made on the Saudi Stock Exchange</p>	✓			✓	

Stakeholder Group	Topics of Engagement	Mode of Engagement	Frequency of Engagement				
			ANN	QUA	MON	AR	CON
 Society and Environment	<ul style="list-style-type: none"> Financial inclusion Affordable financing for disadvantaged segments Community empowerment Assistance for disadvantaged and vulnerable groups Saudisation Employment opportunities Microfinance and SME Environmental performance 	Delivery channels					✓
		Press releases and media briefings				✓	
		Informal briefings and communications				✓	
		Public events				✓	
		Corporate website					✓
		Educational projects				✓	
		Youth and employment projects				✓	
		Microfinance for women				✓	
		Programmes for SMEs				✓	
		Assistance to the needy and vulnerable				✓	

ANN – Annually | QUA – Quarterly | MON – Monthly | AR – As Required | CON – Continuous

Determining materiality

GRI 3-2 GRI 3-3

During the reporting period, Al Rajhi Bank conducted its annual materiality assessment to prioritise the environmental, social and governance (ESG) topics that are most important to its stakeholders and its business. The topics prioritised in 2022 were identified in 2021, following a local and global peer benchmark comparison conducted by the Bank together with one of the largest pure play sustainability consultancies in the world.

Al Rajhi discovered a number of immediate and long-term opportunities following the comprehensive assessment that would align the Bank with global best practices in its overall approach to materiality, and enable the Bank to create value across an evolving ESG landscape.

This included a concise list of 13 ESG-based material topics that would serve as the basis of the Bank's ESG Report (pages 118 to 134), which references the Saudi Exchange ESG Disclosure Guidelines, and support the Bank's ESG strategy, which was developed following the materiality assessment.



ENVIRONMENTAL	SOCIAL		GOVERNANCE	
1 Climate Change	2 Human Labour and Rights	5 Employee Health and Wellbeing	7 Digitalisation and Automation	11 Green Banking and Lending
	3 Customer Experience	6 Community Investment and Engagement	8 Customer Satisfaction	12 Governance, Ethics and Accountability
	4 Employee Attraction, Development and Retention		9 Innovation and Product Development	13 Sustainable and Socially Responsible Procurement
			10 Diversity and Inclusion	

Al Rajhi Bank's materiality determination process

Materiality matrix

Following the annual materiality assessment during the reporting period, each materiality topic was mapped accordingly onto the Al Rajhi materiality matrix, rated from significant to highly significant in importance, enabling the Bank to closely align its strategic direction with stakeholder expectations.



Management approach

Material topics are relevant to management, particularly where the Bank's business strategy, resource allocation, and activities are concerned, and are assigned to the relevant Heads of business or functional units through its strategic planning process. Resource allocation is based on the degree of materiality of any particular risk or opportunity.

In line with the materiality determination process, the Bank continues to formulate and roll out policies and embed goals, targets and KPIs that are reviewed at regular intervals, to ensure its employees achieve all objectives with regard to material matters.

strategic direction

- Overview
- **Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Al Rajhi Bank continued to successfully implement its Bank of the Future (BOTF) Strategy which is well aligned to the objectives of the Kingdom's Vision 2030 in order to harness its economic and diversification opportunities. Key drivers of this success, have been the comprehensive upgrade of technology capabilities across Al Rajhi Bank and the Bank-wide implementation of its new Operating Model – “unbank the bank”

The Bank of the Future Strategy (2021 – 2023)

 <div data-bbox="224 1023 492 1121"> <h3>Build on the Core</h3> </div> <div data-bbox="224 1136 492 1427"> <ul style="list-style-type: none"> Grow Retail including Private Sector Expand Corporate Bank of Choice for SMEs Grow Demand Deposits Improve Revenue Mix </div>	 <div data-bbox="524 1023 795 1121"> <h3>Outperform Our Competition</h3> </div> <div data-bbox="524 1136 795 1459"> <ul style="list-style-type: none"> Customer Experience Preferred Employer Market Share Preferred Loyalty Program Leader in Financial Conduct </div>	 <div data-bbox="828 1023 1099 1121"> <h3>Transform Technology</h3> </div> <div data-bbox="828 1136 1099 1513"> <ul style="list-style-type: none"> Digital Core Banking Platform Data Leader for Customer Insights Modernize our technology Leverage our Infrastructure Adopt Agile Delivery </div>	 <div data-bbox="1131 1023 1403 1121"> <h3>Focus on New Client Needs</h3> </div> <div data-bbox="1131 1136 1403 1476"> <ul style="list-style-type: none"> Become Leading Finance Company Develop Best Payments Solution Grow Private Banking Expand customer reach Deepen Relationships via X-Sell </div>
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The BOTF Strategy focuses across four key verticals: **"Build on the Core"** aims to protect and grow Al Rajhi Bank market share of Retail, Corporate and Micro, Small and Medium Enterprise (MSME) Banking which are key areas of the Bank's traditional competence; together with the Affluent customer segment and Treasury portfolio. The second pillar – **"Outperform Competition"** ensures Al Rajhi Bank Operates at a consistently high level for the benefit of customers, staff and the communities in which it operates as well as adopting and maintaining high standards of regulatory compliance; in order to strengthen its reputation as the Bank of choice for both customers and employees. The third vertical **"Transform Technology"** represents the Bank investments in future fintech including the continued development of digital, scalability through cloud and agile business and engagement methodologies. The fourth vertical to **"Fulfil New Client Needs"** focuses on adjacent opportunities that can leverage the Bank's core capabilities and scale and quality of the Bank's customer franchise, including the new fintech businesses of Emkan in Consumer Finance and Neoleap in Payments in addition to Private Banking and the Bank's Marketplace; together with a focus on meeting more customer needs through cross-selling.

The corporate synergy of Al Rajhi Bank

The successful delivery of the Bank's corporate synergy of specialised business units supported by scalable and efficient back-end capabilities, is evidenced by the Bank retaining its leading position across a number of business segments in 2022. Al Rajhi Bank was the number one bank in the Middle East region in terms of market capitalization; with increased market share across all products and segments. This also meant the Bank closed the year by retaining its number one position in KSA across Retail Banking, Net Financing, Micro Financing (with Emkan holding top position in Consumer Finance), Payments (leader in issuing, acquiring and remittances) and Brokerage. These achievements were complemented by a substantial gain in market position in Corporate Banking, with Al Rajhi Bank rising from the top 10 in 2019 to the top three Corporate Banks in KSA in 2022.

Such focused efforts to meet rapidly changing customer needs ensured that Al Rajhi Bank retained its leading position in customer satisfaction, as measured by the Net Promoter Score (NPS) in the Kingdom for the year under review, a reflection of the Bank's commitment to enhance financial accessibility and financial inclusivity across the Kingdom in line with Vision 2030.

- Overview
- **Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary



Build on the Core

Al Rajhi Bank continued to defend and grow its core franchise market share in line with BOTF strategy objectives during the year under review. In Retail Banking, Al Rajhi Bank aligned with the Kingdom's economic and social transformation program Vision 2030; including the pivot to Private Sector growth. This resulted in the Bank redefining its risk appetite and propositions to meet the evolving demands of the Private Sector, recording a 18% growth on retail financing for the reporting period. Significant improvements in the Bank's value proposition and Relationship Management capabilities addressed emerging needs and increased market share of the Kingdom's growing Affluent Segment.

A 42.9% market share in mortgage in 2022 highlighted Al Rajhi Bank's contribution to the Kingdom's Vision 2030 target of increasing Saudi homeownership to 70%, with the Bank successfully balancing its product portfolio between government-subsidised Real Estate Development Fund (REDF) products and non-REDF products during the year. The Bank also grew its Personal Financing as well as its Auto Finance market share by focusing on product development, process improvements and strategic marketing campaigns, complemented by digital migration.

Al Rajhi Bank's Corporate Banking segment continued its growth momentum backed by a disciplined approach, taking a substantial leap from eighth ranked Corporate Bank in 2019 to third in terms of market share as of December 2022. This growth has been broad-based, with the Bank expanding its focus from new clients to more tailored products, and restructuring cash management solutions to improve

working capital solutions. With the growth in assets being matched by an offsetting growth in liabilities, Al Rajhi Bank is fast becoming the primary bank of choice for the Corporate Segment for both deposits and funding.

By retaining and building on its leading 37.5% market share in merchant acquiring, Al Rajhi Bank was able to grow its Small and Medium-sized Enterprise (SME) business during the reporting period. The Bank increased lending against POS payment cash flows, and is continuing to build a full set of lending products to meet the needs of the Micro and Small Business sector. This growing customer segment is set to benefit from the Bank's investments in automation and enhanced user experiences; aligning with the Kingdom's Vision 2030 to increase the contribution of SMEs to its GDP.

The Bank also experienced a growth in total deposits in 2022 through a combination of efforts; the unrivalled reach across the largest branch network in the Kingdom, growth of Affluent, SME and Corporate business verticals, and the application of more advanced analytics. The UrPay digital wallet introduced by the Bank's fintech subsidiary Neoleap largely helped to both retain as well as grow balances, and became the fastest growing wallet in KSA since its launch in 2022.

As a result of growth across all core banking verticals; with the Bank securing a greater share of business; fee income as a proportion of both the Bank's total operating income and total operating expenses increased significantly during the reporting period, improving the Bank's revenue mix.



Outperform Our Competition

Al Rajhi Bank enjoyed the leading Net Promoter Score (NPS) in the Kingdom's banking and financial services sector for the reporting period – a strong measure of consistent customer satisfaction across all segments, services and related products, also translating to an increased customer franchise value for the Bank in the long-term. Beyond the enhanced digital journey and enriched functionalities that greatly contributed to an unrivalled NPS; the Bank also established a consolidated, dedicated standalone Group Contact Centre in Qassim in 2022, to further enhance customer experience while also providing back-end support to the business.

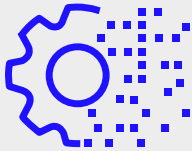
The Qassim Contact Centre is also fully staffed by a newly recruited female team, contributing towards Saudi Vision 2030 female empowerment targets, whilst also strengthening the Bank's reputation as a highly preferred employer in the Kingdom. Attracting, retaining and developing the next level of talent continued to be a priority at Al Rajhi, with the Bank increasing the number of participants in its Graduate Development Program (GDP), and equipping them with specialist capabilities in emerging tech including digital technologies and cybersecurity among other focus areas. In line with the BOTF Strategy, the Bank also remained on track to increase its proportion of qualified employees through the recruitment of graduates outside the GDP, placing significant focus on training via the Al Rajhi Bank Academy and nurturing a stronger, more capable, more adaptable workforce to cope with the variety of challenges that lie ahead.

The Bank's loyalty programme Mokafaa continued to grow its membership to 6.2 million customers during the year under review and retained its position as the Kingdom's preferred loyalty programme. Supported by advanced data analytics and more rapid responses to changing customer behaviour, Mokafaa delivered an integrated value proposition in terms of customer choice, merchant coverage and redemption offers; successfully attracting and on-boarding the largest and most diversified merchant network in the Kingdom, totalling over 126 instant-redemption merchants.

Al Rajhi Bank continued to embrace and encourage sustainable best practices, continuously improving its third-party ESG ratings as a result of its operations as the World's largest Islamic Bank. Al Rajhi Bank also concluded the biggest ESG and Sharia-compliant syndication in the Middle East in 2022, becoming the first Islamic Bank in the world to do so.

Al Rajhi Bank also has done much to prepare for the changes to regulatory guidelines and technical standards being introduced as part of the Open banking framework announced by the Saudi Central Bank (SAMA) in 2022; ahead of the launch of Open Banking services in the Kingdom in the first quarter of 2023. The initiative aims to empower customers with the authority to securely share their banking and financial data held by their banks with trusted and authorised third parties. Given Al Rajhi Bank's farsighted investments in fintech, and the synergies between the Bank and its subsidiaries going beyond banking to other solutions; Al Rajhi Bank is equipped with the infrastructure, systems, expertise and capacity to successfully move to Open Banking, reducing friction in financial services to enable the Kingdom's digital economy, while exploring new market opportunities in a highly competitive environment.

- Overview
- **Context**
- Business in Perspective
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary



Transform Technology

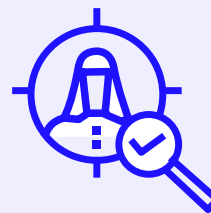
A key success story stemming from the BOTF Strategy is the unprecedented pace and scale of digitization implemented by the Bank during the reporting period; one that sets the benchmark for sector-wide technology transformation across the Kingdom. Al Rajhi Bank successfully completed the replacement of its core Corporate Banking and Treasury systems, while making significant progress in both the extensive Retail Core Banking System replacement and Card Platform replacement projects during the year under review. These transformation projects support the Bank's overarching goal to become a more scalable, real-time and future-fit financial solutions provider.

The Bank leveraged data-driven insights to enhance responsiveness across its customer segments, expanding its omni-channel reach to provide personalised solutions and offers to customers in real-time; further increasing customer engagement and enhancing customer satisfaction.

Operations and Contact Centre functions across the Group were centralised during the reporting period and absorbed under a newly established entity Tanfeeth, greatly improving operational efficiency. This level of high efficiency and performance was achieved largely through modernising technology, broad scale implementation of robotics as well as the re-engineering and automation of processes. With greater

potential for expansion in an untapped market, Tanfeeth will explore further levels of efficiency and offer unrivalled customer experience.

Al Rajhi Bank was able to leverage both its agile culture and agile delivery approach during the reporting period as demonstrated by the pace and scale of its implementation of the BOTF strategy; particularly with the adoption of "Lean and Agile" methodologies across the Group operations, which enabled the Bank and its subsidiaries to rapidly adapt and evolve to changing market conditions and emerging opportunities.



Focus on New Client Needs

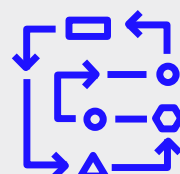
One of the BOTF Strategy's greatest successes comes from Emkan Finance, which continued its strong growth due to the appeal of its convenient digital offering, becoming the Kingdom's leading microfinance company during the reporting period. Positioned for further growth, Emkan continues to open up to new market segments previously unserved by the Bank, and has a pipeline of products currently in development to meet the needs of this growing customer segment.

With payment solutions becoming a point of entry for new players in the financial services sector, the Bank continued to defend and grow its already leading

position in merchant acquiring through its fintech subsidiary Neoleap. The subsidiary offers a full set of Business-to-Business (B2B) solutions across E-Commerce and Marketplace with Point-of-Sale (POS), Electronic Cash Register (ECR) and Third-Party Processing solutions, servicing the entire value chain of merchant activities. In terms of Business-to-Consumer (B2C) payment solutions, Neoleap's highly successful digital wallet UrPay became the fastest growing electronic wallet in the Kingdom due to its appealing value proposition; attracting over 3 million registered customers by the end of the reporting period.

Al Rajhi Bank has been focused on strengthening its Private Banking offering to retain and grow customer deposits, and enhancing its Relationship Management capabilities to better meet evolving high net worth customer needs during the reporting period. The Bank introduced innovative investment products among other solutions, complemented by exclusive benefits including an exclusive Credit Card offering comprising a concierge service, membership to the leading loyalty program in KSA, dedicated Private Banking Centres and highly proficient Relationship Managers for enhanced customer servicing.

While growing in active customer numbers in line with the BOTF Strategy, Al Rajhi Bank strengthened relationships with its customers through a "needs-based" cross-selling approach, increasing the number of products per customer. This is supported by the Bank's materially improved analytics and AI capabilities, which are assisting in identifying and offering customer-specific solutions across the most relevant channels in real time. Application and servicing also evolved with improvements to customer journeys, enabling customers to explore a range of financial solutions from members of Al Rajhi Group.



Successfully completing the 2021-2023 strategy cycle

While a majority of the performance metrics of the BOTF Strategy has been met in 2022, Al Rajhi will carry the growth momentum into 2023 by focusing on promising segments such as Affluent, non-REDF mortgage opportunities and Private Banking. With the rising cost of funds becoming a global issue and funding by and large becoming less available or more contested, Al Rajhi Bank remains ahead of the curve with highly successful Sukuk issuances among other funding, balance sheet, and margin management initiatives.

Al Rajhi Bank also remains focused on balancing the growth of both deposits as well as funding, and will continue to be more selective by growing high margin assets and managing a healthy asset mix, to offset the yield impact. The Bank will also continue to maximise its Corporate synergies across its growing network of overseas branches and independent, high-performing subsidiaries creating value for all stakeholders; as the Bank successfully achieves its overarching strategic objective of establishing itself as the Bank of the Future, in the Kingdom and beyond.

business in perspective

48

48

Chief Financial Officer Review 2022

Performance 49

Business Portfolio Review 56

Retail Banking 56

Corporate Banking 60

Treasury Group 65

MSME Business 69

Subsidiaries and International Branches 72

Al Rajhi Capital 73

Tuder Real Estate Company 75

Neoleap 78

Emkan Finance 80

Ejada Systems 81

Al Rajhi Bank – Malaysia 83

Al Rajhi Bank – Jordan 87

Al Rajhi Bank – Kuwait 91

Human Resources 95

Marketing and Customer Experience 106

Shared Services Group 110

Digital Footprint and Technology Transformation 114

Sharia Group 116



chief financial officer review of 2022 performance



Overview
Context
Business in Perspective •
ESG Report
Corporate Governance
Financial Statements
Supplementary

An Overview

The Kingdom being recognised as the world's fastest growing economy by 8.7% in 2022 with a positive outlook for 2023 laid the stage for Al Rajhi Bank to continue delivering a strong performance across all business lines. Guided by its 2021-2023 Bank of the Future (BOTF) Strategy and its initiatives, Al Rajhi Bank recorded a 22% YoY growth across its balance sheet. Consumer spending continued its positive trend with an increase of 9.5% in 2022 on the back of improved economic activities across the Kingdom. The financing portfolio also grew at 26% for the year to reach SAR 568 Bn.

Mortgage recorded a growth of 30% YoY, and now represents close to 39% of our total financing portfolio and 51% of the Al Rajhi retail book. In addition, the successful implementation of our BOTF Strategy saw a 57% growth in our corporate book and an equally impressive 61% growth in

our SME business, contributing to a significant 59% YoY growth of our non-retail book. We also delivered a solid net income growth of 16% YoY to reach SAR 17.2 Bn., driven by both a 9% increase in net yield income, and a non-yield income growth of 20%.

One of the key highlights for Al Rajhi Bank in 2022 was our successful diversification of funding sources, with our Treasury Group carrying out three major transactions during the year under review; a Tier 1 Sukuk was issued for the first time in Al Rajhi Bank's history at a total value of SAR 6.5 Bn., the Bank also became the first Islamic Bank in the world to raise a Sharia-compliant, green syndicated loan of USD 1.2 Bn., and also went on to announce a Tier 1 Sukuk public issuance, the first of its kind in the market, raising the issue to SAR 10 Bn. to meet the demand of over 125,000 investors.

chief financial officer review of 2022 performance

- Overview
- Context
- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

A detailed review of Al Rajhi Bank's results of operations and financial position is given below:

Five-year summary of the Income Statement

Description	2022 SAR '000	2021 SAR '000	2020 SAR '000	2019 SAR '000	2018 SAR '000
Income					
Gross financing and investment income	28,201,631	21,441,506	17,377,963	16,962,583	14,993,709
Return on customers', banks' and financial institutions' time investments	6,028,944	1,049,570	464,946	534,860	506,724
Net financing and investment income	22,172,687	20,391,936	16,913,017	16,427,723	14,486,985
Fee from banking services, net	4,624,140	3,933,107	2,659,680	1,987,367	1,867,034
Exchange income, net	1,162,162	787,898	783,894	774,096	755,804
Other operating income, net	616,030	603,457	364,669	295,278	209,695
Total operating income	28,575,019	25,716,398	20,721,260	19,484,464	17,319,518
Expenses					
Salaries and employees' related benefits	3,395,191	3,132,346	2,977,344	2,794,046	2,809,449
Rent and premises related expenses		0	0	0	314,567
Depreciation and amortization	1,330,119	1,141,932	1,118,148	1,059,582	603,136
Other general and administrative expenses	2,725,760	2,652,244	2,646,409	2,532,213	1,925,518
Operating expenses before credit impairment charge	7,451,070	6,926,522	6,741,901	6,385,841	5,652,670
Impairment charge for financing and other financial assets, net	2,001,259	2,345,086	2,165,740	1,772,265	1,530,946
Total operating expenses	9,452,329	9,271,608	8,907,641	8,158,106	7,183,616
Income for the year before Zakat	19,122,690	16,444,790	11,813,619	11,326,358	10,135,902
Zakat for the year	(1,971,865)	(1,698,579)	(1,218,071)	(1,167,831)	(6,367,949)
Net income for the year	17,150,825	14,746,211	10,595,548	10,158,527	3,767,953

chief financial officer review of 2022 performance

Overview
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Revenue breakdown by subsidiaries

2022
SAR '000

Al Rajhi Capital Company – KSA	866,520
Management and Development for Human Resources Company – KSA	947,953
Al Rajhi Bank – Kuwait	88,892
Al Rajhi Bank – Jordan	147,927
Tuder Real Estate Company – KSA	187,952
Al Rajhi Corporation Limited – Malaysia	233,625
Emkan Finance Company – KSA	1,053,064
Tawtheeq Company – KSA	9,443
Al Rajhi Financial Markets Ltd	-
International Digital Solutions Co. (Neoleap) – KSA	346,766
Ejada System Limited Co. – KSA	248,805
Total	4,130,948

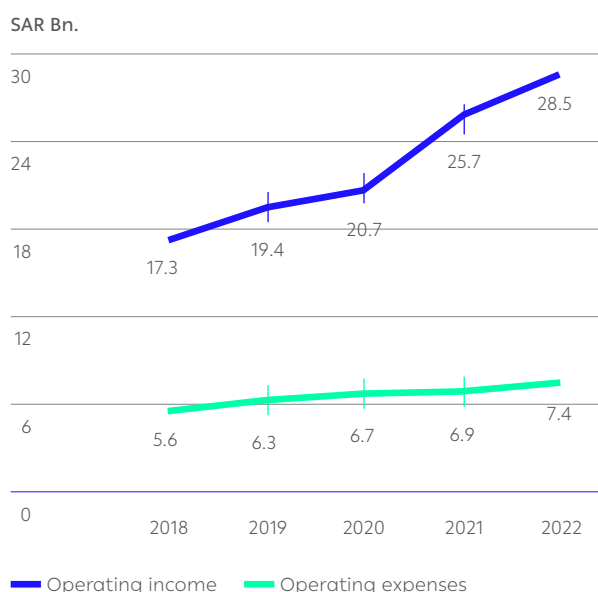
Total operating income

Al Rajhi delivered a strong growth in total operating income driven by both yield and non-yield income to reach SAR 28.6 Bn. for 2022, recording a growth of 11% YoY. Yield-based income for the year grew 9% to SAR 22.2 Bn., accounting for 78% of the Bank's total operating income.

The continued focus on increasing our revenue mix resulted in the Bank's non-yield income increasing to represent 22% of the Bank's total operating income. Non-yield income growth was driven by a 18% fee income increase YoY; the positive migration to cashless payments coupled with an increase in consumer spending as well as an increase in market share (from acquired businesses) resulted in growing payment revenues during the year under review. A decent YoY growth in trade and cash management fee income from the steadily growing corporate

business also contributed to the revenue mix. Exchange income has also shown a strong performance increasing by 48% YoY.

Operating income vs operating expenses



Operating expenses

The Bank's operating expenses for the year amounted to SAR 7.5 Bn., an increase of 7.6% resulting from the 22% YoY growth of our overall balance sheet, and higher transaction volume compared to last year. The Bank continued to make strategic investments during the reporting period to execute and deliver ambitious KPIs of the BOTF Strategy.

However, the Bank recorded a 11% increase in operating income, resulting in a strong, 354-basis-point positive jaws, and a 86-basis-point cost-to-income improvement. This ensured Al Rajhi Bank recorded the leading cost-to-income ratio in the local market, standing at 26.1% for the period.

- Overview
- Context
- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

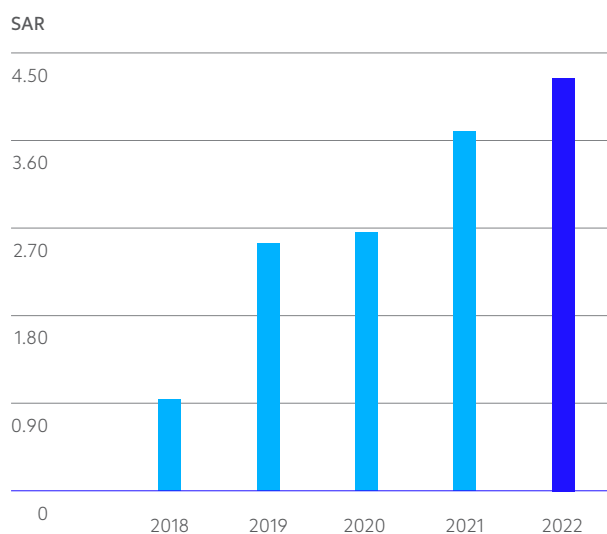
Impairment Charges

In line of the International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) issued by the International Accounting Standards Board (IASB), Al Rajhi Bank updated the “expected credit loss” (ECL) framework for the recognition of impairment, taking into consideration current events and forecast information including the positive macro outlook for The Kingdom. This resulted in our net impairment charges for the period to decrease to SAR 2 Bn., almost a 15% drop YoY. These lower charges complemented by the growth of our financing portfolio resulted in our cost of risk decreasing from 0.60% in 2021 to 0.39% in 2022.

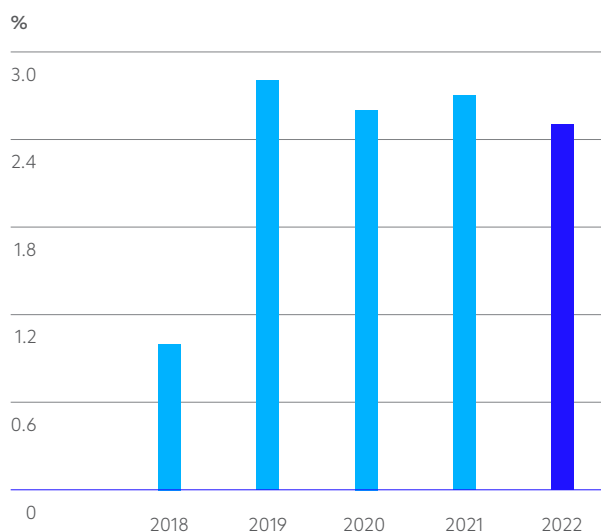
Profitability

Having recorded SAR 17.2 Bn. in net income after Zakat for the year, Al Rajhi continued to maintain industry-leading returns, with a steady Return on Assets (ROA) at 2.46% and Return on Equity (ROE) at 22.68% in 2022. The Bank also recorded a 3.71% return on its risk-weighted assets (RORWA) at the end of the year.

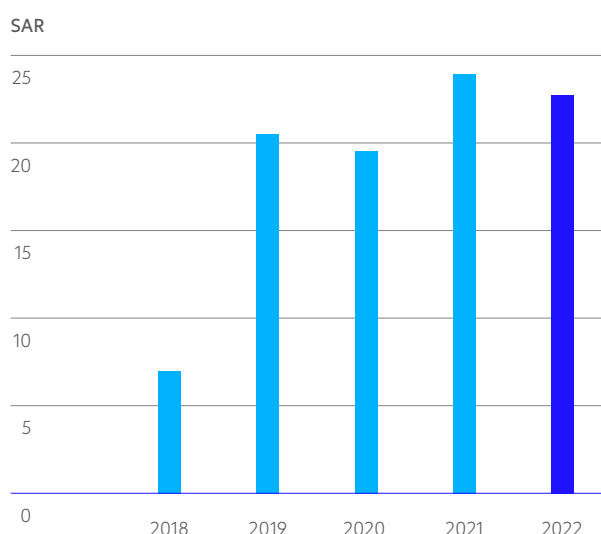
Earnings per share (EPS)




Return on average assets



Return on average equity



chief financial officer review of 2022 performance

Overview
Context
Business in Perspective 
ESG Report
Corporate Governance
Financial Statements
Supplementary

Five-year summary of the statement of financial position

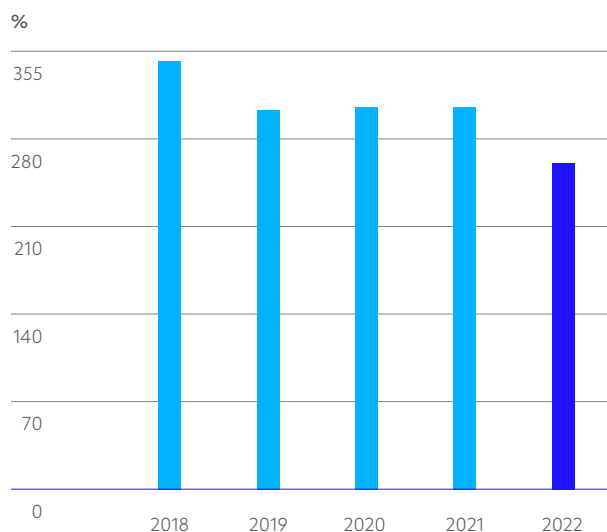
Description	2022 SAR '000	2021 SAR '000	2020 SAR '000	2019 SAR '000	2018 SAR '000
Cash and balances with Central Bank	42,052,496	40,363,449	47,362,522	39,294,099	43,246,043
Due from banks and other financial institutions, net	25,655,929	26,065,392	28,654,842	32,058,182	32,387,760
Investments, net	102,146,142	84,433,395	60,285,272	46,842,630	43,062,565
Financing, net	568,338,114	452,830,657	315,712,101	249,682,805	231,758,206
Investment properties, net	1,364,858	1,411,469	1,541,211	1,383,849	1,297,590
Property and equipment, net	11,338,782	10,665,799	10,234,785	10,407,247	8,649,435
Other assets, net	11,469,701	7,874,467	5,033,990	4,417,764	3,629,245
Total Assets	762,366,022	623,644,628	468,824,723	384,086,576	364,030,844
Dues to banks and other financial institutions	70,839,117	17,952,140	10,764,061	2,219,604	7,289,624
Customers' deposits	564,924,688	512,072,213	382,631,003	312,405,823	293,909,125
Other liabilities	26,377,182	26,338,711	17,311,141	18,269,492	14,526,229
Total liabilities	662,140,987	556,363,064	410,706,205	332,894,919	315,724,978
Equity					
Share capital	40,000,000	25,000,000	25,000,000	25,000,000	16,250,000
Statutory reserve	29,287,706	25,000,000	25,000,000	21,789,632	16,250,000
Other reserves	(427,569)	282,107	(134,728)	(216,041)	(349,555)
Retained earnings	9,864,898	16,999,457	8,253,246	868,066	12,499,171
Proposed dividends	5,000,000	0	0	3,750,000	3,656,250
Equity attributable to shareholders of the Bank	83,725,035	67,281,564	58,118,518	51,191,657	48,305,866
Tier 1 Sukuk	16,500,000	0	0	0	0
Total equity	100,225,035	67,281,564	58,118,518	51,191,657	48,305,866
Total liabilities and equity	762,366,022	623,644,628	468,824,723	384,086,576	364,030,844

- Overview
- Context
- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Assets

Al Rajhi Bank passed the SAR 700 Bn. milestone in total assets during the reporting period, closing the year with assets amounting to SAR 741 Bn., a 27% growth YoY. The Bank's asset quality continued to be the best in the market with 97.5% of our financing portfolio recognised as stage 1 assets. Stage 2 and stage 3 assets stood at 1.7% and 0.8% of the financing portfolio respectively, with coverage ratios for stage 3 standing at 64%, stage 2 at 18% and stage 1 at 0.58%, all higher than market average. Our prudent risk management continued to be reflected in our NPL ratio which was the lowest in the market, reducing from 0.65% in 2021 to 0.54% in 2022, the fourth consecutive year of improvement for this KPI. Additionally, the Bank's NPL coverage ratio too, lead the banking sector at a healthy 260%.

NPL coverage



Deposits and other liabilities

Total liability of Al Rajhi Bank stood at SAR 662 Bn., a YoY increase of 19%. Customer deposits increased by SAR 53 Bn. during the year under review, a growth of 10% YoY to reach SAR 565 Bn., with demand deposits making-up almost 64% of total customer deposits. Time deposits also recorded a strong growth in 2022, increasing by SAR 72 Bn. YoY. Interbank borrowing increased by SAR 53 Bn., which also included a SAR 4.4 Bn. of USD syndicated green loan considered to be the largest Sharia-compliant syndication in the Middle East.

Stability

With a strong balance sheet backed by market-leading asset quality and NPL ratio, healthy regulatory liquidity position and comfortable levels of capital ratios, Al Rajhi Bank successfully maintained its steady growth and consistent performance, demonstrating the stability, shareholder loyalty and creditworthiness of the Bank.

Capital

Al Rajhi Bank continued to maintain a strong capitalisation profile above regulatory minimum requirements with a Core Equity Tier 1 (CET1) ratio of 17.0% and a total capital adequacy ratio of 21.4%, marginally higher than the ratios recorded in 2021. A 17% YoY increase in Risk-Weighted Assets (RWA) arising primarily from growth in the financing portfolio led to 18% increase in Credit Risk RWAs, impacting our capital ratios. However, a decrease in RWA density from 68.2% in 2021 to 65.3% in 2022 demonstrated the Bank's improving risk quality of assets. The reporting period saw the Bank focused on strong internal capital generation to help support the capital position of the Bank, while also exploring new business opportunities.

chief financial officer review of 2022 performance

Overview
Context
Business in Perspective ④
ESG Report
Corporate Governance
Financial Statements
Supplementary

Liquidity

Al Rajhi Bank's liquidity position remained healthy and within the regulatory requirements, with a regulatory Loan-to-Deposit Ratio (LDR) of 85.9% in line with our internal optimised level. The Bank's Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) stood at comfortable levels at 110% and 126% respectively, and above statutory minimum requirement. Al Rajhi Bank recorded a 25% YoY growth of High Quality Liquid Assets (HQLA) amounting to SAR 118 Bn., as at 31 December 2022.

Geographical analysis of the total income of the bank and its subsidiaries	2022 SAR '000
KSA	29,342,624
Middle East and East Asia	470,444
Total	29,813,068



Future outlook

Al Rajhi Bank will continue to focus on delivering BOTF strategy KPIs, with our key focus steady on the Bank's core business franchise across retail, corporate and SME segments, capturing new business opportunities given the positive outlook of the Saudi economy. The implementation of BOTF strategy will support the Bank to optimise synergies across the Bank's subsidiaries, and nurture a financial ecosystem that will provide our loyal customers with rapidly evolving financial solutions to address their ever-changing needs.

business portfolio review

Overview
Context

• **Business in Perspective**

ESG Report
Corporate Governance
Financial Statements
Supplementary

retail banking group

Al Rajhi Bank retained its position as the largest retail lender in the Kingdom in 2022, with the Bank's Retail Banking Group (RBG) dominating 43.6% of the consumer market in the face of stiff competition.



RBG maintained leading market shares of 44.3% in personal finance, 51.7% in auto finance and 42.9% in mortgage at the close of the reporting period.

While consolidating its already dominant presence in the Affluent and Private Sector segments, the Bank continued to build its Retail portfolio with a sharp focus on expanding market share, introducing competitive products and seeking additional income-generation opportunities, complemented by greater customer engagement, aggressive digital adoption and efficiency in sales channel productivity.

The results are evidenced by an exponential rise in transactions from the Bank's digitally enabled agile delivery process, recording an increase from 295 million transactions in 2020 to 697 million transactions during the reporting period.



business portfolio review

retail banking group

Overview
Context
Business in Perspective
ESG Report
Corporate Governance
Financial Statements
Supplementary

Such improvements also contributed towards a significantly enhanced Net Promoter Score (NPS) of 75% in 2022 from 66% in 2020, demonstrating strong customer satisfaction levels.

Building a balanced real-estate portfolio

The Bank introduced a number of innovative refinancing propositions for the Kingdom's Real Estate Development Fund (REDF) backed products in 2022, while also strategically focusing on building a sizable portfolio of Non-REDF products. These included the Buyout Home Finance product allowing customers to obtain new financing from Al Rajhi to settle mortgage loans with other banks, a Property Power Top Up product offered through Murabaha and secured against the home value, and financing against mortgage of investment property through Eirad. The Bank also

focused on its Off-Plan financing programme in partnership with approved developers for REDF and non-REDF customers.

These products, each launched at highly competitive pricing and bolstered by targeted campaigns increased non-REDF sales after an era of REDF dominance in retail banking, bringing up the non-REDF contribution of RBG's growing real-estate portfolio to around 15%, while also enabling the Kingdom's Vision 2030 target of increasing home ownership of Saudi nationals.

Al Rajhi Bank was recognised for its unparalleled growth across the real-estate segment, winning a number of awards including the Best Real Estate Financing Bank 2022, the Best Real Estate Finance Bank in the Ready Unit Product category and the Best Real Estate Financing Bank in the Real Estate Advisor category.

retail banking group

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

Widening the private sector base

RBG took strategic measures to enhance its presence within the Private sector during the year under review, recording a 43% YoY growth in 2022 following a round of campaigns centred around key public events spread out over the calendar year. Retail Banking increased its sources of acquisition with the launch of an innovative customer onboarding process through integrations with strategic partners, and also focused on referrals from all sales channels to further build its Private sector customer base. New Relationship Managers were recruited to branches across the Kingdom to offer bespoke service to the Bank's fast-growing number of private sector customers, which was achieved through a host of solutions across targeted segments. Retail Banking ended the year with over 5,000 approved Private sector entities, the highest in the market.

RBG maintained its market share of the Affluent segment in 2022 by launching a number of new programmes aligned with an advanced client retention strategy and a restructure of the Affluent department, with focused and improved incentive schemes tailored to meet the segment's growing expectations.

Boosting performance through digitalisation

The impact of Al Rajhi Bank's digital transformation journey was evidenced by the notable increase in efficiency and productivity across RBG, which resulted in a significant reduction in operational costs and labour-intensive effort. Digitally accelerated financing requests and approvals enabled the Bank to avail a number of cross-selling opportunities, and minimise chances of financial fraud and human error.

By the end of the reporting period, a majority of Retail Banking products and services were made available on the Bank's digital channels, with all Personal Finance products fully incorporated on to the Bank's new Loan Origination System (LOS). The shift made in digital services positively impacted customer satisfaction during the reporting period, as attested by feedback from customers across demographics.

An expanding product portfolio

2022 was also notable for new initiatives and promotions in Al Rajhi Bank's card products. A Cashback Plus revolving credit card was launched during the year under review, offering a cashback of up to 10% on daily spending, while Al Rajhi Visa FIFA Card was launched in conjunction with the FIFA World Cup Qatar 2022. Customers were also offered the convenience of paying their SADAD bills by card in 2022, while a new Mada debit card design was rolled out in the first week of December. In addition, the Bank's new card management system went live in 2022, with migration ongoing at the end of the reporting period.

Additionally, RBG continued to build on its Personal and Auto Finance segments through digital migration and tactical pull campaigns – two key enablers that contributed to Al Rajhi's consumer market dominance during the reporting period. Digital migration offered a seamless omni-channel financing experience to customers in line with Al Rajhi's overarching Bank of the Future (BOTF) Strategy, while tactical pull campaigns allowed the Bank to retain key clientele, while engaging with and acquiring a significant portion of non-bank customers.

Promoting financial inclusion

Al Rajhi Bank continued to optimise its credit policy parameters to maintain market competitiveness, and expanded the availability of its entire product suite across digital channels to promote accessibility to financial solutions across the Kingdom, in line with its Vision 2030 objectives.

Auto Finance continued its 50:50 programme with a 50% balloon payment option at the end of a 36-month financing term, as well as the Low-Income programme and the Non-Salary Transfer (NST) for non-approved employers programme to serve disadvantaged segments. Mortgage, in its efforts to contribute, launched the aforementioned Mortgage Top-up and Buyout programmes.



Future outlook

In line with the Bank of the Future (BOTF) strategy, Retail Banking will continue to build its portfolio in 2023 with a focus on increasing market share; for Personal Loans, product innovation and optimised customer experience will remain key growth drivers in the coming year, while for Auto Finance, Retail Banking seeks to improve its value proposition to leverage target markets, with additional products for the Affluent segment in the pipeline.

For Mortgages, the focus will remain on further consolidating its Real Estate Business leadership position, increasing the number of non-REDF products, and concluding key partnerships with the Ministry of Housing. The Off-Plan programme will continue to be supported by exclusive partnerships and Escrow accounts in collaboration with corporate banking.

The Bank's data-driven rapid decision-making engine will be utilised to empower sales channels, improve financing turnaround times and optimise customer experience. All auto lease and mortgage products will follow in line with personal finance, and be migrated on to the new LOS, which will rapidly accelerate operations and financing transactions with improved functionality.

business portfolio review

Overview
Context
• **Business in Perspective**
ESG Report
Corporate Governance
Financial Statements
Supplementary

corporate banking group



Al Rajhi Bank's impressive corporate portfolio growth accounted for 36% of total growth in the entire Saudi corporate market as of 3Q 2022, with a steep growth in assets being offset by a similar growth in liabilities during the reporting period.



In the face of fierce competition for deposits, high cost of funds and interest rate hikes that defined the year, Al Rajhi Bank Corporate Banking Group (CBG) stood out as a high-performing competitor within the sector, recording a 3.6% YoY growth as of 3Q 2022 in market share to rank in the top three corporate banks in the Kingdom as of year-end 2022.

This broad-based growth was the direct result of a sharper focus of well-established corporate brands with solid internal structures to help diversify CBG's client base whilst maintaining a below-average cost of risk. The Bank leveraged on its better performing products during the reporting period for this purpose, supported by an advanced pool of top talent nurtured through dedicated Graduate Development Programmes focused on Corporate Banking.

business portfolio review

corporate banking group

Overview
Context
Business in Perspective •
ESG Report
Corporate Governance
Financial Statements
Supplementary



2022 saw substantial expansion of Al Rajhi Bank's client base with the Bank attracting new corporate customers across multiple segments by leveraging its strengths in balance sheet size, and market leading reputé across other banking verticals such as retail, microfinancing, payments and loyalty.

Optimising synergies for growth

Corporate Banking recorded a stellar performance in 2022 across multiple avenues despite the market volatilities that dominated a better part of the year. The corporate segment operating income rose up by 58% to SAR 4,507 Mn., with net income increasing by 85% to SAR 3,357 Mn.

One of the performance highlights for the year was the marked drop in non-performing loans (NPL), down from 1.66% in 2021 to 0.84% in 2022, while maintaining a low Cost of Risk at 47 basis points, a significant improvement from the

previous year's 70 bps that can be attributed to higher gross assets, lower gross charge and higher recovery in the reporting period.

During the year under review, CBG continued to build on the Bank's 360-degree client coverage model that covers both Relationship and Product perspectives with a "One Client, One Bank" approach, evidenced by the formalisation of several financing agreements with Retail Banking. This, together with the adoption of agile delivery mechanisms, enabled CBG to garner more liabilities and generate incremental fee income from other business verticals including Al Rajhi Capital, Treasury Group, Private Banking and Al Rajhi Takaful. CBG successfully concluded derivative deals during the reporting period, increasing active foreign exchange (FX) clients by 83% YoY, adding to the Bank's fast-growing client base along with a number of new Private Banking accounts also opened during the year under review.

corporate banking group

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

CBG retained strategic focus to refinance high quality assets in a post-COVID financial landscape, with timely endeavours to serve critical client needs, and ensure financial support for business continuity.

An expansive year



72%

increase in B2B product portfolio with a high-throughput rate of

167%



Corporate Cards recorded a

700%

increase with 4,400 new cards issued



Virtual accounts grew by

236%



Escrow accounts grew

193%

at a throughput of

313%



Card spending accounting for a

517%

increase.



Cash Deposit

24 Cards

customers activated, witnessed a solid increase during the period

During the reporting period, CBG continued to increase its Small and Medium Enterprise (SME) portfolio by continuing to expand its market share and structured product offering, including the Sharia-compliant (Murabaha) overdraft facility as well as receivable financing, fleet financing, Point-of-Sale (PoS) financing and real estate (Eirad) financing solutions.

Al Rajhi Bank retained its leading position in the KSA market with a 37.5% PoS market share, with 533,442 terminals. Almost 85% of all terminals were upgraded to 4G with the Near-Field Communication (NFC) feature in 2022.

Boosting client engagement

The Corporate Banking Business Team continued to engage with clients in 2022 with over 3,294 joint client visits and calls with the Product Team, to better understand customer needs, create new opportunities across the Bank's various business units and accommodate customer requirements.

In a bid to reward customer loyalty, CBG also integrated several strategic accounts with the Mokafaa loyalty programme, further increasing client satisfaction during the year. A CBG roadshow was conducted in December across the three regions.

Under the "One Stop Shop" initiative, CBG continued to consolidate resources and co-locate by setting up 56 additional Corporate Desks at Al Rajhi Bank branches, taking the total corporate desks to 100 by the end of the year. CBG also continued to operate the dedicated Corporate Business Solution Centres in the key cities of Riyadh, Jeddah and Dammam during the reporting period, ensuring a holistic coverage of account service, financing, cash management and trade finance operations.

Digital consolidation

Making unrivalled strides in digitalisation during the reporting period, Al Rajhi Bank became the first bank to launch an end-to-end digitised LG service in both issuance and advising, streamlining the processes on the Wthaq digital platform launched by fully-owned subsidiary of PIF – Tabadul, the Saudi Company for Exchanging Digital Information. Al Rajhi Bank also became the first bank in the Kingdom to launch a B2B LG Automation Service for LG beneficiaries in partnership with the budding fintech BwaTech, while enabling customers to utilise the Etimad financial digital services platform for issuance and advising of LGs.

CBG also launched an end-to-end cross-border digital trade solution for LCs in partnership with Contour, a Singapore based fintech that is engaged in digitalisation of Trade Finance.

The Bank continued system enhancements to improve customer experience, enhance business delivery and support growth momentum during the reporting period; these included the integration of Al Rajhi Bank's e-Corporate portal with its e-Trade portal to enable single-sign on, enhanced dashboard features for CBG's customer relationship management (CRM) system to enable business with a holistic view of customer accounts and details for faster decision making, and mobile device access for the Bank's loan origination system (LOS), which also expanded its scope to include the SME segment.

Corporate Banking also relied on the latest technologies, data science, data visualisation and analytics tools to finalise the automation of Management Information System (MIS) reports, including regulatory reports, incentive calculation, and monthly performance report.

Aligning with Vision 2030

The Bank continued to broaden and strengthen its ties with the public sector in 2022 through long-term sustainable projects and initiatives in order to further align with and contribute towards the Kingdom's Vision 2030. Having supported its establishment, Al Rajhi Bank became the primary bank for the National Development Fund (NDF) in 2022, easing its operational and financial requirements.

Al Rajhi Bank was also the Kingdom's bank of choice for Hajj and Umrah seasons of 2022, successfully partnering with the Ministry of Hajj and Elm – an IT services company owned by the Public Investment Fund (PIF) to improve fund collections through system enhancements. The Bank also worked closely with government and semi-government entities to equip them with tools and technology for more efficient payment and digital solutions, in order to improve their outreach to citizens, residents and visitors to the Kingdom.

The Bank continued to be a major contributor to the primary drivers of Vision 2030, engaging with major public and private sector stakeholders during the reporting period to offer best-in-class financial solutions across the real-estate, tourism, entertainment and industrial sectors.

On the ESG front, the Bank assisted Tarshid – the National Energy Services Company, in achieving their strategic goals to develop, fund and manage impactful energy efficiency projects that resulted in significant energy savings for the Kingdom.

corporate banking group

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

The Bank has adopted a dedicated strategy to align closely with the growing electric vehicles (EV) sector in an effort to enable its growth and expansion by supporting infrastructure development and introducing retail financing and leasing programmes, further contributing towards energy transition targets in Vision 2030.



Future outlook

The Corporate Banking Group is set to launch a series of new initiatives in 2023 to maintain its market-leading growth and realise its vision to become the Best Corporate Bank in the Kingdom, including a new core banking solution to revamp corporate credit products and services.

A credit facilities dashboard is currently under development to be made available through the Bank's e-channels to allow customers to review outstanding utilisations, while an end-to-end loan disbursement solution via the Bank's digital channels is expected to be launched by the third quarter 2023. CBG is also working on introducing a new, cutting-edge Supply Chain Finance Solution for SME and mid corporate segments next year, with strong collaborations with Neoleap in the pipeline for new product innovations to power

advanced merchant ecosystem. SWIFTNet connectivity will be another highlight for Corporate Banking in 2023.

Corporate Banking will continue to support various initiatives of the Kingdom's Vision 2030 strategy and the vision realisation programmes (VRPs). Leveraging its digital capabilities and with the added strength of Ejada, the newly acquired ITC solutions company, CBG will further enhance its partnerships with government institutions such as the Ministry of Justice, the Ministry of Human Resource and Social Development, the Ministry of Education as well the Ministry of Hajj and Umrah. Corporate Banking services for public sector projects will be further supported through platform enhancements and advanced financing solutions.

treasury group



The Group expanded its portfolio during the reporting period to include industry-redefining Sharia-compliant asset classes, structured investment products and hedging solutions, ending the year on a note of significant growth, optimism and renewed vigour.



In a year that witnessed much market volatility, geopolitical upheaval and a global shift to a more tightened monetary regime, Al Rajhi Bank's Treasury Group recorded sustained growth against numerous unanticipated odds by seizing opportunities to capture and improve market share. It also diversified funding sources and optimized yields while maintaining balance sheet requirements.

Successfully exploring new funding sources

Tapping into unprecedented funding sources in a rising rate environment, whilst challenging in terms of optimising cost of funds, paved way for a number of historic firsts for Al Rajhi Bank in 2022; Sukuk issuance, syndicated borrowings, bilateral borrowings, repurchase agreements

treasury group

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

(repo) in SAR and USD as well as Saudi Real Estate Refinancing Company (SRC) securitisation were tools introduced by the Treasury Group for the first time to strengthen and further diversify its funding during the reporting period.

In 2022, Al Rajhi Bank most notably completed the issuance of its SAR-denominated Tier 1 local Sukuk at a value of SAR 6.5 Bn. amid high investor demand at the onset of the reporting period – the first-of-its-kind in the Bank's history and the largest private issuance by a financial institution in the Kingdom. Due to the success of this initial Sukuk and strong investor appetite, Al Rajhi Bank announced an unprecedented public offering of SAR-denominated Tier 1 local Sukuk in October 2022, listed and tradable on the Saudi Stock Exchange (Tadawul). The IPO achieved record numbers that were the largest in the history of the Saudi Sukuk market, with the Bank raising the issue from SAR 4 Bn. to SAR 10 Bn. to meet the demand of more than 125,000 local and foreign investors.

Al Rajhi Bank also became the first Islamic financial institution in the world to conclude a three-year dual tranche Sustainability Commodity Murabaha Facility in 2022, with the USD 1.165 Bio. transaction considered to be the largest Sharia-compliant syndication in the Middle East that complies with environmental, social and governance (ESG) practices, which falls in line with Al Rajhi Bank's comprehensive Sustainable Finance Framework (Refer ESG Report on page 118). The Bank succeeded in increasing the initial financing offer, reflecting the trust shown in its commitment to ESG financing by the 13 global investors from across North America, Europe, Asia and the Middle East participating in the landmark transaction. The proceeds, while increasing the Bank's liquidity levels, will finance only Sharia-compliant projects assessed and qualified against the Bank's Sustainable Finance Framework.

Rebuilding consumer confidence in a volatile market

2022 also saw Treasury Group strategically optimise and more than double its cross-selling transactions across both Corporate and Private Banking segments in hedging and investments, regaining consumer confidence affected by inflationary sentiments fuelled by interest rate hikes.

The growing competitiveness of new players in financial markets augmented by aggressive technological advancements posed a major threat to pricing strategies and income objectives during the reporting period. The challenge was overcome by the Treasury Group through more diversified pricing strategies across client and channel services, with the Bank successfully retaining a majority one-third of the personal remittance market share.

On the foreign exchange (FX) front, the Bank continued to re-engage with global counterparts and uphold its unmatched reputé among the largest peer network of banking and financial institutions, for the Treasury Group's capability to deal in large FX trades. During 2022, this remained a strong selling point to the Bank's Tier 1 commercial entities and high-valued government projects in the Kingdom. The Group's achievements in forex were recognised at the Gordon W. Platt Foreign Exchange Awards 2022 presented by Global Finance, where it won the country award for "Best Forex Provider in Saudi Arabia – 2022".

All strategic improvements supported a 53.7% and 37.0% increase in the Treasury Group's gross yield and exchange income respectively in 2022. Treasury assets grew by 12.1% in line with the Bank's overall asset expansion during the period under review, complemented by an 205% growth in liabilities.

In November 2022, Moody's Investors Service affirmed the long-term rating of Al Rajhi Bank as stable, factoring the solid liquidity and capital buffers as well as the strong asset quality maintained by the Bank.

An ever-widening portfolio

Treasury Group's ambitious diversification drive in terms of duration, credit rating and geographical distribution during the reporting period saw its portfolio expand to include a wider range of Sharia-compliant asset classes, which resulted in enhanced income streams. This contributed to improved yield pickup and better management of the Bank's liquidity for the long term. Treasury also expanded its product offering in structured investment solutions, further strengthening the Bank's balance sheet and market repute to build stable liabilities.

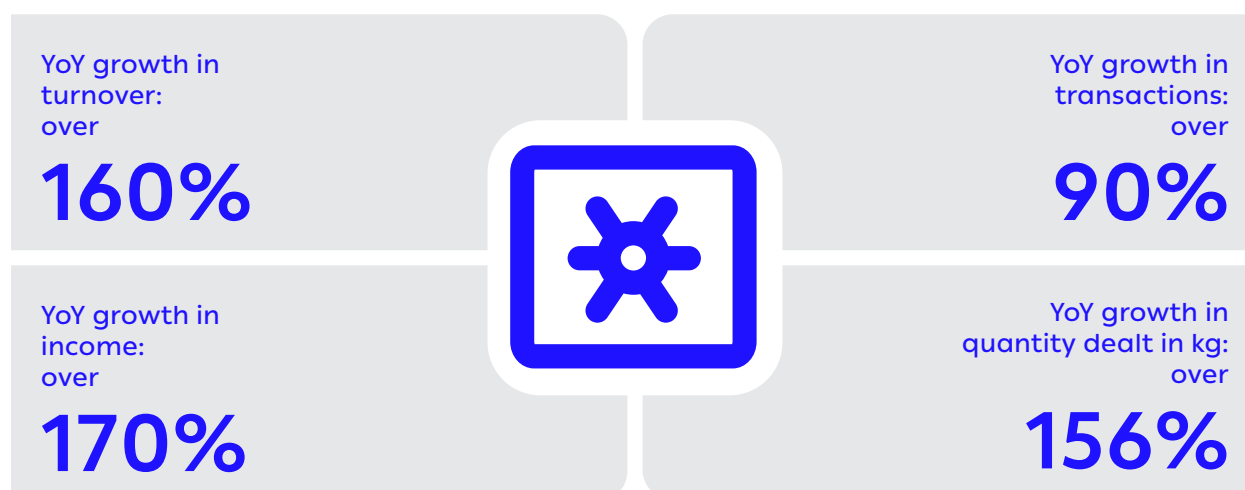
Apart from the history-making Sukuk issuances during the reporting period, Treasury also introduced for the first time multiple Islamic investment products; these included repurchase agreements (repo) for yield enhancement and funding, and hedging transactions executed for the first time under its investment book.

The Bank has also obtained Sharia approvals on commodity hedging solutions as well as FX hedging solutions, expanding its range of comprehensive Sharia-compliant financial product offering and risk management to meet the dynamic business needs of clients.

Going for gold

The Bank recorded a YoY growth in bullion income with Paper Gold – its digital gold wallet – exceeding 2022 income targets by 71%, and complementing its successful physical gold trading business offered across all retail branches.

Performance of Paper Gold:



treasury group

[Overview](#)[Context](#)[Business in Perspective](#)[ESG Report](#)[Corporate Governance](#)[Financial Statements](#)[Supplementary](#)

Setting trends in treasury tech

Treasury remained poised to achieve Al Rajhi Bank's strategic objective to become "The Bank of the Future" by further strengthening its digital and technology foundations, enhancing its value proposition in terms of smarter, innovative financial solutions supported by highly-efficient service platforms for both customers and employees.

During the year, the Bank continued to build capabilities of the Treasury Management System in line with the business strategy to elevate the level of product execution as well as financial and risk management efficiencies.

The Group's Electronic Trading System also continued to deliver dynamic FX and bullion pricing to serve all downstream systems and enhance customer experience. Paper Gold upgraded a number of features at user level on Al Rajhi Bank mobile platform to improve digital gold trading efficiencies.



Future outlook

Treasury Group is geared to continue its contribution to Al Rajhi Bank's BOTF strategy by providing optimised funding to the balance sheet and enhancing yield income. While continuing to expand and strengthen its FX and derivatives client base to optimise current rate hikes, the Group has a number of investment product variations with attractive yields in the 2023 pipeline, given the anticipated steady increase in rates.

In 2023, Treasury Group will also expand interbank FX counterparties to improve price and FX flow coverage, and access new markets and currencies. On-board bullion and banknote interbank counterparties will be introduced to improve supply, storage and price economies. A number of new module enhancements will be carried out on the core Treasury Management System to on-board new products next year, as part of the Bank's rapidly evolving digitalisation journey.

MSME business



In 2022, the Saudi Kingdom's Small and Medium Enterprises (SME) sector jumped 9.3% to nearly a million registered businesses by the end of Q3. Data published by Monsha'at



The General Authority for Micro, Small and Medium Enterprises of the Kingdom showed that funding for SMEs from venture capitalists for the same period stood at SAR 3.1 Bn., a 93% increase YoY.

Against this backdrop of a healthy, entrepreneurial ecosystem budding across the Kingdom, Al Rajhi Bank continued to provide tailored products and financing solutions through its dedicated SME Business Unit, with a long-term vision to help increase SME contribution to the Kingdom's GDP in their role as agents of economic growth in line with Vision 2030. The Bank also serviced micro businesses through its dedicated Micro and Small Business unit (MSB), offering further customised solutions and financing to support the growing entrepreneurial culture in the Kingdom.

MSME business

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

Al Rajhi's overall MSME Portfolio – inclusive of Medium-sized enterprises – grew 61% during the year under review, from SAR 15.8 Bn. in 2021 to SAR 25.5 Bn. in 2022.

Qualitative disclosure of micro, small and medium enterprise for financial services

The approved definition of micro, small and medium enterprises and initiatives adopted by the Bank follows the classifications published by Monsha'at:

- Micro (Ultrafine): 1-5 fulltime employees with annual revenues less than SAR 3 Mn.
- Small: 6-49 fulltime employees with annual revenues between SAR 3 Mn. to SAR 40 Mn.
- Medium (Average): 50-249 fulltime employees with annual revenues between SAR 40 Mn. to SAR 200 Mn.

Al Rajhi Bank services businesses classified "Micro" through structured lending programs offered by its MSB unit under Retail Banking, and collectively services businesses classified "Small" and "Medium" through its SME unit under Corporate Banking with different policies for lending due to its potentially larger financing requirements.

The Bank routinely monitors the progress and growth of MSB clients, to better service them in terms of products, and cross sell relevant financing solutions as businesses show the potential to transition through its categorisation as they scale.

Strategic initiatives taken to support the MSME segment

With the aspiration to be a Bank of Choice for MSMEs in the Kingdom in line with the Bank of the Future (BOTF) Strategy, Al Rajhi Bank continued to build and implement strategic initiatives to support the growth of MSMEs in an ever-changing operating environment:

- Utilising all available channels including direct sales, corporate sellers and branches to onboard MSME customers and increase market share.
- Introducing e-commerce financing as a new product to the MSME segment.
- Introduction of financing option for POS Finance, E-Commerce, and Business Instalment Finance through the digital channels.
- Taking measures during the reporting period to ease the approval process, primarily for the MSB segment.
- Enhancing the acquisition and service delivery model to improve customer acquisition, supported by digitalised and automated processes that supports better turnaround time and faster/instant approvals.
- Focusing on structured products and secured lending for SME clients to improve non-performing loan (NPL) ratios, while also improving remedial infrastructure to manage and improve recovery activities.
- Maintaining a dedicated call centre for MSB customers, and allocating two dedicated toll-free numbers for MSB as well as SME customers for customer queries and servicing, thereby providing an unrivalled customer experience.
- Implementing more efficient account planning techniques and improving the Bank's MSME portfolio management process, to better understand and serve clients.

Partnerships and agreements to support MSMEs

The Bank entered into a number of partnerships and agreements with semi-government as well as private sector entities during the year under review, to identify new funding sources and opportunities for the sector. The Bank entered into agreements with the Real Estate Development Fund and the Tourism Development Fund, to facilitate growth across both verticals through SME financing.

MSME Financing Breakdown

	Micro and Small		Medium		Total	
	2022	2021	2022	2021	2022	2021
Loans to MSMEs –						
on balance sheet (SAR '000)	12,863,559	6,688,591	12,644,010	9,173,011	25,507,568	15,861,602
on balance sheet loans to MSMEs as a % of total on balance sheet loans	2.3	1.5	2.2	2.0	4.5	3.5



Future outlook

With the MSME sector expected to further grow in 2023, Al Rajhi Bank will continue to bridge the financing gap across the sector by introducing new and innovative products to better meet market needs, backed by highly competitive pricing. Both SME and MSB business units will also continue to evolve and digitalise its core systems as well as its product journeys and processes in line with the BOTF Strategy.

Partnerships will continue to be developed with semi-government entities as well as the private sector to grow financing sources and opportunities for the MSME Sector.

subsidiaries and international branches

[Overview](#)
[Context](#)
[Business in Perspective](#)
[ESG Report](#)
[Corporate Governance](#)
[Financial Statements](#)
[Supplementary](#)

Name of Subsidiary	Capital (SAR '000)	Ownership of the Company (%)	Country of Establishment	Country of Operations
Al Rajhi Capital Company – KSA	500,000	100	KSA	KSA
Management and Development for Human Resources Company – KSA	500	100	KSA	KSA
Tuder Real Estate Company – KSA	1,000	100	KSA	KSA
Al Rajhi Corporation Limited – Malaysia	1,341,909	100	Malaysia	Malaysia
Emkan Finance Company – KSA	2,000,000	100	KSA	KSA
Tawtheeq Company – KSA	10,000	100	KSA	KSA
Al Rajhi Financial Markets Ltd	188	100	Cayman Islands	Cayman Islands
International Digital Solutions Co. (Neoleap) – KSA	150,000	100	KSA	KSA
Ejada System Limited Co. – KSA	1,000	100	KSA	KSA

Name of International Branch	Capital (SAR' 000)	Ownership of the Company (%)	Country of Establishment	Country of Operations
Al Rajhi Bank – Kuwait	389,888	100	Kuwait	Kuwait
Al Rajhi Bank – Jordan	264,843	100	Jordan	Jordan

International Business Group Highlights 2022

SAR '000	Revenue	Expenses	Net profit
Kuwait	88,892	47,805	41,088
Jordan	147,927	98,843	49,084
Malaysia	233,625	209,067	24,558

al rajhi capital

In a volatile year in which capital markets around the world were measurably impacted by global economic headwinds, the Saudi capital market fared relatively well though not without incident. Al Rajhi Capital (ARC) – the largest broker in the Kingdom, continued to drive its strategic objective to maintain leadership in brokerage during the year under review, reaching 17.6% market share in terms of value traded, driven by a 19% YoY increase in the number of active clients. Pricing was improved and a discount structure was developed through effective campaigns and offers over the course of 2022, adding to ARC's growing popularity with investors.

The subsidiary pursued multiple deals across all fronts including equity capital markets, debt capital markets, acquisitions as well as a first-of-its-kind Sukuk issuance, capping off the year ranked by Bloomberg as the number one trader in the global Sukuk market for 2022. ARC was also awarded the Best Broker and Best Financial Research House awards for the Saudi Market at the Saudi Stock Exchange Awards during the Saudi Capital Market Forum 2022.

Scaling up asset management

During the reporting period, "Al Rajhi Saudi Equity Fund" saw its performance at 2.76%, despite a -7.1% decrease in the Tadawul All Share Index (TASI) in 2022, and the "GCC Equity Fund's" performance reaching 5.89% in 2022. Additionally, the newly launched fund "Monthly Distribution Fund" distributed 2.7% monthly dividends during 2022, since its inception on September 4th 2022. Fund was widely and well received, with approximately SAR 300 Mn. invested and 2.18% of dividends distributed so far, with the fund contributing to the total unit subscribers increase by 96% YoY. In mid-2022, the asset management team in collaboration with the Saudi Health Endowments Association launched the Health Endowment Fund, with the aim to promote participation within the voluntary community, particularly within non-profit investment, thus creating an effective contribution to social solidarity.

For its strong fund performance, the Al Rajhi GCC Equity Fund was named the Lipper Fund Award winner for Equity GCC (Gulf Cooperation Council) over the three- and five-year periods in the MENA Markets category, the MENA Markets Domestic Funds category and the Global Islamic Fund category.

ARC also claimed compliance with the Global Investment Performance Standards (GIPS®), established by the Institute of Chartered Financial Analysts (CFA Institute), responsibly guiding the local financial sector as a pioneer in implementing global benchmarks for disclosure of the performance of Asset Management investments during the year under review.

A strong foundation for an investment banking franchise

When expanding advisory services to strengthen its investment banking portfolio in line with its strategic direction, ARC pursued several opportunities within the capital markets; the subsidiary was the sole financial advisor, lead manager, bookrunner and underwriter for the SAR 1,247 Mn. IPO of Al Masane Al Kobra Mining Company (AMAK) in the first quarter of 2022, and also served as advisor for a mega government project falling under the Kingdom's Vision 2030 strategy. ARC's advisory role was also sought in a number of debt market transactions as joint lead managers, most notably by Bahri – the National Shipping Carrier of Saudi Arabia, the government of Sharjah, and a number of other deals inside as well as outside the Kingdom.

In order to maintain its leadership position in investments, the subsidiary also established an International Investment Department during the reporting period, seeking to further activate the diversification of international investment products within the company, and increase alternatives for investors.

subsidiaries and international branches

Al Rajhi Capital (ARC)

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

Further nurturing corporate synergies between the Al Rajhi Group, ARC assumed the role of financial advisor in Al Rajhi Bank's acquisition of Ejada Systems (refer page 81), a regional leader in ICT solutions. ARC was also appointed as the sole financial advisor and lead manager to Al Rajhi Bank's publicly-listed SAR 10 Bn. Tier-1 Sukuk issuance, with coverage reaching nearly 300% to exceed 125,000 subscribers. As a result, Al Rajhi Capital was the number one trader in the global sukuk market in 2022, as ranked by Bloomberg.

Strengthening the Kingdom's diversifying economy

On the real estate front, ARC entered into several agreements to establish real estate private funds and solidify its leadership in the sector. Chief among these was a tripartite agreement to establish a SAR 1.5 Bn. investment fund with the Tourism Development Fund (TDF) and Ennismore, the world's largest and fastest growing hospitality company, to provide financing for hospitality projects across the Kingdom, and contribute towards positioning tourism as a key driver of Vision 2030 and a diversified economy.

Al Rajhi REIT – the subsidiary's first Real Estate Investment Traded Fund saw an increase in its dividends per share for the second half of 2022, followed by an announcement of a policy change for distributing cash dividends from semi-annual to quarterly, starting from the first quarter of 2023.

Digital developments

With ARC's ambitious digital transformation targets for 2022, and the significance of their timely development for the subsidiary's business, ARC appointed a Chief Digital Officer among other talent recruitments to establish a digital department at ARC in 2022, to manage and implement all digital initiatives in line with ARC's digital transformational strategy.

Most notably, the subsidiary initiated the development of a customer-facing mobile super-app that, upon launch, will see all of ARC's products and services brought onto a single platform, effectively and efficiently enhancing its client experience. This initiative has been supported by heavy investments by ARC across its IT and digital infrastructure, ensuring seamless integration and connectivity across multiple back-end platforms and functionalities.

The mutual funds feature on the primary Al Rajhi Bank (ARB) mobile app was further enhanced in 2022, supporting the 96% YoY increase in total unit subscribers. Clients were also able to view their Tadawul portfolios and monitor the performance of each individual stock natively on the ARB app. All technology and digital enablers implemented throughout the year resulted in over 89% of all trading being carried out on electronic platforms.

By the end of the reporting period, with the development of its new brokerage and asset management platforms going according to schedule, ARC began exploring options to develop and upgrade a few more systems, including its customer relationship management (CRM) system and management information system (MIS), to enhance overall client servicing and operational efficiencies.



Future outlook

ARC will continue the final lap of its 2023 Corporate Strategy, in line with Al Rajhi Bank's overarching Bank of the Future (BOTF) strategy in 2023, and remain on track with the development of its platforms as well as its super mobile app, bringing all its products and services to a single point of access, providing greater convenience to customers.

tuder real estate company

Tuder, Al Rajhi Bank's real estate and property management arm, concluded the reporting period on a note of increased efficiency and higher revenue in a reviving real estate market. In its first year under a new brand identity, the company further consolidated its position in the Kingdom as a leading provider of real estate engineering and consulting services, facility management, real estate documentation and registration, and evaluation of real estate and property.

Maximising synergies for cost efficiencies

Tuder exceeded the set KPIs for 2022, driven primarily by improving processes and efficiencies. This was attributed to the company outpacing its own anticipated service delivery times along with expanding its scope of services with Al Rajhi Bank, monetising the subsidiary's offerings by penetrating the Bank's existing real-estate-focused customer base.

Strategic real estate projects delivered in 2022



Neoleap headquarters



The Digital Floor



Tanfeeth headquarters

Tuder also contributed to Al Rajhi Bank's energy management efforts by launching energy-efficiency programmes across its branches and subsidiaries. Solar panels, air conditioner upgrades, window films, power-down equipment and LED lighting among other measures were introduced in 2022 to the Bank's day-to-day operational structure. This timely intervention by Tuder contributed to significant savings of the Bank's energy bill for the reporting year.

By the end of the reporting period, Tuder had also implemented much of Al Rajhi Bank's rebranding initiative across several branches and subsidiaries. Multiple branches were rebranded under the Bank's new brand identity, and new logos were installed on Al Rajhi Tower in Riyadh – the Bank's headquarters.

subsidiaries and international branches

tuder real estate company

[Overview](#)

[Context](#)

● [Business in Perspective](#)

[ESG Report](#)

[Corporate Governance](#)

[Financial Statements](#)

[Supplementary](#)

2022 highlights



12

branches
renovated

9

branches
relocated

15

new branches
opened

Installation of

855

newly-branded ATMs

Improving operational efficiencies

During the year under review, the company continued to institutionalize its procedures through the Enterprise Resource Planning (ERP) software solution, transitioning the company from manual processes and transactions to automated business solutions as part of the overall digital transformation strategy.

Tuder also initiated a Project Management Lifecycle in 2022, ensuring enhancement in planning, monitoring, controlling, evaluation and business continuity. The company streamlined its processes through revised and improved internal Policy & Procedure Manuals and external Tuder-AI Rajhi Bank Service Level Agreements.

All this was complemented by insourcing highly skilled professionals who ably revamped methods of conducting business during the reporting period.



Future outlook

The coming year will see Tuder formulate a new corporate strategy in line with the Group's strategic direction.

The company will introduce market standard for project management facility management services and will revamp their business model. Tuder also plans to insource safety and security services while also exploring more insourcing opportunities in security solutions.

Tuder's value engineering process will continue to eliminate unnecessary costs across the subsidiary's ongoing projects in 2023, while gradually insourcing highly sought-after services through applicable means.

In line with the overarching Group strategy to maximise synergies between the Bank and its subsidiaries, Tuder will capitalise on its expertise and venture into fulfilling the various real estate needs of the Bank. Improving synergies between subsidiaries will also be explored in the immediate future, with Tuder's existing properties operation and maintenance services being cross-promoted with the Group subsidiaries.

subsidiaries and international branches

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

neoleap

A challenging yet rewarding first year

In its first full year of operation, Al Rajhi Bank's financial digital solutions subsidiary Neoleap successfully launched urpay Digital Wallet together with a number of fintech products and services, becoming the largest and fastest-growing PayTech provider in the region. The company exceeded revenue, operating income and net profit targets to end the reporting year profitably, and favourably-positioned to increase local market share in 2023.

In a fiercely competitive fintech market that ended the year with 42 companies operating under the Saudi Central Bank's (SAMA) Regulatory Sand Box, of which 23 were fully authorised/licenced payment companies, Neoleap faced intense competition when setting up and scaling multiple business verticals during the reporting period.

By offering a full spectrum of seamlessly integrated digital payment solutions and value-added services to banks, financial institutions, merchants and consumers, Neoleap carved out a rapidly growing niche in an exponentially growing fintech market, building a strong and secure fintech ecosystem, and largely contributing towards the Kingdom's 2030 vision of a cashless society.



Neoleap's product and service highlights for the year:



urpay Digital
Wallet

Over 3
million

customers, and more
than 1.5 million cards
issued



neogate Payment
Gateway

11% of the
market share



neoPOS

Over
230,000

point-of-sale (POS)
devices in the first
year of operations
accounting for 15% of
the market share



neoeqr Cashier
Services

Over
10,000

devices registered
during the first year

Third Party Processing

Three clients on-boarded during the first year

The subsidiary also introduced bundled fintech services for corporates, tailored based on requirement, a unique offering in the Saudi fintech market.

Technological Leadership and Operational Excellence

With the issuance of the Open Banking Framework by SAMA in November 2022, and the launch of open banking services in Saudi scheduled for Q1 of 2023, Neoleap continued to operate under the SAMA Open Banking Sandbox, securely testing product readiness to strengthen its position as the trusted, authorised Third-Party Provider (TPP) and Payment Aggregator Service Provider (PASP) of choice for banks and financial institutions.

To further strengthen the company's digital payment offerings, Neoleap continued to build strong and secure technology stacks on its infrastructure, application, network and security layers, enhancing capabilities and enabling innovation across the payment value chain. The company also established comprehensive control and risk functions across all five business verticals to further improve on operational excellence and functionality.

Value added services

For the year under review, Neoleap focused on providing seamless in-store and online payment acceptance solutions for merchants, complementing its efforts by drastically bringing down POS installation turnaround time to 48 hours. The subsidiary also leveraged its synergies within the Group to offer merchants POS financing facilities during the year under review. Value added services were also extended during the period under review across both B2B and B2C business verticals to ensure a consistent and satisfactory customer experience through Neoleap solutions.

Attracting fintech talent

A key challenge that spilled-over from the previous year was the shortage of key technical and commercial talent in the relatively new field of fintech, and the retention of recruited fintech experts. Due to the unique nature of its mandate and potential scale of the business, Neoleap was able to position itself as an employer of choice for top fintech talent, investing in nurturing a flexible, adaptive and evolving company culture, and providing fresh recruits unparalleled opportunities to grow alongside the organisation.



Future outlook

Neoleap will continue to leapfrog payment innovation and promote a cashless economy by pioneering new products and services, including solutions for emerging verticals such as marketplace and food delivery.

By positioning itself as both a TPP and PASP within the value chain in the kingdom, Neoleap will continue to build and launch use cases in the market, focused on achieving economic potential and realising strategic alignment with the Group as well as the Kingdom's Vision 2030 in the coming years. Neoleap will continue to grow its local market share by enhancing necessary capabilities for Open Banking in 2023 across people, process and technology based on SAMA's framework.

Having strengthened its baseline and product portfolio during the reporting period, Neoleap will also strengthening its place in a fintech market that is projected to grow exponentially over the next few years.

subsidiaries and international branches

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

emkan finance

Growing with an expanding market

With the Kingdom's fast-growing microfinance market expected to cross USD 1 Bn. in the next few years, Emkan Finance, Al Rajhi Bank's recently established wholly digital microcredit arm, recorded a promising 27% growth year-on-year in 2022, powered by investments in tech infrastructure and recruiting top talent.

The reporting period saw Emkan Finance diversify its solutions portfolio by venturing into retail and merchant financing in line with its microfinancing offering, while also providing digitised auto leasing and credit card solutions to its growing customer base. To better service and assist merchant partners, Emkan established servicing booths at select Merchant branches, with 20 booths set-up across the Kingdom by the end of the reporting period.

In a crowning achievement in 2022, Emkan's award-winning mobile app retained its number one position across all fintech and digital financing mobile applications, and remained one of the top five apps launched by a banking or financial service provider in the Kingdom during the reporting period.

The subsidiary was rewarded for its accomplishments in the reporting period when it was recognised by International Business Magazine as the Best Digital Finance Company in Saudi Arabia in 2022. Global Business Outlook recognised Emkan Finance as the Best Digital Financial Service Provider of the year, further strengthening its position as a market leader.

Emkan's customer centricity was also recognised as it was awarded Best Customer Experience Transformation at the BFSI Awards 2022 by Customer Experience Live, the digital customer experience insights and research agency that primarily covers the UK and MEA regions.

Attracting the right talent

To overcome challenges in hiring niche technical talent, the subsidiary embarked on a recruitment drive in 2022 targeting fresh graduates. Emkan's

HR department together with its talent management team invested in hiring graduates, equipping them with best-in-class training and certifications that would enable them to expand their technical capacities and explore job rotation opportunities within the IT, digital and information security departments.

Upgrading technology infrastructure to offer unrivalled financing solutions

A number of technology infrastructure and system upgrades were carried out at Emkan during the reporting period to support business growth. These included the introduction of a new, more functionally rich core banking software solution, enhanced integration between multiple financing products and platforms, an Enterprise Resource Planning (ERP) system for optimal performance, as well as more streamlined and automated customer servicing for an enhanced customer experience. A payment gateway was introduced to further strengthen the offering, allowing customers to pay their monthly instalments via the Saudi payment network Mada or by Visa card. Yet another highlight on the technology and infrastructure front was the successful implementation of a comprehensive Disaster Recovery (DR) system at Emkan during the year under review.



Future outlook

In 2023, Emkan Finance aims to introduce financing solutions to Micro, Small and Medium Enterprises (MSME), in keeping with the subsidiary's strategic direction to consolidate its position as a leader in KSA's growing microfinance market. Emkan will step into the new year committed to realise its aspiration to be the one-stop-shop for all digital financing solutions in the Kingdom.

ejada systems

Al Rajhi Bank kicked off the year under review with a widely publicised new addition to its list of subsidiaries when it acquired Ejada Systems Company Ltd, an industry-defining IT services and solutions provider with a prominent tech footprint in the Kingdom and the wider Middle East and North Africa (MENA) region.

The acquisition, completed in February 2022 following approval by the Saudi Central Bank (SAMA), was central to Al Rajhi Bank's digital transformation and to achieving its overarching Bank of the Future (BOTF) strategy objectives.

A balanced approach to growing the business

Post-acquisition, Ejada's strategy was reformulated around strengthening and expanding its digital offerings, particularly in business intelligence and analytics, and in establishing capabilities to support key banking applications and platforms.

New lines of business established by Ejada

- Open Banking offering
- Advanced Services Desk Management
- Cloud Migration, Operation, and Managed Services
- Cloud Application Modernisation

Ejada also established an advanced and scalable Application Development Centre as well as an Application Testing Centre for Excellence, further leveraging the company's renowned on-site and off-shore agile development capabilities, with accelerated delivery times.

Based on its core competencies and new lines of business, Ejada enabled Al Rajhi Bank to streamline the execution of its BOTF strategy, engaging with the Bank and several of its subsidiaries to implement key strategic projects that were vital in achieving the overall strategic targets of Al Rajhi Group during the year under review.



subsidiaries and international branches

ejada systems

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

Operating as an independent entity under its new ownership, Ejada also focused on strategically expanding its client portfolio by formalising multiple contracts with both public and private sectors. With a host of new clients from the public sector, Ejada completed a number of major national-scale government projects. These projects contributed towards several Vision Realisation Programmes (VRPs), greatly contributing towards realising the Kingdom's Vision 2030 objectives. Existing clients were also ensured of the highest levels of continued confidentiality, as the subsidiary improved its benchmark in service quality and project delivery post acquisition.

Evolving as a key player in the tech-value chain

A number of Ejada's existing tech partnerships evolved during the year under review; The subsidiary became the only Platinum Partner in the MENA region and the Gulf countries to Denodo, a global leader in data management. Ejada also became the only Premier Partner in the Kingdom to tableau, the US based interactive data visualisation company, the only Titanium service partner in the Kingdom and one of two Titanium service partners in MENA to AppDynamics, global leader in Application Performance Management, and one of two Premier Partners in the Kingdom to Alteryx, the leading data science company. In 2022, Ejada became a Platinum Regional Partner of Informatica, the California-based Enterprise Cloud Data Management company and one of the few Enterprise Platinum Partners worldwide. Ejada also entered a number of new tech partnerships as a Registered Partner during the reporting period.



The end of the year also witnessed the subsidiary expand its presence both in the Kingdom and in key markets elsewhere in the world. New competency centres were established to expand the size and capabilities of its off-shore delivery teams serving the KSA market; two new offices were set up in Egypt, one new branch opened in Jordan, and the Company is currently working on opening a new branch in India.



Future outlook

Ejada will focus on building on its new lines of business across the Group and among its clients in 2023. With the Group as an anchor client for these new ventures, the subsidiary remains on track to achieve a forecasted growth in new business revenue. Contribution of revenues from new lines of business is expected to grow further during the reporting year.



al rajhi bank – Malaysia

In a year that saw rapid post-pandemic economic expansion in Malaysia, Al Rajhi Bank Malaysia (ARBM) underwent a comprehensive transformation across multiple avenues, ending the year as one of the most competitive banks in the Southeast Asian nation.

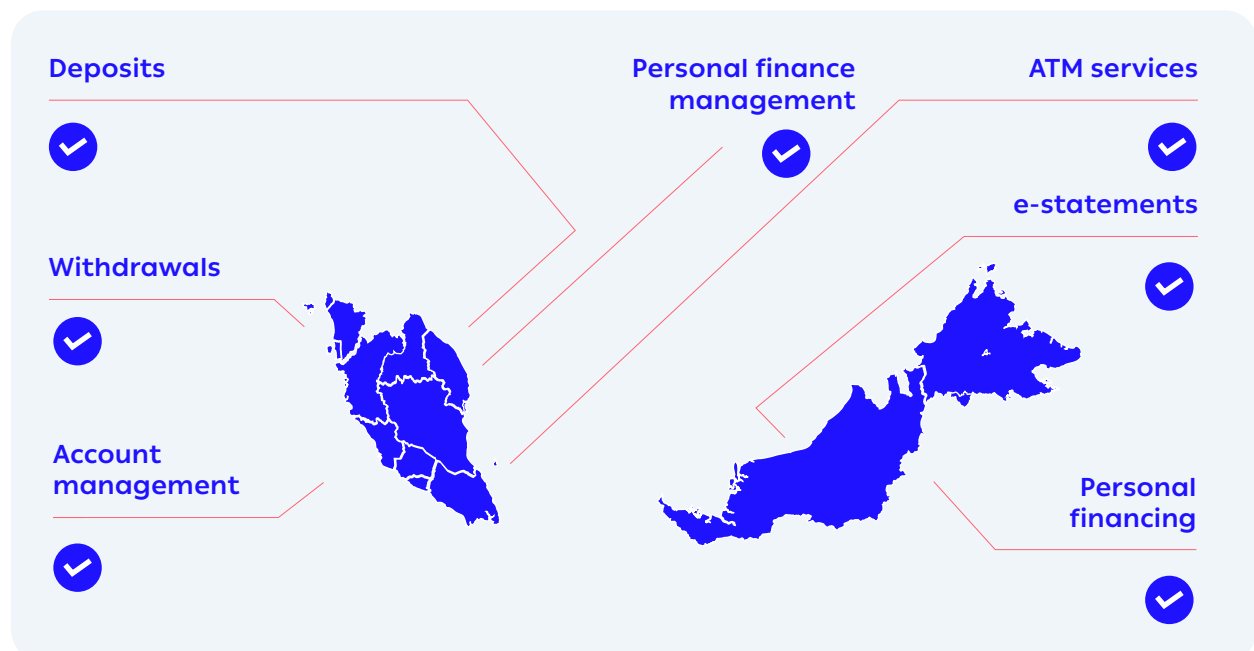
ARBM recorded double-digit growth in operating income, deposits and financing while maintaining a below-industry average of non-performing financing (NPF) ratio during the reporting period. With its financing portfolio well ahead of its year-end target, ARBM balanced its asset book with strong Sukuk holdings, which saw an increase of 40% during the year. The significant increase in assets has positioned ARBM to be the 3rd largest foreign owned Islamic bank, from the smallest in 2020. A branch-wide productivity growth of nearly 10% YoY and a cost-to-income ratio (CIR) at its lowest since 2010 saw ARBM more than double its net profits in 2022, closing the year with a

strong financial performance and taking its place among the top three foreign-owned Islamic banks in Malaysia.

The “Rize” of digital banking

In line with its vision of becoming the leading Islamic innovation bank in Malaysia, ARBM revolutionised the financial services sector in the country during the reporting period by launching Rize—a first-of-its-kind digital bank. With full approvals obtained from Malaysia’s central bank—Bank Negara Malaysia (BNM) —Rize was delivered in record time and was first-to-market following a highly contested bid for digital banking licences in the country. The cloud-native solution was developed on a scale never seen nor attempted in Malaysia. ARBM partnered with more than 20 of the world’s top technology partners to implement best-in-class tech for an end-to-end digital solution—from web services and core banking to risk operations and financing origination.

Rize offerings



subsidiaries and international branches

al rajhi bank – Malaysia

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

The digital bank is well placed to take advantage of a highly competitive market through an extensive product pipeline that will be rolled out progressively. A digital marketplace has been added on to the app and enable various players with seamless customer journeys. The reporting period saw the international branch engage several strategic partners to enrich its propositions inside the marketplace with more exciting verticals, players and functionalities will be included gradually. With Rize set up as a greenfield digital-only bank utilizing a best-in-class tech stack, ARBM stands to capitalise on its investments by being a first mover in the Platform-as-a-Service (PaaS), Infrastructure-as-a-service (IaaS), and Software-as-a-service (SaaS) offering.

Rize's launch introduced several straight-through processes (STP), such as the electronic Know Your Customer (e-KYC) function for account onboarding, commodity trading, and automatic disbursement of personal financing upon regulatory approval, to name a few. With the reactivation of the Bank's Gold Business through improved risk monitoring, a digital gold investment account is also in the pipeline.

Future-ready human capital

ARBM restructured its Retail Banking leadership during the reporting period, announcing several appointments and adding to its highly diverse, young and dynamic senior leadership team. The overseas branch continued to strengthen its brand position as a thought leader in Islamic finance, digital banking, and sustainability. Its young leadership continuously participates in high-profile local and regional industry and media engagements, including events facilitated by Bank Negara Malaysia (BNM), Malaysia's central bank.

The reporting period also saw the overseas branch introducing Darwinbox, a globally recognised cloud-based human capital

management (HCM) solution, with the goal of enhancing and enriching the employee experience. This digital transformation of ARBM's Human Resource function seamlessly integrates previous on-premises HR and learning management systems into one, allowing ARBM employees anytime-anywhere access to multiple self-service functionalities. This includes an interactive e-learning function that resulted in an increase in self-enrolment for learning modules during the year.

Parallel to these developments, ARBM's HR policy was revised to incorporate the latest technology and regulatory requirements, along with upgraded employee benefits to meet the Bank's evolving hybrid working environment. A heightened focus on employee health and wellbeing following the pandemic saw ARBM introduce an employee wellness programme during the reporting period that promotes both physical and mental wellbeing and which is complemented by regular branch-wide health awareness sessions.

Part of its growth plan involved ARBM opening a new office in Kuala Lumpur in February 2022 to house its Digital Bank team along with several other divisions. The new office was designed to optimise space and encourage idea generation, collaboration, and innovation among teams. The open-office setting with recreational spaces was introduced by ARBM's Transformation and Change Management Team to nurture an open culture that includes, inspires, and connects employees.

In October 2022, ARBM launched its one-year Digital Graduate Programme geared towards identifying and developing high-potential individuals to be part of the Bank's journey to become the number one Islamic innovation bank in Malaysia. Graduates undergo comprehensive training with global digital transformation pioneers to gain advantages that accelerate their career progression in the Bank.

Expanding business capacities and improving operational efficiencies

With new leadership appointments, 2022 witnessed a transformation in ARBM's Retail banking business, with greater focus on its governance framework, key processes, products, and people. Cost efficiencies were achieved with improved and streamlined customer experiences. A broader range of wealth offerings was also introduced to increase fee income. This was reflected in a positive Retail Financing portfolio growth of 20%.

In Corporate banking, ARBM enhanced its onboarding, credit evaluation, and approval processes in 2022, enabling the overseas branch to efficiently onboard new customers and grow its corporate portfolio. Changes to the pricing model for the Letter of Credit (LC) –Wakalah– product resulted in a 47% year-to-date income increase for the branch.

Treasury income also grew in 2022, with ARBM's diversified Sukuk investment portfolio recording higher yields. The overseas branch also started to engage in a Collateralised Commodity Murabahah (CCM) in 2022 by pledging the Sukuk portfolio. Treasury plans to expand its product offering, providing customers with a greater variety of Treasury solutions and allowing Treasury to hedge balance ARBM's book and diversify funding.

As part of its product diversification plans for the year, ARBM added 12 new products and funds to its portfolio, including multiple new Sharia investment solutions. This was a result of ARBM's partnership with a globally experienced fund house.

Project Perkins—launched in 2021 to streamline ARBM's internal processes for a seamless customer experience— continued to implement initiatives to enhance operational efficiencies across several areas. Customer experience was enhanced by revamping processes for personal financing, CASA account opening, dormant account activation, remittance application,

Banca application, Akad (contracts) and customer notifications. The Corporate banking vertical, where the process was highly manual, continued to focus on automating reporting and other calculating functions, while the Know-Your-Customer (KYC) and Operational Due Diligence (ODD) processes for Corporate and Treasury clients were streamlined and centralised in 2022 to improve turnaround time.

The IT Division at ARBM contributed towards improving operational efficiencies during the reporting period with several initiatives; procurement capabilities of the overseas branch were enhanced by transitioning from the Oracle E-Business Suit (EBS) to the Oracle cloud Enterprise Resource Planning (ERP) suite. This along with the transfer of the new Darwinbox HRM platform from on-premises to cloud enabled the Bank to transfer the IT Infrastructure Risk to its service providers.

The implementation of Microsoft365 tools to allow employees to collaborate efficiently and work from anywhere also contributed significantly to improving operational efficiencies in 2022. ARBM's disaster recovery procedures were also redefined in accordance with the changing requirements of its Business Continuity Management (BCM) strategy.

In 2022, the overseas branch participated in more cross-border financing arranged by HSBC Bank Middle East Limited to facilitate Islamic banking in the region. As of 31 December 2022, ARBM was also in discussion with several other candidates, leveraging its future Banking as a Service (BaaS) plans and its digital marketplace. These activities are aimed at expanding and diversifying the overseas branch's reach, customer base and product portfolio. The year also saw the overseas branch implement the national QR standard DuitNow QR with PayNet—the national payments authority, to enhance its payment offerings.

- (1) Global Islamic Finance Forum 2022 (GIFF2022) from 4 - 6 October 2022 at Sasana Kijang, Bank Negara Malaysia, Kuala Lumpur – ARBM as Diamond sponsor for the event

subsidiaries and international branches

al rajhi bank – Malaysia

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

(2) IFN Oman Forum 2022 was held in October 2022 Grand Millennium Hotel, Muscat Oman

Our CEO, Mr Arsalaan is one of the key panellists during the session on Digitalization and evolution of Omani Islamic Financial Services

Setting the benchmark for sustainable banking practices

In 2021, ARBM was appointed a member of the Value-Based Intermediation (VBI) Community of Practitioners (CoP) of Malaysia, formalising a deeper commitment to generate a positive sustainable impact to Malaysia's recovering economy, community and environment, and an overarching objective to deliver the intended outcomes of Sharia through practice. In 2022, to further this goal, the overseas branch proactively developed a broad-based sustainability framework aligned with VBI strategy and VBI scorecard guidelines. ARBM also completed the classification of its financing customers by their economic activities under BNM's Climate Change and Principle-based Taxonomy (CCPT) guidelines. Through this, ARBM is demonstrating its readiness to encourage financial flows towards companies and projects that meet climate objectives and provide greater transparency in reporting climate-related exposures. During the year under review, ARBM also initiated the incorporation of a few key sectoral guidelines into the Bank's existing evaluation, assessment, and financing processes.

As of 31 December 2022, ARBM continued to support several BNM initiatives, providing financial assistance under the Financial Management and Resilience Programme (URUS) for B50 (low income) individual borrowers/ customers who continued to be affected by the pandemic. ARBM also provided financing under the My First Home Scheme from BNM's Fund for Affordable Homes for lower income groups. The branch also promoted financial inclusivity through initiatives targeting the B40 (low income) market segment. These included Personal

Financing solutions under a test program, followed by first property purchasing solutions on schedule to be launched in the first quarter of 2023.



Future outlook

Strengthened by prudent risk management, ARBM envisages a continuation of its expansion and double-digit profit in 2023, driven by multiple infrastructure improvements for stronger consolidation between new and traditional channels, and several key projects in the pipeline. This pace of growth is expected to contribute towards ARBM surpassing several financial milestones in 2023. The performance projections are aligned with other indicators that forecast a strong and healthy YoY improvement for the overseas branch.

ARBM will also continue to strengthen its synergies with Al Rajhi Bank KSA in 2023, with various projects on the cards to leverage each other's capacities.



al rajhi bank – Jordan

Driven by IMF-backed structural reforms, the reporting period saw Jordan's economy record faster-than-anticipated post-COVID-19 recovery in a climate of global volatility, and Al Rajhi Bank – Jordan (ARBJ) ended the year on a corresponding note of growth and success.

With the Central Bank of Jordan (CBJ) increasing interest rates among other existing mandates to tackle rising inflationary pressures, the appetite for financing products in Jordan decreased significantly in 2022, a challenge overcome by ARBJ by exploring new avenues of income,

expanding existing portfolios and targeting untapped demographics with tailored banking products and financial solutions.

Customer deposits at ARBJ grew by 10% in 2022, and the international branch utilised idle local-currency funds by growing its Sukuk portfolio by 80% in a concerted effort to diversify revenue streams. The reporting period most significantly saw a 36% expansion of its mid-corporate and small and medium enterprises (SME) portfolio, following the launch of a targeted Small Business Financing (SBF) programme.

Results of ARBJ organic growth on both sides of the balance sheet

32%

increase in customer deposits

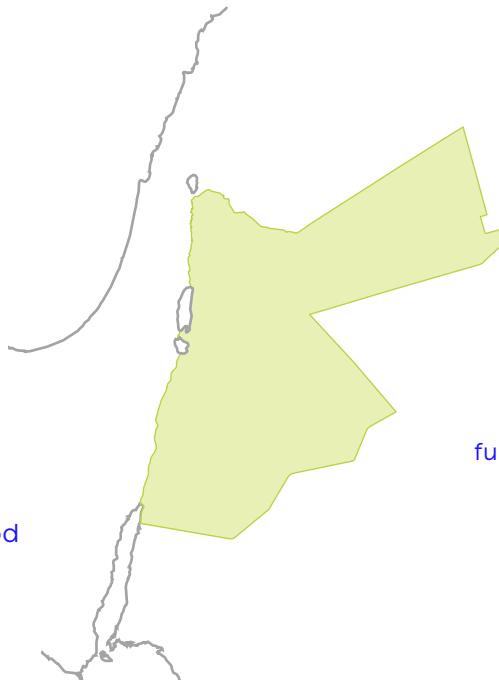
47%

increase in financing assets
in the last five years

Accumulated expansion of

59%

in shareholder equity
the preceding five-year period



**Additional functionality
enhancements initiated in
2022, expected to launch in
2023**

Auto registration for
SMS services
Updating of SMS
mobile number

Improved integration between
mobile and internet banking
functionalities with an advanced
application interface (MEP API)

subsidiaries and international branches

al rajhi bank – Jordan

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

An expanding product and solutions portfolio

In 2022, in collaboration with Al Rajhi Bank Saudi Arabia, ARBJ launched a customised home-financing programme for Jordanian expatriates in KSA. An expatriate mortgage financing product was also launched in 2022 to serve the interests of Jordan's own growing expat community, who also make up the high-salaried demographic strategically targeted by ARBJ.

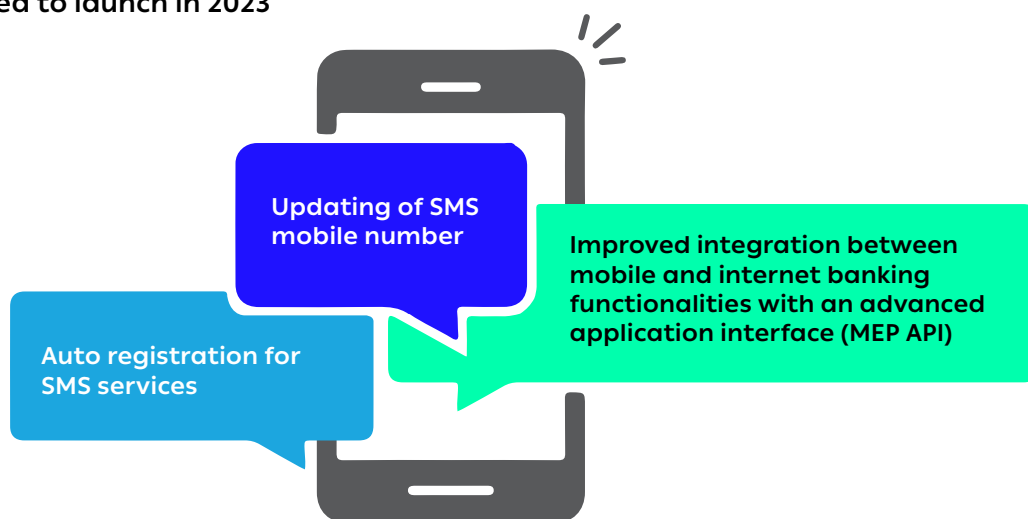
A corporate real estate leasing product was also developed during the reporting period to meet the growing financial needs of corporate clients, and help them take advantage of long-term investment opportunities in a fluctuating real estate market. As of 31 December 2022, the product is ready to go live upon the launch of ARBJ's new core banking system. Plans to launch a Merchant Acquiring Service for the local market are well underway, with it on track to be launched in the first half of 2023.

ARBJ kicked off negotiations in 2022 to introduce BUNA, a centralised cross-border and multi-currency payment system fully owned by the Arab Monetary Fund (AMF), and supported by Central Banks across the Arab region and beyond. The BUNA platform will enable ARBJ to provide customers with modern payment solutions adhering to international compliance requirements. Negotiations are also well underway with a new commodity broker, with ARBJ aiming to diversify commodity providers to its Treasury business.

Digital growth

Making headway in digital banking was an important area of focus for ARBJ in 2022, and the Jordan branch made substantial progress in its core banking system replacement project, having selected ICS Financial Systems (ICSFS), a leading regional banking software solutions provider for its Islamic core banking solution. This will be followed by the implementation of the vendor's digital channels solution with a view to go live by 2024.

Additional functionality enhancements initiated in 2022, expected to launch in 2023



The international branch also continued its migration campaign to register its customers for online and mobile banking, driving the number of registered customers to 56.5% of its total customer base.

Building capabilities

During the reporting period, ARBJ's human resources department conducted a Training of Trainers (TOT) programme for 17 staff members with a view to further strengthen and cascade internal training and development competencies. This initiative supported the launch of the Level-up Programme in 2022, that saw ARBJ successfully fast-tracking the training and employment of 13 fresh graduates from its annual Graduate Development Programme (GDP).

The international branch executed a major overhaul of front-end and back-end processes that resulted in faster and personalised response time across multiple services, greatly enhancing its customer servicing benchmarks. ARBJ also conducted specialised employee-training programmes to facilitate a better and more satisfactory customer experience, particularly with regard to Personal and Home Financing products.

In order to strengthen social relations with employees while also building pride in their work and workplace, ARBJ's Social Committee organised a Family Day during the reporting period, where employee families were invited to spend time at the Bank for a better understanding of its operations and functionality. The event was well received with families being treated to lunch as well as a number of entertainment activities, which were thoroughly enjoyed by all participants.

Nurturing brand loyalty through customer engagement

Extended business hours on multiple interactive channels such as the call centre and social media platforms during the reporting period further increased customer engagement, retention and satisfaction. A contactless feature was introduced at ATMs and card services to enhance usability.

The international branch continued to reflect the new global brand identity of Al Rajhi Bank through its rebranding exercise, successfully completing the rebrand of its official website, and remaining on schedule for its mobile app rebranding, with the launch set for January 2023. The rebranding of ARBJ's internet banking platform Al Mubasher also remained on track during the year. Physical rebranding of branches and ATMs is on schedule to be completed towards the end of Q1 2023, following the successful completion of its design phase during the year.

In a corresponding effort to further strengthen its brand awareness, ARBJ held an introductory pavilion at King Hussein Business Park in Amman in November 2022, to promote and create awareness of the Bank products and services among the business community. The pavilion saw a high level of engagement from employees of major local and global companies located within the complex.

ARBJ's official Facebook page was verified during the year under review, resulting in an 80% increase in followers and passing the 100,000-follower milestone. Steps were also taken to re-establish and verify ARBJ's Instagram account in a similar manner to increase customer engagement and loyalty.

subsidiaries and international branches

al rajhi bank – Jordan

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

The Al Rajhi Rewards campaign launched simultaneously ensured increased social media interaction, with the Bank offering appealing rewards and promotions to loyal customers. Your Summer with Al Rajhi was another similarly successful campaign that increased customer engagement on social media while creating awareness of the Bank's products and services.

Unify Your Obligations was yet another successful marketing campaign executed by ARBJ during the reporting period, with the aim of attracting new customers to the Bank by purchasing their financing from other banks at competitive Murabaha rates.

Playing a stronger role in financial inclusion

During the reporting period, ARBJ participated in the Global Alliance for Financial Inclusion conference hosted by the Central Bank of Jordan – an important annual forum in the field with the participation of global regulatory institutions and other major stakeholders. Through this participation, ARBJ further strengthened its commitment towards creating and promoting financial inclusion across Jordan and its underserved demographics, and creating dialogue on international best practices on the subject.

This among other commitments and activities carried out by ARBJ won the international branch an honorary recognition by the Saudi Cultural Attaché in Jordan, in appreciation of its continuous efforts in supporting the activities of the attaché during the year 2022.



Future outlook

ARBJ will continue to align with the new identity of Al Rajhi Bank, with plans to relocate to a new head office in Amman in 2023, and board approval obtained for physical expansion of the branch network in multiple locations across Jordan for maximum reach. This brand alignment will be further strengthened with the new CBS being developed to be launched in Q4 of 2023.

The international branch is also laying the necessary foundation to set-up an acquiring business in 2023, with POS lending to be launched following its establishment. Customers will also benefit from new products and services in the pipeline such as a Lease-to-Own programme, as well as a targeted affluent customer offering.



al rajhi bank – Kuwait



In a challenging year defined by tough market conditions, inflationary pressures, interest rate hikes and an aggressively competitive job market, Al Rajhi Bank – Kuwait (ARBK) made considerable progress in digitalisation, high-level recruitment, customer inclusivity and operational efficiencies, ending 2022 on a positive note as the country's banking sector continued to recover.

Coming out strong

With the Central Bank of Kuwait (CBK) partially withdrawing the stimulus package and raising its discount rate (CBDR) from 1.5% to 3.5%, ARBK experienced a YoY increase in its cost of deposits. Early settlement profits were also impacted by an increase in the KIBOR rate, which pushed the market to charge higher profits on new financing, negatively affecting consumer sentiment towards early settlements and buy-outs.

Despite the challenging conditions and tough local peer competition, total deposits at ARBK showed a YoY growth of 5% in 2022, with customers investing their idle funds into term deposits. Prudent budgeting and increased operational efficiencies also ensured a negligible increase in operating expenses for the overseas branch YoY. Most notably, ARBK recorded a significant 46% YoY increase in forex income following a series of high-value transactions.

Building on its successful debut in Kuwait's Sukuk market in 2021, ARBK started building its Sukuk portfolio in-line with its budget for the reporting year, generating revenue well into the second half of the year under review.

Additionally, strategic leadership appointments made during the previous year helped ARBK greatly increase its agility and efficiencies by enhancing its reporting and decision-making structures, with a new digital team strengthening the synergy between the overseas branch and Al Rajhi Bank KSA headquarters, to enable a smoother flow in approval processes.

subsidiaries and international branches

al rajhi bank – Kuwait

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

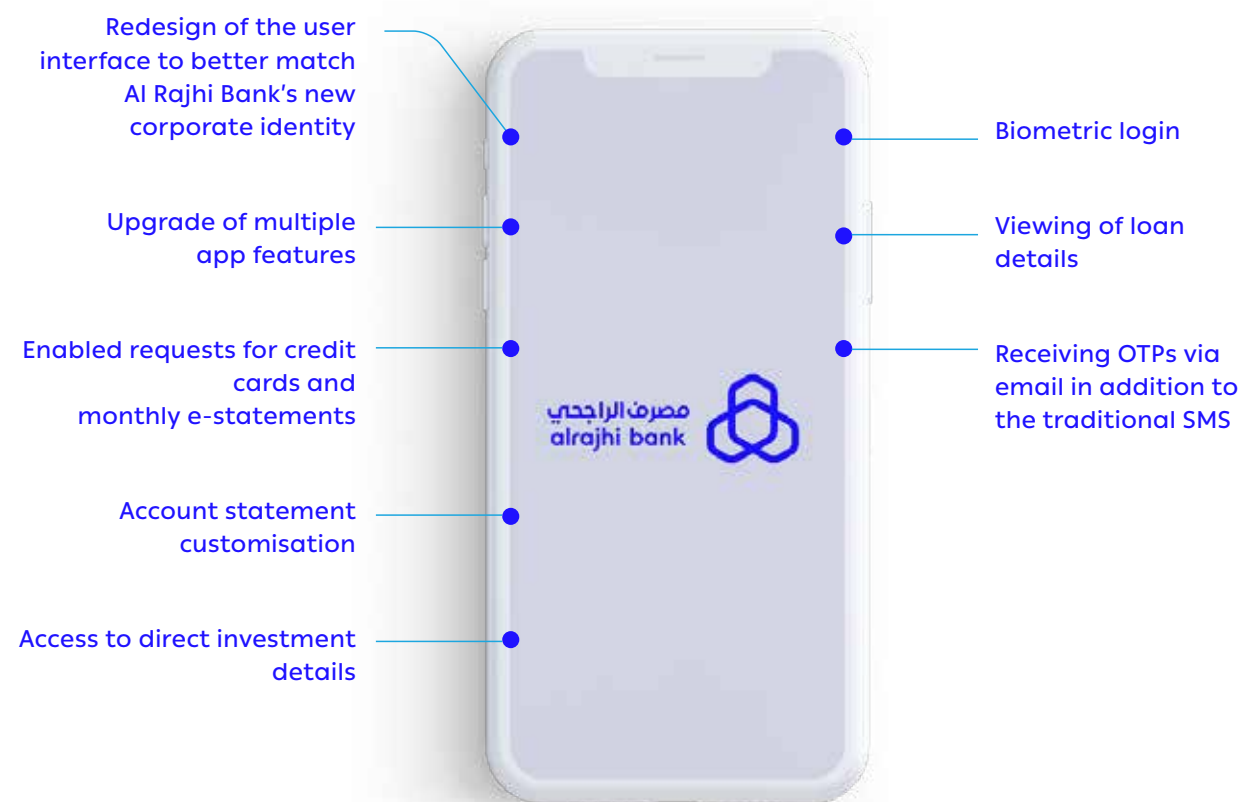
Financial Statements

Supplementary

Growth through smarter banking

The year under review saw ARBK invest significantly in technology, in line with Al Rajhi Bank's broader "Bank of the Future" strategy.

New features introduced on the ARBK mobile app in 2022



SMS banking was enhanced in 2022 with new text messaging templates introduced for transaction updates as well as an efficient communication channel for communication and awareness generation. SMS alerts were also introduced for VISA Electron debit card transactions initiated outside Kuwait. The Interactive Voice Response (IVR) system was upgraded in the reporting period with a view to improving and streamlining customer interactions with the branch. A few pending automation issues were also resolved during the year.

During the reporting period, ARBK introduced the cross-border payment solution Transfast for international money transfer services, enabling customers to leverage its digital and e-channels to carry out their instant financial transactions with ease. A call-back option was also introduced to verify the authenticity of payment requests.

With customers demanding more control and autonomy over their finances, ARBK introduced additional features through its ATM network such as mobile number updating for core banking and e-channels, and changing/resetting credit card PINs, further enhancing customer satisfaction.

Increasing operational efficiencies

During the reporting period, ARBK reviewed all applied tariffs and fees, circulating reports and expected income targets among supervisors to drive their respective teams to conduct follow-ups and collect all services-related manual fees.

The overseas branch also enhanced its counter terrorism financing (CTF) measures in compliance with regulatory instructions issued by the Central Bank of Kuwait during the year under review, in efforts to further mitigate risk and protect its customers, while promoting integrity within financial system.

Achieving excellence through customer centricity

The overseas branch continued to promote financial inclusion, providing specialised translations for blind customers, special screens at ATMs, as well as wheelchair access for customers with special needs and mobility issues. ARBK staff too, received tailored training to better assist and serve customers with disabilities.

ARBK also implemented several initiatives targeting its female customer base, including the introduction of a debit card exclusively designed for women, and working together with Kuwait's Ministry of Education (MOE) to provide sponsorships to its female customer segment. Medical insurance was provided to female employees and family members testing for breast cancer during breast cancer awareness month in October of 2022.

The Sales Team at ARBK initiated a sales drive by targeting segments based on geographic distribution to offer customers greater convenience.

In keeping with Al Rajhi Bank's rebranding in 2021, the overseas branch also reprinted its debit and credit cards during the reporting period, incorporating the new logo design to strengthen brand loyalty among its customers.

Developing human capital

In the face of aggressive recruitment drives carried out by the competition, ARBK was successful in hiring for positions that were hard to fill in 2022. The overseas branch adhered to its steadfast commitment to the government's Kuwaitisation drive, with all departments and units identifying appointments of Kuwaiti citizens for middle and senior management positions, in line with the requirements of the CBK.

subsidiaries and international branches

al rajhi bank – Kuwait

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

Successful mid-year reviews followed by morale-boosting increments were accompanied by a renewed focus on training, with ARBK employees provided the opportunity to visit the Al Rajhi Bank headquarters in Saudi Arabia and the Jordan branch for hands-on experience, and to better acquaint themselves with the Bank's corporate spirit. The ARBK team also came together in

a show of responsible corporate citizenship, launching a campaign to distribute meals for Iftar Saem during Holy Ramadan.

A mobile app for an HR employee system developed during the reporting period to monitor bank employee performance and activities which will be launched upon securing the necessary approvals.



Future outlook

Faced with growing competition in the digital banking sphere, ARBK will adopt a sharper focus on its digitalisation drive and digital channels going into 2023, and system dependencies uncovered during the reporting period that resulted in several initiatives being put on hold. ARBK envisions a larger social media presence in the year 2023 as part of its digital strategy.

The overseas branch is also in the process of enabling international remittances via its internet banking (Mubasher) service and mobile app. ARBK will also issue Point-of-Sale (POS) to clients.

Plans to improve customer experience and satisfaction in the coming year include the in-house development and implementation of a customer relationship management (CRM) system, as well as enhancing customer touchpoints like the mobile app, call centre, and the branch and ATM network.

On our people front, the Bank plans to strengthen its recruitment process while continuing to comply with the CBK vis-à-vis its Kuwaitisation targets as part of the branch's middle and upper management strategy. Training courses will also be provided along with on-the-job training for those in line for succession.

human resources

GRI 2-7

[Overview](#)
[Context](#)
[Business in Perspective](#) ●
[ESG Report](#)
[Corporate Governance](#)
[Financial Statements](#)
[Supplementary](#)

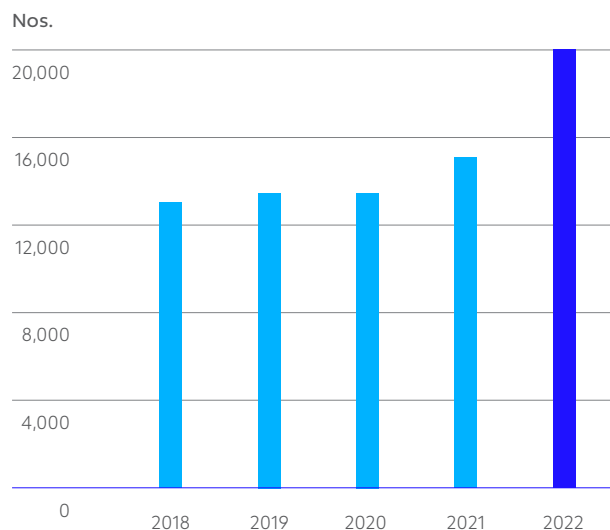
For Al Rajhi Group, strengthening its brand as the employer of choice was one of the core focus areas in 2022, in line with the ambitious target set by the BOTF Strategy. The group continued its momentum from 2021, investing in the development of talent and technology to shape a human capital across all its local and international subsidiaries that is powered by evolving capabilities and augmented expertise. Such efforts during the year under review resulted in Al Rajhi Group's Human Resource (HR) group setting a new benchmark in employee experience, and closing the year with an improved employee engagement index score.

Following the feedback from the annual employee engagement surveys conducted in 2021, actions plans were rolled out during 2022 to address areas highlighted for improvement. Some of these initiatives included improvements across the Performance Management function with enhanced system capabilities to promote more autonomy and transparency; formalising agreements with local and global educational institutions to enrich learning curriculums and improve Learning and Development benchmarks; and creating structured development opportunities to enhance employee mobility and promotions, thereby improving the overall Talent Management function.

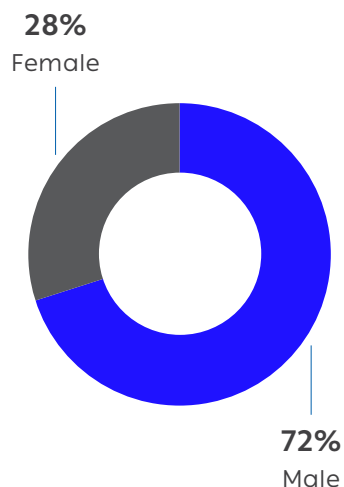


- Overview
- Context
- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Total number of employees



Employees by gender



Al Rajhi Group's consolidated human capital remains its engine of successful value creation, with the 19,964 strong team demonstrating great adaptability to the rapid pace of digital transformation, while driving loyalty and brand value among its customers.

Workforce analysis	2022	2021	2020	2019	2018
Total number of employees	19,964	15,078	13,445	13,439	13,003
Percentage of Al Rajhi Group female employees (%)	28	21	15	16	15
Percentage of Al Rajhi Group local employees (%)	89.07	91.96	91.31	91.14	90.40
Number of employees departed	5,191	2,964	1,781	2,104	2,246
Al Rajhi Group Turnover ratio (%)	19.18	17.30	15.32	15.40	16.56
Al Rajhi Group Total training hours	849,284	590,012	335,747	474,439	456,949

Employees by grade and gender

	Male		Female	
	2022	2021	2022	2021
Senior Management	530	403	24	17
Middle Management	1,212	2,592	221	324
Other	12,596	9,185	5,381	2,557

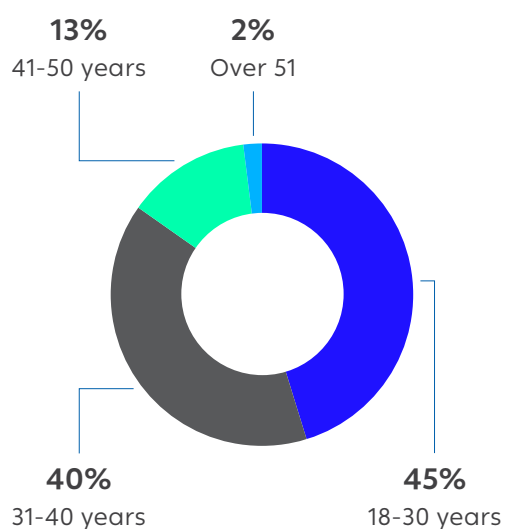
Employees by age and gender

	Male		Female	
	2022	2021	2022	2021
18-30 years	5,082	4,291	3,948	1,775
31-40 years	6,558	5,675	1,334	864
41-50 years	2,351	1,928	297	218
Over 51	347	286	47	41

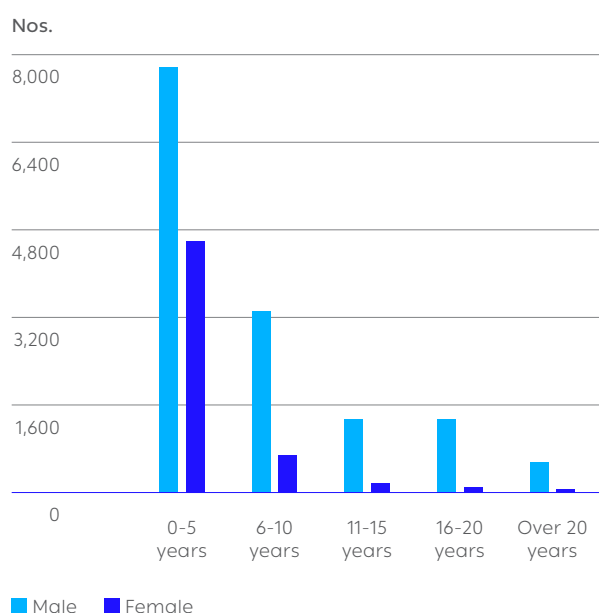
Number of years of service

	Male		Female	
	2022	2021	2022	2021
0-5 years	7,784	5,922	4,597	2,055
6-10 years	3,310	3,434	687	550
11-15 years	1,341	1,168	172	144
16-20 years	1,341	1,053	104	88
Over 20 years	562	605	66	59

Employees by age



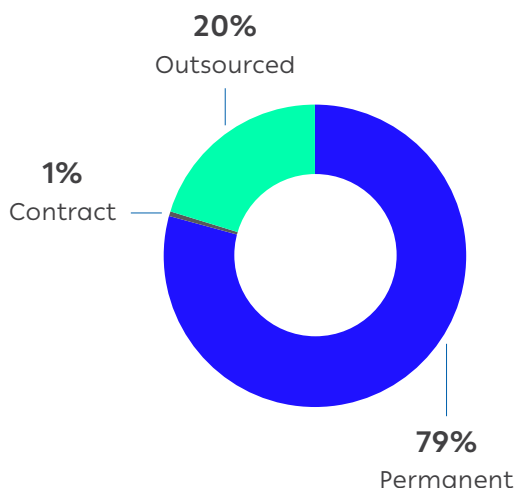
Employees by years of service



[Overview](#)
[Context](#)
[Business in Perspective](#)
[ESG Report](#)
[Corporate Governance](#)
[Financial Statements](#)
[Supplementary](#)

Employees by category	2022	2021	2020	2019	2018
Permanent	15,820	10,904	10,773	11,040	10,971
Contract	100	143	167	160	96
Outsourced	4,044	4,031	2,505	2,239	1,936
Total	19,964	15,078	13,445	13,439	13,003

Employees by category



Talent recruitment

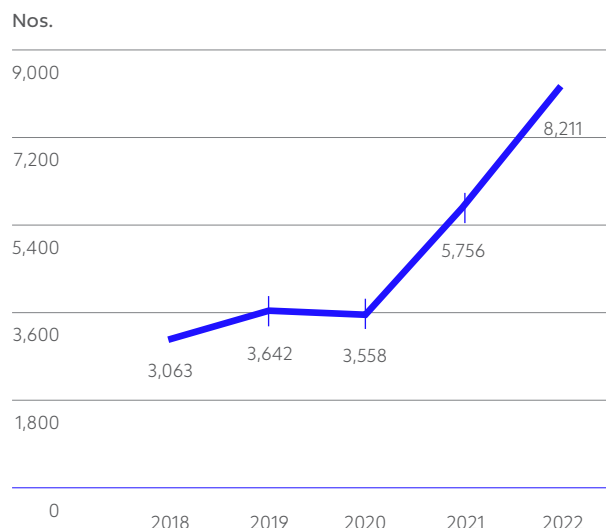
Al Rajhi Group hired 8,211 new employees in 2022 to accommodate the back filling of resignations and the business growth across all levels and positions including future skilled subject matter experts and senior professionals. The substantial number of new hires was the result of a focused recruitment drive to discover the best-qualified talent that can meet the demands of Al Rajhi Group's rapid strategic expansion across IT, digital and revenue generating departments in line with the group's growth plans. The success of the recruitment drive was evidenced by the exceedingly high offer acceptance rate, reflective of Al Rajhi Group's reputation as the "Employer of Choice" by top talent. This distinction was further enhanced by Al Rajhi Group's brand presence across physical career fairs as well as online professional networks.

GRI 401-1

Total new hires by age group and gender

	18 to 30 years			Over 30 years		
	Male	Female	Total	Male	Female	Total
2022	2,882	3,183	6,064	1,584	563	2,147
2021	2,670	1,064	3,734	1,850	172	2,022
2020	1,838	336	2,174	1,307	77	1,384
2019	1,794	627	2,421	1,132	89	1,221
2018	1,558	446	2,004	966	93	1,059

Total new hires



Al Rajhi Group sponsored and participated in several key career fairs to strengthen the group's brand position as "Employer of Choice", and enjoyed a significant increase in applicants during the period under review.





In 2022, Al Rajhi Group showed great progress in its commitment to equal opportunity, and has been recognised as an organisation that empowers and adds value to the role of women in the workforce. Al Rajhi in KSA focused on creating female-friendly as well as female-only job opportunities (such as the Qassim Contact Centre staffed by only females) during the period under review, increasing Al Rajhi Group's female employee ratio from 21% in 2021 to 28% in 2022, a significant achievement in line with the group's diversity and inclusion plans. Female employment was further encouraged with the continuation of appropriate allowances in line with market conditions.

The Bank's investment in high-potential Saudi talent is evidenced by the Graduate Development Programme (GDP), which maintained its competitive edge as the preferred programme and eventual employer for top graduates.

The "war for talent" and the challenge to retain top performers continued to impact the financial sector significantly. Al Rajhi Group maintained its reputation and appeal as an employer of choice during the period under review, and continued to strengthen its overall employee value proposition to successfully overcome the challenge.

Talent management

In 2022, the Al Rajhi Group focused on dialling up efficiencies and effectiveness of its talent practices, which were reviewed and duly modified to align with global standards. A key enabler of this process has been the new implemented systems and process, which enabled the HR group to implement a number of new and advanced talent activities in 2022.

Advanced Talent Management Processes and KPIs Delivered in 2022			
Critical Role & Talent Identification	Succession Planning	Talent Pipeline Development	Talent/Graduate Development and Engagement
 <p>Critical Role Identification:</p> <p>Exercise carried out to identify roles that could pose significant risk if left vacant.</p>	 <p>Identification of Successors:</p> <p>Choosing successors for the critical roles identified based on talent assessment</p>	 <p>Academy Talk:</p> <p>Building broader capabilities and perspectives with experts from a wide range of industries, for senior levels</p>	 <p>Enhanced Framework:</p> <p>To highlight deeper career progression and increase retention</p>
<p>Talent Assessment:</p> <p>Applied across employee levels to assess talent that complements the group's current talent needs.</p>	<p>Structured Development:</p> <p>Formulating plans for development of identified successors</p>	<p>Transition Programmes Management:</p> <p>Helping talent transition effectively into supervisory and managerial levels</p>	<p>High-Level Engagement:</p> <p>Building a high-performing talent pipeline with frequent engagement opportunities</p>

Talent retention

The Emerging Talent Development Programme greatly contributed towards retaining skilled employees in a fiercely competitive market. As an example, during the reporting period the Bank enhanced the talent development framework for skilled employees by introducing two programmes:

- **Leadership Transition Programme:** Aimed at preparing managers transition smoothly to higher leadership positions. In 2022, this development opportunity was extended to employees transitioning to Director level roles.
- **People Management Programme:** This programme successfully trained and equipped applicable supervisory level employees aimed at taking managerial level positions with the skills and competencies.

Employee remuneration and other benefits

The group provides employees with market and performance-driven remunerations. The fixed salary revision was carried out for all eligible high-performers in 2022, with all variable incentive payments and bonuses paid in line with the remuneration strategy to pay for performance. The group continued to offer market driven competitive allowances to boost employee morale and strengthen the employee value proposition. as an example, Al Rajhi Bank continued to pay vacation allowance of one basic salary paid semi-annually and made celebratory payments to over 5,000 employees for special occasions, with a total of 1,220 employees

receiving well-wishes and gifts from the CEO. Another example is the launch of Savings Scheme 2, which is a two-year programme designed to encourage and nurture an exemplary culture of saving with over 5,600 employees of Al Rajhi KSA subsidiaries participating.

All employment contracts were standardised to provide consistency and assurance to new hires in line with relevant laws and regulations.

GRI 401-2

Salaries and Benefits SAR '000

Salaries and Benefits SAR '000	2022			2021		
	Fixed and variable compensation	Variable compensations paid		Fixed and variable compensation	Variable compensations paid	
		Cash	Shares		Cash	Shares
Executives	50,693	23,996	55,595	48,198	22,954	42,322
Employees engaged in risk taking activities	590,626	189,914	32,479	686,464	202,368	22,242
Employees engaged in control functions	214,190	41,174	26,857	251,636	48,160	19,241
Other employees	1,804,438	313,694	46,344	1,591,335	321,356	34,675
Total	2,659,947	568,778	161,275	2,577,633	594,838	118,480
Accrued compensations in 2022	247,731	-	-	231,087	-	-
Other employees' costs	487,513	-	-	323,626	-	-
Gross total	3,395,191	568,778	161,275	3,132,346	594,838	118,480

GRI 401-3

Parental leave in 2022

	2022	2021
Number of employees who took parental leave, by gender	1,249	265
Number of employees who returned to work after parental leave, by gender	1,249	265
Number of employees who returned to work after parental leave who were still employed 12 months after return, by gender	1,223	262

HR Governance

While the group upholds recognised standards and principles for labour practices, it also strives to ensure safe and fair working conditions and practices through regularly reviewed policies, creating an environment that allows employees to feel protected and encouraged. The group strengthened its HR Governance Department during the period under review to support its transformational journey, and proactively act as

the second line of defence for the HR group by providing assurance on matters of compliance with all regulations and laws.

Additionally, the KSA Internal Company Bylaw was updated to ensure better clarity and awareness on the governance structure for the benefit of the employees. The group continued to be aligned with local regulations and practices.

human resources

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

As an example, the Bank's Petition Committee streamlined its procedures to improve the petition submission process for employees and is fully compliant with new rules and regulation pertaining to occupational health and safety (OHS) requirements and launched several employee health checks and wellbeing awareness programmes throughout the year.

Policies and Communication

Al Rajhi Group remains steadfast in upholding a number of policies to provide a working environment that is fair and safe for all. The Whistleblowing Policy, Grievance Policy and other modes of communication remain firmly in place for employees to be able to raise concerns about their workplace.

The applicable policies were revamped in 2022 to include all relevant updated rules and regulations, and align with market conditions and development to ensure employees receive clear guidance and fair benefits. Al Rajhi Group has in place safe communication channels for whistle-blowers, including both an anonymous hotline and email address, allowing employees to report their concerns from outside the workplace. For grievances, there are special channels where employees are enabled to submit a grievances which will be escalated to the relevant stakeholders, who in turn takes immediate and appropriate action.

Employee engagement was further improved by enhancing exiting communication tools and channels. As an example, physical engagements and communication alignment between Al Rajhi Bank regional branches and the Head Office have improved with frequent visits to regional branches from Head Office Management. The group's employee communication channels include:

- Annual Employee Engagement survey
- Senior management meetings and messages
- Employee email updates
- Circulars
- HR newsletters
- Periodic news broadcasts
- Whistleblowing policy



- Grievance policy
- HR self-service mobile app
- HR hotline
- Town-halls

Any and all organisational changes impacting the group's employees are communicated in alignment with relevant labour laws. The Bank also capitalises on its digitised HR systems as communication channels to regularly update employees with such relevant changes.



As an example given below is a summary of learning & development interventions pertaining to Al Rajhi Bank.

In 2022 more than 150 top-graduates successfully graduated from ARB Graduate Development Programmes (GDP), and an additional 103 were on-boarded as part of the Bank's strategy to recruit young Saudi talent and groom them to become future leaders. The Bank has on-boarded over 500 graduates since the inception of the program in 2015, and periodically revamps the programme structure to align with emerging market trends.

The GDP also aims to bridge emerging skill gaps in digital, IT and cybersecurity as a result of ongoing digital disruptions in the banking and finance sector, and introduced "gamification" – a digital learning solution that significantly enhanced the overall engagement, interaction and active participation of over 10,000 participants. The Academy also partnered with a number of leading international schools to introduce several e-Learning courses as alternative learning solutions to meet business challenges.

Taleem – the Academy Learning Management System (LMS) – was upgraded with additional features such as pathway learning, online evaluation and development tracking during the reporting period, enabling both the Academy and the employees to maximize mutual benefits with measurable results. A total of 7,185 employees accessed Taleem during the year under review, and enjoyed exclusive learning content and benefits from the upgraded system, including autogenerating of certifications for successfully completed modules and courses

A number of specialised trainings and certifications were also facilitated by the Academy during the year under review; The Bank's focus on increasing female employment opportunities saw the Academy recruit and train more than 1,700 new female agents to staff the female-only Contact Centre in Qassim. The Academy also facilitated training programs targeting female employees, completing more than 10,000 training hours during the reporting period.

Learning and Development

Al Rajhi Group has always been committed in investing towards structured learning and development solutions using blended learning approaches such as classroom, virtual, e-learning, on-the-job, certifications, coaching and mentoring. The Group carried out a deep learning needs analysis to identify knowledge and skill gaps when designing and implementing interventions tailored to suit the needs.

- Overview
- Context
- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

Progress of the three mandatory SAMA certifications saw a total of over 9,000 ARB employees certified to date, and business-specific simulation-based training was introduced to Retail Banking and IT divisions as they transitioned to the Bank's new digital core system. Focused leadership development programs for senior management and leadership cadre continued, aligned with their leadership assessment feedback and development needs of the Bank for the year under review.

GRI 404-2

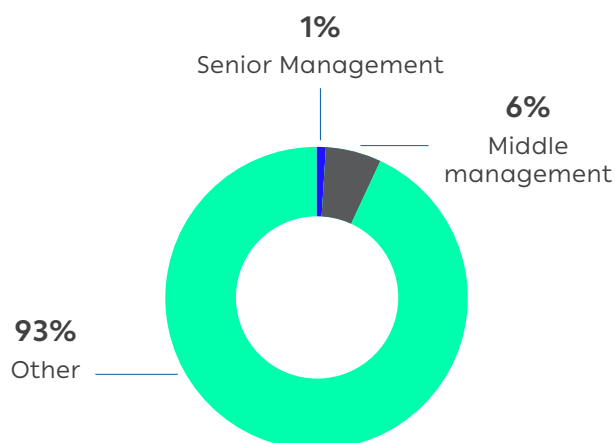
Al Rajhi Group Employee training

	2022	2021
Number of training programmes	2,351	1,109
Total number of participants	26,474	15,322
Training days	141,547	98,335
Hours spent on training	849,284	590,012

Hours of training by grade

	Total hours of training
Senior Management	4,217
Middle Management	46,364
Other	765,447

Hours of training by grade



Employee training by gender

	Number of employees			Number of person hours of training		
	Male	Female	Total	Male	Female	Total
Mandatory	4,499	3,732	8,231	51,587	55,962	107,549
Non-mandatory	9,104	7,841	16,980	343,988	360,469	704,457
e-Learning	7,393	4,805	12,198	107,019	31,548	138,567

Employee training by category	Number of employees			Number of person hours of training		
	Male	Female	Total	Male	Female	Total
Senior Management	186	71	257	3,786	399	4,217
Middle Management	3,835	4,037	7,872	30,538	14,581	46,364
Other	10,085	8,121	18,207	361,648	401,882	765,449

Hours of training by skill type	No. of persons trained	Hours training
Technical skills	16,565	577,308
Soft skills	9,743	238,384

The catalytic roles of technology and innovation in HR

HR Group embraced AI Rajhi Group's strategy of "unbank the bank" through the application of sophisticated technology solutions to join-up with all its subsidiaries to ensure robust HR services delivery to its employees. Continuous investment made in enhancing and implementing best in class HR-MIS solutions to create a stronger employee experience through end-to-end HR digitize service solutions.

As an example, more features were added to AI Rajhi Bank's Recruitment and On-boarding System during the year following an end-to-end review of the process, increasing efficiencies by around 50% YoY, and delivering a faster, automated on-boarding experience. Automation of the Bank's recruitment offer approval reduced a 2-week turnaround time to less than 5 days.

Enhancements across the Bank's Management Information System (MIS) paved way for the automation of multiple HR functions. This comprised the automation of total rewards, incentive calculation, attendance tracking of employees through geofencing, internal hiring requests, and enhancements to the SAHL mobile app that enabled the Bank to continue utilising it as the single point of contact for all employees with more flexibility as well as greater efficiency, further improving the Bank's employee value proposition.

Innovation and new thinking were encouraged among employees with the "My Idea" initiative implemented by the Bank, where employees with the most innovative and value-adding ideas were rewarded upon implementation of their projects. During the period under review, the Bank accepted 21 ideas, 5 of which were successfully implemented.



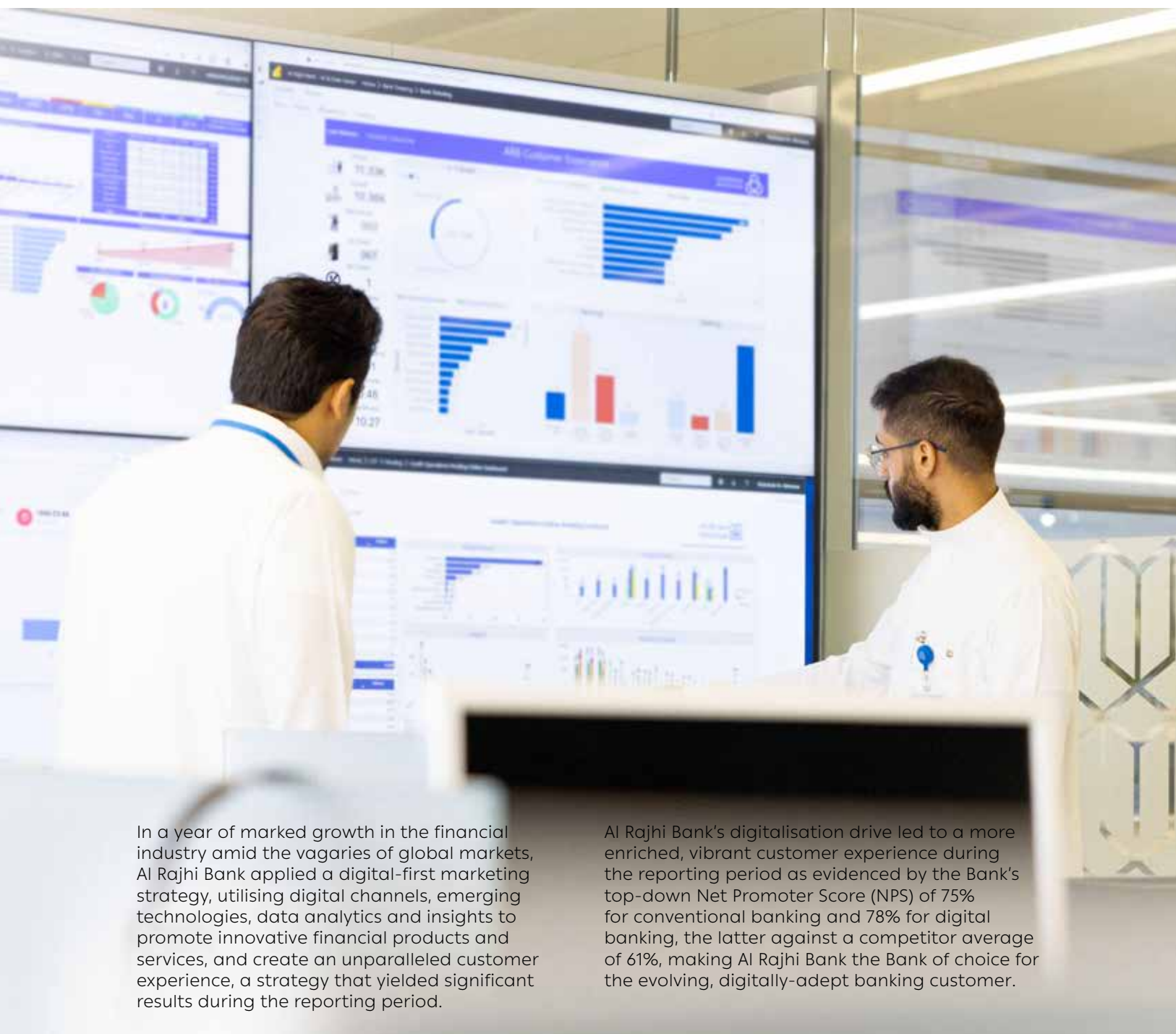
Future outlook

The HR group will continue to implement the Board approved HR strategies focusing on future skilled talent acquisition, enabling to deliver on key strategic imperatives. Best in class learning and development solutions will be continuously formulated to bridge emerging competency gaps. The HR group will also continue to revamp the employee value proposition aligned to market developments, maintaining and improving the employee engagement score and employee satisfaction ratings, thereby delivering sustainable business growth.

marketing and customer experience

Overview
Context

- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary



In a year of marked growth in the financial industry amid the vagaries of global markets, Al Rajhi Bank applied a digital-first marketing strategy, utilising digital channels, emerging technologies, data analytics and insights to promote innovative financial products and services, and create an unparalleled customer experience, a strategy that yielded significant results during the reporting period.

Al Rajhi Bank's digitalisation drive led to a more enriched, vibrant customer experience during the reporting period as evidenced by the Bank's top-down Net Promoter Score (NPS) of 75% for conventional banking and 78% for digital banking, the latter against a competitor average of 61%, making Al Rajhi Bank the Bank of choice for the evolving, digitally-adept banking customer.

Al Rajhi Bank also took measures to provide its customers with a more rewarding loyalty experience by further enhancing and enriching the Bank's Mokafaa loyalty program in 2022. Such focused efforts resulted in Mokafaa achieving the top NPS, Customer Satisfaction Score (CSAT), and Customer Effort Score (CES) in the Kingdom for the year under review.

Enhancing brand perception

Since the launch of the "unbank the bank" brand identity in 2021, Al Rajhi Bank has taken to its digital channels to creatively communicate new brand principles. These channels recorded increased engagement in 2022, with higher channel integrity that strengthened top-of-mind awareness and positioning of the brand. Supported by positive customer feedback on the facelifted logo, the modern brand identity allowed Al Rajhi Bank to penetrate the youth market with an approachable tone of voice, through the right mix of channels.

This more emotion-driven brand voice served to strengthen Al Rajhi Bank's YoY brand positioning as a bank that is trusted, accessible, affordable and innovative, and contributed towards increasing the Bank's brand power score by 40.3% at the end of the reporting year.

Al Rajhi Bank's partnership with Visa to launch the global "She's Next" initiative for the first time in the Kingdom also served in terms of greatly enhancing the Bank's brand perception as a leader in the financial sector, and brand sentiment for nurturing financial inclusivity across the Kingdom. "She's Next" is a global advocacy program that aims to economically empower women entrepreneurs and small business owners through grants, funding opportunities as well as practical insights that help them grow their businesses, and aligns with Al Rajhi Bank's BOTF Strategy as well as its ESG agenda.

The Bank tracked its "Brand Health & Equity" in 2022 in conjunction with a few ad-hoc market research studies that were carried out on customer behaviours, banking preferences and other aspects in the course of the year, in a concerted effort to better understand customer expectations.

The digital impact

The Bank's customer experience was largely enhanced by its industry-transforming digitalisation agenda, which saw a large collection of customer touchpoints directed towards high-performing, highly responsive automated systems, creating greater efficiencies for Al Rajhi Bank customers, and enabling more instances of self-service and the ability to better manage their finances.

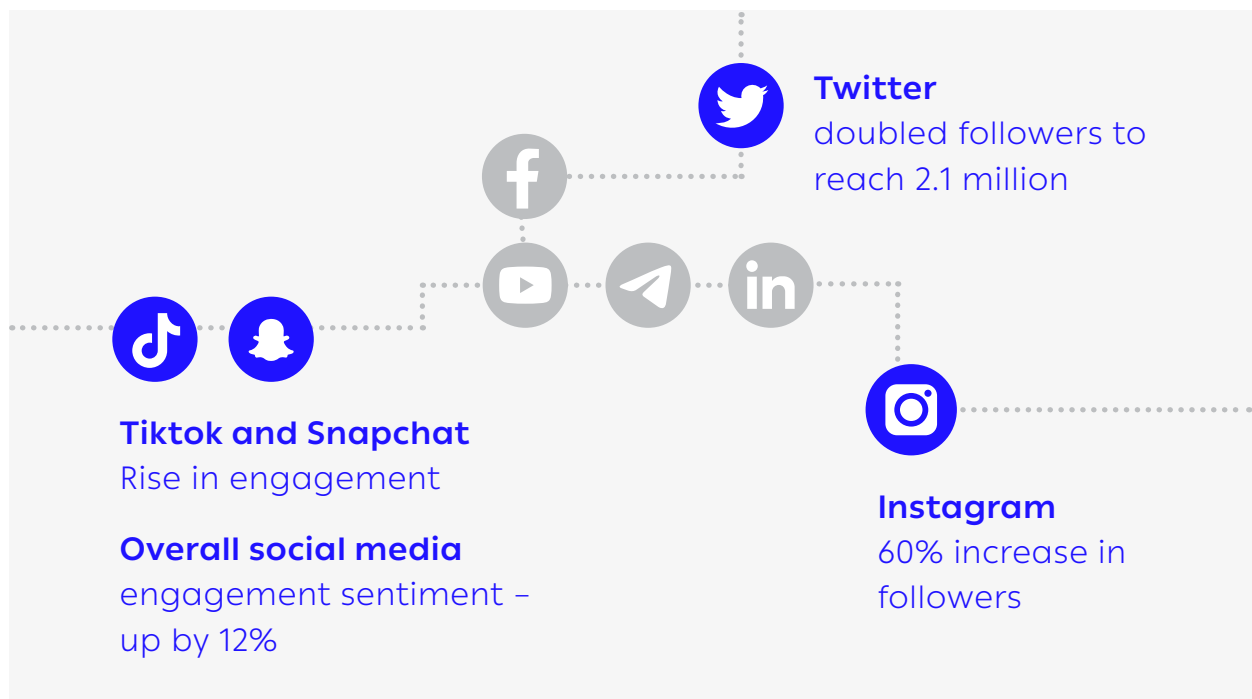
The increased use of digital channels during the reporting period allowed the Bank to collect information, customer data and feedback instantly, and gain insights to improve messaging, channel selection and creative style, which were then applied across those same customer touchpoints, creating a continuous improvement cycle based on actual customer usability.

In 2022, the use of digital channels for the Bank's marketing campaigns resulted in a higher success rate and reduced cost, despite increased competition across digital marketing channels by new entrants such as fintechs. Major campaigns launched in 2022 such as the highly anticipated "blue week" discount offers with Al Rajhi Bank cards comprised multi sub-tactical campaigns that were planned, managed and executed using only digital channels, which offered the advantage of segmentation and targeting.

During the reporting period, the Marketing team explored a number of emerging technologies and tools for marketing automation. Prominent among these was a Campaign Management

System, which allowed the Bank to design cross-channel customer experiences and provided an environment for visual campaign orchestration, interaction management, and cross channel execution. A Content Management System used to create, publish, and manage content on websites and apps was also successfully deployed in 2022.

More “social”, more “media”



Al Rajhi Bank’s creative use of rich content led to an overall social media growth of 113.7% during the reporting period, with the follower count on Twitter doubling, and an increase of almost 60% in Instagram followers.

As part of Al Rajhi Bank’s new brand strategy and emotion-driven tone of voice, the Bank’s social media engagement sentiment increased from 34% in 2021 to 65% in 2022, an improvement demonstrated by the type of conversation generated by the Bank’s communications as well as the emergence of organic brand champions and advocates on social platforms.

Data-driven social media tools were used to create more targeted campaigns during the year under review, and the resulting engagement and behaviour of the target audiences helped the Bank develop more meaningful and impactful communication. The Bank also took into account emerging social media platforms such as Snapchat and Tiktok as well as high engagement channels such as Twitter to ensure an evolving and comprehensive marketing effort.

Outside of social media, the Bank continued to successfully utilise more traditional, automated channels such as SMS, push notifications and e-mail, enabling highly targeted and relevant

communication with customers based on predefined use cases, improving the overall interaction between brand and customer.

Rewarding loyalty with exclusivity

In line with the overarching BOTF strategy, Al Rajhi Bank reinforced the Mokafaa loyalty program with multiple enhancements and product offerings in 2022 to provide an even more rewarding experience to its loyal customers, and closed the year recording exceptionally high growth across all aspects of the program. More focused improvements on the loyalty program were carried out following a market research study carried out by the Bank during the reporting period, gaining insight to customer expectations from loyalty programs, as well as customer redemption behaviour and their overall perception of Mokafaa.

Over 30 new Al Rajhi Bank products became eligible for point-earning during the year under review, with the program adding products and services from the Bank's subsidiaries as well as other partners, as external sources of loyalty point accruals.

Mokafaa member engagement increased significantly YoY due to exclusive and enhanced product and engagement offerings, with active earners during the period growing by 320% and active redeemers by 220%. The partner network doubled in 2022, directly contributing to a 62% increase in customer registrations, with the Mokafaa loyalty base approaching 6 million members at the end of the reporting period. The 250% increase in points redemption YoY evidenced the high level of customer interaction with the program, and its elevated level of appeal.

Mokafaa's availability in native app format in 2022 greatly enhanced the program's user experience, allowing members to easily access points balance, transaction history, the partner panel, vouchers, etc., from the app instead of the previous web-based portal. The app also

offers a new, exclusive eMall feature, where members can shop online and earn points from over 300 merchants based in KSA as well as the UAE, UK and the US. Other upgrades included event notifications and in-app features enabling the exchange of points with airline miles, and the donation of points to top charities in the Kingdom.

On average, Mokafaa ran five to six campaigns per month across various channels during the year under review, with the loyalty program recorded a high loyalty newsletter open rate well ahead of the global financial industry open rate, with a click-through rate (CTR) around four-times higher than the global financial industry CTR average. Such impressive rates complemented by the program's leading NPS among other customer satisfaction ratings, demonstrates Mokafaa's position as the top loyalty program in the Kingdom in 2022.



Future outlook

Al Rajhi Bank's strategy for the new year is to continue working on enhanced, rich content for marketing and customer engagement. This will be complemented with the promotion of user generated content, and targeted marketing for the youth segment through Gen-Z social media platforms such as TikTok and Snapchat.

Following a commercial remittance study conducted by the Bank during the reporting period, and understanding the behaviour, preferences, pain-points and wish-lists of corporate customers, the Bank will focus on enhancing the corporate customer experience to be on par with that of the Bank's highly satisfied personal banking clients.

shared services group

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

Timely endeavours by the Shared Services Group in fast-tracking ongoing and planned projects in 2022 helped Al Rajhi Bank maintain its leadership position in a year that built continuous pressure on Banks with new entries in fintech causing much disruption.

The Shared Services Group (SSG) continued to engage in rapid automation across all business units and subsidiaries in order to reduce product and process complexities and enhance customer experience, delivering system upgrades and other product enhancements during the reporting period.

Information Technology (IT)

The rapid acceleration of the Bank's digital transformation drive in 2022 saw Al Rajhi Bank become the Kingdom's number one brand in digital banking, an achievement made possible by future-proofed technological infrastructure and bleeding-edge systems upgrades.

The Systems Modernisation programme continued in 2022 with scheduled upgrades and off-loading of legacy mainframes, migrating existing systems from legacy to a digital-first core-banking platform, and converting the Bank's legacy applications to an event-driven architecture. By making complex event processing possible, the IT team enabled higher customer engagement, while enabling the Bank to up/cross sell products in real time. These upgrades enabled asset re-use between the Bank and its subsidiaries, enhancing resource utilisation and driving cost effectiveness at Group level, while improving performance and system availability.

With unprecedented transaction growth during the reporting period, IT faced the challenge of sustaining the Bank's growth momentum alongside the rapid migration to the new digital core. IT averted any business impact through proactive capacity management, standardising product arrangements and optimising end-of-day batches for high efficiency, among other measures. As the migration continues through

2023 with complex products such as mortgage, IT is well positioned to handle any future challenges through infrastructure and architectural simplification.

With e-invoicing going live across the Kingdom in December 2021 under the purview of the Zakat, Tax and Customs Authority (ZATCA), the Bank's VAT system was integrated with ZATCA's Fatoora e-invoicing portal during the reporting period. This enabled online invoice delivery, with automated reconciliation drastically reducing processing times from five hours to one, contributing towards an enhanced customer experience.

Personal finance products were digitally rolled out as part of the Bank's core banking transformation programme this year. The Micro and Small Business (MSB) transformation programme also launched digital journeys along with conventional product and service offerings for Point of Sales (PoS), Business Instalment Financing (BIF) and e-Commerce facilities, as well as the conventional journey for Fleet Financing.

During the reporting period, IT also upgraded the Bank's multifactor authentication technology based on the NetIQ Advanced Authentication Framework (NAAF), enhancing user experience and performance in Retail Banking and HR. The implementation also simplified programming interfaces between the Bank's systems, and improved the performance of the overall Core Banking application.

An all-new Microservices platform was implemented during the reporting period to split larger applications into smaller modules that are independently deployable, fully automated and highly efficient. The highly scalable, cloud-ready platform enhanced system resilience and minimised downtime by allowing the development of easy-to-deploy apps that support agile delivery, and are ready for market faster. The platform's scope will also cover the integration of identity management via mobile authentication, Microservices Middleware and the e-Corporate channel backend.

The Bank's Digital Factory delivered around 300 projects in 2022, with a view to widen the customer base and boost customer adaptation to digital channels across both Retail and Corporate Banking. Improvements in Online Customer Onboarding, Digital Capabilities, Personal Finance, Mortgage & Auto Finance, Marketplace, Cards, and Loyalty were also carried out during the reporting period.

The reporting period also witnessed the implementation of Personal Finance Management (PFM) and Business Finance Management engines. As part of the Bank's digitisation strategy and ease of work policy, implementation of the new edition of SAHL – Al Rajhi Bank's employee self-service app – was a great success and received positive feedback from management and employees. Al Rajhi Bank employee loyalty and benefit initiative Testahl is also being integrated onto the SAHL upgraded system.

Other planned and new automation processes introduced by the IT team during the year under review helped streamline and expedite customer journeys, while greatly improving internal operational efficiencies. For loan approvals, an instant approval engine was implemented for all finance requests submitted by customers through branch or digital channels. Notably, the Bank's automated accounting integration platform also reduced development times for new products from an average of two weeks to less than a day.

The IT team automated and upgraded a number of HR systems and processes, including the implementation of the first Cloud-based talent management solution, with more systems scheduled to be migrated to the cloud in 2023 in line with the Bank's Cloud Migration Strategy. The streamlining and automating of over 40 business processes during the year has enabled faster online delegation, improved transparency, reduced lead times and contributed to improved decision-making across the Bank's HR function.

The Bank heavily invested in technological capacity building for its existing employees to meet the rapid pace of the Bank's own technological transformation during the reporting period. Over 260 employees were trained across numerous systems and applications.

Business Continuity and Crisis Management

In 2022, the Business continuity Management (BCM) team continued to improve the Bank's culture of continuity by integrating its regulatory requirements within the policies and procedures across various departments. This effort was complemented by raising awareness internally across all departments through workshops and a variety of practical drills. The BCM team supported the business in launching 47 new products and services, conducted 81 business impact analysis (BIA) reports, completed 6 comprehensive threats risk assessments (TRA) with all treatments and mitigation controls, and developed 18 business continuity plans (BCP) across the Bank.

With greater significance placed on strong contingency plans in the event of unexpected and unprecedented interruptions to operations, the BCM team successfully conducted 10 major tests across all lines of business in 2022. These comprehensive tests helped verify the effectiveness of BCM team procedures, measure the level of achievement of specific recovery time objectives (RTOs) related to business processes, evaluate adequacy of recovery capability in recovery sites and identify weaknesses and gaps, and identify opportunities for improvement. The tests also helped evaluate the adequacy of the training and awareness provided by the BCM team to relevant stakeholders, enabling the BCM team to concisely communicate to all stakeholders including the Bank's subsidiaries and international branches, their roles, responsibilities and authorities if faced with a crisis.

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

The tests carried out in 2022 included a simulated complete power outage at the Al Rajhi Bank headquarters and Operations Center, which required relocation of critical staff to designated Data Recovery (DR) centres. This was followed by a simulated, unannounced spear phishing attack on 250 targeted employees, to measure the capability of the Security Operations Centre (SOC) team to react and address the challenge. Other multiple Interruption DR Tests and Controlled DR Drills were successfully carried out at Al Rajhi Bank during the reporting period, including non-disruptive failover testing, alternative workspace testing, live DR testing as well as a simulated Distributed Denial of Service (DDOS) attack to verify the Bank's cybersecurity response.

During the year, as part of its Vendor Continuity Programme, the BCM team evaluated 89 vendors and 95 contracts related to key services identified through the business impact analysis, and cooperated with several departments such as Legal, Procurement, Risk and Compliance to ensure that continuity requirements are included in all contracts. Apart from multiple workshops, the BCM team also launched an e-learning programme in 2022 as one of the mandatory courses to be completed within the first three months of joining for new recruits.

Centralising Operations through Tanfeeth

In 2022, Al Rajhi Bank's Business Operations unit for Process Excellence was transformed as part of its "unbank the bank" business model and relaunched as Tanfeeth, incorporating Managed Operations, Staffing Solutions, Automation Services and Contact Centre Operations to its mandate.

In line with the Bank's ambition to be a stand-out industry leader in superior customer experience, over 166 key processes were automated using Robotic Process Automation (RPA) by Tanfeeth across Corporate, Retail and Enterprise operations, resulting in a significant annual cost optimisation.

Through Tanfeeth, which literally translates to "getting the job done", the Shared Services Group is committed to deliver on its promises cost reduction and customer experience enhancement. These objectives are expected to be delivered across the pillars of Digitisation, Workforce Optimisation, Enterprise Capabilities, and Control and Analytics solutions going forward.

The transition of operations to Tanfeeth saw the Bank's overall operational performance improving by over 30% YoY despite a 25% increase in application volumes attributed to sales growth in the market. There was a notable reduction in overall turnaround times including 75% faster processing of personal loans, with personal loans processing now down to under 20 minutes, and 61% faster Auto Lease underwriting, with the process currently down to under 60 minutes.

SSG enhanced machine availability for its cash services, and increased the number of automated processes to result in an overall higher transaction success rate. The reporting cycle saw a minimised number of Service Level Agreement (SLA) breaches in incident reporting following the implementation of advanced and uncompromising SLA best practice, with the resulting SLA performance for Wholesale, Micro and Small Business (MSB) and Treasury maintained at 99% for the year under review. Kiosk service availability improved to 97% in 2022,

The new Additional Self-Construction Mortgage (SCM) product launched in 2022 was testament to Tanfeeth's innovation and focus on performance. Sales of this fully automated product exceeding 18 times its expectation, and were processed within two weeks with Tanfeeth's RPA capabilities.

Improvements through RPA delivered a strong performance in 2022, with Tanfeeth introducing over 30 new automated processes and 35% more bots across the Bank and its subsidiaries, with an average success rate of 97%. In Compliance Operations, the automation of fund transfer and the block/unblock process by Tanfeeth resulted in a 100% reduction of average pending requests to zero.

The Bank's Contact Centre was successfully migrated to Tanfeeth in 2022, with its physical operations migrating from Riyadh to Al Qassim. Gender equality has been high on the agenda for the Bank over the past few years across all levels of its operation, and 2022 was no exception. With the successful implementation of its strategy to recruit a female-driven workforce of over 1,200 employees, the Contact Centre Service Levels exceeded the promise of an 80% response rate, with answer speeds down to less than one minute on average.

Procurement

The Shared Services Group initiated Phase I of the Procurement Transformation Programme, with multiple dashboard upgrades, to provide greater visibility and efficiencies across all macro and micro procurement functions and procurement transactions. The Procurement Committee functions were also fully automated in 2022, allowing for greater transparency and recording of procurement projects and their administrative functions.

Vendors continued to undergo a thorough screening process when registering through the Bank's online supplier portal, and, upon approval, were able to participate in tender processes, submit their invoices and track their payment status, along with other efficient functionalities. The Bank registered and issued purchase orders to 141 Saudi national vendors during the reporting period, recording a 21% increase in total vendor registration YoY.



Future outlook

As Al Rajhi Bank's digital transformation and cloud migration continues into 2023, the IT teams plan to introduce embedded artificial intelligence (AI) to the Bank's digital experience, and deliver higher throughput from existing infrastructure by optimising application deployment through DevOps. In line with the Bank of the Future (BOTF) Strategy, the IT team will also look at enhancing the Bank's fraud detection and prevention technology, while strengthening its capacities and capabilities in Open Banking.

The Cash and Clearing Operations department is expected to carry out a number of automations and transforming initiatives to improve turnaround times and eliminate human errors, while also minimising dependency on paper at Cash Centres with the end-goal of only using paper of value such as cash and cheques.

The BCM team will implement its Strategic Transformation Plan for 2025, transitioning from traditional continuity methodology to an organisational resilience model, with the aim to resist, absorb, recover and adapt to business disruptions in an increasingly complex environment.

Phase two of the Procurement Transformation Programme will begin in 2023, aiming to enhance the end-to-end procurement process for the Bank and its subsidiaries, with the aim of achieving globally recognised benchmarks to demonstrate the significance of the Bank's procurement function as an essential value driver and organisational influencer.

digital footprint and technology transformation

Overview

Context

● **Business in Perspective**

ESG Report

Corporate Governance

Financial Statements

Supplementary

2022 proved a momentous year for Al Rajhi Bank's digital solution journey with the Bank closing the year ranked number one in digital banking, having made significant strides in the Group's digital transformation drive.

The ranking was based on the Bank's overall Net Promoter Score (NPS), which stood at an impressive 78% against an average competitor score of 61%, underscoring the Bank's resolute commitment to a superior customer experience reinforced by its expanding digital capabilities. These capabilities became deeper entrenched across all facets of the business in 2022, resulting in an unparalleled digital customer journey, earning Al Rajhi Bank wide recognition both locally and internationally as one of the region's premier digitally-enabled banks.

The Kingdom's Open Banking strategy transformed the Bank's digital and tech division into a hotbed of ideation and creative thinking, with new digital initiatives rolled out during the reporting period, paving the way for Al Rajhi Bank to become a pioneering player within the highly competitive open digital ecosystem.

Retail on the fast-track

The Bank adopted an agile methodology to implement its digital solution strategy during the year, delivering value to customers much faster. Al Rajhi Bank poured considerable energy into keeping the momentum up on the continued digitalisation of its products and services during the reporting period, resulting in ground-breaking new ideas and innovative new products in 2022, enhancing customer experience and serving their every individual need.

With data and analytics being the key accelerant of digitalization and transformation efforts, Al Rajhi Bank mobile app continued to leverage the Bank's wealth of digital intelligence to be more insight-driven, offering cutting edge financial solutions and providing data-backed consultations to its growing customer base.

The Bank witnessed a strong growth in digital onboarding YoY in Retail, and a 17% increase in active digital customers, with the Bank pushing close to 11.4 million digital customers at the end of the reporting period. Al Rajhi Bank launched over 190 new retail products and services in 2022, resulting in a 43% YoY growth in retail transactions, and a 42% YoY increase in card issuance. Marketplace transactions grew 24% year-on-year.

A digital-boost for the corporate banking business

On the Corporate Banking front, active digital customers on the Al Rajhi Bank e-Business app recorded a 71% increase from 2021, a clear indication of the 70+ new products and services launched digitally by the Bank were meeting evolving client needs, and strengthening Al Rajhi Bank's growing reputation as the Corporate Bank of choice for clients.

The Business Hub – a digital marketplace – was launched by the Bank in March 2022 as part of its e-Business roadmap, introducing customers to new services provided by third parties such as cloud-based accounting and e-commerce services, with more new services in the pipeline as at 31 December 2022.

Unlocking the full potential of digital

Under the "unbank the bank" operating model and Bank of the Future (BOTF) Strategy, Al Rajhi Bank continued to provide customers access to instant banking through a seamless customer journey. The majority of the Bank's offerings were migrated to digital channels in 2022, empowering customers to make informed financial decisions faster than ever before.

In 2021, the Bank rolled out the "One Minute Approach" to enable end-to-end transactions and services within one minute. Balancing

innovation, regulation and risk in the shift towards high-speed transactions, the Bank continued to successfully execute this strategy in 2022 and increase customer satisfaction by maximising simplicity and minimising the number of steps involved.

An increase in cross-selling opportunities in 2022 allowed customers to have multiple financing in the same request seamlessly. A number of other services were also introduced during the reporting period to further enhance customer experience.

The branchless banking initiative was a great success in 2022, with many of the projects under it already delivered and available to customers. The initiative will continue to meet the growing demand by customers to avail more branch services digitally.

The digitalization of the Bank's contact centre made notable progress during the reporting period, with many customers switching to the function rich and easily accessible mobile banking channel to access its growing range of services.

Al Rajhi Bank's accelerated its digital solution drive was a resounding success in 2022, as a testimony to which the Bank won a number of prestigious local and international awards during the reporting period:



Future outlook

Al Rajhi Bank will continue its digital solutions digitalisation journey in 2023, taking further steps to enhance and elevate customer experience through more personalised journeys in a comprehensive, all-encompassing digital ecosystem.

The new year will also see Al Rajhi Bank foray into Open Banking, fully equipped with the tech infrastructure and expertise to position itself as a strong competitor, and add value by enabling customers to explore digital ecosystem partnerships.

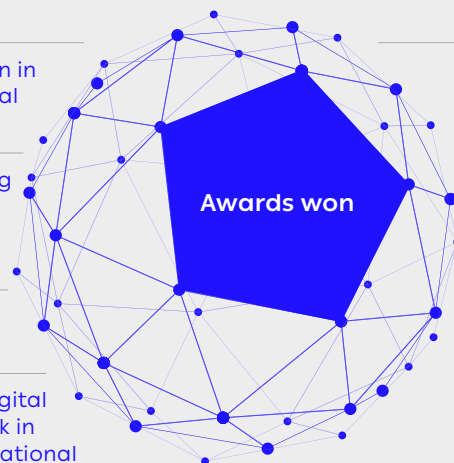
Best Digital Bank in Saudi Arabia
awarded by The Digital Banker

Best Mobile Banking Application in
Saudi Arabia awarded by Global
Business Magazine

Three awards including Leading
Digital Bank in Saudi Arabia
won at the World Business
Outlook Awards

Best Bank in Saudi Arabia
awarded by Euromoney

Three awards including Best Digital
Payments and Remittance Bank in
Saudi Arabia won at the International
Business Magazine Awards



The Best Digital Bank at
the Global Economics Awards

Best Banking Group in
Saudi Arabia at the World
Finance Awards

Best Mobile Banking
Application in Saudi
Arabia awarded by
the Global Business Outlook

Best Digital Bank
at the Global Banking
& Finance Awards

Overview
Context

- **Business in Perspective**
- ESG Report
- Corporate Governance
- Financial Statements
- Supplementary

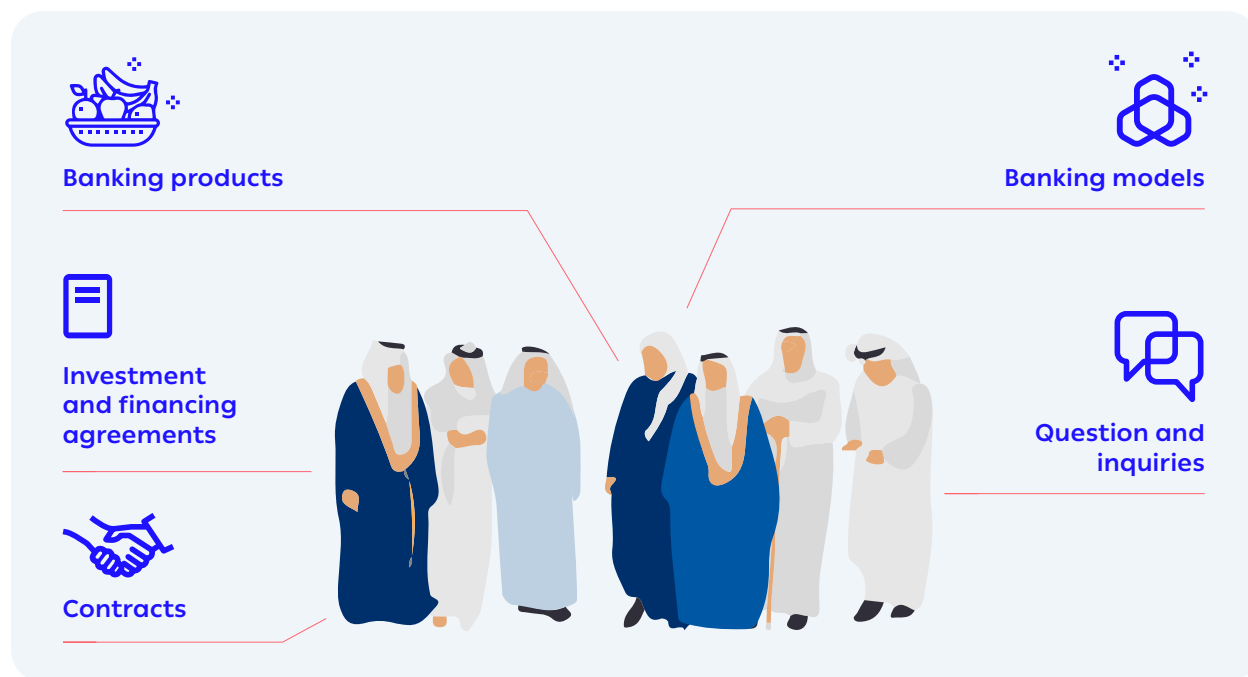
Throughout its long-standing history as a landmark national financial institution, and one of the driving forces of economic growth and prosperity in the Kingdom of Saudi Arabia, Al Rajhi Bank has strongly adhered to Islamic Sharia principles and provisions across all its business activities. To maintain this significant commitment, the Bank assigns responsibility for ensuring Sharia compliance of its products and transactions to an independent legal authority, whose membership includes a number of distinguished Islamic scholars. The composition of the Shariah Board and its bylaws are approved by the General Assembly, and its decisions are binding for all departments of the Bank as well as its subsidiaries both in and outside the Kingdom.

The Shariah Board holds its meetings periodically, and during the year 2022, 30 meetings were held, with more than 239 topics discussed, related to the following tasks:

The Shariah Group is the division responsible for coordinating and aligning the objectives of the Bank and the Sharia Board. The Shariah Group consists of two departments:

1. Sharia Board Secretariat Department

Comprising a number of legal advisors who study and analyze all new banking products, agreements and contracts put forward to them by various groups and departments of the Bank, this department prepares all the relevant legal research and studies to present them to the Sharia Board. The Department then informs the relevant teams of the recommendations and decisions of the Sharia Board. In addition, the department participates in the Bank's development of Sharia-compliant products and provides Sharia counselling to other groups and departments in accordance with the decisions of the Sharia Board.



2. Sharia Audit Department

This department consists of an integrated team of specialized observers who conduct Sharia-compliance audits on the Bank's business activities through automated systems, programs, and field visits. Such supervision ensures that there are no unauthorized products, contracts, or models; and that employees understand the Sharia Board's decisions. The team is also responsible for developing and reviewing auditing standards issued by the Sharia Board.

Main activities carried out by Sharia Group in 2022

Seeking to enhance awareness about Islamic Banking among employees, customers and other stakeholders, Sharia Group organized a number of initiatives and events, including:

- Holding 14 courses and workshops on products, services, and various fields of Islamic banking.
- Answering more than 300 postal inquiries and 450 telephone inquiries.
- Sending 12 awareness messages to the Bank's employees about Sharia principles in banking and the Sharia policy of the Bank.
- Training undergraduate students from Sharia colleges.
- Preparing, printing, and distributing a number of specialized publications, including academic theses by experts and specialists in the field of Islamic banking and finance. During 2022, A total of 2 books and 19 publications were printed and distributed among researchers and scholars; and are made available in commercial and public libraries.
- Representing the Bank in the meetings of the Islamic Banking Committee at the Saudi Central Bank.
- Participating in specialized seminars and forums of Islamic jurisprudence.
- Providing instructional support to researchers in the field of Islamic banking.



Future outlook

For the Bank:

The Sharia Group will continue to ensure that the Bank serves its stakeholders in full compliance with Sharia principles.

For Sharia group:

Sharia Group will continue to provide the necessary regulatory and advisory support for the product development process, as well as Sharia studies and research in this regard.

For Islamic Banking:

We expect changes in the market as the Sharia governance framework will be fully implemented by the beginning of 2023.

Indicators and facts:

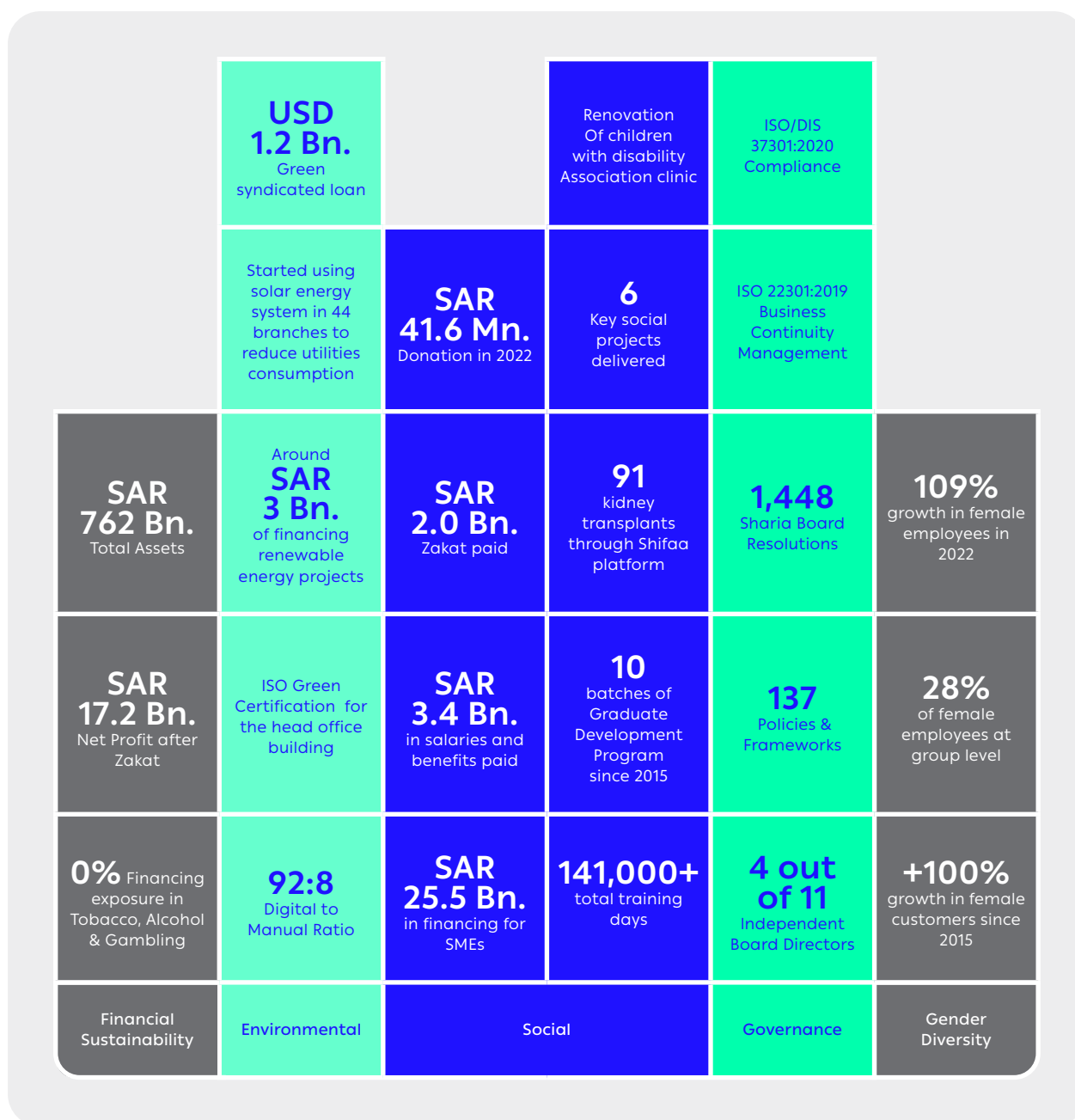
Challenges will continue to face the Bank. Among such challenges are the knowledge aspects surrounding Islamic banking, either from the staff or client perspectives. This requires exerting more efforts towards raising awareness of Sharia and Islamic banking, through innovating and adopting new methods to keep pace with the developments in this field.

ESG report

118



ESG highlights



The Bank's approach to ESG

In its yearly worldwide sustainability roundup, the prestigious Harvard Business Review (HBR) noted that 2022 was a tumultuous year for humanity and business alike. In a year marked by extreme weather, a war crisis in Ukraine, high inflation and debilitating supply chain problems, the HBR report said, the pressures on business to "do more and better" expanded rapidly and no major environmental, social or governance (ESG) issue was off the table. Against this backdrop; Al Rajhi Bank was steadfast in its commitment to providing state-of-the-art Sharia-compliant banking services during the year under review while staying true to its ESG values.

Islamic banking has historically been compatible with 21st century sensibilities surrounding ESG ideals and the broader objectives of sustainable finance. Consequently, in over 50 years of strictly Sharia-compliant operations; ESG has become an integral part of Al Rajhi Bank's DNA, protecting the Bank from investments that are at "high risk" of failing to meet ESG criteria. Through Sharia guidelines, the Bank performs a culturally distinct form of ethical investing, choosing not to participate in any investments that fail to meet the guidelines, including alcohol, gambling and tobacco products.

Complementing its Sharia-based ESG orientation; Al Rajhi Bank has adopted a sustainable model which has helped it grow its reputation as the World's Leading Islamic Bank delivering a well-managed, disciplined financial institution exercising sound governance practices.

The Bank sustained and strengthened its reputation as "A Leader in Financial Conduct and Sustainability" during the reporting period; identifying and working on high-impact activities aligned with its overarching Bank of the Future (BOTF) strategy and "unbank the bank" operating model which helped improve third-party ESG ratings. Al Rajhi Bank re-evaluated its sustainability outlook in 2022, with key quantitative and time-bound outcomes for its ESG objectives identified and aligned to overall business KPIs and accountabilities in order to drive the successful delivery of both business and ESG strategies.

For this reason, a new ESG vision was developed in 2022 in line with the overall Corporate outlook: **Realising a sustainable future by pioneering a responsible financial ecosystem for customers, employees, society and the environment.**

This ESG vision is built on a desire to help bring about a more prosperous, socially and environmentally responsible society within the Kingdom. The Bank aims to be a leader in ESG innovation; creating a responsible financial ecosystem with transparency and integrity at its heart, while also demonstrating the Bank's commitment to tackling climate change and minimising its environmental impact. The ultimate goal is to satisfy the needs of all stakeholder groups including customers, employees, society and the environment through four ESG pillars:

Supporting Vision 2023 & KSA Net Zero	Creating A Digital Future	Conducting Responsible Business with Good Governance	Fostering Ties with Communities
<p>Private Sector Contribution to GDP Corporate Loans Market Share</p> <p>Saudi Home Ownership Mortgage Market Share</p> <p>SME Contribution to GDP SME as % of Corporate Portfolio</p> <p>KSA Net Zero by 2060 Green Financing and Funding</p> <p>Move to Cashless Society POS Terminal Market Share</p>	<p>Financial Inclusion through Digital New Account Opening Online</p> <p>Digital Leader for Customer Insight Active Digital Customers</p> <p>Digital Execution and Offering End-to-End Digital Personal Financing</p> <p>Digital Core Banking Platform Digital to Manual Ratio</p> <p>Modernize our Technology % of Application Modernized</p>	<p>Sharia Compliant Number of Sharia Resolutions</p> <p>Board Independence Number of Independent Board Members</p> <p>Customer Experience Net Promoter Score</p> <p>Corporate Governance Number of Policy and Procedure reviewed</p> <p>Regulatory Compliance Fines % of Total Operating Income</p>	<p>Employer of Choice Employee Engagement</p> <p>Employee Learning Total Employee Learning Hours</p> <p>Employment Opportunities Female Employee Ratio</p> <p>Support Local Content Spending on Local Suppliers</p> <p>Donation and Social Initiatives Total Spending on Social Activities</p>

The first pillar signifies Al Rajhi Bank's continued commitment as a leader in the financial sector to realise the Kingdom's Vision 2030 objectives by supporting the development and diversification of the Saudi economy. This includes the Bank's increased focus on the private sector and SMEs to improve their contribution to the GDP and its expanding product and service portfolio to increase Saudi Homeownership among other Vision 2030 targets. The Bank's focus on financing both public and private sector investments in green energy projects to achieve the Kingdom's Net Zero objectives; alongside its own investments in renewable energy and resource conservation, is also highlighted as an element of this pillar.

The Bank's continued investments in creating a digital future supported by the best in class technology and infrastructure is emphasised via the Bank's second ESG pillar. In Al Rajhi Bank's drive towards financial inclusion through digital transformation, the Bank has achieved an

unrivalled industry standing as a digital leader in customer insight as well as in nurturing future-ready digital talent.

As a Sharia-compliant financial institution, Al Rajhi Bank demonstrates exemplary financial conduct and good governance, which is reflected through the third ESG pillar. The Bank's unrelenting efforts to deliver the best customer experience in the Kingdom coupled with fair treatment and the utmost safety and security falls under this pillar; supported by benchmarked good governance practices. The Bank's wide-ranging social development initiatives fall under the fourth ESG pillar – fostering ties with communities. Al Rajhi Bank continues to earn its social license to operate across the Kingdom by enabling financial access, volunteering and giving back to the community, and empowering underserved segments – with special focus on female empowerment – through employment opportunities and financial independence.

The Bank also launched a Sustainable Finance Framework during the year under review as a basis to issue Green, Social or Sustainable Sukuk, Loans and other sustainable financing Instruments. In September, a Second Party Opinion (SPO) was obtained on the Framework from S&P Global Ratings, which concluded that the Framework aligned with International Capital Market Association (ICMA), Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA) principles.

ESG management and disclosure

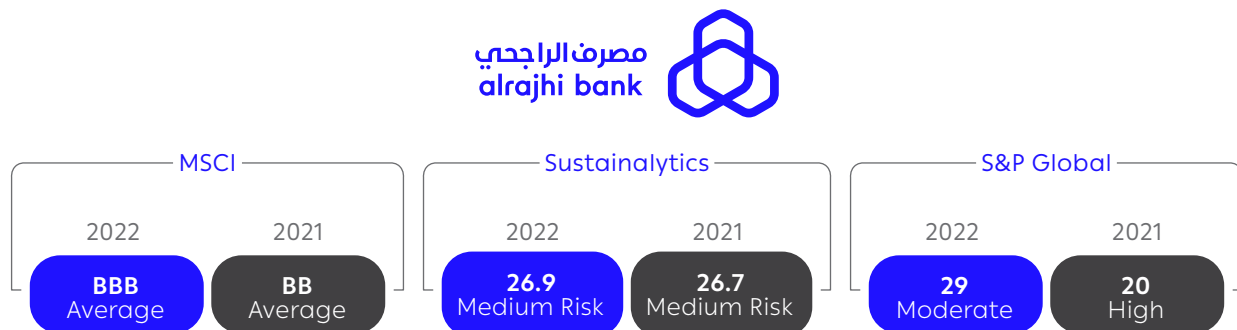
As in previous years, Al Rajhi Bank's consolidated ESG Report for the year under review was prepared in accordance with the Saudi Exchange ESG Disclosure Guidelines (www.sseinitiative.org) issued by the Saudi Exchange following its voluntary commitment to promote sustainable and transparent capital markets by becoming a Partner Stock Exchange of the United Nations Sustainable Stock Exchanges (SSE) initiative.

External ESG Ratings of Al Rajhi Bank

The SSE initiative is a UN Partnership Programme; organised by the United Nations Conference on Trade and Development (UNCTAD), the UN Global Compact, the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN-supported Principles for Responsible Investment (PRI). The SSE's mission is to provide a global platform for exploring how exchanges in collaboration with investors, companies, regulators, policymakers and relevant international organisations can enhance performance on ESG issues and encourage sustainable investment; including the financing of the UN Sustainable Development Goals.

Public ESG Ratings

In order to better focus on the metrics the Bank believes are important and articulate its approach and progress to all stakeholders, the Bank tracks three globally acclaimed external ESG Rating Providers to ensure fair and accurate assessments supported by quantified data of its ESG implementation. The three selected ESG Ratings are Morgan Stanley Capital International (MSCI) and Sustainalytics - two of the most widely followed ratings by investors, funds and indices; and S&P Global; a key active-rating agency to maintain open dialogue with; in order to ensure continuous improvements across key ESG metrics.



MSCI, Sustainalytics and S&P Global will remain the three primary external metrics that the Bank tracks going forward, with a high-level objective for the 2023 financial year to improve all three ratings by promptly identifying stakeholder concerns, rapidly responding to global and local operating environment shifts and evolving the Bank's ESG approach to better serve our stakeholders.



ENVIRONMENTAL

In 2022, Al Rajhi Bank stayed committed to its ambition of diminishing its carbon footprint, undertaking a number of energy-saving programmes and renewable energy opportunities in addition to exploring new environmental initiatives throughout the year.

Climate change

During the reporting period, the Bank accelerated its journey towards “net zero” by decreasing both direct and indirect carbon emissions. Tudor Real Estate – the real estate, property and facility management arm of Al Rajhi Bank – enhanced power and energy efficiencies of the Bank by launching the real estate properties energy efficiency programme which saw the installation of solar panels, AC upgrades, window film installation, and introduction of power down equipment and LED lighting. These initiatives contributed to a notable drop in the total annual energy bill.

Tudor also integrated a number of new features to the Bank’s Building Management System (BMS) that was introduced in 2021 to promote energy conservation at Al Rajhi Bank Headquarters in Riyadh. These included freshwater utilisation for chillers and chilled water for the tower’s cooling systems, medium voltage distribution feeders for energy monitoring and conservation purposes, monitoring and controlling mechanisms for specific lighting distributions, and AC temperature control settings and fresh air distribution in the Head Office Tower and Operations buildings. The Bank also runs a largely paperless operation, supported by a shift from

physical to digital across its branch network with the use of tablets and digital channels to conduct daily transactions. Significantly, 95% of all new current accounts during the year were opened digitally, while around 40% of personal financing was done digitally end-to-end.

Al Rajhi Bank continued to integrate and prioritise environmental risk as a key evaluation criterion in its overall approval process to finance a project or business, strongly aligning with the Saudi Green Initiative objectives under Vision 2030. In 2022, the Bank actively engaged with leading environmental consultants to assess projects from environmental and social perspectives in order to ensure that they meet internationally recognised environmental guidelines such as the Equator Principles and the Green Loan Principles.

Al Rajhi Bank is cognisant of the growing concerns around climate change globally and is keen to play a key role as a financier in managing potential environmental risks, in order to capitalise on opportunities related to green financing. During the reporting period, Al Rajhi Bank successfully concluded the largest Sharia-compliant syndication in the Middle East that complies with globally accepted ESG practices, with the total USD 1.165 Bn. in proceeds to be directed towards projects that qualify against the Bank’s stringent Sustainable Finance Framework.

Natural resources

Under its “creating a digital future” ESG pillar, and in line with the Bank’s overall digital shift, the Bank has embarked on a mission to ensure the use of land and property for all its operations has zero to minimal impact on biodiversity. With this objective in mind, Tudor took measures to ensure that the use of land for new or redesigned bank branches during the reporting period were mindful of the biodiversity of the various locations and actively worked towards minimising environmental impact.

Tuder also commenced installations of two high-tech initiatives to manage the branch and subsidiary network's water consumption; namely, ultrasonic water flow meters to monitor, control and measure water utilisation as part of the BMS, and upgrading the Reverse Osmosis system in the Head Office tower to utilise wastewater for irrigation activities. Both these initiatives will be kick started in the first quarter of 2023.

Pollutants and waste

During the year under review, the Bank continued to adhere to its strict recycling guidelines and its e-waste management commitments. In addition to the standard disposals, the Bank donated electronic devices such as laptops, printers and full PC setups in April 2022, with plans underway to develop policy to activate an annual donation of electronics.

Environmental opportunities

Among the sustainability elements and enhancements; Tuder continued to add to existing buildings, a key highlight was solar panel installations in over 40 bank branches in 2022, demonstrating Al Rajhi Bank's commitment to increase renewable energy generation in KSA.

In 2022, the Bank continued to actively pursue green financing deals, expanding focus more towards renewable energy production assets such as green ammonia and hydrogen projects in the region. The Bank continued to remain an active participant of the Kingdom's proposed

SAR 18.8 Bn., 4-gigawatt green ammonia project that is set to make Saudi Arabia a leader in the global "carbon-free" hydrogen market, with the financing expected to close in the first quarter of 2023.

During the year under review, the Bank also closed the financing of the Red Sea Utilities Project, a multi-utility initiative consisting of approximately 340MW of solar power generation, and 110MW of thermal power generation from bio-diesel, at an overall project cost of nearly SAR 4 Bn. The Bank also explored various financing and refinancing opportunities for solar projects in the region during the reporting period.

Large-scale renewable energy projects financed by Al Rajhi Bank



Red Sea Utilities

Description

The Project bundles the infrastructure development of utilities components including wastewater treatment, water desalination, district cooling and solid waste treatment, which will rely entirely on renewable energy also generated within the utilities infrastructure, to power the long-term operations of The Red Sea Development Company's tourism/hospitality assets.

Closing Year

2022

Status

Closed

Projected Generation of Renewable Energy

- Photo Voltaic (PV) i.e. Solar based power generation – 340MW
- Biodiesel fuelled power plant – 110MW

Large-scale renewable energy projects financed by Al Rajhi Bank



NEOM Project Helios (Green Ammonia Project)

Description

Largest, and first-of-its-kind green hydrogen facility in the world.

Closing Year

2023

Status

Ongoing

Projected Generation of Renewable Energy

- 4GW of renewable energy from onshore solar, wind and storage
- 1.2 million tons of green ammonia per year



SOCIAL

From its inception, Al Rajhi Bank has built a reputation for nurturing relationships with all stakeholders, from employees and customers to society at large. The year 2022 saw a continuation of this commitment to cultivate rewarding relationships across the Bank's sphere of influence.

Human capital

Labour management

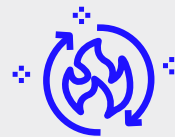
Al Rajhi Bank follows all relevant Saudi labour laws and regulations, and carefully assesses the annual Employee Engagement survey results and feedback received from employees to develop action plans that address areas highlighted for further improvement. In 2022, based on employee feedback, tailored action plans were developed for Performance Management, Learning and Development, and Talent Management, three key HR pillars. These were reviewed and approved by the People Council, which was established in 2020 with an intent to encourage greater engagement and ownership from the C-Level and leadership teams regarding people and talent development practices. Such a targeted engagement approach resulted in an increased Employee Engagement Index score of 74% in 2022, compared to 71% in 2021.

All employees were required to acquaint themselves with the Al Rajhi Bank Code of Conduct in 2022 that, as was the case in previous years, covered a wide range of topics and mandatory considerations including human rights, non-discrimination, fair dealing, anti-bribery, fraud, embezzlement, theft, money laundering, financing terrorism, insider trading, harassment or extortion, unethical behaviour of

any colleague(s) such as breach of honesty and integrity and a whistle-blowing policy. With the understanding that employees may not always feel comfortable to raise concerns through conventional, open communication channels, the Bank continues to provide secure and innovative whistleblowing channels for employees to safely and fearlessly "speak up", raise concerns confidentially and, if preferred, anonymously, and bring any discrepancies to the attention of the management and senior leadership.

Health and safety

Al Rajhi Bank implements and maintains the highest standards of occupational health and safety (OHS) standards across its Kingdom-wide branch and subsidiary network, including:



Firefighting
systems



Emergency exit
systems



Continuous
awareness
of risks



Periodic testing
procedures

Employees are also encouraged to follow a series of OHS modules made available on the Al Rajhi Bank Academy's Taleem online platform on the above, with the ability to choose their own learning plan for more effective learning.

During 2022, the Bank's Human Resource division launched a number of internal health awareness campaigns to raise awareness on all-round health and wellbeing, including key events such as:

- The Annual Open Medical Day and Blood Donation in coordination with Dalah Hospital for all Al Rajhi Bank employees
- A first-aid training session in collaboration with national insurance partner Tawuniya, with participants given certifications upon successful completion of the session.
- The Tawuniya Vitality programme that encouraged all employees to invest 30-90 minutes in an activity for a healthier lifestyle, concluding a three-month programme with a competition to recognise and reward participants.

The Bank is fully compliant with new rules and regulations pertaining to occupational health and safety (OHS) requirements. Several employee health checks and wellbeing awareness programmes were held throughout the year, all of which were well received and appreciated by employees across the Al Rajhi Bank network. The in-house gyms at the Head Office tower and Operations Centre continue to be well-utilised by employees, and the Bank continues to arrange special offers with external vendors associated with wellness and fitness providers to promote employee wellbeing.

Al Rajhi Bank's generous leave policy continued during the year under review with the standard medical, casual and annual leave as well as additional days-off for special occasions; 2022 saw many employees benefiting from Hajj leave as well as marriage leave, birth leave which are complemented by celebratory payments, congratulatory messages and gifts.

Human capital development

Acknowledging the growing importance of ESG, the Al Rajhi Bank School of Leadership – the leadership development arm of ARB Academy conducted a number of ESG training

sessions during the reporting period. One for executive management and the other for senior management of the Bank and its subsidiaries. This exercise was part of ongoing efforts to enhance organisational capability and understanding with regard to ESG, designed especially for Al Rajhi Bank in alignment with its ESG framework and overarching BOTF strategy.

The sessions were conducted by renowned experts with over two decades of experience and covered the relevance and importance of ESG to the Bank and to the wider financial industry. How the pillars of ESG relate to the Bank and its operating model were also discussed at the training sessions, which were attended by over 120 participants and were well received by both executive and senior management.

For overall training and development, the Bank follows a structured talent management and succession practice with individual development plans, further strengthened by a market and performance driven compensation strategy. Al Rajhi Academy delivers best in class leadership, banking, operational and technology certifications to nurture a talent pool with required skills and knowledge to perform emerging and evolving job roles effectively. (Refer to the HR section on pages 95 to 105 for more details).

The Bank also entered a partnership with online skills development platform Udacity to develop new skills including advanced analytical and IT skills of new employees and graduates trained and qualified from the Bank's Academy and Graduate Development Programme.

Gender equality remains a key agenda for the Bank across all levels of its operation including human capital development, with 51% of training hours being completed by female employees during the year.

Workplace feminisation improved in 2022, with all-female recruitments for over 1,700 roles created at the new Quassim Contact Centre, which served as a major new source of

employment in Quassim. For many of the female candidates, this was their first entry to the workforce. During the reporting period, the Bank was also able to accommodate flexible working arrangements for some staff with a work-from-home option.

Supply chain labour standard

The Online Procurement Portal launched in 2020 was further enhanced in 2022 with a number of feature upgrades; one was the Spend Dashboard, which provides accurate and customisable visibility of all Procurement spend including the ability to search and analyse by spend category, by individual or group of suppliers, by timeline, etc.

A key upgrade to the portal was the Procurement Transactions Dashboard that went live by the end of the year, which offers a complete dashboard of all macro and micro levels of the procurement process. This includes turnaround times, tenders, procurement service level agreements (SLAs) and Procurement Committee details, along with additional important functions such as a Suppliers' Dashboard and Contracts' Dashboard.

In yet another upgrade, the portal implemented an enhancement that allowed the Bank to fully automate all functions of the Project Approval Committee, from sending out meeting agendas to members and project managers, to providing informative, at-a-glance views of projects. It also allowed the Committee to circulate projects status to members and finalise the minutes of meetings. This has materially improved the speed and quality of execution of the Bank's major transformation programme.

As part of the Bank's initiatives aimed at supporting local content, local suppliers were encouraged to register on the Procurement Portal, resulting in 95% of the total spending was on locally-owned businesses in 2022 and the total spending was increased by 18%.

Product liability

Privacy and data security

At Al Rajhi Bank, data is considered a valuable asset that plays a vital role in improving performance and productivity. With the intent of maximising its value and ensuring compliance in a way that protects all parties involved, an Al Rajhi Bank Data Governance Policy was introduced in 2022.

The policy ensures that applicable data standards and recommended practices are aligned with the overall objective of increasing compliance with relevant laws, enhancing customer experience and becoming more effective in managing data. The Bank also continued to improve the overall quality of critical data elements within its data ecosystem during the reporting period, to enable improved decision making.

	2022	2021	2020	2019	2018
Total number of suppliers engaged	340	384	335	332	358
Total procurement spending (SAR Bn.)	4.2	3.7	3.1	3.1	2.5
Total number of local suppliers engaged	263	285	263	261	300
Procurement spending on local suppliers (SAR Bn.)	4.0	3.4	2.9	2.9	2.3
Percentage of spending on local suppliers (%)	95	92	93	92	93

The new Data Governance Policy sets the standards for data processing through its lifecycle. It also ensures privacy and protection in a way that is aligned with regulatory requirements and with the Bank's own strategy. The policy covers 14 Data Governance Domains.

1. Data governance office
2. Data catalogue and metadata
3. Data quality
4. Data operations
5. Document and content management
6. Data architecture and modelling
7. Reference and master data management
8. Business intelligence and analytics
9. Data sharing and interoperability
10. Data value realisation
11. Open data
12. Freedom of information
13. Data classification
14. Personal data protection

With the fast paced adoption of digitalization, the cybersecurity risk is growing spurred by an expanding threat landscape. The Bank is employing dynamic defenses via a number of countermeasures for prevention, detection, and response in an effort to proactively address current cybersecurity challenges. In order to ensure the efficiency of the Bank's overall cybersecurity posture, the Bank has also implemented a number of security measures using the defense-in-depth and multilayer security principles. By applying the best cybersecurity standards recommended by the national cybersecurity and financial sector regulators, the Bank has reinforced its current cybersecurity governance procedures and ensured the confidentiality, integrity, privacy, and availability of all business and technological processes.

The Bank is continuously improving its cybersecurity culture by implementing a variety of training and awareness initiatives that are directed at both customers and employees. To make sure that all of its business services are

trustworthy and secure, the Bank continuously conducts cybersecurity assurance assessments on its systems, apps, and networks. Additionally, the Bank regularly engages recognized vendors in independent internal and external audits to confirm the efficiency of installed cybersecurity controls and compliance with national and international standards including the Payment Card Industry Data Security Standard (PCI DSS), SAMA, SWIFT, SARIE, and the Saudi National Cybersecurity Authority (NCA). The Bank has a Security Operation Center that is operational around-the-clock, 365 days a year, and it continuously monitors and promptly addresses cybersecurity threats and attacks. The Bank has shown resilience against cyberattacks as a result of the implementation of cybersecurity measures, with no cybersecurity-related outage or operational impact.

Social opportunities

Access to Finance

Given its dominant position in the Retail Business, Al Rajhi Bank has the largest network distribution in the Kingdom and the Middle East region, supported by 516 branches, 174 remittance centres, 4,727 ATMs and 533,442 Point of Sale (POS) terminals to service customers and provide access to financial services. This widespread network of access points has resulted in Al Rajhi Bank claiming one of the largest active customer bases in the region, with over 13.3 Mn. customers in total spread across the Kingdom. The Bank's rapid adoption and scalability of digital infrastructure has also greatly contributed to the introduction of innovative approaches to increasing financial inclusion, especially with underserved demographics. Al Rajhi Bank continues to be the leading bank enabling home ownership in Saudi Arabia with a mortgage market share of 42.9% supporting the Kingdom's Vision 2030 goal to increase home ownership for Saudi Nationals.

Al Rajhi Bank continues to promote financial inclusion with all branches equipped to serve persons with disabilities, and was the first bank in the region to launch ATMs with disability

access. In 2022, the Bank continues to upgrade its ATMs with technologies such as voice assistance and sign language to support the blind and visually impaired, the deaf and hard-of-hearing, as well as persons with mobility impairment, aligning with the Saudi Vision 2030 objective of supporting the disabled with tools and facilities to become more independent and be integrated into society. A majority of Al Rajhi Bank branches have reserved disabled parking spaces with all branches ready to serve customers with disabilities.

In 2022, the Bank continued to grow its financing portfolio for Small and Medium Enterprises (SMEs) in the Kingdom, providing a range of financial solutions through its dedicated SME Business Unit, aligned with the Kingdom's Vision 2030 objectives to increase SME contribution to the Saudi GDP. The Bank also serviced micro businesses through its dedicated Micro and Small Business unit (MSB), strongly encouraging entrepreneurial culture in the Kingdom with financial assistance. The rapid digitalisation of core banking platforms and automation of processes has also empowered this fast-growing customer base with efficient services and eased approval processes and has led to rapid turnaround times. Call Centres with dedicated numbers for SME and MSB customers continue to strengthen the Bank's reputation as the Kingdom's leading bank for customer service. The Bank also entered into a number of partnerships and agreements with the Ministry of Finance, the Real Estate and Tourism Development Funds, as well as semi-government and private sector entities to identify new funding sources and opportunities for the SME sector. (Refer MSME page 69).

In 2022, Al Rajhi Bank became the Kingdom's first bank to offer integrated banking services to self-employed individuals. The Bank signed an agreement with the Ministry of Human Resources and Social Development's Future Work Company to provide such integrated services to freelancers. These solutions will enable freelancers licensed by the Ministry to realise their aspirations and contribute to innovative future ways of working.

Al Rajhi Bank also served specific credit needs of consumer segments that were beyond the Bank's risk appetite through its fintech subsidiary Emkan Finance, increasing financial inclusion and simplifying access to microfinancing. (Refer Emkan Finance in page 80).

The Corporate Social Responsibility (CSR) team; together with the Marketing team; launched a number of initiatives in 2022 to expand the Bank's financial services, financial literacy, and access across underserved market demographics. Among these was a social responsibility initiative to provide financial education to students and introduce them to the risks of fraud. Implemented by the Bank's Anti-Fraud Department, a series of lectures titled Financial Awareness and Fraud Risks were conducted in November in coordination with select secondary schools. One session in Riyadh was attended by over 140 students.

The reporting period also saw Al Rajhi Bank sponsor the ninth Youth Forum titled "Our Youth is Our Future" and the Self-Employed Youth Award, with the Emir of Al Qassim recognising Al Rajhi Bank's contribution to the event and its support for SMEs with the presentation of an honorary award.

Access to Healthcare

The health sector continued to be one of the most supported sectors for Al Rajhi Bank's CSR initiatives, as the Bank worked with the Ministry of Health as well as the independent civil Health Endowment Fund to contribute to medical facilities, treatments and general access to good healthcare. In 2022, the Bank fully sponsored the establishment of the Al Rajhi Bank Diabetes Centre, a first-of-its-kind healthcare centre valued SAR 13.5 Mn. in the city of Buraidah; with the capacity to provide over 100,000 medical services annually.

The Bank also participated in a number of key events during the year under review on designated dates; including on World Blood Donor Day, World ADHD Awareness Day, World Autism Awareness Day, World Marrow Donor Day among others; to raise awareness on pressing health-related topics.

2022 saw the culmination of Al Rajhi Bank's efforts in supporting the country's healthcare sector – more recently during and following the pandemic the Bank donated over SAR 50 Mn. across many initiatives – with Al Rajhi Bank being honoured by His Royal Highness Prince Faisal bin Bandar bin Abdulaziz, Governor of Riyadh Region, as well as by the Health Endowment Fund, for the Bank's continued efforts and strong commitment to ensure access to healthcare for all Saudi nationals.

Other focus areas for the Bank's CSR projects include education and capacity development as well as community development. Such notable initiatives carried out in 2022 reflected Al Rajhi Bank's pioneering role in charitable work, and its keenness to actively contribute to social responsibility through many national initiatives and projects supporting the charitable sector, in order to achieve the overarching goals of the Kingdom's Vision 2030. Key initiatives in 2022 included:

- Implementing one of the Kingdom's largest educational and social initiatives – the Al Rajhi Bank Programme for Educational Orphans Care – with close to 100 male and female students studying qualitative specialisations to meet emerging market requirements, and formalising an agreement with the Adeid Association to strengthen the project and fully supervise the implementation and follow-up of the programme.
- Donating SAR 7 Mn. through Ihsan – the national for charitable work, to support its national campaign. As one of the largest donors to Ihsan, Al Rajhi Bank was also honoured by Prince Faisal bin Bandar bin Abdulaziz, Governor of Riyadh, for the generous donation.
- Sponsoring the provision of 20 housing units for needy families within the Golden Jude Scheme at a value of SAR 1 Mn., adding to the Bank's continuous donations of more than SAR 40 Mn. benefitting over 200 needy families across the Kingdom under the "Right and Duty" initiative of the Good Housing Platform.
- Donating an SAR 3 Mn. collection by Al Rajhi Bank customers to the Ensan Charity Committee for Orphans Care, with points donated through the Mokafaa Loyalty Programme, as part of the Bank's initiatives to engage customers in its social programmes
- Organising a special event at the Bank HQ allowing children from the Association for Children with Disabilities and the Association for Orphan Care "Insan" as part of the promotional campaign for FIFA World Cup Qatar 2022™, hosting the World Cup and allowing children a once-in-a-lifetime opportunity to be photographed next to the FIFA World Cup.
- Sponsoring prayer hall renovation for SMK Victoria of Kuala Lumpur by Al Rajhi Bank Malaysia
- Distributing employee zakat wakalah to provide financial assistance to 100 families via the Federal State Islamic Council in Malaysia by Al Rajhi Bank Malaysia
- Distributing meals to underprivileged families as part of Holy Ramadan activities carried out by the Bank as well as its international branches



GOVERNANCE

Corporate governance

The governance framework at Al Rajhi Bank comprises the General Assembly, the Board of Directors, the Shariah Board, as well as five Board committees and a group of executive management committees of the first and second levels.

For more information, please refer the Corporate Governance Chapter on pages 144 to 173.

The Board

Refer to the Board of Directors on page 136.

Financial reporting and tax transparency

No significant changes were made with regard to regulations, compliance or disclosure of Al Rajhi Bank's financial statements during 2022, with the Bank continuing to publish its interim condensed and expanded Consolidated Financial Statements on quarterly basis and annual basis. Both statements are prepared in compliance with endorsed International Financial Reporting Standards (IFRS) as issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA) and in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and the Bank's by-laws. All such standards, rules and regulations are consistently applied under the supervisory monitoring by the Saudi Central Bank (SAMA) to ensure proper disclosures and a full financial reporting integrity has been met.

Al Rajhi Bank has a dynamic platform of financial and public interest reporting to afford highest efficient and transparent disclosures to the public and investors. This robust reporting platform is designed to ensure and validate financial information and reports through strongly validated financial data processing engines, financial standards compliance, and policies and

procedures quality assurance. Al Rajhi Bank also has many internal governance committees and ensures wide ranging involvement of monitoring departments that work towards producing accurate financial information for all of public users.

The Bank's financial reporting function is also regulated by the Capital Market Authority (CMA), which ensures specific levels of transparency and investor information sessions are being conducted. Among these rules and regulations is the appointment of the external auditors, approved solely by the shareholders' general assembly and from the big four international audit firms.

Al Rajhi Bank has revenue recognition policy and procedures that are fully compliant with the international financial standards and uses the effective profit yield in driving the Bank's income and fees. The Bank also renders some services to customers where the relevant fee and income are recognised as soon as those services are rendered.

Al Rajhi Bank makes a varied range of Zakat and tax payments to Zakat, Tax and Customs Authority (ZATCA). The Bank employs internal and external qualified experts to ensure perfect compliance with all Zakat and tax rules and regulations applied in the Kingdom of Saudi Arabia. The Zakat paid for the year 2022, higher by 16% than the previous year's, was one of the highest Zakat payments made by a Saudi corporate.

Equity ownership structure

Al Rajhi Bank follows the Capital Market Authority (CMA) regulations of one vote per share and disclosure of 5% or more ownership.

Employee remuneration, incentives and other benefits

The Bank's compensation philosophy is derived from a commitment to attract, retain, develop, motivate and equitably compensate employees of the highest calibre and talent in recognition

of their relative contribution in effectively conducting the business of the Bank and in achieving the Bank's strategic goals and building a sustainable succession pipeline.

As a highly sought-after employer of choice, Al Rajhi Bank continued to provide employees with a compensation package that consists of base salary, allowances and variable pay (incentives/bonuses) that are highly competitive with those provided by comparable organisations for similar levels of duties and responsibilities. The employee's compensation package is built towards rewarding performance with emphasis on the "At Risk" component to align and encourage behaviours that support the Bank's values and risk management framework, adherence to the internal control framework and compliance to regulatory requirements.

The Bank's compensation policies are reviewed annually by the Board Compensation Committee, and recommendations for changes are submitted to the Board for approval. The implementation of the policy is monitored by the Board Compensation Committee with an independent audit and confirmation shared with SAMA on a semi-annual basis.

Al Rajhi Bank's Compensation policy was designed within a risk reward framework. Risk factors are an integral part of the balanced scorecard for senior managers' performance management. Risk measures thresholds have been defined with required triggers for variable and long-term bonuses qualifying assessments. To ensure long-term and other risk factors are fully considered, the proportion of the variable bonus that is deferred increases with levels of seniority.

Corporate behaviour

Al Rajhi Bank is committed to the highest standards of ethical, moral and legal conduct and corporate behaviour. The Board of Directors and Senior Management of the Bank are committed to maintaining the highest standards of honesty, integrity and transparency, and promoting a corporate culture that adheres to these core values.

Compliance is already instilled in Al Rajhi Bank's culture and is viewed as an integral part of its business activities. It is the responsibility of all employees, starting at the top, to observe high ethical standards of honesty, integrity and transparency that will strengthen the Bank's relationship with its customers and, consequently, its reputation.

Various regulatory requirements were introduced by a number of regulatory bodies during 2022 such as the Anti-fraud Framework, Related-parties Guideline and the Corporate Governance Manual, further enhancing corporate behaviours across the Bank. Al Rajhi Bank also continued to improve its governance process with the objective of combating misconduct across the Bank and its customer base. A Bank-wide Financial Crime Risk Assessment was conducted during the reporting period to ensure that the specified objectives offer enough clarity; so risks are identified and assessed in line with the objectives. During the reporting period, the Bank identified a number of risks that might hinder the achievement of its objectives across the network and analysed these risks in order to understand how they can be managed.

During the year under review, the Bank considered the potential for fraud, misconduct, bribery, corruption and money laundering while assessing potential risks that may arise in the achievement of related objectives. This helped select and create control activities that contribute towards mitigating risks which might bring about such cases of misconduct.

Major investments were made during 2022 in technology with the objective of enhancing financial crime prevention, detection and response capabilities. Advanced strategies were adopted including advanced financial crime detection strategies, revealing trends and patterns that the data of the Bank and its customers should follow. Artificial Intelligence (AI) and data mining methods were also utilised during 2022 to generate new data from existing databases, helping develop and understand different patterns to predict customer behaviour as well as the future performance of the Bank's

different functions. Variations from expected outcomes will be directly identified and mapped on to the actions that employees and other parties have taken.

The Anti-fraud Function was one of the major areas that were revamped in 2022. The Bank engaged one of the leading consulting firms in the world with the objective of developing a best-in-class Anti-Fraud Function by adopting best practices from global or regional markets to minimise incidents of fraud, whilst minimally impacting the customer experience. Prevention and detection capabilities were also enhanced by utilising enriched data, leveraging Cognitive Analytics, AI and Machine Learning. Predictive analytics were applied to behaviours in a bid to understand anticipated future behaviour; which will enable the timely highlighting of any irregularities. While developing the anti-fraud programme, emerging technologies were also considered to pre-empt fraud detection and allow proactive decision-making.

The Bank is committed to verifying, on an ongoing basis, the identity of its customers and ensuring that information and documentation is up-to-date, complete and accurate in order to mitigate financial crime risks. The monitoring of customer profiles is conducted through periodic reviews, event driven reviews, ongoing screening and transaction monitoring. Customer transactions continued to be monitored through a transaction monitoring system that was upgraded and enhanced during 2022; reinforcing it with more sophisticated tools and techniques. Monitoring is based on certain rules or scenarios that trigger alerts that are reviewed by the Anti-money Laundering and Counter-terrorism Financing (AML-CTF) Department staff. This function reduces the risk of money laundering and terrorism financing and the risk to the Bank's reputation, and also avoids regulatory

sanctions. By the end of the reporting period, the Compliance Group was in the process of implementing the SAS transaction monitoring system – a modern, flexible and automated AML Monitoring System compatible with Al Rajhi Bank's core banking system.

Al Rajhi Bank, at its core, remains ESG compliant in its overarching strategy of becoming the "Bank of the Future", supporting the diversification of the Saudi economy, assisting home ownership and wealth creation for individuals, financing micro, small and mid to large enterprises to achieve their potential, and navigating the Kingdom towards Vision 2030 as a reliable, stable and well-funded bank that conducts itself at the highest levels of conduct and technological performance.

corporate governance

135

Board of Directors 136
Executive Management 140
Chief Executive Officers of Subsidiaries 142
Governance 144
Risk Management 174



board of directors

Overview
Context
Business in Perspective
ESG Report
● **Corporate Governance**
Financial Statements
Supplementary



Abdullah bin Sulaiman Al Rajhi

Committees Membership

- Executive Committee

Current Positions

- Chairman of the Board of many companies inside KSA including:
- Al Rajhi Banking and Investment Corporation (Al Rajhi Bank)
- Al Rajhi Company for Cooperative Insurance (Takaful Al Rajhi)
- Al Rajhi Capital
- Al Rajhi Holding Group Company
- Farabi Petrochemicals Company
- Indoor and Outdoor Flooring Fabrics Solutions Company
- Al Ajial Holding Company

Previous Positions

Held many positions in Al Rajhi Bank from 1979 to 31 March 2012 including:

- Chief Executive Office and Managing Director
- Chief Executive Officer
- General Manager
- Senior Deputy General Manager
- Deputy General Manager of Financial Affairs
- Deputy General Manager of Investment and Foreign Relations

Qualifications

- Bachelor of Business Administration – King Abdulaziz University

Experience

- Contributed to the conversion of Al Rajhi Exchange and Trade Company into a public joint stock company and held many leading positions in ARB for more than 35 years.



Ibrahim bin Mohammed Al Romaih

Committees Membership

- Executive Committee
- Nominations and Remuneration Committee
- Governance Committee

Current Positions

- Deputy Chairman of the Board, Member of Executive Committee, Chairman of Governance Committee and Chairman of Nominations and Remuneration – Al Rajhi Bank
- Board Member – Saudi Arabian Investment Company

Previous Positions

- CEO – Saudi Arabian Investment Company
- Deputy CEO – Capital Market Authority
- Assistant Secretary General – Public Investment Fund
- Board Member – National Commercial Bank
- Board Member – Energy and Water Works Company

Qualifications

- Bachelor of Economics – Portland State University, USA
- Master's Degree in Economics – Central Michigan University, USA
- Chase Manhattan Bank Course, USA

Experience

- Over 30 years of experience in banking, financial and investment fields



Alaa bin Shakib Al Jabri

Committees Membership

- Board Risk Management Committee (BRMC)

Current Positions

- Board Member and Chairman of BRMC – Al Rajhi Bank
- Board Member – Medical and Pharmaceutical Services Company

Previous Positions

- Board Member – SIMAH
- Board Member – Higher Education Fund
- Board Member – Saudi Travelers Cheques Company
- Board Member – Arab International Bank – Tunisia
- Board Member – Construction Products Holding Company
- Board Member – Rolaco Group

Qualifications

- Bachelor of BA – American University in Beirut
- Master of BA – INSEAD, France

Experience

- Having professional experience of more than 30 years in banking and financial fields



Abdulaziz bin Khalid Al Ghufaily

Committees Membership

- Executive Committee
- Nominations and Remuneration Committee

Current Positions

- Board Member, Member of Executive Committee and Member of Nominations and Compensations Committee – Al Rajhi Bank
- Board Member – Al Rajhi Capital Company
- Board Member – National Petrochemical Industry Company (NATPET)

Previous Positions

- General Manager of Financial and Insurance Investments & worked in Hassana Investment Company
- Board Member – Industrialization & Energy Services Company
- Board Member – Riyadh Hotels and Entertainment Company
- Board Member – Saudi Industries Development Company
- Board Member – Tabuk Agriculture Development Company
- Board Member – National Medical Care Company
- Board Member – Herfy Food Services
- Board Member – Saudi Industries Development Company
- Board Member – Savola Foods
- Board Member – Savola Group Company

Qualifications

- Bachelor of Economics – King Saud University
- Master's Degree in Economics – Western Illinois University – USA – 1990

Experience

- Working in the field of financial investment for more than 25 years.



Badr bin Mohammed Al Rajhi

Current Positions

- Board Member – Al Rajhi Bank
- Chairman of the Board – Al Rajhi Steel Industries Co. Ltd.
- Chairman of the Board – Berain Company
- Chairman of the Board – Saudi Tourism Development Company
- Chairman of the Board – DAEM Real Estate Investment Company
- Chairman of the Board – Al Badr Al Zaher Investment Company
- Chairman of the Board – Al Motahdoun Al Uzamaa Company
- Managing Director and Vice Chairman – Mohammed Abdulaziz Al Rajhi & Sons Investment Company (MARS)
- Vice Chairman of the Board – Al Jazirah Home Appliance Co. Ltd.

Previous Positions

- Held several leading positions in areas of management, industry and real estate investment and has served as a member of the board of joint-stock companies.

Qualifications

- High School

Experience

- Having experience of more than 30 years in areas of management, industry and real estate investment and has served as a member of the board of joint-stock companies.



Khalid bin Abdulrahman Al Gwaiz

Committees Membership

- Nominations and Remuneration Committee
- Board Risk Management Committee (BRMC)

Current Positions

- Board Member, Member of Nominations and Remuneration
- Committee and Member of BRMC – Al Rajhi Bank
- Chairman of the Board, Chairman of Executive Committee and Member of Nominations Committee – Riyadh Cables Group Company
- Board Member – EMCOR Facilities Services
- Board Member, Chairman of Audit Committee and Chairman of Nominations – Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO)
- Board Member – Tasnee Company
- Board Member – Bawan Company

Previous Positions

- Managing Director – ACWA Holding Company
- Board Member and Chairman of Nominations & Remuneration Committee – Saudi Tabreed Company
- Board Member, Audit Committee Member and Chairman of the Nominations and Remuneration Committee – Swicorp Company
- Board Member – Synergy Consulting Company
- CEO – Bin Ladin International Group
- Board Member – National Medical Products Company
- Board Member – Roayat Watan Investment Company
- Board Member – Roaa Development Holding Company

Qualifications

- Bachelor of Urban Planning – University of Washington – USA

Experience

- Having more than 30 years of experience in banking, financial and industrial fields.



Ibrahim bin Fahad Al Ghofaily

Committees Membership

- Governance Committee

Current Positions

- Board Member and Member of Governance Committee – Al Rajhi Bank
- Board Member – Jiwar Real Estate Management, Marketing and Development Company
- Head of Arriyada Financial Consulting Center

Previous Positions

- Board Member – Alinma Bank
- Financial Consultant of King Abdulaziz Endowment for the Two Holy Grand Mosques (Abraj Al Bait Complex) in Makkah
- Deputy General Manager of Banking and Development – Al Rajhi Bank
- Vice Dean of Faculty of Economics and Management, King Abdulaziz University

Qualifications

- Bachelor of Public Administration – King Abdulaziz University
- Master of Public Administration – California State University – 1978
- PhD in Organisational Development – Florida State University – 1981

Experience

- Having practiced academic work for 10 years and with 10 years of experience in the Islamic Banking Sector
- Since 2002, he established Arriyada Financial Consulting Center and performed several studies and consultancies in Islamic Financing Structuring for Projects (the most prominent being Abraj Al Bait in Makkah).



Hamza bin Othman Khushaim

Committees Membership

- Executive Committee
- Board Risk Management Committee (BRMC)

Current Positions

- Board Member, Member of Executive Committee and Member of BRMC – Al Rajhi Bank
- Director of Startegy – Hassana Investment Company
- Member of the Advisory Board of the Center for Business and Government of the Kennedy School – Harvard University
- Member of the Saudi Investor Association
- Certified Member of the Association of Financial Analysts – USA

Previous Positions

- Hedge Fund Portfolio Manager – KAUST Endowment
- Hedge Fund Portfolio Manager – Investment Management – Treasury – Saudi Aramco Co.
- Financial Analyst – Investment Management – Treasury – Saudi Aramco Co.
- Board Member and Member of Nominations and Remuneration Committee – Dallah Healthcare Holding Company

Qualifications

- Bachelor of Finance – Michigan State University
- Master's Degree in Business Administration – University of Michigan in Ann Arbor
- Chartered Financial Analyst (CFA)

Experience

- Having 16 years of experience in investment.



Raaed bin Abdullah Al Tamimi

Committees Membership

- Governance Committee
- Nominations and Remuneration Committee
- BACC

Current Positions

- Board Member, Member of Governance Committee, Member of Nominations & Remuneration Committee, Member of BACC – Al Rajhi Bank
- Board Member, Member of Audit Committee and Member of Risk Committee – GASCO

Previous Positions

- CEO – Tawuniya Insurance Company
- CEO – National Medical Care Company
- Board Member – Tawuniya Insurance Company
- Board Member – National Medical Care Company
- Board Member – Waseel Electronic Information Transfer
- Board Member – Najm Insurance Services Company
- Board Member, Member of Nominations and Remuneration Committee – SAPTCO

Qualifications

- Bachelor of Medical Science – University of Wales, UK

Experience

- Having over 20 years of management experience and he currently serves as board member and committee member in many listed companies.



Abdulatif bin Ali Al Seif

Committees Membership

- Executive Committee
- BACC

Current Positions

- Board Member, Member of Executive Committee and BACC – Al Rajhi Bank
- Board Member – Arabian Cement Company
- Board Member – Wisayah Global Investment Company
- Board Member – Al Nahdi Medical Company
- Board Member – STC Solutions
- Board Member – Sabeen Investment Company
- Board Member – Albilad Tourism Fund
- Board Member – The Saudi Agricultural and Livestock Investment Company (SALIC)

Previous Positions

- Deputy Head and Head of Investment – King Abdullah Humanitarian Foundation
- Director of Portfolio Management – Masik
- Head of Portfolio Management, Investment Management Division – Saudi Aramco Co.
- Board Member – HSBC Saudi Arabia
- Executive Director – Vision Combined Limited Company
- Board Member & CEO – Arraedah Investment Company
- Board Member – National Petrochemical Company (Petrochem)
- Board Member – Abdullah Al Othaim Investment Company
- Board Member – Riva Investment Company

Qualifications

- Bachelor & Master's Degree of Business Administration – Boston University
- Master's Degree of Economics – Boston University
- CPA & CFA

Experience

- Having 20 years of experience in financial and investment fields, and is a member of several Boards and Committees in many companies.



Waleed Abdullah Almogbel

Current Positions

- Managing Director and Chief Executive Officer – Al Rajhi Bank
- Board Member – Al Rajhi Company for Cooperative Insurance (Takaful Al Rajhi)
- Chairman of the Board – Emkan Finance Company
- Chairman of the Board – International Digital Solutions Co. (Neoleap)
- Chairman of the Board – Tanfeeth
- Chairman of the Board – EJADA Systems Company Limited

Previous Positions

- Deputy Chief Executive Officer – Al Rajhi Bank
- Chief Operating Officer – Al Rajhi Bank
- Chief Financial Officer – Al Rajhi Bank

Qualifications

- PhD in Auditing – Cardiff University – 2006
- Master in Finance – University of Southampton – 2003
- Bachelor's degree in Accounting – King Saud University – 1999

Experience

- More than 24 years of experience in financial, banking, auditing, tax, and administrative financial consulting

executive management

Overview
Context
Business in Perspective
ESG Report
● **Corporate Governance**
Financial Statements
Supplementary



Waleed Abdullah Al-Mogbel

Current position
Managing Director and
Chief Executive Officer

Previous positions
Deputy Chief Executive Officer –
Al Rajhi Bank

Qualifications
PhD in Accounting and Auditing

Experience
25 Years



Abdulrahman Abdullah Al-Fadda

Current position
Chief Financial Officer

Previous positions
General Manager of Treasury
and Financial Institutions –
Al Rajhi

Qualifications
Bachelor's Degree – Electrical
Engineering

Experience
26 Years



Majed Saleh Al-Rajhi

Current position
General Manager Retail
Banking

Previous positions
AGM Private and Affluent
Banking – Al Rajhi Bank

Qualifications
MBA London Business School

Experience
18 Years



Hossam Essam Al-Basrawi

Current position
General Manager Corporate
Banking Group

Previous positions
Head of the Corporate Banking
Group – Banque Saudi Fransi

Qualifications
Bachelor's Degree in Law

Experience
26 Years



Abdulrahman Mohammad Al-Ajaji

Current position
General Manager Treasury
Group

Previous positions
Head of Global Market Sales –
SABB

Qualifications
Bachelor of Science –
Computer Science

Experience
19 Years



Abdullah Saleh Al-Omari

Current position
Chief Operating Officer

Previous positions
Chief Information Officer –
Al Rajhi Bank

Qualifications
Bachelor's Degree –
Electrical Engineering

Experience
21 Years



Ahmed Saleh Al-Sudais

Current position
Chief Human Resources Officer

Previous positions
VP Human Capital –
ACWA Power International, KSA

Qualifications
Bachelor's degree in
Accounting

Experience
31 Years



Abdulaziz Saad Al-Resais

Current position
Chief Risk Officer

Previous positions
AGM Enterprise Risk
Management – Al Rajhi Bank

Qualifications
Master's degree of Business
Administration

Experience
20 Years



Saleh Abdullah Al-Heidan

Current position

General Manager of the Sharia Group

Previous positions

Associate Professor in the High Institute of Judiciary – Al Imam Mohammed bin Saud Islamic University

Qualifications

PhD in Comparative Fiqh (Islamic Law) Experience

Experience

36 Years



Abdullah Ali Al-Furaiji

Current position

Chief Digital Officer

Previous positions

AGM Digital Business – Al Rajhi Bank

Qualifications

Bachelor's Degree in Organisation and Management Development, Financial Accounting

Experience

22 Years



Turki Mohammed Al-Dhfayan

Current position

Chief Marketing and Customer Experience Officer

Previous positions

Head of Digital Experience – Al Rajhi Bank

Qualifications

High Diploma – College of Telecom and Information

Experience

15 Years



Mishal Mustafa Al-Fadl

Current position

Chief Private Banking Officer

Previous positions

Chief Private Banking – Western Region – National Commercial Bank

Qualifications

Bachelor of Business Management

Experience

26 Years



Dhary Mohali Al-Shamry

Current position

Chief Internal Auditor

Previous positions

General Director of Internal Audit – Capital Market Authority

Qualifications

Master's degree of Business Administration – Finance

Experience

21 Years



Naif Hathal Al-Dahmashi

Current position

Acting Chief Compliance Officer

Previous positions

AGM Regulatory Compliance – Al Rajhi Bank

Qualifications

Bachelor of Business Management

Experience

22 Years



Ibraheem Hamad Al-Zeer

Current position

Acting Chief Governance and Legal Officer

Previous positions

Senior Director Legal Consultancy – Al Rajhi Bank

Qualifications

Master's Degree in Law

Experience

13 Years

chief executive officers of subsidiaries

142

Overview
Context
Business in Perspective
ESG Report
● **Corporate Governance**
Financial Statements
Supplementary



Waleed AlRashed Al-Humaid

Current position

Chief Executive Officer –
Al Rajhi Capital

Previous positions

General Manager of Asset
Management – HSBC Saudi
Arabia

Qualifications

Master Degree – Financial
Economics

Experience

17 Years



Saud Ghonem Bin Ghonem

Current position

Chief Executive Officer –
EMKAN Finance Company

Previous positions

Chief Retail Risk Officer –
Al Rajhi Bank

Qualifications

Master's Degree of Business
Administration – Finance

Experience

23 Years



Ziyad Al-Eisa

Current position

Chief Executive Officer –
Neoleap

Previous positions

Chief Executive Officer –
Bayan Credit Bureau

Qualifications

Master's Degree of Business
Administration

Experience

15 Years



Arsalaan Ahmed

Current position

Chief Executive Officer, Al Rajhi
Corporation Limited Malaysia

Previous positions

Chief Executive Officer, HSBC
Amanah Malaysia Berhad

Qualifications

Master's Degree of Business
Administration – London
Business School

Experience

20 Years



Jassim Ismaeil Al-Awadhi

Current position

Chief Executive Officer –
Al Rajhi Bank Kuwait

Previous positions

Head of Business – Al Rajhi
Bank Kuwait

Qualifications

Master's Degree of Business
Administration

Experience

22 Years



Eyad Mohammad Jarrar

Current position

Chief Executive Officer –
Al Rajhi Bank Jordan

Previous positions

CEO – AL TAS-HEELAT

Qualifications

Bachelors Of Economics

Experience

29 Years



Fawaz Abou Nasr

Current position

Chief Executive Officer –
Ejada System Limited Co.

Previous positions

Deputy CEO Sales and
Strategy – Ejada System
Limited Co.

Qualifications

Bachelor of Science –
Computer Science

Experience

32 Years



Mohammad Hassooobh

Current position

Chief Executive Officer –
Tanfeeth Company

Previous positions

AGM Process Excellence –
Al Rajhi Bank

Qualifications

Master's Degree of Business
Administration – Finance

Experience

19 Years

chief executive officers of subsidiaries

Overview
Context
Business in Perspective
ESG Report
Corporate Governance 4
Financial Statements
Supplementary



Hafed Ibrahim Altuwaijry

Current position

Chief Executive Officer –
Tuder Real Estate Company

Previous positions

Chief Executive Officer –
Josoor Real Estate
Development Company

Qualifications

Bachelor in Civil Engineering

Experience

22 Years



Abdulaziz Ali Al-Jdeed

Current position

Chief Executive Officer –
Tawtheeq Company

Previous positions

Executive Manager Retail Credit
Review and Quality Assurance –
Al Rajhi Bank

Qualifications

Bachelor in Business Banking

Experience

10 Years

The governance framework at Al Rajhi Bank comprises the General Assembly, the Board of Directors, the Shariah Board, as well as five Board committees and a group of executive management committees of the first and second levels. This governance structure relies on a set of key pillars that ensure clarity and sound governance. These pillars are the Bank's values, design of the organisational structure, policies and procedures, the delegation of authority matrix, and effective communication between various internal and external stakeholders.

Policies related to the Corporate Governance Manual

The Bank applies the Principles of Governance for Banks Operating in Saudi Arabia issued by the Saudi Central Bank as well as the Corporate Governance Regulations issued by the Capital Market Authority. The Bank has developed its Corporate Manual and the charters governing the Board Committees and management committees. These documents are subject to periodic review by the Board and its committees.

The Bank adopts a comprehensive set of policies and procedures that strengthen the Bank's governance framework in line with the Board of Directors approved Delegation of Authorities (DOA) matrix to adequately reflect internal practices. At the forefront of these policies is the Related Party Transactions and Conflict of Interest Policy to better achieve transparency and integrity, while remaining compliant with the regulatory requirements under the Companies Law, the CMA Governance Regulations, and the principles and guidelines issued by SAMA.

The Bank also relies on written disclosure policies and regulations that enable shareholders and stakeholders to have access to all material information and developments without discrimination and in a timely manner. This includes information required to be disclosed according to the instructions of Saudi Central Bank and under the regulations of Capital Market Authority (CMA).

The Bank pays adequate attention to the training and qualification of members of the Board of Directors and the executive management. The Bank has prepared an introductory guide to assist the new Board members and provide them with necessary information on the Bank's strategy, financial and operational aspects, and their obligations and duties.

The Bank also applies procedures for settling customers and shareholders complaints. These procedures are monitored by Saudi Central Bank and Capital Market Authority. The Bank has also implemented a social responsibility policy aiming at enhancing the Bank's social role.

CMA Corporate Governance Regulations

The Bank has given due cognisance to the Corporate Governance Regulations currently in effect, as issued by the Capital Market Authority in the Kingdom of Saudi Arabia. The following is a report on the Bank's corporate governance practices and the extent of its compliance with Capital Market Authority's regulations.

Implemented and not implemented provisions of the Corporate Governance Regulations and reasons for non-implementation


The Bank applies all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority on 13 February 2017 and amended on 22 August 2022, except for the following articles:

Article/Clause No.	Article/Clause	Reasons for not applying
Article 41 Clause "E"	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. (Guiding paragraph)	The evaluation is done internally on an annual basis.
Article 54 Clause "B"	The Chairman of the Audit Committee shall be an independent member. (Guiding paragraph)	The Chairman of Audit and Compliance Committee at the Bank is a non-executive Board Member who is selected due to his qualifications suitable for the position.
Article (87)	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the society for purposes of developing the social and economic conditions of the society. (Guiding article)	ARB has a social responsibility Policy approved by the Board of Directors.

Board Structure




The Bank is managed by a Board of Directors consisting of eleven members, elected by the ordinary general assembly every three years. Members whose term has expired may be re-elected each time according to the Bank's regulations.




Names of the companies inside and outside the Kingdom in which a Board Member is a manager or a member of their current or previous Board


Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Abdullah bin Sulaiman Al Rajhi 	<ul style="list-style-type: none"> Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Al Rajhi Capital Al Rajhi Holding Group Farabi Petrochemicals Company Indoor and Outdoor Floor Fabrics Solutions Holding Company Al Ajial Holding Company Erth Al-Awtan Real Estate Development Company Nagiz Investment Holding Company Mirath Holding Company 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Limited liability company Limited liability company Limited liability company 	<ul style="list-style-type: none"> Al Rajhi Bank (CEO) Saudi Carpet Supplies Manufacturing Company Jubail Saudi Company for Flooring Fabric Solutions Green Vision for Artificial Grass Company Al Farabi Investment Company Farabi Yanbu Petrochemicals Company Farabi Transformation Industries Company 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Limited liability company Limited liability company Limited liability company Limited liability company Limited liability company Limited liability company
Ibrahim Bin Mohammed Al Rumaih 	<ul style="list-style-type: none"> The Saudi Arabian Investment Company 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company 	<ul style="list-style-type: none"> The Saudi Arabian Investment Company (CEO) National Commercial Bank ACWA Power 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company Listed joint-stock company Unlisted company

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Abdulaziz bin Khalid Al Ghufaily 	<ul style="list-style-type: none"> Al Rajhi Capital The National Petrochemical Industrial Company (NATPET) 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company Unlisted company 	<ul style="list-style-type: none"> Industrialisation & Energy Services Company Riyadh Hotels and Entertainment Company Saudi Industries Development Company Tabuk Agriculture Development Company National Medical Care Company Herfy Food Company Panda Retail Company Savola Group Savola Foods Company 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company Unlisted company Unlisted company Listed joint-stock company Listed joint-stock company Unlisted company Unlisted company Listed joint-stock company Unlisted company
Badr bin Mohammed Al Rajhi 	<ul style="list-style-type: none"> Mohammed Abdulaziz Al-Rajhi and Sons Investment Company Al-Rajhi Steel Industries Company Berain Company The Saudi Company for Tourism Development Al-Jazira Home Appliances Company Al Motahedhoun Al Uzamaa Company Al Bader Zaher Investment 	Inside the Kingdom	<ul style="list-style-type: none"> Closed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Closed joint-stock company Limited liability company 	<ul style="list-style-type: none"> Falcon Plastic Products Company 	Inside the Kingdom	<ul style="list-style-type: none"> Closed joint-stock company

Overview
Context
Business in Perspective
ESG Report
● **Corporate Governance**
Financial Statements
Supplementary

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Khalid bin Abdulrahman Al Gwaiz 	<ul style="list-style-type: none"> Riyadh Cables Group Company Emcor Facilities Management Co Unique Solutions for Chemical Industries (USIC) Bawan Company Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Limited liability company Limited liability company Listed joint-stock company Listed joint-stock company 	<ul style="list-style-type: none"> ACWA Holding Group Astra Industrial Group Samba Financial Group Arab National Bank Swicorp Company Synergy Management Consulting Co. Bin Ladin International Holding Group (Executive Director) The National Medical Products Co. Ro'yat Watan Investment Company Roa Development Holding Company 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company Listed joint-stock company Listed joint-stock company Listed joint-stock company Unlisted company Limited liability company Unlisted company Limited liability company Limited liability company Limited liability company
Alaa bin Shakib Al Jabri 	<ul style="list-style-type: none"> Medical and Pharmaceutical Services Company 	Inside the Kingdom	<ul style="list-style-type: none"> Limited liability company 	<ul style="list-style-type: none"> Saudi British Bank Gulf International Bank Construction Products Holding Company Rolaco Group 	<ul style="list-style-type: none"> Inside the Kingdom Inside and outside the Kingdom Inside the Kingdom Inside the Kingdom 	<ul style="list-style-type: none"> Listed joint-stock company Unlisted company Unlisted company Unlisted company
Ibrahim bin Fahad Al Ghofaily 	<ul style="list-style-type: none"> Jiwar Real Estate Management, Marketing and Development Company 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company 	<ul style="list-style-type: none"> Al Inma Bank Al Rajhi Bank 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Listed joint-stock company

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Hamza bin Othman Khoshaim 	<ul style="list-style-type: none"> Hassana Investment Company 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company 	<ul style="list-style-type: none"> Dallah Healthcare Holding Company 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company
Raeed bin Abdullah Al-Tamimi 	<ul style="list-style-type: none"> National Gas and Industrialization Company 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company 	<ul style="list-style-type: none"> Cooperative Insurance Company National Medical Care Company Waseel Electronic Information Transferring Co Cooperative Real Estate Investment Company Najm Company for Insurance Services Saudi Arabia Public Transport Company 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Listed joint-stock company Unlisted company Unlisted company Unlisted company Listed joint-stock company
Abdulatif bin Ali Al Seif 	<ul style="list-style-type: none"> Arabian Cement Company Wisayah Global Investment Company Nahdi Medical Company STC Solutions Sabeen Investment The Saudi Agricultural and Livestock Investment Company (SALIC) 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Limited liability company Closed joint-stock company Listed joint-stock company Closed joint-stock company Closed joint-stock company 	<ul style="list-style-type: none"> HSBC Saudi Arabia Shared Vision Company Ltd Pioneer Investments Company Abdullah Al Othaim Investment Co. Riva Investment Company National Petrochemical Company (PETROCHEM) 	Inside the Kingdom	<ul style="list-style-type: none"> Unlisted company Limited liability company Unlisted company Closed joint-stock company Limited liability company Listed joint-stock company

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Waleed bin Abdullah Al Mogbel 	<ul style="list-style-type: none"> Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Emkan Finance Company International Digital Solutions Company (NeoLeap) Human Resources Management & Development Company (Tanfeeth) Ejada Systems Company Ltd. 	Inside the Kingdom	<ul style="list-style-type: none"> Listed joint-stock company Closed joint-stock company Closed joint-stock company Limited liability company Limited liability company 			

Composition of the Board and classification of its members, as: executive members, non-executive members, or independent members

Member name

Abdullah bin Sulaiman Al Rajhi
Ibrahim bin Mohammed Al Rumaih
Abdulaziz bin Khalid Al Ghufaily
Badr bin Mohammed Al Rajhi
Khalid bin Abdulrahman Al Gwaiz
Alaa bin Shakib Al Jabri
Ibrahim bin Fahad Al Ghofaily
Hamza bin Othman Khoshaim
Raeed bin Abdullah Al-Tamimi
Abdulatif bin Ali Al Seif
Waleed bin Abdullah Al Mogbel

Membership classification (executive/non-executive/ independent)

Non-executive
Independent
Non-executive
Non-executive
Non-executive
Independent
Independent
Non-executive
Independent
Non-executive
Executive

Committees of the Board of Directors

The functions and responsibilities of the Committees are identified based on internal bylaws and regulatory requirements. The membership term is set at three years, ending with the expiration of the term of the Board. The Board of Directors has the power to appoint, reappoint, or terminate the membership of any member of the Committees. The Committees submit their recommendations and minutes of their meetings to the Board of Directors.

The following is a brief description of the Bank's Committees and their work.

A - Executive Committee:

The main purpose of the Executive Committee (ExCom) is to assume responsibility for the business operations of Al-Rajhi Bank and to make quick decisions regarding urgent issues and matters related to the Bank's business. The Executive Committee is responsible for reviewing, following up, and approving the basic financial, non-financial, commercial, investment, and operational decisions related to the Bank within the limits of the powers determined by the Bank's Board of Directors.

The Committee held six meetings during the year 2022 as follows:

Meeting No.	Date	Member name				
		Abdullah bin Sulaiman Al Rajhi	Ibrahim bin Mohammed Al Rumaih	Abdulaziz bin Khalid Al Ghufaily	Hamza bin Othman Khoshaim	Abdulatif bin Ali Al Seif
		Chairman	Member	Member	Member	Member
1.	17 February 2022	✓	✓	✓	✓	✓
2.	24 February 2022	✓	✓	✓	✓	✓
3.	29 June 2022	✓	✓	✓	✓	✓
4.	15 September 2022	✓	✓	✓	✓	✓
5.	27 October 2022	✓	✓	✓	✓	✓
6.	8 December 2022	✓	✓	✓	✓	✓

B - Nominations and Compensations Committee

The main purpose of the Nominations and Compensations Committee is to submit recommendations on the nomination of Board Members, committee members, senior executives, and candidates for positions, subject to non-objection of the Saudi Central Bank, to the Board of Directors. The Committee prepares a description of the capabilities and qualifications required for Board of Director's membership, evaluates the effectiveness and efficiency of the Board and senior management performance, and ensures that the Bank remains compliant with the internal incentive policies, the rules of incentive practices issued by the Saudi Central Bank, and the principles and criteria for compensation, in a manner that best achieves the interests of depositors, shareholders and the Bank's strategic objectives. The Committee held four meetings during the year 2022 as follows:

Meeting No.	Date	Member Name			
		Ibrahim Bin Mohammed Al Rumaih Chairman	Khalid bin Abdulrahman Al Gwaiz Member	Raeed bin Abdullah Al-Tamimi Member	Abdulaziz bin Khalid Al Ghufaily Member
1.	13 January 2022	✓	✓	✓	✓
2.	2 June 2022	✓	✓	✓	✓
3.	27 October 2022	✓	✓	✓	✓
4.	1 December 2022	✓	✓	✓	✓

C - Governance Committee:

The main purpose of the Governance Committee is to support and maintain the highest standards in corporate governance, on behalf of the Board of Directors, by ensuring that sound governance practices are followed in all activities carried out by the Bank through conducting an annual review of the general governance framework and related mechanisms. In addition, the Committee monitors cases of conflict of interest, ensures the continuous updating of the register of Related Parties, reviews requests for exemption from the governance requirements applicable at the Bank, and coordinates with the Bank's subsidiaries to support good and consistent corporate governance standards for all activities of the Al Rajhi Bank Group. The Committee also focuses on increasing awareness of the importance of governance and its activities within the Bank among all employees, shareholders, and external stakeholders, and conducts an annual evaluation of the performance of the Board of Directors, members of the Board, all Board Committees and Management Committees. It is also responsible for reviewing and updating the policies related to the Board of Directors and its members, the Bank's governance, and the conflict of interests, in addition to following up on the implementation of the Governance Manual, its annexes, and the Bank's delegation of authority matrix. The Committee held four meetings during the year 2022 as follows:

Meeting No.	Date	Member Name		
		Ibrahim Bin Mohammed Al Rumaih Chairman	Ibrahim Bin Fahad Al Ghofaily Member	Raeed bin Abdullah Al-Tamimi Member
1.	14 June 2022	✓	✓	✓
2.	18 September 2022	✓	✓	✓
3.	30 October 2022	✓	✓	✓
4.	13 December 2022	✓	✓	✓

D - Audit and Compliance Committee:

The main purpose of the Audit and Compliance Committee is to supervise the financial reporting process, oversee the internal and external auditors, submit recommendations to the Board of Directors and shareholders to approve, appoint and determine the remunerations and dismissal of the external auditors. The Committee also reviews and approves the scope of the audit operations and their implementation, receives key audit reports, assesses and follows up the Bank's policy in combating financial fraud, and reviews the objectives and observations of the Shariah audit. Moreover, the Committee ensures that the senior management takes all necessary corrective measures in a timely manner to address any weaknesses in controls or non-compliance with policies, laws, and regulations, or any other issues identified by the auditors. The Audit and Compliance Committee held nine meetings during the year 2022 as follows:

Meeting No.	Date	Member name				
		Abdullatif bin Ali Al Seif Chairman	Raeed bin Abdullah Al-Tamimi Member	Abdullah bin Ali Al Muneef Member	Farraj bin Mansour Abuthnain Member	Walid bin Abdullah Tamairik Member
1.	2 January 2022	✓	✓	✓	✓	✓
2.	30 January 2022	✓	✓	✓	✓	✓
3.	16 February 2022	✓	✓	✓	✓	✓
4.	6 March 2022	✓	✓	✓	✓	✓
5.	21 April 2022	✓	✓	✓	✓	✓
6.	28 July 2022	✓	✓	✓	✓	✓
7.	26 September 2022	✓	✓	✓	✓	✓
8.	20 October 2022	✓	✓	✓	✓	✓
9.	29 December 2022	✓	✓	✓	✓	✓

Audit and Compliance Committee members (Non-Board members)

No.	Name	Committee memberships	Current positions	Previous positions	Qualifications	Experience
1	Abdullah bin Ali Al Muneef	Audit and Compliance Committee	<ul style="list-style-type: none"> Member of Audit and Compliance Committee – Al Rajhi Bank 	<ul style="list-style-type: none"> Chief Executive Officer – Al Muneef Financial and Management Consultancy Office Advisor – National Guard Director General of Finance and Administration Affairs – National Guard Head of Accounting Department – King Saud University Associate Professor of Accounting Department – King Saud University Executive Director of Financial and Administrative Affairs – King Faisal Specialist Hospital Head of Accounting Association, King Saud University Assistant Professor of Accounting Department, King Saud University Lecturer at Accounting Department, King Saud University Member of Shura Council Member of the Arab Parliament 	<p>Bachelor of Accounting – King Saud University</p> <p>Master Degree in Accounting – University of Southern California, USA</p> <p>PhD in Accounting – University of South Carolina, USA</p>	Held many academic, leading, and advisory positions in financial and management fields

No.	Name	Committee memberships	Current positions	Previous positions	Qualifications	Experience
2	Farraj bin Mansour Abuthnain	Audit and Compliance Committee	<ul style="list-style-type: none"> Member of Audit and Compliance Committee – Al Rajhi Bank Board Member – Astra Industrial Group Board Member – Al Moammar Information Systems Co. Board Member – Saudi Industrial Investment Group 	<ul style="list-style-type: none"> Director of Loan Department – Industrial Development Fund Member of the Project Loan Committee – Industrial Development Fund Member of the Industrial Projects Performance Audit Committee – Industrial Development Fund Senior Vice President of Finance and Investment – National Industrialisation Company (Tasnee) Member of the Council of Riyadh Region Board Member of Petrochem Member of Audit Committee – Almarai Company Board Member – Aljazira Capital 	Bachelor of Industrial Management – Milwaukee School of Engineering, USA	Held many leading positions in the Saudi Industrial Development Fund and the National Industrialization Company (Tasnee)

No.	Name	Committee memberships	Current positions	Previous positions	Qualifications	Experience
3	Walid bin Abdullah Tamairik	Audit and Compliance Committee	<ul style="list-style-type: none"> Member of Audit and Compliance Committee – Al Rajhi Bank Member of Audit Committee – Raysan Al Arabia Real Estate Developer TEMAIRIK CPA Chairman of Audit Committee – Taajeer Finance Company 	<ul style="list-style-type: none"> Arthur Andersen & Co. Ernst & Young Member of Advisory Committee of College of Management and Economics – King Abdulaziz University 	Bachelor of Accounting – King Abdulaziz University Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA)	Has more than 25 years of experience in accounting, auditing, and economics

E - Risk Management Committee

The primary purpose of the Risk Management Committee is to advise the Board of Directors regarding risk tolerance and risk strategy and to oversee the management's implementation of this strategy. This includes the management of capital and liquidity strategies, credit and market risk management, operational risk, compliance risk, reputational risk, and any other potential risks that the Bank may face. The Committee held five meetings during the year 2022 as follows:

Meeting No.	Date	Member name		
		Alaa bin Shakib Al Jabri Chairman	Khalid bin Abdulrahman Al Gwaiz Member	Hamza bin Othman Khoshaim Member
1.	17 February 2022	✓	✓	✓
2.	28 June 2022	✓	✓	✓
3.	24 August 2022	✓	✓	✓
4.	3 November 2022	✓	✓	✓
5.	13 December 2022	✓	✓	✓

Procedures of the Board of Directors to inform its members of shareholders' suggestions and comments on the Bank and its performance

The Bank documents shareholders' suggestions provided through the General Assembly and notifies the Chairman of the Board of any other suggestions related to the Bank to be presented at the next Board meeting. There is also an e-mail address dedicated to the comments and suggestions of the shareholders, which is published on the official website of the Bank and on Tadawul website so that the Board can review the suggestions and comments of the shareholders.

Methods adopted by the Board of Directors in evaluating its performance and that of its committees and members

The Bank's Governance Committee evaluates the performance of the Board, its committees, and members through specific surveys at three levels: Board evaluation based on the Board of Directors terms of reference specified in the Bank's Governance Manual, evaluation of Board's Committees and the Audit and Compliance Committee based on their approved work regulations, and the self-evaluation of the Board and Committees member. The Governance Committee then prepares the annual evaluation report and submits it to the Nominations and Remunerations Committee.

Remunerations of Board members, Board Committee members, and Executive Management

A - Summary of the most important provisions of the remuneration policy for members of the Board, its Committees and the Executive Management:

1 - Board of Directors remunerations and compensations:

The members of the Bank's Board of Directors receive a fixed annual remuneration amounting to (SAR 400,000) on an annual basis for their membership on the Bank's Board of Directors and their participation in its works.

Each member of the Board of Directors receives an amount of (SAR 5,000) for attending each of the Board's sessions, whether the attendance is physical or through any remote means of communication.

The Bank pays all actual expenses incurred by members of the Board for attending the Board meetings, including travel and accommodation expenses.

2 - Remunerations and compensations of Board members for their membership in Board sub-committees:

The Bank's Board members do not receive additional remuneration for their participation in the Board sub-committees as the annual remuneration includes additional remunerations if the member participates in any Board sub-committees.

Each member of the Board of Director receives an amount of (SAR 5,000) for attending each Committee meeting, whether the attendance is physical or through any remote means of communication.

The Bank pays all actual expenses incurred by members of the Board for attending the Committee meetings, including travel and accommodation expenses.

3 - Remunerations and compensations for Audit and Compliance Committee members:

Each member of the Audit and Compliance Committee, whether from within or outside the Board, receives a fixed annual remuneration for his or her participation in the Committee's work, estimated at (SAR 150,000) annually. Annual remunerations and compensations for non-Board Audit and Compliance Committee members are not calculated as part of the annual remunerations and compensations granted to the Board member.

Each member of the Audit and Compliance Committee receives an amount of (SAR 5,000) for attending each Committee meeting, whether the attendance is physical or through any remote means of communication.

The Bank pays all actual expenses incurred by members of the Committee for attending the Committee meetings, including travel and accommodation expenses.

4 - Granting shares:

The Bank does not grant shares as remuneration to any Board member, Board Committee member, or Audit and Compliance Committee member.

5 - Allocation and payment mechanisms for remunerations and compensations:

Compensations and remunerations due to Board members and non-Board members are calculated on an annual basis, based on the recommendation of the Nominations and Remunerations Committee and approval of the Board of Directors. Amounts are then presented to the General Assembly for approval at its next meeting.

Remunerations can vary to reflect the member's experience, competencies, tasks, independence, and the number of attended meetings among other considerations.

Attendance remunerations are paid annually to beneficiaries based on their attendance records for Board, sub-committees, and Audit and Compliance Committee meetings.

Payments are made through Bank transfers, cheques, or any other methods approved by the Bank, and members are informed of details through the relevant department at the Bank.

Remunerations and compensations paid to Board members may not exceed (SAR 500,000) annually. Any additional due amounts will not be disbursed, except for the members of the Audit and Compliance Committee from within the Board. Total amounts paid to Board members should not exceed 5% of total net profits.

6 - Remunerations and compensations of Senior Executives:

The role of the Board of Directors includes, but is not limited to the following:

- The Board of Directors is responsible for approving the overall structure of remunerations and oversight of all aspects of the remuneration system and may not delegate this responsibility to the executive management.

- Although there is a Board Nomination and Remuneration Committee, the Board of Directors has ultimate responsibility for promoting effective governance and sound remuneration practices.
- The Board of Directors reviews and approves the Remuneration Policy and any of its subsequent updates, based on the recommendation of the Nomination and Compensation Committee, taking into account, inter-alia, the Rules on Compensation Practices approved in May 2010 and any future updates or revisions issued by the Saudi Central Bank.

The Board of Directors reviews and approves the recommendations of the Nomination and Compensation Committee regarding the remunerations of senior executives. For this purpose, senior executives include senior managers and all those executives whose appointments are subject to non-objection by the Saudi Central Bank or other regulators.

The Board of Directors ensures that the management has put in place detailed systems and procedures and an effective oversight mechanism to ensure compliance with the Saudi Central Bank Rules on Compensation Practices and the Financial Stability Board Principles and Standards.

7 - Structure of remunerations and compensations of Senior Executives:

Remunerations structures are designed for the various levels of employees in a manner that enhances the effectiveness of risk management and achieves remunerations and compensations objectives in accordance with the highest standards of remunerations practices.

Forms of remunerations vary according to the position and role of the employee and may include cash payments, shares, and other forms of rewards and compensations.

The proportion of fixed and variable remuneration components for different business sectors is determined based on the nature and level of the employee's responsibilities, the field of business, and the general philosophy of the Remuneration Policy of the Bank. The Bank ensures that the total variable remuneration does not limit its ability to strengthen the capital base.

The remunerations structure for employees working in control functions such as Risk and Compliance, Internal Auditing, etc., is designed with the aim of ensuring the objectivity and independence of these functions. In this regard, performance management and the determination of remunerations and compensations for these employees are not assigned to any person who works or has any relationship with the business sector that these employees monitor or supervise.

When determining remuneration allocations, the overall performance of the Bank is taken into consideration, while their distribution to employees is based on the performance of the employees in addition to the performance of the business unit or department in which they operate. However, there is no guaranteed minimum remuneration or similar payment, other than an employee's salary that is not based on performance.

As part of the Remuneration Policy, the Bank may postpone a reasonable percentage of the performance bonus for a period of no less than three (3) years. The deferred bonus percentage and the maturity period are determined based on the nature of the business, its risks, and the activities carried out by the employee.

Where the Remuneration Policy provides for the payment of part of the remuneration and compensation in the form of shares, criteria must be set to determine the value of the share allocation. Moreover, the allocation of shares should be subject to an appropriate policy of shares retention.

Joining bonuses are not permitted unless clearly aligned with long-term value creation and prudent risk-taking. Payments should be related to the performance achieved over time and designed in a way that does not reward failure. Joining bonuses should be at least linked to successful completion of the probation period and where possible, they should be deferred according to terms similar to the those of deferred bonuses in the employee's previous employer.

The Bank should demand from its employees that they commit themselves not to use personal hedging strategies or remunerations and liability-related insurance to undermine the risk alignment effects embedded in their remuneration and compensation arrangements.

The Bank confirms that there are no major deviations between granted remunerations and applicable Remunerations Policy.

B - Remunerations and compensations paid to Board members, Board Committees, and Audit & Compliance Committee in 2022:

No.	Name	Board of Directors meetings		Audit and Compliance Committee meetings		Executive Committee meetings	
		No.	SAR	No.	SAR	No.	SAR
1.	Abdullah bin Sulaiman Al Rajhi	6	30,000	-	-	6	30,000
2.	Ibrahim Bin Mohammed Al Rumaih	6	30,000	-	-	6	30,000
3.	Abdulaziz bin Khalid Al Ghufaily	6	30,000	-	-	6	30,000
4.	Khalid bin Abdulrahman Al Gwaiz	6	30,000	-	-	-	-
5.	Badr bin Mohammed Al Rajhi	6	30,000	-	-	-	-
6.	Alaa bin Shakib Al Jabri	6	30,000	-	-	-	-
7.	Ibrahim bin Fahad Al Ghofaily	6	30,000	-	-	-	-
8.	Raeed bin Abdullah Al-Tamimi	6	30,000	9	45,000	-	-
9.	Hamza bin Othman Khoshaim	6	30,000	-	-	6	30,000
10.	Abdulatif bin Ali Al Seif	6	30,000	9	45,000	6	30,000
11.	Stefano Paolo Bertamini (membership expired)	2	10,000	-	-	-	-
12.	Waleed bin Abdullah Al Mogbel (New member)	3	15,000	-	-	-	-
13.	Abdullah bin Ali Al Muneef	-	-	9	45,000	-	-
14.	Walid bin Abdullah Tamairik	-	-	9	45,000	-	-
15.	Farraj bin Mansour Abuthnain	-	-	9	45,000	-	-
Total		65	325,000	45	225,000	30	150,000

Nominations and Remunerations Committee meetings		Governance Committee meetings		Risk Committee meetings		Annual remuneration	Total	Total paid to member according to policy
No.	SAR	No.	SAR	No.	SAR	SAR	SAR	SAR
-	-	-	-	-	-	400,000	460,000	460,000
4	20,000	4	20,000	-	-	400,000	500,000	500,000
4	20,000	-	-	-	-	400,000	480,000	480,000
4	20,000	-	-	5	25,000	400,000	475,000	475,000
-	-	-	-	-	-	400,000	430,000	430,000
-	-	-	-	5	25,000	400,000	455,000	455,000
-	-	4	20,000	-	-	400,000	450,000	450,000
4	20,000	4	20,000	-	-	550,000	665,000	665,000
-	-	-	-	5	25,000	400,000	485,000	485,000
-	-	-	-	-	-	550,000	655,000	655,000
-	-	-	-	-	-	198,356	208,356	208,356
-	-	-	-	-	-	58,082	73,082	73,082
-	-	-	-	-	-	150,000	195,000	195,000
-	-	-	-	-	-	150,000	195,000	195,000
-	-	-	-	-	-	150,000	195,000	195,000
16	80,000	12	60,000	15	75,000	5,006,438	5,921,438	5,921,438

C - Remunerations and compensations paid to five Senior Executives who received the highest remunerations from the Bank, including the CEO and CFO, in 2022.

Description

	2022
Salaries and compensations	10,260,000
Allowances	5,209,738
Periodic and annual rewards	12,640,000
Incentive schemes	21,140,000
Any other in-kind compensations	916,403
Total	50,166,141

Employee benefits and plans

The Bank offers its employees a number of benefits and bonuses during or at the end of the service period, according to the Saudi Labor Law and the Bank's policies. The provision for employees' end-of-service benefits is calculated using the entitlement assessment form in accordance with the Saudi Labor Law and local regulatory requirements. The provision for the end-of-service benefits amounted to SAR 2,241 Mn.

The Bank also grants deferred shares to its senior employees and to valuable human assets that the Bank needs to retain. This ensures strengthening the Bank's long-term relationship with those employees. Granting of shares is subject to the approval of the Board of Directors upon the recommendation of the Nominations and Remunerations Committee.

Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the Bank by the CMA or any supervisory, regulatory, or judicial authority

There are no fines imposed by the Capital Market Authority.

Penalties imposed by Saudi Central Bank

Violation subject

	Fiscal year 2022		Fiscal year 2021	
	Number of penalty decisions	Total amount of fines in SAR	Number of penalty decisions	Total amount of fines in SAR
Violating the supervisory instructions of the Saudi Central Bank	49	38,459,200	27	15,903,000
Violating the instructions of Saudi Central Bank related to customer protection	4	1,062,400	7	4,436,800
Violating the instructions of Saudi Central Bank related to due diligence	-	-	1	2,165,000
Violating the instructions of Saudi Central Bank related to the level of performance of ATMs and POS machines	-	-	-	-
Violating the instructions of Saudi Central Bank related to due diligence in combating money laundering and terrorism financing	3	150,000	5	795,000

Fines imposed by the Ministry of Municipal and Rural Affairs:

No. Violation subject	Total amount of fines in SAR	
	Fiscal year 2022	Fiscal year 2021
1. Increase of building area percentage for ATMs, lack of setbacks, visible advertising posters on branches facades and ATMs, and non-existence of licenses for some Bank's locations.	306,000	924,300

Outcomes of the annual review of internal control procedures at the Bank, in addition to the Audit and Compliance Committee opinion on the adequacy of the Bank's internal control system

The Bank's executive management is responsible for designing and maintaining an appropriate internal control system with the Board of Directors' direct supervision. The system has been designed to properly mitigate risks that could impair the realization of the Bank's strategic and operational objectives. The Bank's

executive management has adopted a suitable integrated internal control system aligned with the regulatory requirements of the Saudi Central Bank. The following are some of the key components of the Bank's internal control system:

The Bank has completed, approved, and continuously develops the overall governance framework through which appropriate control tools are prepared and updated at the Bank level and the roles and responsibilities of the Bank's various levels are clarified, including the Board of Directors, the Board committees, and other administrative committees.

Monitoring the Bank's activities in general and making important decisions through committees formed to ensure that the Bank's activities are running properly in order to protect and ensure the quality of the Bank's assets.

The Auditing Department monitors the adequacy of the Bank's supervisory procedures and adheres to them, and prepares a presentation clarifying the focus and development aspects.

The Internal Control Committee (ICC) formed at the Bank continuously follows up on the observations and control operations in departments such as Internal Auditing, Risks and Compliance, Account Differences, and other departments, and reviews the level of progress in addressing those observations and developing solutions to any obstacles that the Bank's departments may face in this regard.

The Bank has a set of policies and procedures that govern its various activities. The Bank also reviews these policies and procedures periodically to verify their adequacy, efficiency, and suitability for the Bank's activities.

Most of the operations of the Bank are executed through automated systems, which helps in reducing manual errors and chances of fraud.

The Bank has specialized departments for evaluating and monitoring internal control systems, including Internal Auditing, Compliance, Fraud Control, and various risk departments.

There is an effective Audit and Compliance Committee supervising internal and external auditors' activities in order to promote their independence. This Committee receives regular and periodic reports on outcomes of audits carried out on different departments and their activities.

The comments and reports of the Shariah Group are conveyed to the Audit Committee to enhance the independence of the Shariah Group.

Follow up on important transactions, fraud cases, legal cases, tax and Zakat cases, disclosures, and any matters requested by the Board of Directors from the Audit and Compliance Committee.

Regular reviews on the efficiency and adequacy of the internal control system are carried out by the Internal Auditing Group based on an annual plan approved by the Audit and Compliance Committee, in addition to regular reviews of some aspects of internal control by external auditors as well as the audit carried out by the Saudi Central Bank.

Annual review of internal control procedures

During 2022, Al Rajhi Bank made every effort to ensure the adequacy and effectiveness of the internal control system, in line with the requirements issued by the Saudi Central Bank. In addition, the activities implemented during the year 2022, which included a review of the efficiency of the internal control system through the works of Departments of Internal Audit and Risks and Compliance have contributed to providing reasonable assurances of the adequacy of the applied internal controls, in addition to confirming the existence of systems and procedures necessary to identify and evaluate the high risks that the Bank may face, the method of dealing with them, as well as the safety of their application. No fundamental weaknesses affecting the adequacy of the internal control system were detected. Accordingly, and based on the results of the internal control system evaluation, Al Rajhi Bank has an adequate internal control system that works appropriately and is monitored and strengthened on an ongoing basis, bearing in mind that any internal control system, regardless of the level of its design and effectiveness, cannot provide absolute assurances.

General Assembly

The Bank adheres to the regulatory requirements in all matters relating to Ordinary and Extraordinary General Assemblies. The Bank is also obliged to provide sufficient information to enable shareholders to make their decisions.

Historical information of General Assembly meetings during the fiscal year:

No.	Name	Attendance record Extraordinary General Assembly 14th Meeting
1.	Abdullah bin Sulaiman Al Rajhi	✓
2.	Ibrahim bin Mohammed Al Rumaih	✓
3.	Alaa bin Shakib Al Jabri	✓
4.	Khalid bin Abdulrahman Al Gwaiz	✓
5.	Stefano Paolo Bertamini	✓
6.	Badr bin Mohammed Al Rajhi	✓
7.	Abdulatif bin Ali Al Seif	✓
8.	Hamza bin Othman Khoshaim	✓
9.	Abdulaziz bin Khalid Al Ghufaily	✓
10.	Raeed bin Abdullah Al-Tamimi	✓
11.	Ibrahim bin Fahad Al Ghofaily	✓

Bank's significant plans, decisions, and future expectations

Al Rajhi Bank continues to lead in the retail banking market, and intends to enhance its leadership in this sector by increasing the financing portfolio in general and real estate financing in particular. The Bank also intends to strengthen its position in the SMEs sector, while continuing to invest in the latest technologies to ensure the provision of the best banking services and products to customers, in addition to expanding the customer base.

Description of the Bank's dividend policy

(A) The net annual profits of the Bank, which are determined after deducting all overheads and other costs and creating the necessary reserves to face doubtful debts, investment losses, and emergency obligations that the Board of Directors deems necessary in accordance with the provisions of the Banking Control Law and the directives of the Saudi Central Bank, are distributed as follows:

1. The amounts required to pay the Zakat prescribed for the shareholders are calculated and the Bank pays these amounts to the competent authorities.
2. At least 25% of the remainder of the net profits after deducting Zakat is carried over to the statutory reserve until the aforementioned reserve becomes at least equal to the paid-up capital.
3. An amount not less than 5% of the paid-up capital, after deducting the statutory reserve and Zakat, is allocated from the remainder of the profits for distribution to the shareholders in accordance with the Board of Directors' proposal and the General Assembly's decision. If the remaining percentage of the profits owed to the shareholders is not sufficient to pay this percentage, then shareholders may not claim its payment in the following year or years, and the General Assembly may not decide to distribute a percentage of the profits exceeding what was proposed by the Board of Directors.
4. The remaining amount is used after allocating the amounts mentioned in Paragraphs (1), (2), and (3), as proposed by the Board of Directors and decided by the General Assembly.

(B) Subject to the provisions of Paragraph (A) and the relevant regulations and after obtaining no objection from the Saudi Central Bank, the Company may distribute interim dividends on a semi-annual or quarterly basis.

Description of any interest of the Bank's board members, senior executives and their spouses and minor children in the Bank's securities or any of its subsidiary companies.

A - Major shareholders:

No.	Holder of interest, contractual papers, or subscription rights	Number of shares at the beginning of year 2022	Number of shares at the end of year 2022	Net change	Percentage of change	Percentage of ownership %
1.	General Organization for Social Insurance	240,454,785	Non-major shareholder since 13 January 2022			

B - Members of the Board of Directors:

No.	Holder of interest, contractual papers, or subscription rights	Number of shares at the beginning of year 2022	Number of shares at the end of year 2022	Net change	Percentage of change %
1.	Abdullah bin Sulaiman Al Rajhi	54,518,389	87,229,416	32,711,027	60.00
2.	Ibrahim bin Mohammed Al Rumaih	17,089	27,342	10,253	60.00
3.	Abdulaziz bin Khalid Al Ghufaily	32,307	51,691	19,384	60.00
4.	Badr bin Mohammed Al Rajhi	2,041,390	3,647,973	1,606,583	78.70
5.	Khalid bin Abdulrahman Al Gwaiz	-	-	-	0.00
6.	Alaa bin Shakib Al Jabri	-	-	-	0.00
7.	Ibrahim bin Fahad Al Ghofaily	742,742	1,188,387	445,645	60.00
8.	Raeed bin Abdullah Al-Tamimi	-	-	-	0.00
9.	Abdulatif bin Ali Al Seif	1,000	1,600	600	60.00
10.	Hamza bin Othman Khoshaim	-	-	-	0.00
11.	Stefano Paolo Bertamini	-	Board representation expired on 01 July 2022	-	0.00
12.	Waleed bin Abdullah Al Mogbel	Board representation started on 09 November 2022	-	-	0.00

3 shares were granted for every 5 owned shares to reflect the increase in the Bank's capital based on the approval of the 14th Extraordinary General Assembly held on 08 May 2022.

C - Senior executives:

No.	Holder of interest, contractual papers, or subscription rights	Number of shares at the beginning of 2022	Number of shares at the end of year 2022	Net change	Percentage of change %
1.	Saleh bin Abdullah Al Lheidan	44,991	94,432	49,441	109.89
2.	Abdulrahman bin Abdullah Al Fadda	49,691	79,505	29,814	60.00
3.	Abdulaziz bin Saad Al Rusais	500	-	(500)	-100.00
4.	Ahmed bin Saleh Al Sudais	3,000	32,000	29,000	966.67
5.	Meshaal bin Mustafa Al Fadl	-	11,180	11,180	100.00
6.	Majed bin Saleh Al Rajhi	88,864	145,019	56,155	63.19
7.	Hussam bin Issam Al Basrawi	-	13,543	13,543	100.00
8.	Abdullah bin Saleh Al-Omari	-	3,529	3,529	100.00
9.	Turki bin Mohammad Al-Dafyan	-	8,867	8,867	100.00
10.	Ibraheem bin Hamad Alzeer	2,332	8,755	6,423	275.43

3 shares were granted for every 5 owned shares to reflect the increase in the Bank's capital based on the approval of the 14th Extraordinary General Assembly held on 08 May 2022.

Board of Directors meetings

No.	Member name	Number of meetings (6)					
		First meeting 24 February 2022	Second meeting 29 June 2022	Third meeting 15 August 2022	Fourth meeting 13 December 2022	Fifth meeting 14 December 2022	Sixth meeting 15 December 2022
1.	Abdullah bin Sulaiman Al Rajhi	✓	✓	✓	✓	✓	✓
2.	Ibrahim bin Mohammed Al Rumaih	✓	✓	✓	✓	✓	✓
3.	Alaa bin Shakib Al Jabri	✓	✓	✓	✓	✓	✓
4.	Abdulaziz bin Khalid Al Ghufaily	✓	✓	✓	✓	✓	✓
5.	Badr bin Mohammed Al Rajhi	✓	✓	✓	✓	✓	✓
6.	Khalid bin Abdulrahman Al Gwaiz	✓	✓	✓	✓	✓	✓
7.	Ibrahim bin Fahad Al Ghofaily	✓	✓	✓	✓	✓	✓
8.	Hamza bin Othman Khoshaim	✓	✓	✓	✓	✓	✓
9.	Raeed bin Abdullah Al-Tamimi	✓	✓	✓	✓	✓	✓
10.	Abdulatif bin Ali Al Seif	✓	✓	✓	✓	✓	✓
11.	Stefano Paolo Bertamini	✓	✓	Membership expired on 01 July 2022			
12.	Waleed bin Abdullah Al Mogbel	Membership started on 09 November 2022			✓	✓	✓

Bank requests for shareholder register

No	Request date	Request reasons
1.	03 January 2022	*
2.	03 January 2022	*
3.	31 January 2022	*
4.	28 February 2022	*
5.	04 April 2022	*
6.	29 May 2022	*
7.	03 July 2022	*
8.	07 August 2022	*
9.	07 September 2022	*
10.	03 October 2022	*
11.	01 November 2022	*
12.	30 November 2022	*
13.	22 December 2022	*

* Company actions

Related party transactions

During its normal business cycle, the Bank makes transactions with related parties which are subject to the controls stipulated by the Kingdom's legislative entities. The Bank has disclosed related party transactions in Note 34 of its final Financial Statements for the year 2022. The following is a summary of the nature and balances of those transactions for the year ended on 31 December 2022 (all amounts are in thousands of Saudi riyals):

Type of transaction	Balances resulting from transactions
Loans and advance payments	14,491,266
Accrued Payable on Financing	479,252
Potential obligations	4,999,867
Current accounts	389,941
Contributions payable	121,709
Receivables against claims	275,418
Bank balances	168,727
Income from finance and other financial assets	293,015
Mudaraba Fees	130,028
Employees' salaries and benefits (air tickets)	2,666
Rent and premises related expenses	2,313
Contribution – policies written	554,460
Claims incurred and notified during the year	373,090
Claims paid	349,542
Board members remunerations	5,921
Short-term benefits	130,284
Provision for employees' end of service benefits	2,241

Following is information related to businesses and contracts in which the Bank was a party and in which there was an interest for a member of the Board of Directors, a senior executive, or any person related to their professions during the year 2022:

1 - Commercial contracts and service contracts (all figures are in Saudi Riyal)

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2022
1.	Fursan Travel & Tourism Co.	Abdullah bin Sulaiman Al Rajhi	Board Member	Owned by Board member	Travel & tourism services contract	Pricing contract for a period of one year automatically renewed for a similar period	Standard conditions without preferences	2,859,267
2.	Berain Company	Badr bin Mohammed Al Rajhi	Board Member	Chairman of the Board	Mineral water supply services	Pricing contract for a period of one year automatically renewed for a similar period	Standard conditions without preferences	348,945
3.	Arabian Internet and Communications Services Company "STC Solutions"	Abdulatif bin Ali Al Seif	Board Member	Board member of the Company	Cisco Hardware Support and Maintenance, Licensing, and Infrastructure Transformation Solutions	One to three years	Standard conditions without preferences	1,373,111

2 - Lease contracts (All figures are in Saudi Riyal)

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2022
1.	Mohammed Abdulaziz Al-Rajhi and Sons Investment Company	Badr bin Mohammed Al Rajhi	Board Member	Board Member in the Company	Lease contract for the Southern Regional Administration building	Seven years – automatically renewable for similar period	Lease contract	282,373
2.	Mohammed Abdulaziz Al-Rajhi and Sons Investment Company	Badr bin Mohammed Al Rajhi	Board Member	Board Member in the Company	Lease contract for a direct sales office in Abha	Seven years – automatically renewable for a similar period	Lease contract	46,000
3.	Mohammed Abdulaziz Al-Rajhi and Sons Investment Company	Badr bin Mohammed Al Rajhi	Board Member	Board Member in the Company	Lease contract for ATM location	Five years – automatically renewable for a similar period	Lease contract	40,250

3 - Insurance contracts

No.	Related Party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2022
1.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Micro and Small Business Motor Insurance	Annual contracts	No preferential conditions or benefits	27,662,596
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				
2.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Banker's Blanket Bond and Professional Indemnity Insurance	Annual contracts	No preferential conditions or benefits	12,056,443
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				
3.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Directors and Officers Insurance	Annual contracts	No preferential conditions or benefits	4,010,160
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				

No.	Related Party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2022
4.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Properties All Risk Policy	Annual contracts	No preferential conditions or benefits	2,309,517
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				
5.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Fire and Allied Perils Policy – Mortgage Insurance	Annual contracts	No preferential conditions or benefits	6,538,885
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				
6.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Bancassurance Agreement	Annual contracts	No preferential conditions or benefits	80,504,252
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				

No.	Related Party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2022
7.	Al Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Board Member	Board Member in the Company	Motor Insurance Agreement	Annual contracts	No preferential conditions or benefits	421,377,668
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Al Lheidan	Senior executive	Senior executive is a member of Shariah Board				

Legal payments

Legal payments due by the Bank during the year consist of Zakat owed by shareholders, taxes, amounts paid to the General Organization for Social Insurance, and costs of issuing visas, passports, etc.

The following table shows details of the legal payments made during the year:

Description	2022		Brief description	Reasons
	Paid	Due for payment by end of fiscal period (unpaid)		
Zakat	2,560,421,877.37	-	Paid	-
Taxes	61,524,969.91	-	Paid	-
VAT	290,846,627.73	-	Paid	-
General Organization for Social Insurance	274,947,809	-	Paid	-
Visa and passport costs	587,150	-	Paid	-
Ministry of Labor fees	1,574,725	-	Paid	-

Basis for preparing the Bank's consolidated financial statements

The Bank prepares its consolidated financial statements in accordance with international accounting standards for financial institutions approved in the Kingdom of Saudi Arabia as well as other standards and publications issued by Saudi Organization for Chartered and Professional Accountants and the requirements of the Banking Control Law, the Companies Law applicable in the Kingdom of Saudi Arabia, and the Bank's Articles of Association.

Basel 3

The Bank publishes its quantitative and qualitative disclosure data on an annual basis. These disclosures are available on the Bank's website (www.alrajhibank.com.sa).

Auditors

During the Ordinary General Assembly of the shareholders, Messrs. Ernst & Young and KPMG Al Fozan & Partners were appointed as auditors for the Bank's accounts for the fiscal year 2022. The next General Assembly will appoint external auditors for the fiscal year 2023 based on the recommendation of the Audit and Compliance Committee in this regard.

The Board did not recommend replacing the external auditors before the end of the contract period.

Board of Directors' Acknowledgments:

According to the available information, the auditor's report, and current market data, the Board of Directors acknowledges the following:

- Accounting records have been prepared properly
- The internal control system has been prepared based on proper fundamentals and is executed effectively
- There is no doubt about the Bank's ability to continue its business.

Conclusion

The Board of Directors expresses its pleasure and pride in the positive results achieved by the Bank during the year 2022. On this occasion, the Board would like to convey its appreciation to the Custodian of the Two Holy Mosques, HRH the Crown Prince, and our wise Government.

The Bank also extends its sincere thanks to the Ministry of Finance, the Ministry of Commerce, the Saudi Central Bank, and the Capital Market Authority for their consistent cooperation and continuous support in developing the financial sector, which had a great impact and role in supporting the growth of the national economy.

The Board also seizes this opportunity to express its thanks and appreciation to the shareholders, the Bank's valued customers and its correspondents for their support, confidence and cooperation, which have had a positive impact on the Bank's progress and prosperity. The Board also conveys its sincere thanks and appreciation to all employees of the Bank for their sincere efforts and dedication. In addition, the Bank extends its appreciation to Shariah Board members for their loyal efforts and effective contributions to the Bank's business.

risk management

Overview
Context
Business in Perspective
ESG Report
● **Corporate Governance**
Financial Statements
Supplementary

Going into 2022, Al Rajhi Bank Risk Group's primary focus was on the Fundamental Review of the Trading Book (FRTB), the Basel Committee's market risk framework, where the Bank ran its revisions with a target for the revised framework to go live in 2023. The reporting period saw the Group implemented the Basel III reforms, which had been formulated in the wake of the 2008 financial crisis to enhance prudential regulatory standards, supervision and risk management of banks.

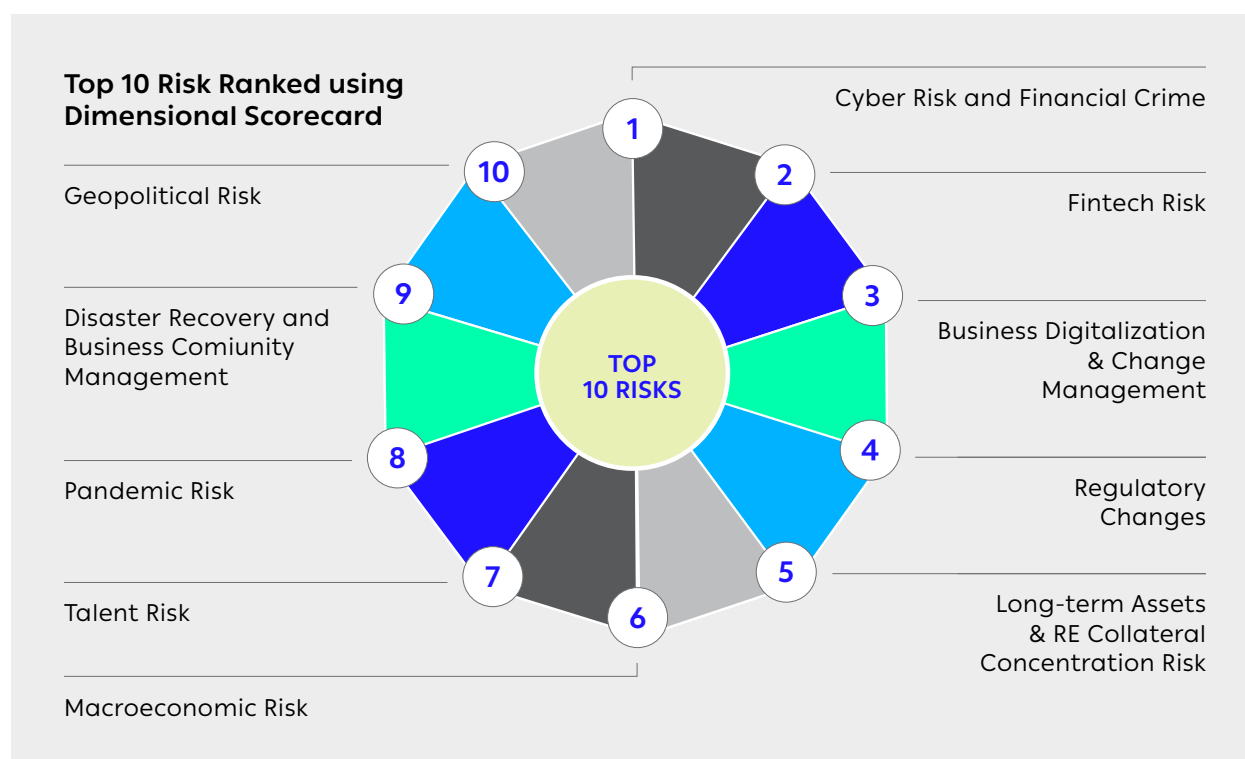
This implementation cut across three streams, namely Credit, Market and Operational Risk, and the Bank conducted gap analyses taking into account the regulatory guidelines, data requirements and system implementations including methodology validation.

The overall risk management framework was largely unaffected by these enhancements, though certain new policy and procedure changes

around "Trading Book" portfolio classification are expected to come into effect in January 2023. These include clear demarcation between Trading and Banking book boundaries. The Bank also introduced a separate Trading Book policy during the year under review as required by regulation with similar revisions to its Market Risk policy.

Types of risk

The Bank is exposed to a number of risks conventionally, which it manages through its robust risk management framework. Various other external and internal factors also affect the Bank's risk profile on an ongoing basis, with the Risk Group identifying emerging risks and uncertainties with potential to increase the unpredictability of the operating environment. Aside from the conventional risks, IT security and cybercrime became the top concerns of the Risk Group during the year under review.



Credit Risk

Being primarily a Retail bank with credit facilities provided to customers on-balance sheet and off-balance sheet, credit risk remained the largest and most common risk source for the Bank. However, given the solid nature of Al Rajhi Bank's portfolio, which has a bigger concentration of Public Sector customers with salary assignment, the credit risk also remained lowest among its peers during the reporting period.

Due to the potential a retail portfolio comprising a large number of individual customers with small loans has to hurt the Bank when in collective default, Al Rajhi Bank continued to conduct regular data integrity and portfolio monitoring, providing fair evaluation of the individual borrower, and analysing their financial standing which reflects their capacity to repay the Bank.

A change in the Retail portfolio mix initiated in December 2021 saw a shift toward big-ticket loans such as mortgages, which posed a higher risk concentration per customer. Regular portfolio monitoring was conducted to build feedback loops and aid the Retail business and Risk Group to implement effective mitigants and controls to minimise impacts.

This also led to a re-evaluation of the Bank's target markets, with the Risk Group shifting focus from high-risk segments where defaults and delinquency rates are higher than the Bank's risk appetite, and redirected the focus towards low risk segments by targeting the higher income, salary aligned segment with stable employers.

The business verticals along with Risk and Compliance Groups worked together throughout the reporting period to ensure prompt compliance of all new and altered regulations and governing rules during the year.

Accelerated digital banking posed credit risk from a customer acquisition perspective during the reporting period, which the Bank

addressed by adopting a phased approach to manage the credit risk at origination level, and ensure compliance based on the approved risk acceptance criteria. Stakeholders were consulted in the conceptualisation and implementation of the digitisation process.

For the growing Corporate Business, Al Rajhi Bank's Loan Origination System (LOS) was revamped to automate the evaluation of customer credit worthiness using unique quantitative and qualitative criteria, and alerting the Bank of any changes in the counterparty's credit risk profile. An Early Warning Signals (EWS) model geared to detect any weaknesses in the quality of portfolios was utilised to enable the Bank to proactively engage appropriate remedial measures through relationship teams or the Special Assets Management Unit to rectify any credit risk issues.

These actions resulted in a reduction in non-performing loans (NPL) of the non-Retail portfolio by over 20%. Regular monitoring of portfolios to determine delinquencies also helped Corporate Banking reduce the number of past due obligations and Expired Credit Applications (CA) well below expected risk appetite thresholds.

Different strategies were executed to ensure lower inflows going to late buckets, and address issues related to systems and logics to assess genuine defaults and find solutions. The bank also introduced a full ecosystem to manage any potential default in the Retail book, supported by a newly established Task Force to oversee all related legal cases.

2022 saw a significantly reduced error rate and improved turnaround time through continued automation as well as policy and control function enhancements. With all credit decisions that will be executed via the Bank's credit decision engine, the error rate is expected to be further reduced towards an ambitious zero error rate once the phased implementation is completed by 2023.

Liquidity risk

During the year under review, the Risk Group proactively managed its liquidity risk by constantly monitoring liquidity ratios vis-à-vis Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Liquid-Asset-Ratio (LAR) and Loan-to-Deposit Ratio (LDR). Through continuous monitoring, the Bank ensured that these ratios were comfortably maintained above regulatory minimum with a healthy buffer. While these liquidity indicators are continuously monitored by Treasury and Risk Groups within the Bank, they are also reported to the Asset-Liability Committee (ALCO) and Board Committees on a regular basis.

An increased volume of term deposits, call account deposits and Tier 1 Sukuk issuances in 2022 improved the funding diversification of the Bank during the year to further mitigate risk. The Bank also continued to consciously optimise its liquidity ratio management during the reporting period, a process that has been ongoing for the past two years.

Operational risk

The Bank's Operational Risk Management Policy underwent a comprehensive update in 2022 to adhere to the new Basel and SAMA requirements, alongside the automation of a number of operational risk tools and activities with its upgraded Enterprise Operational Risk Management System. These included the automation of Risk Control Self Assessment (RCSA), reporting and monitoring of Key Risk Indicators (KRI), incident logging and Root Cause Analysis (RCA), action plans logging and monitoring, risk register maintenance as well as risk reporting, maintaining the Bank's benchmarks while in compliance with SAMA requirements.

The Bank also revamped the end-to-end process of its new products and services development framework, enhancing request forms to capture essential requirements, and strengthening stakeholder involvement by ensuring that key control and support functions are engaged.

The approval process of the new products and services development framework was automated using the Jira platform.

Market risk

During the year under review, given the natural growth of the Bank's asset portfolio, there was increased reliance to fund the Bank's balance sheet growth from Term Deposits, given the insufficient incremental growth of Demand Deposits for the same. Despite liquidity and funding pressures witnessed in a market environment of interest rate hikes in 2022, the Bank successfully grew its asset book with corresponding positive growth in its bottom-line.

Concentration risk

The Bank's geographical diversity and the loyal patronage of its varied customer base mitigates concentration risk by providing greater stability in the face of external impacts. For the year under review, Corporate Banking enjoyed the advantage of a well-diversified portfolio across different business segments, industries and wallet sizes, despite rising interest rates that may have impacted customer debt servicing capabilities. The Bank reviewed certain predefined financial parameters across its entire portfolio in order to assess rate hike impacts, and adopted a detailed action plan to resolve such a situation.

The Retail portfolio, too, remained highly diversified. The bank proactively created an ecosystem to support low-income segments whose disposable income may be affected by higher inflation, providing multiple options especially across its growing mortgage portfolio, which the Risk Group continued to monitor closely.

Cybersecurity risk

With the fast-paced adoption of digitalization, the threat of cybersecurity risk is growing spurred by an expanding landscape. The Bank currently employs multiple dynamic defences via a number of countermeasures for

prevention, detection, and response in an effort to proactively address the current cybersecurity challenges. In order to ensure the efficiency of the Bank's overall cybersecurity posture, the Bank has also implemented a number of security measures using the defence-in-depth and multilayer security principles. By applying the best cybersecurity standards recommended by the national cybersecurity and financial sector regulators, the Bank has reinforced its current cybersecurity governance procedures and ensured the confidentiality, integrity, privacy, and availability of all business and technological processes. The Bank continuously improves its cybersecurity culture by implementing a variety of training and awareness initiatives that are directed at both customers and employees. To ensure that all of its business services are trustworthy and secure, the Bank continuously

conducts cybersecurity assurance assessments on its systems, apps, and networks. Additionally, the Bank regularly engages its recognized vendors in independent internal and external audits to confirm the efficiency of installed cybersecurity controls and compliance with national and international standards including the Payment Card Industry Data Security Standard (PCI DSS), SAMA, SWIFT, SARIE, and the Saudi National Cybersecurity Authority (NCA). The Bank has a Security Operation Center that is operational around-the-clock, 365 days a year, continuously monitoring and promptly addressing cybersecurity threats and attacks. The Bank has shown resilience against cyberattacks as a result of the implementation of cybersecurity measures, with no cybersecurity-related outage or operational impact thus far.

Emerging risks

Apart from the conventional risks inherent in financial intermediation, a number of emerging risks were identified during the reporting period based on internal assessments and external market trends.

Emerging Risk type	Description
Cyber Risk and Financial Crime	<ul style="list-style-type: none"> Increased vulnerabilities to financial crime and fraud due to increased and intensified online financial activity
Fintech Risk	<ul style="list-style-type: none"> Investments in Fintech to remain competitive and retain market share leading to increased risks in product unsuitability Rapid changes in the operating model negatively impacting the competitiveness of the Bank
Business digitalization risk and change management	<ul style="list-style-type: none"> Inadequacies in the selection of digital enablers impacting the achievement of business and growth objectives Failure to deliver change projects impacting productivity, profitability and operational efficiencies
Macroeconomic Risk	<ul style="list-style-type: none"> Deteriorating operating environment constraining growth opportunities
Talent Risk	<ul style="list-style-type: none"> The inability to attract and retain top quality talent due to the intensifying war for talent in the region
Pandemic risk	<ul style="list-style-type: none"> The high degree of uncertainty at a global level about the evolution of the pandemic, resulting government response and its economic impact

Risk management practices

The Risk Group is headed by the Chief Risk Officer, and functions within the Bank's risk framework and policies approved by the Board of Directors to manage risk across the entirety of the Bank's operations. The Group's reports to the Board and related committees span credit risks and portfolio asset quality, operational risks, liquidity risks, market risks, reputational risks, technology and cybersecurity risks among others.

In 2022, the Risk Group continued to establish risk thresholds derived from the Bank's risk appetite, accurately identifying risks and their impact on the Bank's value creation process, and managing such risks with prudence and pragmatism in order to remain profitable and provide shareholders with sustainable returns.

Al Rajhi Bank's Board Risk Management Committee (BRMC) supports the Board of Directors in their role of overseeing the Bank's performance in line with its risk appetite. The BRMC Charter was updated to comply with SAMA's new Corporate Governance regulations during the year under review.

The Bank's risk management framework is covered by the Bank's Internal Capital Adequacy Assessment Process (ICAAP), and details the Bank's risk appetite, risk management approach and primary risk controls. The ICAAP is submitted to SAMA on an annual basis following its review by the BRMC and approval by the Board. The BRMC then reviews and provides recommendations to the Board on the Internal Liquidity Adequacy Assessment Plan (ILAAP), which is also submitted to SAMA on an annual basis. The BRMC also reviews the Credit and Provisioning Policy, Operational Risk Policies, Risk Appetite Statements, Market and Liquidity Risk Policies and Information Security Policy of the Bank, submitting recommendations for the Board's approval.

The Asset and Liability Committee (ALCO) evolved from its role as a delegate to the Board of Directors that identifies, measures and manages the Bank's liquidity risks, into a steering committee for the Primary Dealership Committee (PDC) and Valuation Accounting Committee

(VALCOM) during the previous reporting year, and ALCO continues to provide oversight on related activities, decisions and recommendations of PDC/VALCOM in its new role.

Credit rating

Al Rajhi Bank continued to strengthen its reputation among international rating agencies by receiving stable to positive credit ratings for the year under review:

Rating Agency	Rating (Long Term)	Short Term	Outlook
S&P	BBB+	A-2	POS
Moody's	A-	F1	STABLE
Fitch	A1	P-1	STABLE
Capital Intelligence	A+	A1	STABLE



Future outlook

In light of recent growth and diversification in the Bank's Treasury portfolio, some of the risk management initiatives in 2023 will focus on developing a robust framework for measuring, monitoring and reporting the Standardised Approach for Counterparty Credit Risk (SA-CCR) and Credit Valuation Adjustment (CVA) risk.

In the coming year, the Bank will take a closer look at its pricing and valuation models that impact the risk sensitivities, and in-turn the capital charge. Enhancements will be undertaken to ensure the desired changes for regulatory and MIS reporting.

In 2023, the Bank will also work towards developing a Recovery and Resolution plan in line with the Systemically Important Financial Institutions (SIFIs) Law issued in the region.