

Al Rajhi Bank Investor Presentation

1Q 2023 Results



1Q 2023 Investor Presentation

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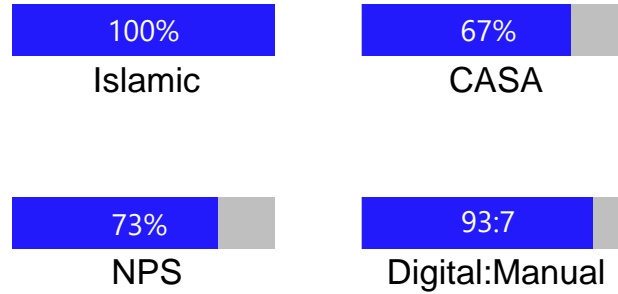
34 FY 2023 Guidance

37 IR Contact Information

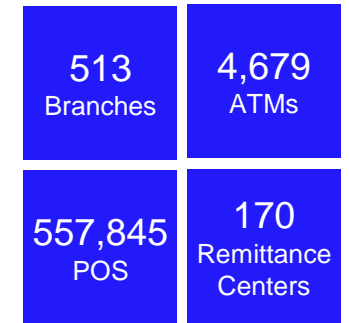
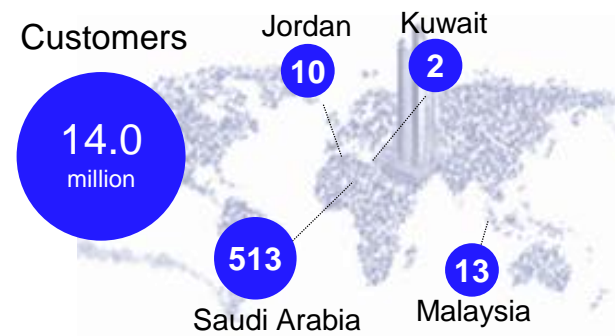


The World's Leading Islamic Bank

At a glance, 1Q 2023



Presence & Branches, 1Q 2023



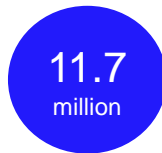
Largest network in Saudi Arabia

1Q 2023 Strategic Highlights

1Q23 Avg Trans./mth



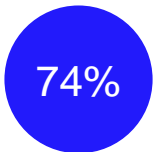
Active Digital Customers



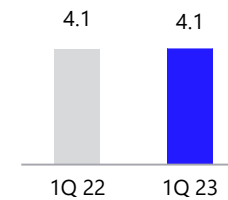
Training Days



Employee Engagement Index



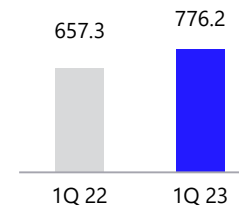
1Q 2023 Financial Highlights



Group Net Income
After Zakat

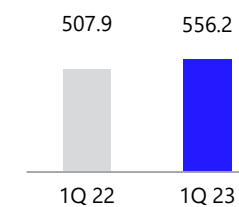
▲ +0.3%

- 19.1% YoY Net Financing Growth
- 20.9% Total Capital ratio
- 2.28% Cost of Funds



Total Assets

▲ +18%



Customer Deposits

▲ +10%



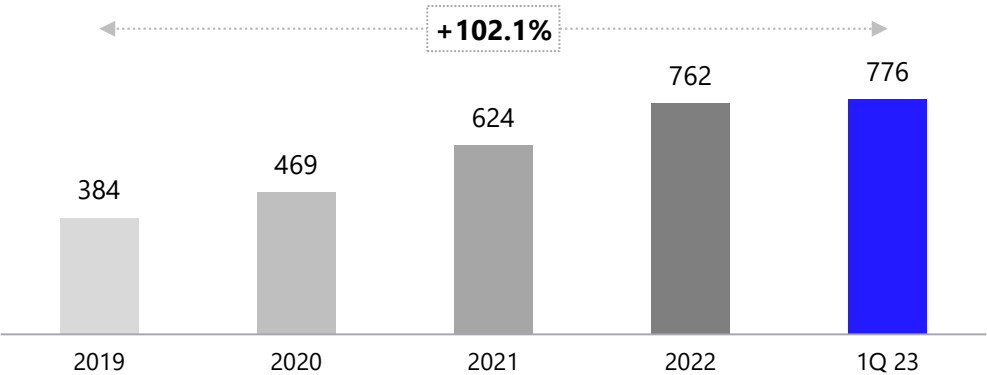
Top 10 Facts About Al Rajhi Bank

- 1** Largest Islamic Bank worldwide
(by Assets & Market Cap)
- 2** #1 Retail Bank in Middle East
(Retail Deposits & Income)
- 3** One of the highest NPB deposit ratios
(67% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC
(20.9% Total Capital ratio)
- 5** #1 NPS in KSA
(73% as on March 2023)
- 6** #1 Bank in KSA
(by number of customers)
- 7** #1 Distribution network in Middle East
(by # of Branches, POS, ATMs, Remittance Centres)
- 8** #1 Banking transactions in KSA
(720mn per month, average)
- 9** #1 Bank for remittances in Middle East
(by payment value)
- 10** #1 Bank brand in KSA
(Brand Power Score)

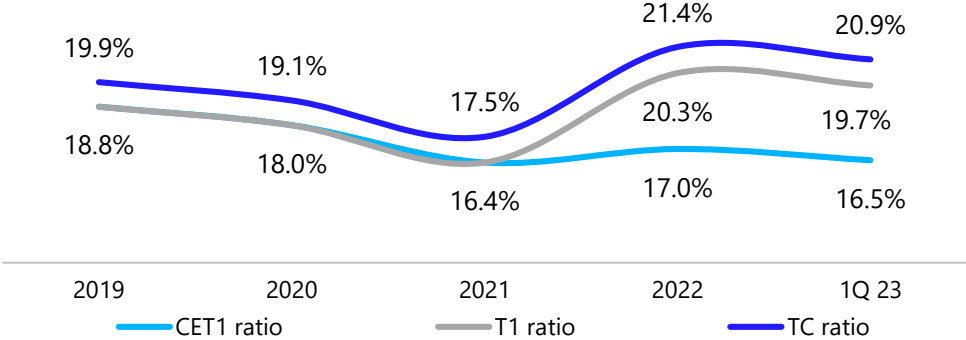


The World's Leading Islamic Bank | Robust balance sheet with 67% non-profit bearing deposits in 1Q 2023

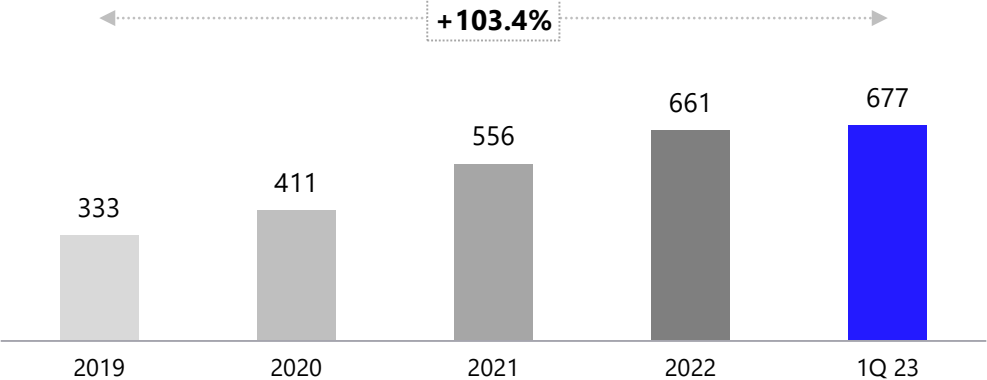
Total Assets (SARbn)



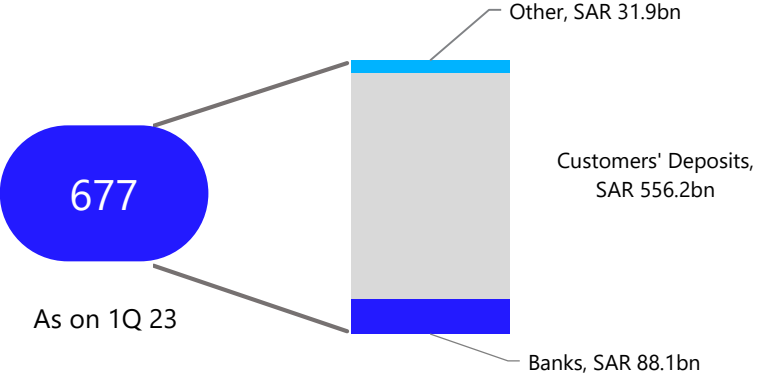
Capital Ratios (%)



Total Liabilities (SARbn)

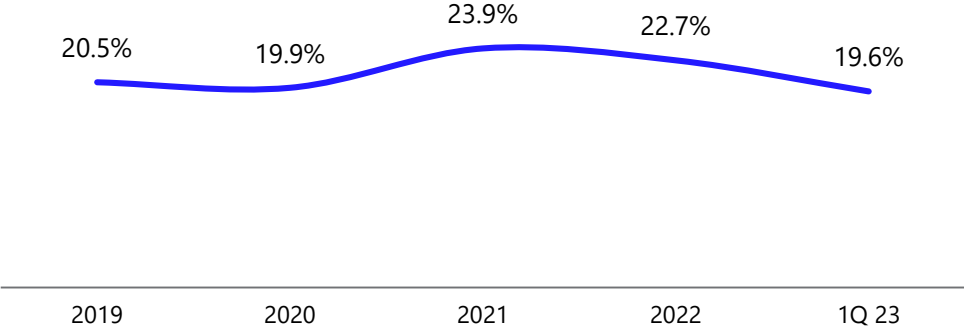


Total Liabilities Mix By Type (SARbn)

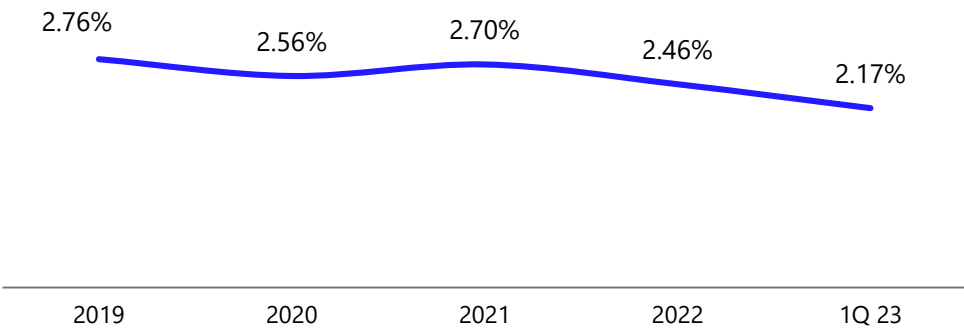


The World's Leading Islamic Bank | Outstanding foundation and strong returns

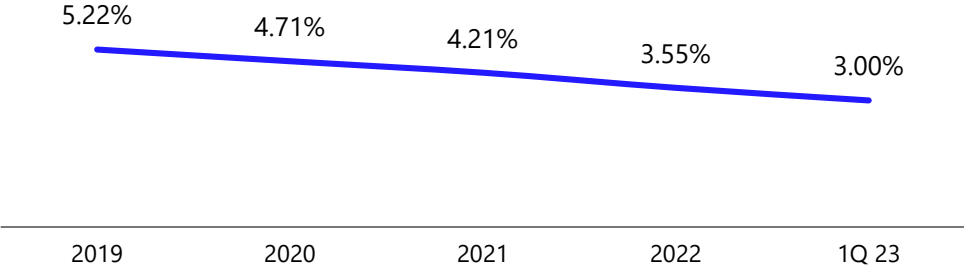
ROE (%)



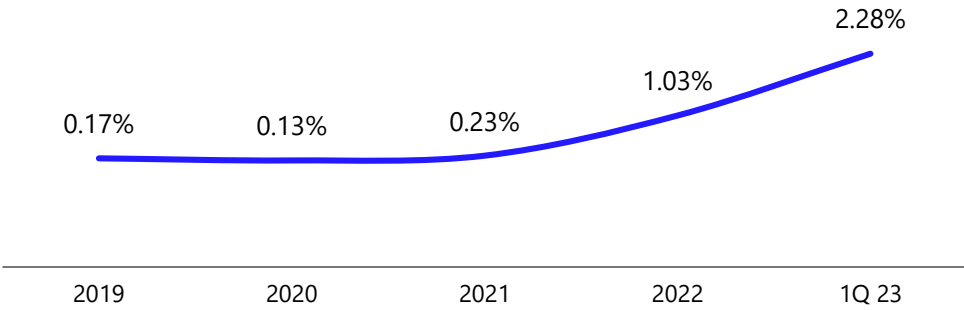
ROA (%)



Net Profit Margin (%)

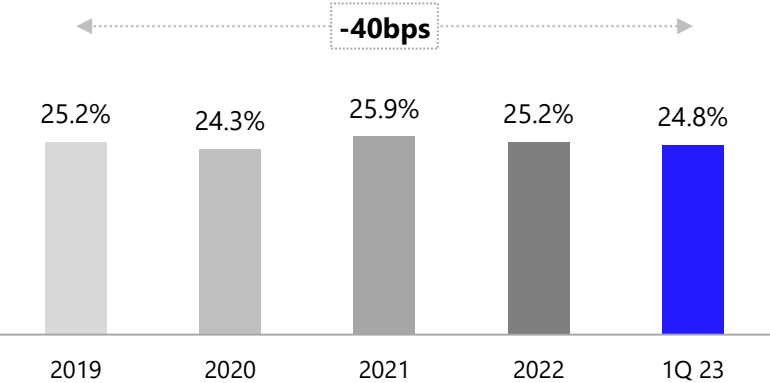


Cost of Funds (%)



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

Market Share - Demand Deposits

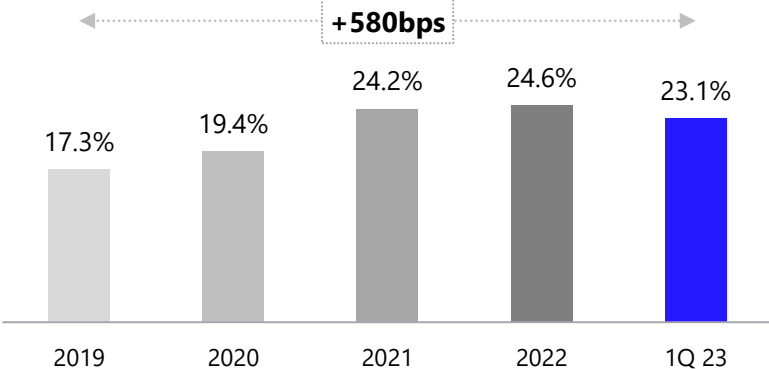


#2 in Saudi Arabia

14.0
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



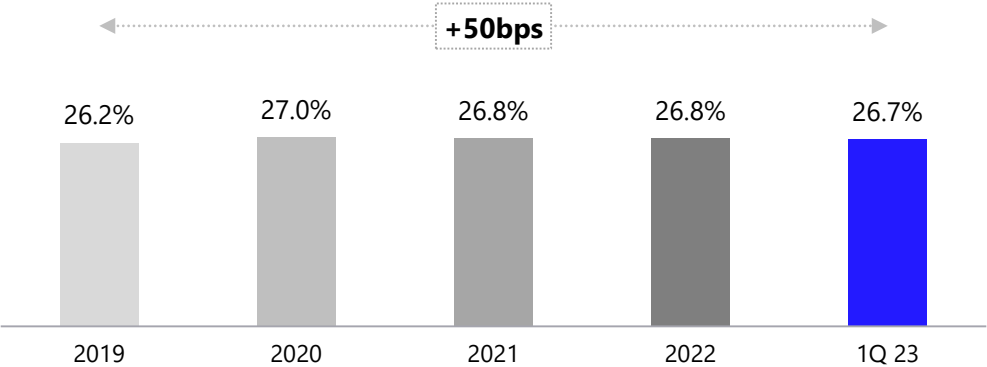
#2 in Saudi Arabia



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

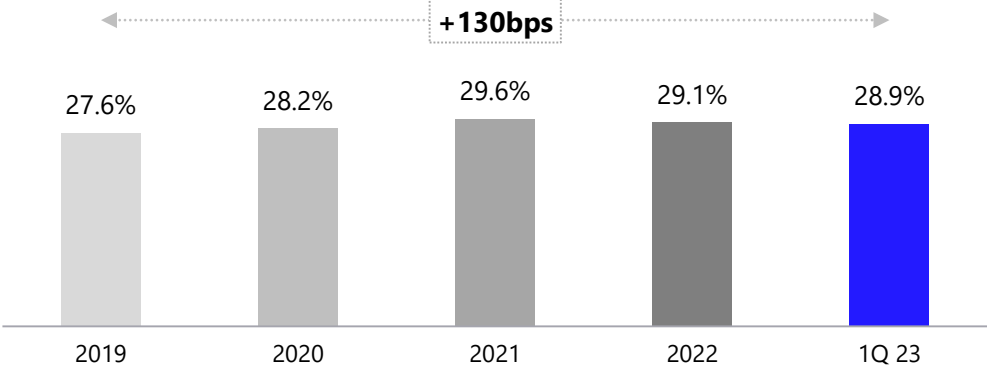
#1 in Branches

Market Share - Branches



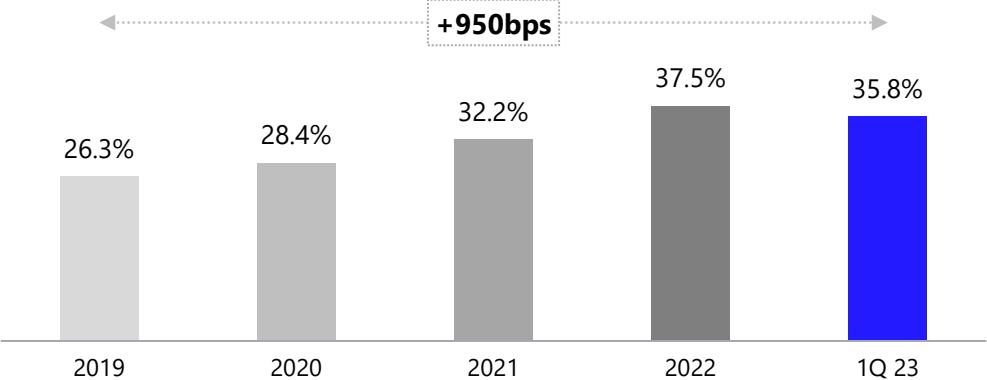
#1 in ATMs

Market Share - ATMs



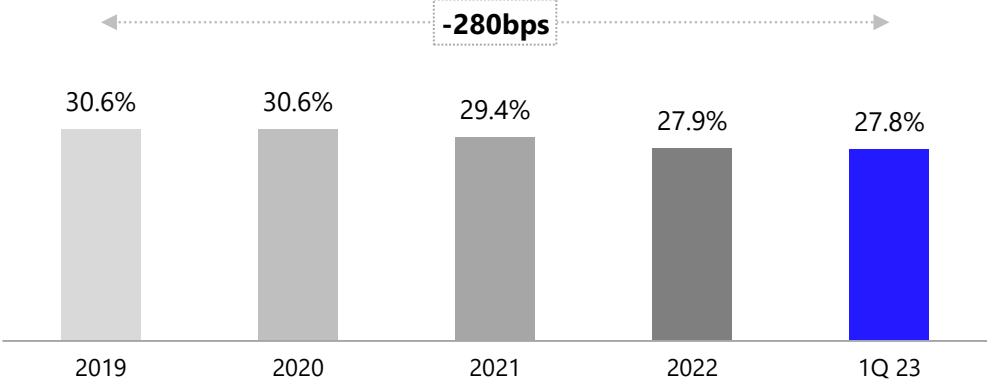
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

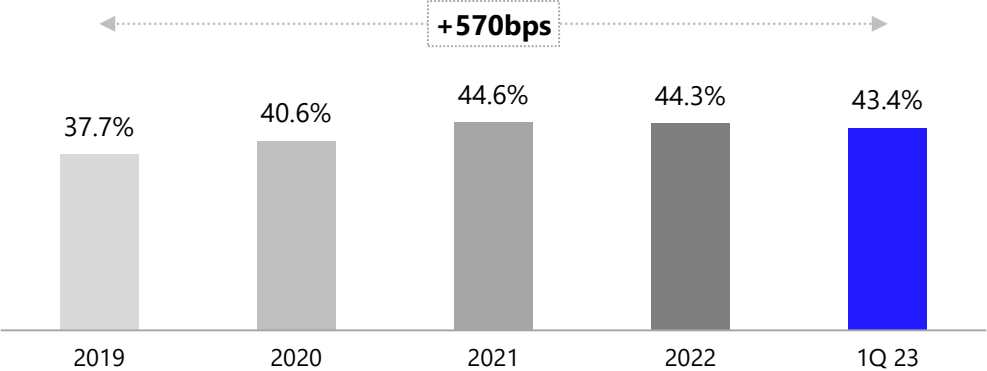
Market Share - Remittance Centers



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

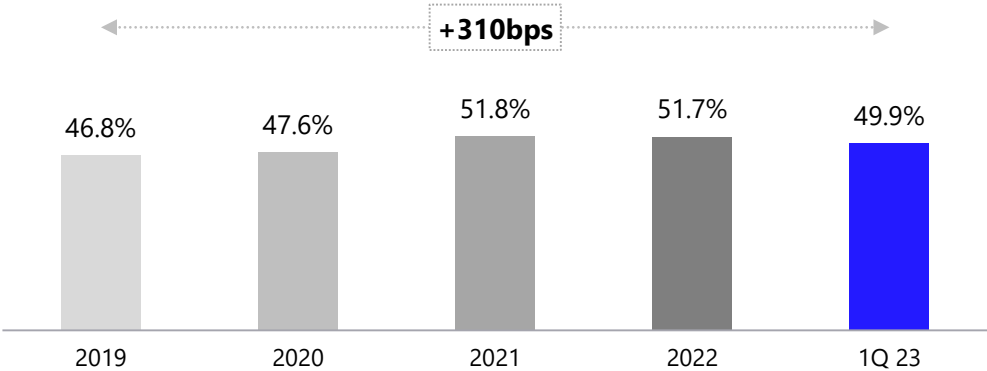
#1 in Personal Loans

Market Share - Personal Loans



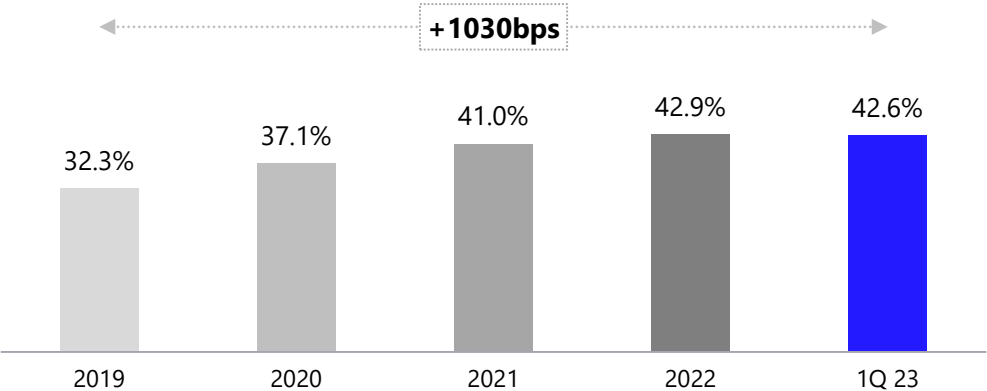
#1 in Auto Loans

Market Share - Auto Loans



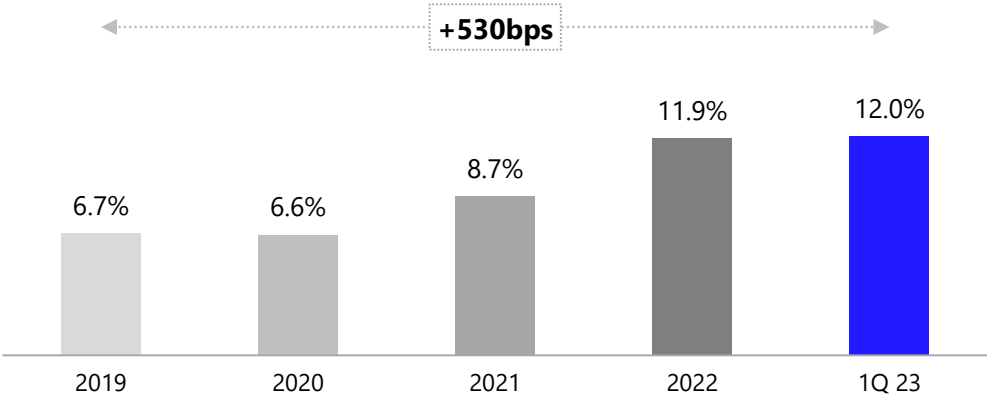
#1 in Mortgages

Market Share - Mortgages Loans



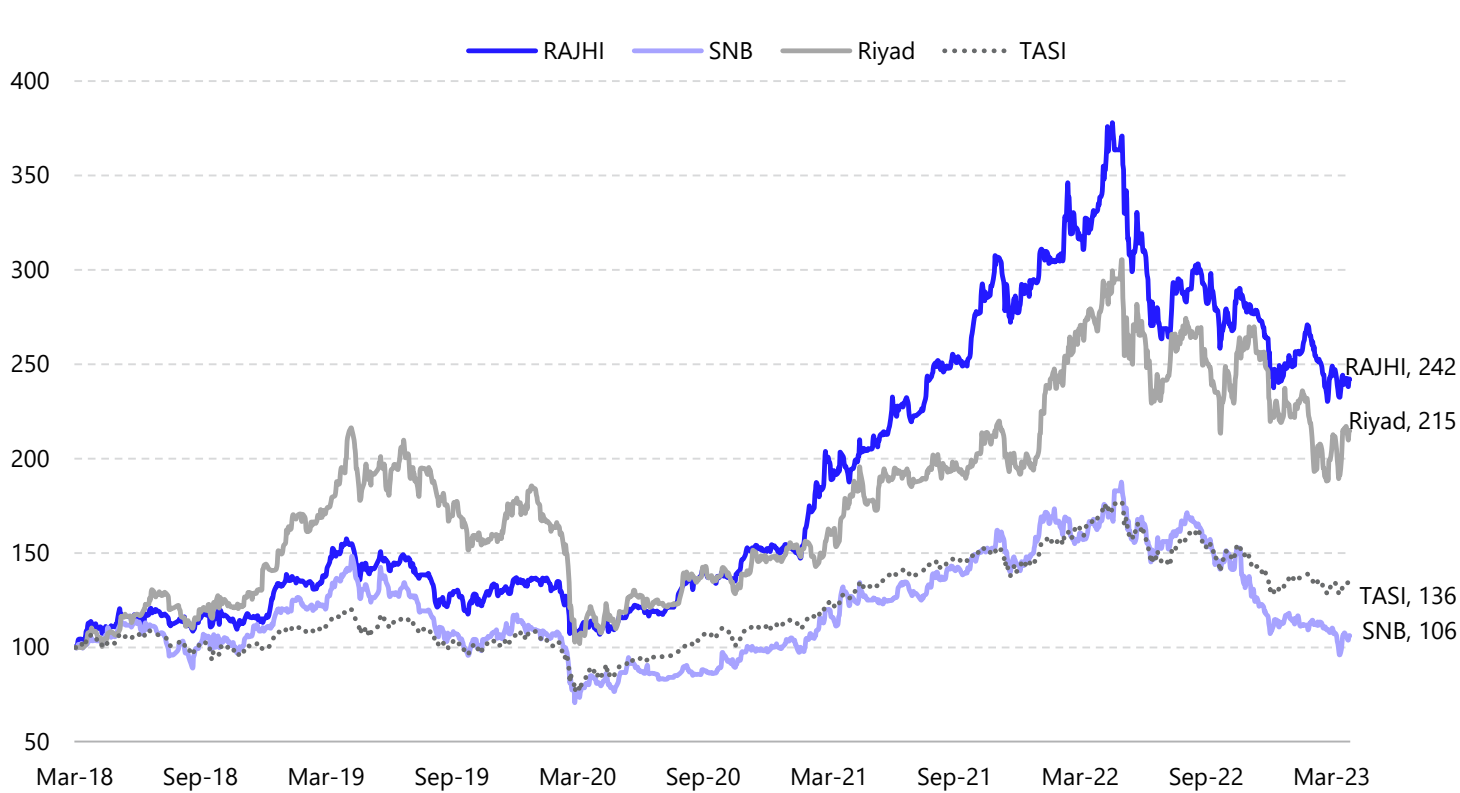
Improving Position in Corporate Loans

Market Share - Corporate Loans



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

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



31 Mar 2023

Key Metrics

Closing Price	SAR 73.5
Market Cap	SAR 294.0 bn
Market Cap / % Industry	32.5%
Market Cap / % Tadawul	2.9%
Shares outstanding	4.0 bn
90D Volatility	24.5
Price / Earnings	17.5 x
Price / Book	3.6 x

Sources: Bloomberg; Tadawul; RAJHI Financials

Ratings

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

	Al Rajhi Bank	SNB	Riyad Bank	Kuwait Finance House	First Abu Dhabi Bank	Qatar National Bank	Emirates NBD
Rebased to 100	242	106	215	225	111	122	128
As of 31 March 2023	73.5 SAR	34.2 SAR	29.7 SAR	751 KWD	12.9 AED	16.1 QAR	13.1 AED



ESG Highlights | 1Q 2023

	USD 1.2 bn Green syndicated loan		Renovation Of children with disability Association clinic	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 44 branches to reduce utilities consumption	SAR 41.6mn Donation in 2022	6 Key social projects delivered	ISO 22301:2019 Business Continuity Management	
SAR 776bn Total Assets	Around SAR 3bn of financing renewable energy projects	SAR 477mIn Zakat paid	91 kidney transplants through Shifaa platform	1,448 Sharia Board Resolutions	109% growth in female employees in 2022
SAR 4.1bn Net Profit after Zakat	USD 1.0 bn Sustainable Sukuk	SAR 872mIn in salaries and benefits paid	10 batches of Graduate Development Program since 2015	137 Policies & Frameworks	28% of female employees at the group level
0% Financing exposure in Tobacco, Alcohol & Gambling	93:7 Digital to Manual Ratio	SAR 26.0bn in financing for SMEs	29,700+ total training days	4 out of 11 Independent Board Directors	+100% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

■ 1Q 2023 figures



Awards | Recent international and local recognitions



The Global Economics

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



Global Finance:

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



International Finance Awards:

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



World Finance:

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



Seamless Awards:

- Digital Banking Experience of the Year



Saudi Capital Market Awards :

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



Sakani Program:

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



Global Banking and Finance:

- Best Digital Bank KSA 2021



We are building the
“Bank of the Future”

Bank

Build on our core

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

OF

Outperform our competition

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

The

Transform technology

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

Future

Focus on new client needs

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



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

Bank

Build on our core

OF

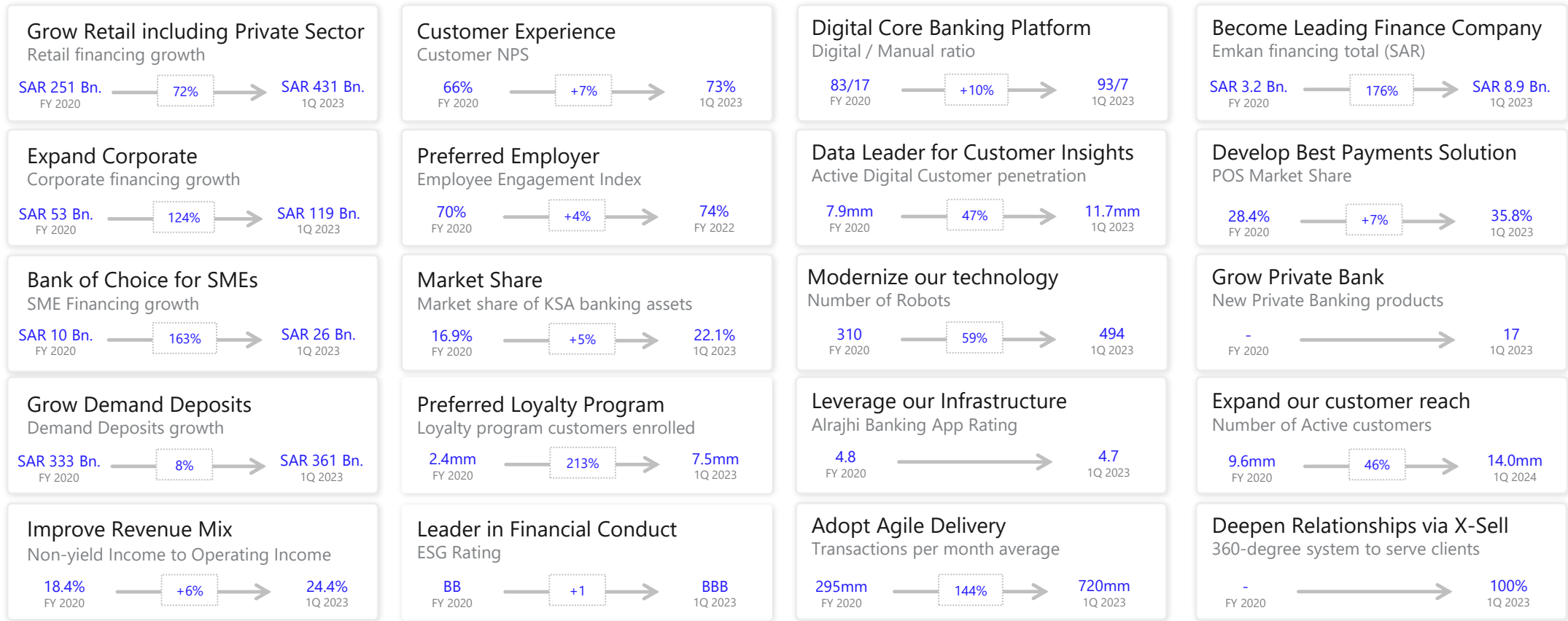
Outperform our competition

The

Transform technology

Future

Focus on new client needs

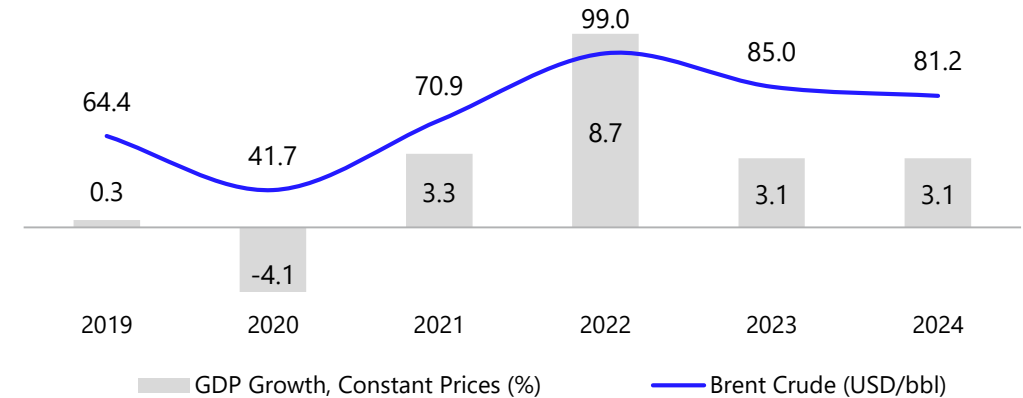


KSA's Macro-Economic Environment

Highlights

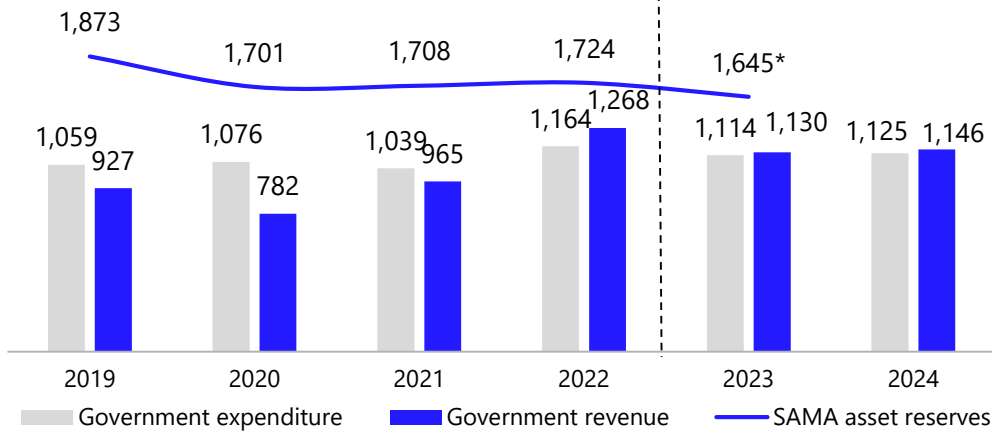
- GDP grew by 8.7% in 2022 driven by higher oil prices and recovery in non-oil activities
- IMF revised up Saudi's GDP growth forecasts in 2023 to 3.1% while revising down 2024 to 3.1%
- Inflation averaged 2.5% in 2022 and expected to normalize in 2023 to 2.2%

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

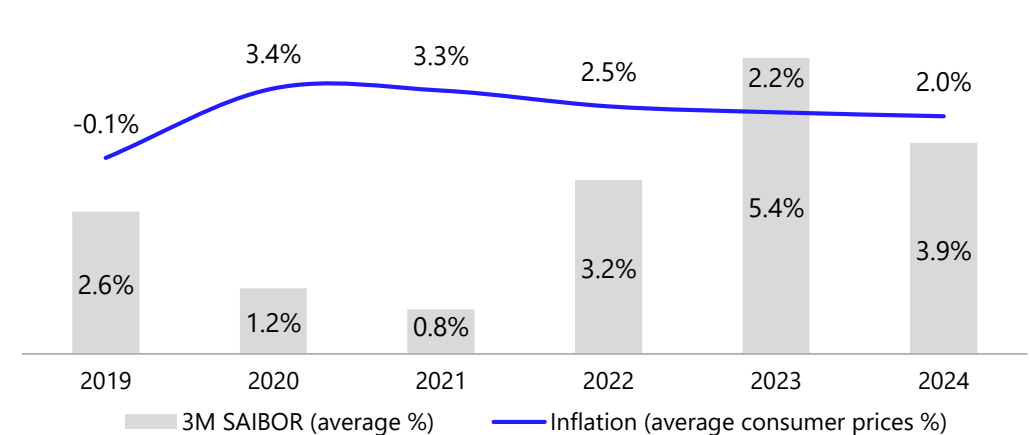
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

* March 2023 figure

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

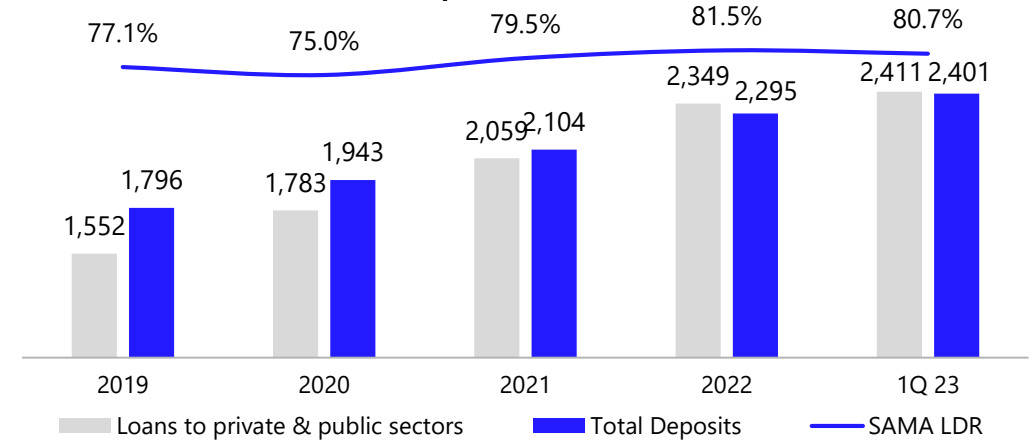


Banking Sector Highlights | Banking system deposits growth outpaced loans growth in 1Q2023

Recent Developments

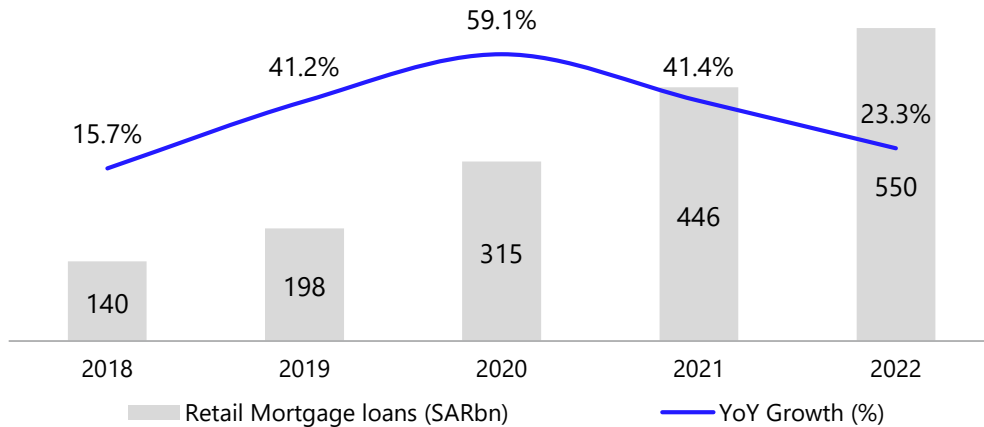
- Deposits growth in the banking system during 1Q2023 outperformed loans growth
- SRC has revised down the mortgage subsidies cap rate in early March 2023
- Consumer spending increased by 7.9% in 1Q2023 with continuous migration to cashless payment methods

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



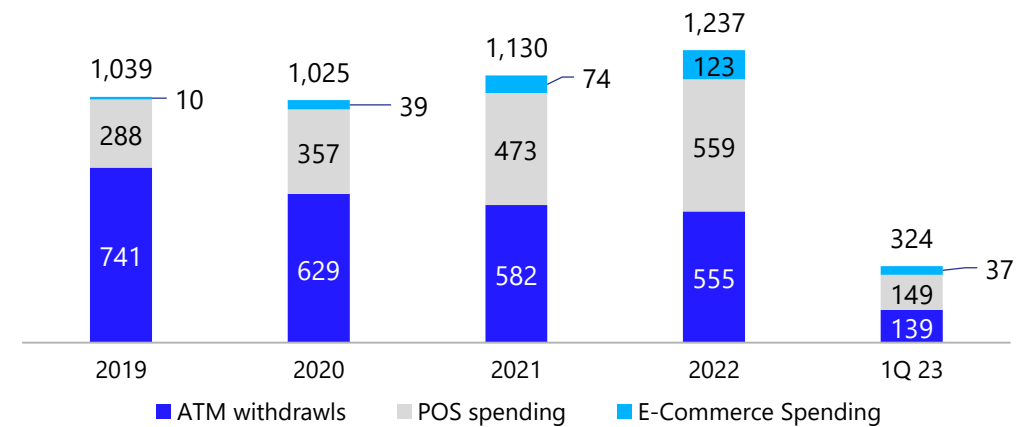
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



1Q 2023 Financial Highlights

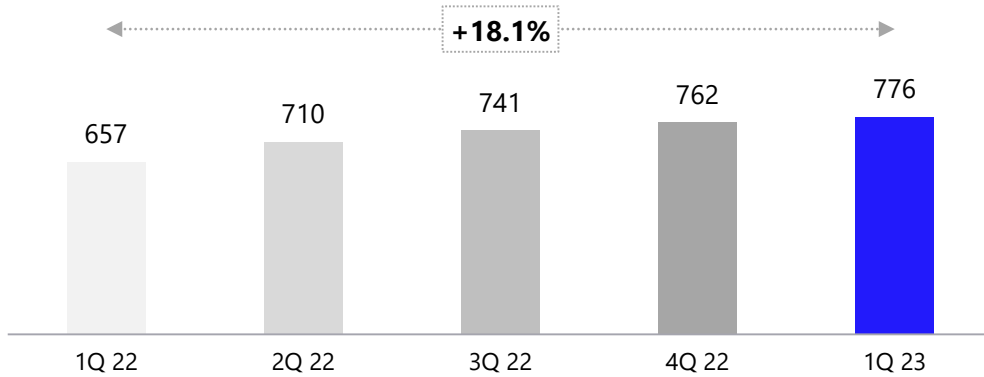
First Quarter 2023 Results Summary | Results are in line with expectations

1.9% YTD Balance Sheet Growth	1.5% Sequential Growth in financing portfolio	2.4% Growth in liabilities	LDR below regulatory minima
	Net Financing 568.3bn $\xrightarrow{+1.5\%}$ 577.0bn FY 22 1Q 23	Total Liabilities 661.4bn $\xrightarrow{+2.4\%}$ 677.0bn FY 22 1Q 23	Loan to Deposit Ratio 85.9% $\xrightarrow{\text{green line}}$ 87.8% FY 22 1Q 23
0.3% net income growth YoY	4.0% drop in net yield income, impacted by cost of funds	2.4% Non yield income growth	2.5% lower operating income
	Net Yield income 5,340mn $\xrightarrow{-4.0\%}$ 5,125mn 1Q 22 1Q 23	Non Yield Income 1,616mn $\xrightarrow{+2.4\%}$ 1,655mn 1Q 22 1Q 23	Operating Income 6,957mn $\xrightarrow{-2.5\%}$ 6,781mn 1Q 22 1Q 23
Stable credit quality	14 bps COR reduction	6 bps higher in NPL ratio	NPL coverage remained strong
	Cost of risk 0.39% $\xrightarrow{\text{green line}}$ 0.25% FY 22 1Q 23	NPL 0.54% $\xrightarrow{\text{green line}}$ 0.60% FY 22 1Q 23	NPL Coverage 260% $\xrightarrow{\text{green line}}$ 230% FY 22 1Q 23
Key Ratios	Operating efficiency remains solid	Improved capital position	Lower NPM
	Cost to income ratio 25.4% $\xrightarrow{\text{green line}}$ 26.5% 1Q 22 1Q 23	Total Capital Adequacy Ratio 19.2% $\xrightarrow{\text{green line}}$ 20.9% 1Q 22 1Q 23	NPM 3.80% $\xrightarrow{\text{green line}}$ 3.00% 1Q 22 1Q 23



Balance Sheet Trends (1) | Balance sheet growth of 2% YTD driven by Financing and Investments

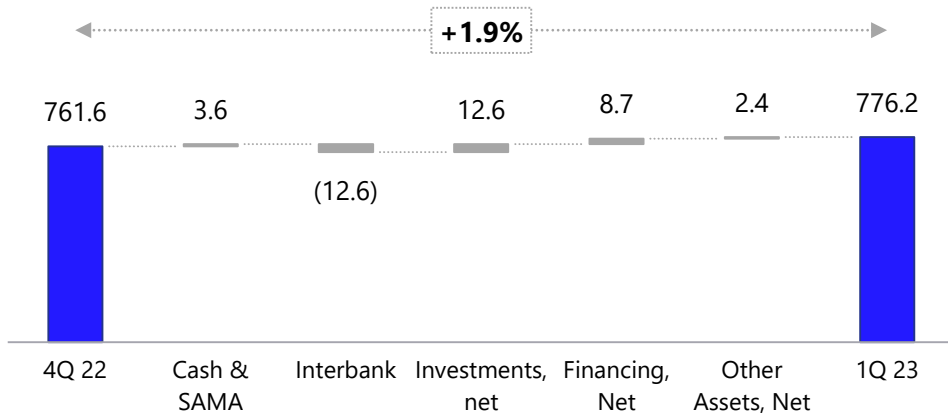
Total Assets (SARbn)



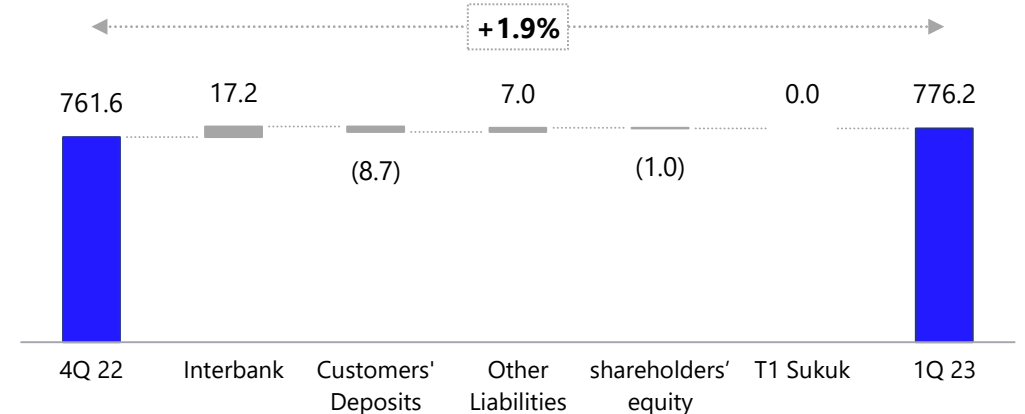
SAR (mn)

	1Q 23	4Q 22	QoQ	1Q 22	YoY
Cash & balances with SAMA	45,625	42,052	+8%	36,143	+26%
Due from banks & other FI	13,010	25,656	-49%	20,222	-36%
Investments, net	114,737	102,146	+12%	93,758	+22%
Financing, net	577,011	568,338	+2%	484,526	+19%
Other assets, net	25,814	23,456	+10%	22,689	+14%
Total assets	776,196	761,649	+2%	657,339	+18%
Due to banks & other FI	88,086	70,839	+24%	38,827	+127%
Customers' deposits	556,197	564,925	-2%	507,892	+10%
Other liabilities	31,938	24,699	+29%	31,889	+0%
Total liabilities	676,969	661,424	+2%	578,970	+17%
Total equity	99,227	100,225	-1%	78,368	+27%

Movement in Assets (SARbn)

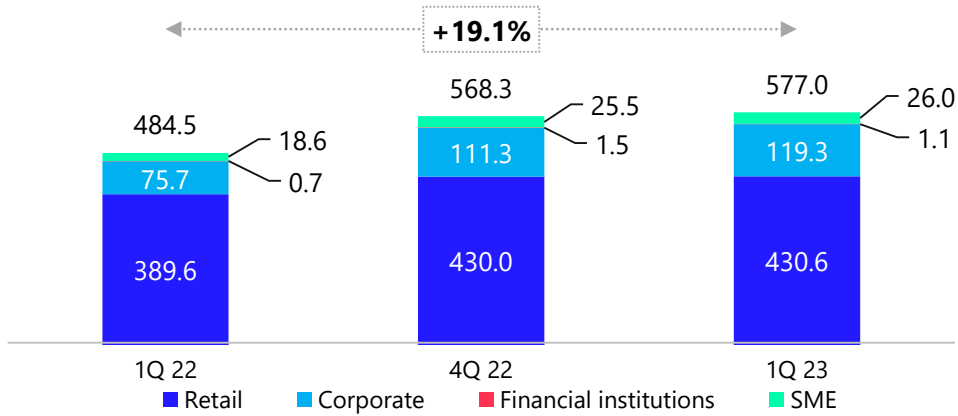


Movement in Funding (SARbn)

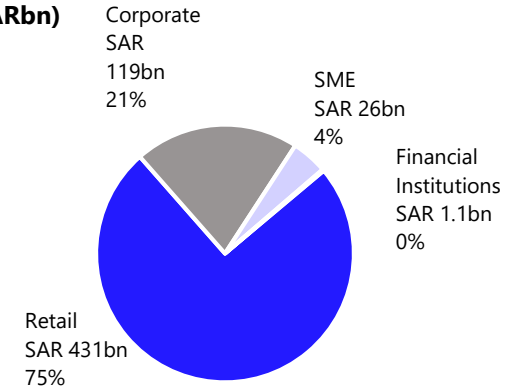


Balance Sheet Trends (2) | Financing growth driven by Mortgage and Corporate

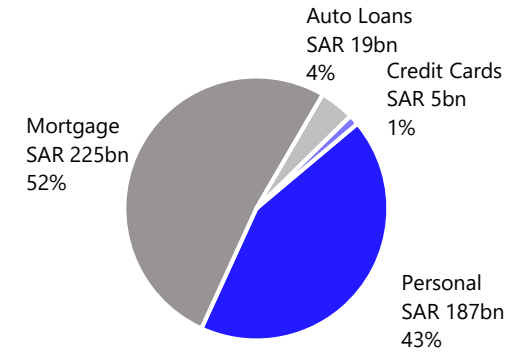
Financing, Net (SARbn)



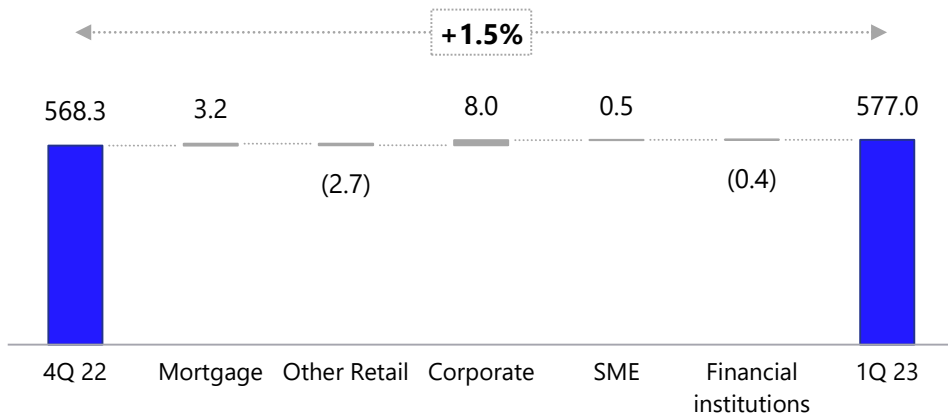
Financing, Net Mix By Segment (SARbn)



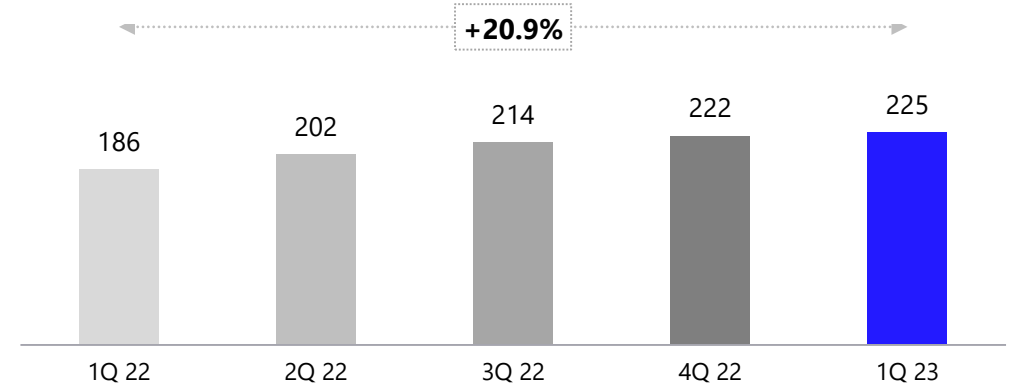
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

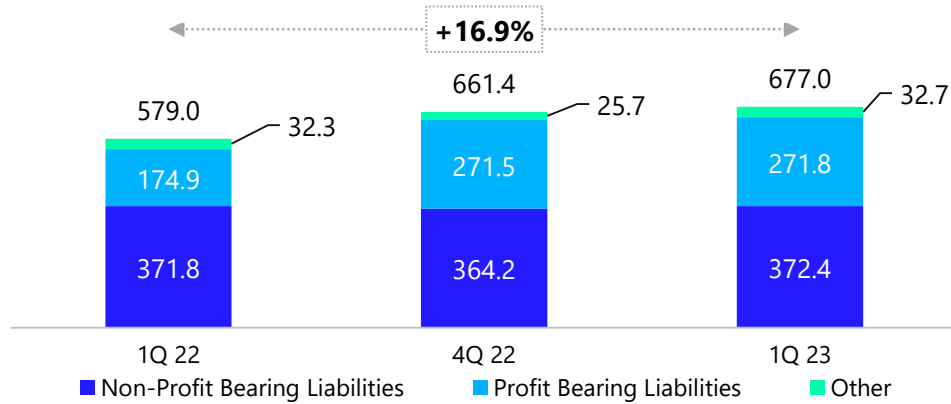


Mortgage Financing (SARbn)

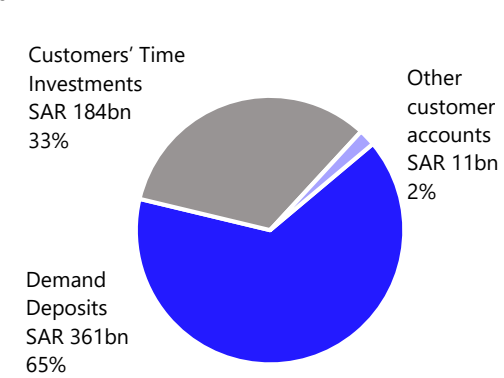


Balance Sheet Trends (3) | Balance sheet shows improving funding mix

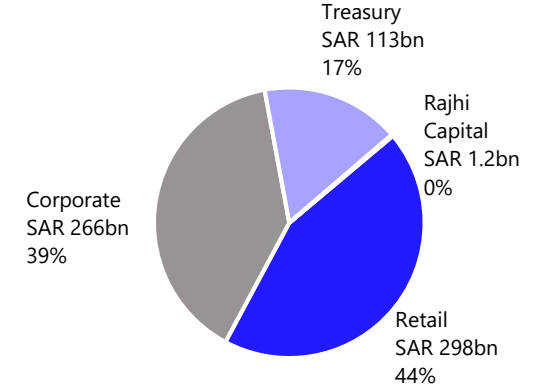
Total Liabilities (SARbn)



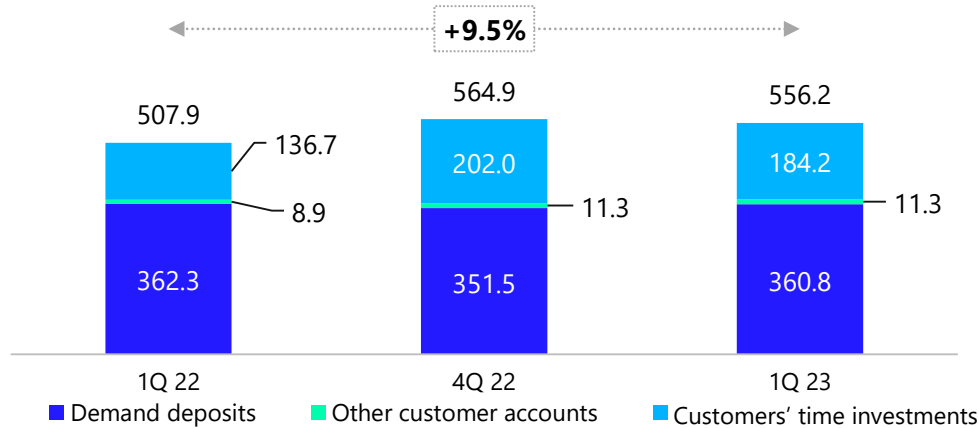
Total Customers' Deposits Mix By Type (SARbn)



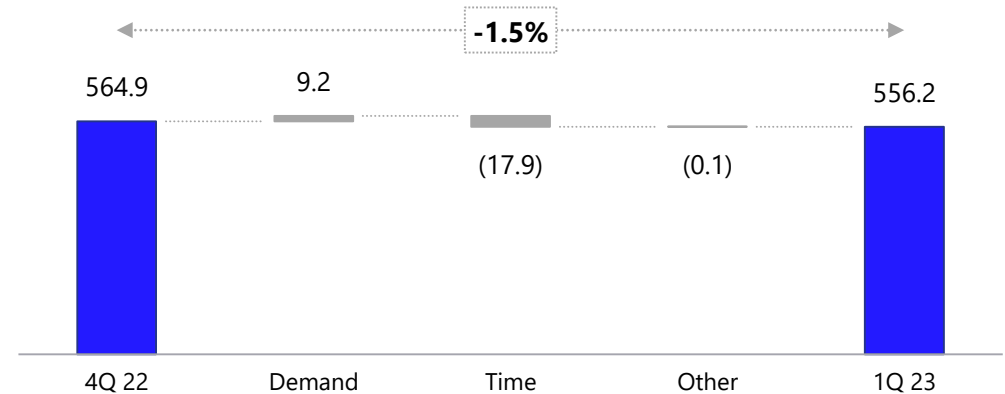
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

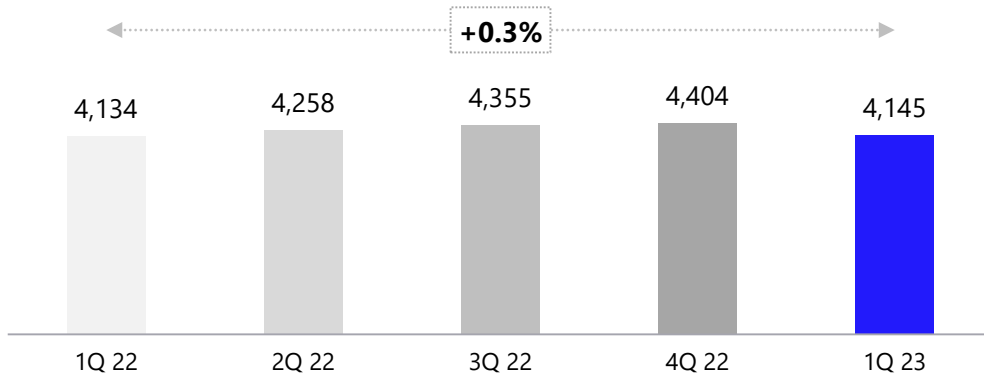


Movement in Total Customers' Deposits (SARbn)



Net Income Trends | net profit edged up to SAR 4.1 Bn. in 1Q 2023

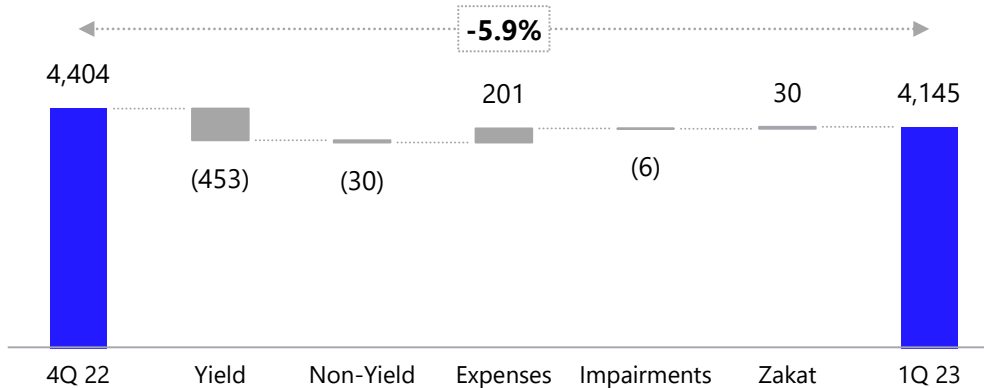
Net Income For The Period After Zakat (SARmn)



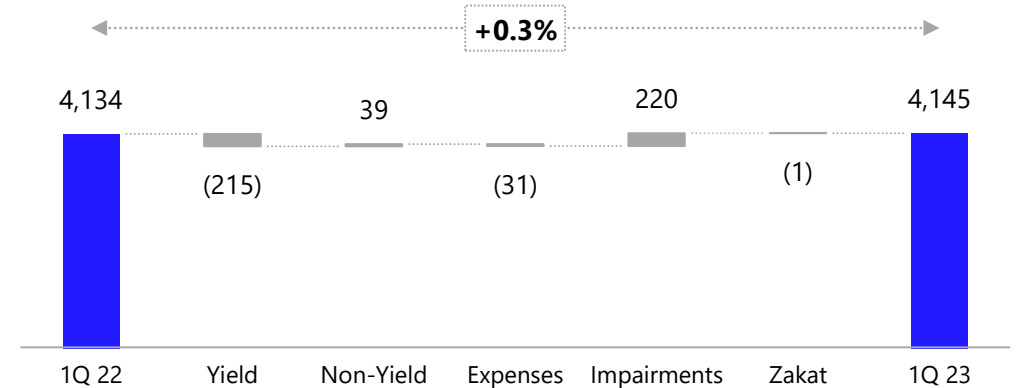
SAR (mn)

	1Q 23	1Q 22	YoY	1Q 23	4Q 22	QoQ
Net financing & investment income	5,125	5,340	-4%	5,125	5,579	-8%
Fee from banking services, net	1,210	1,148	+5%	1,210	1,179	+3%
Exchange Income, net	298	237	+26%	298	298	+0%
Other operating income, net	148	232	-36%	148	209	-29%
Fees and other income	1,655	1,616	+2%	1,655	1,685	-2%
Total operating income	6,781	6,957	-3%	6,781	7,264	-7%
Operating expenses	-1,800	-1,769	+2%	-1,800	-2,001	-10%
Pre-provision profit	4,980	5,188	-4%	4,980	5,263	-5%
Total impairment charge	-359	-578	-38%	-359	-353	+2%
Net income for the period before Zakat	4,622	4,609	+0%	4,622	4,911	-6%
Zakat	-477	-476	+0%	-477	-506	-6%
Net income for the period after Zakat	4,145	4,134	+0%	4,145	4,404	-6%

Net Income After Zakat Growth Drivers By Type (SARmn)

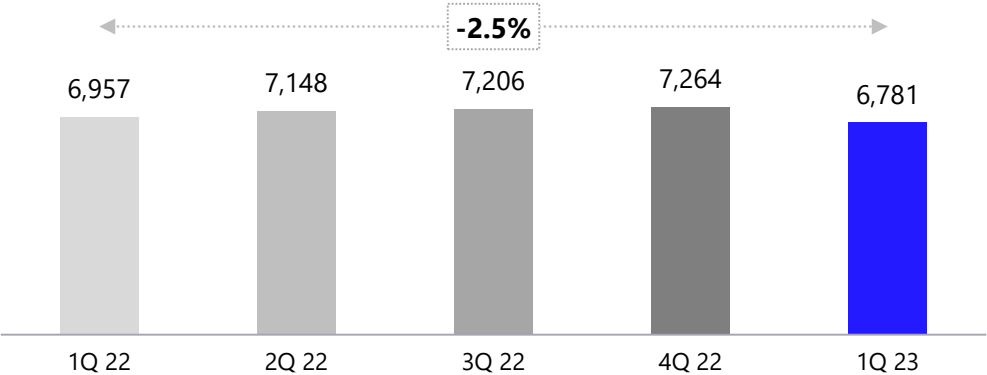


Net Income After Zakat Growth Drivers By Type (SARmn)

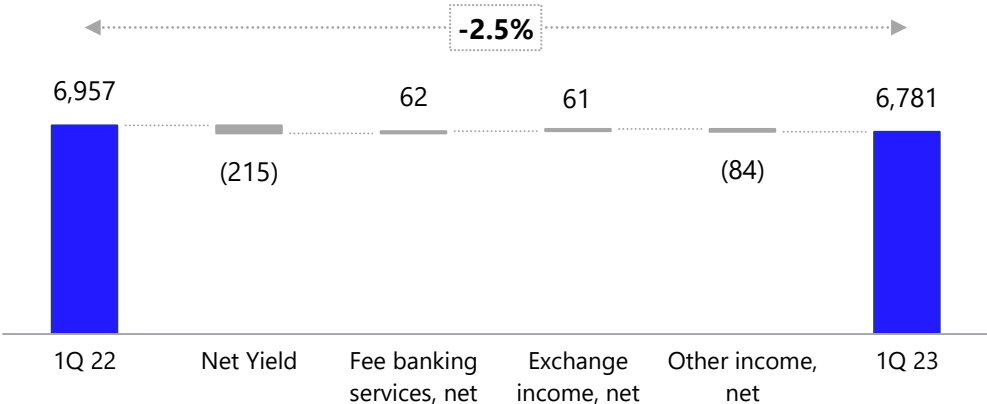


Operating Income Trends | Lower operating income driven by higher cost of funding

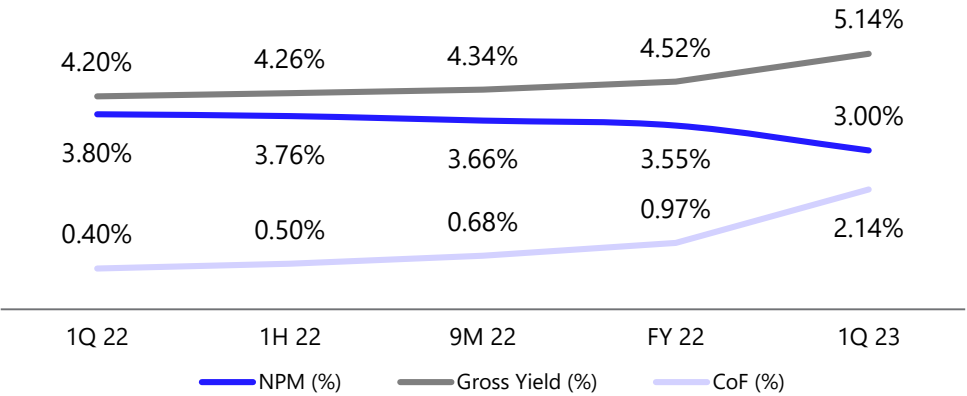
Total Operating Income (SARmn)



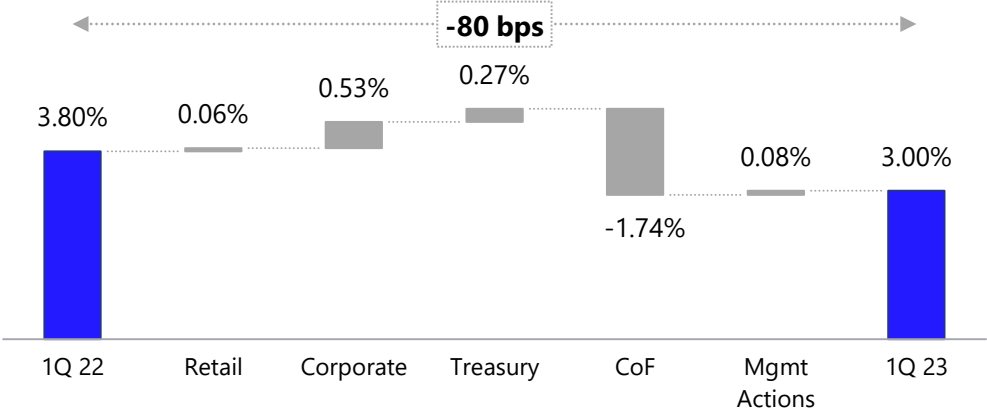
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

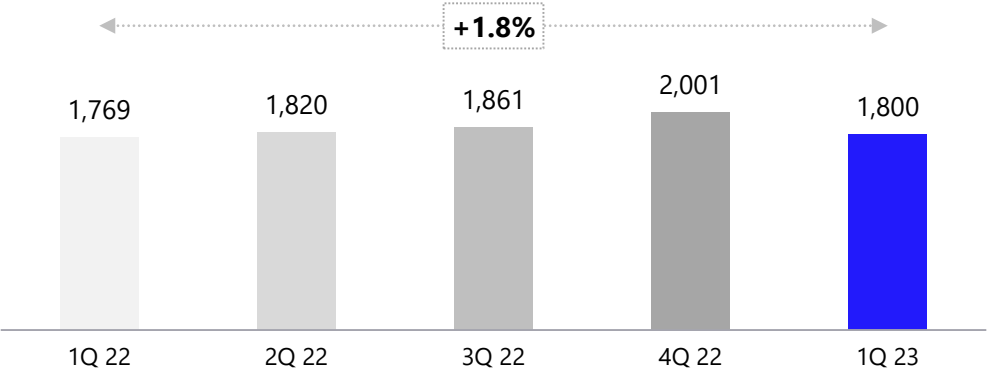


NPM Drivers (%)

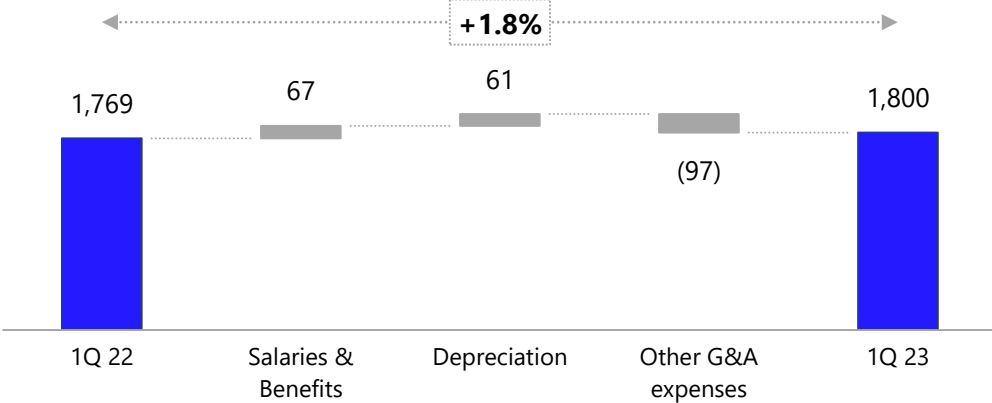


Expenses Trends | Cost efficiencies remains solid

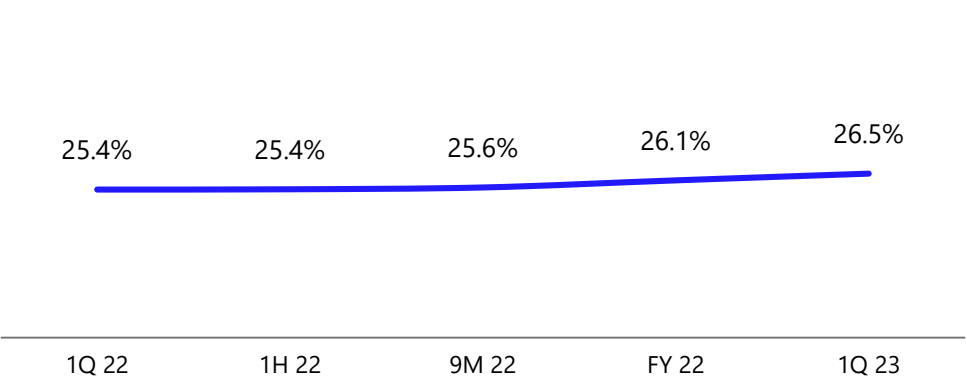
Operating Expenses (SARmn)



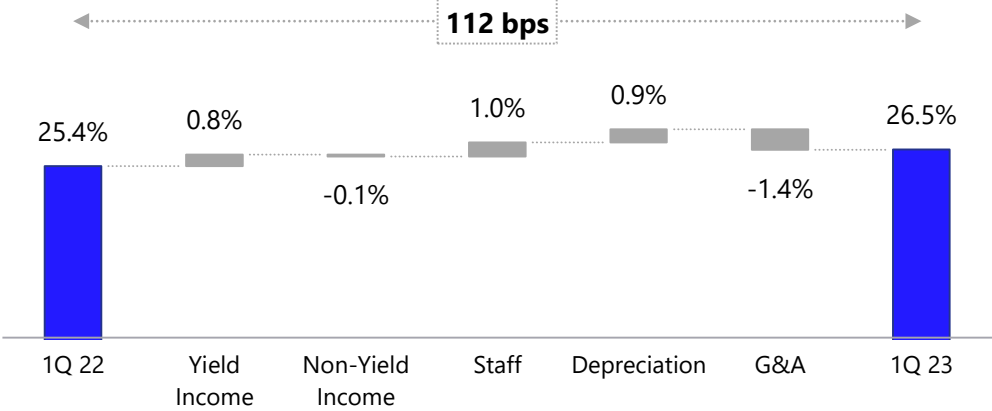
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

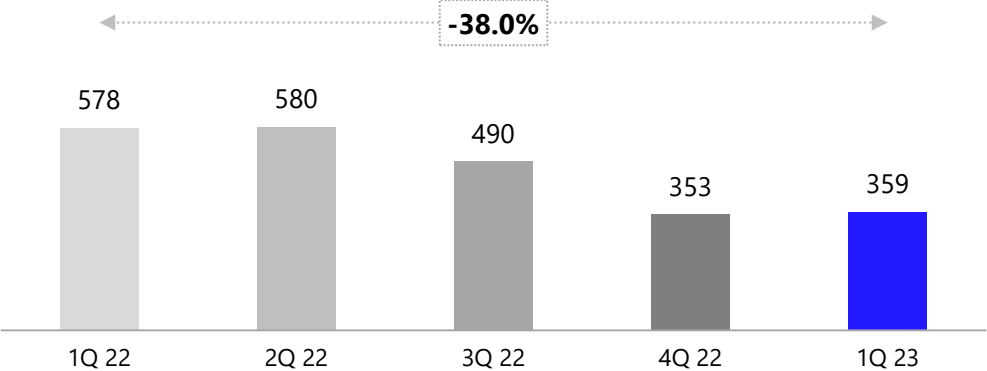


Cost to Income Ratio Drivers (%)

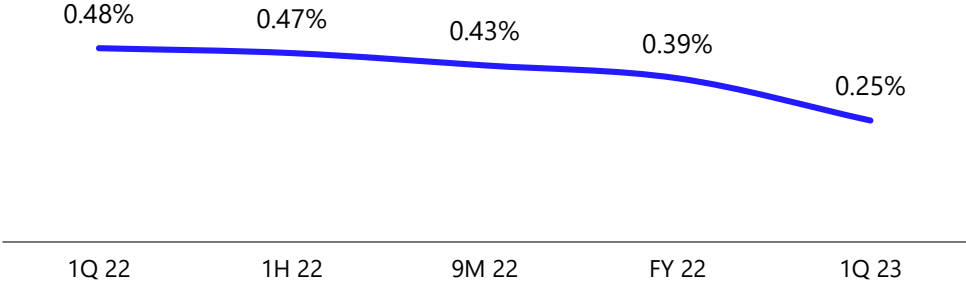


Net Impairment & Cost of Risk | Lower net impairment resulted in cost of risk improvement

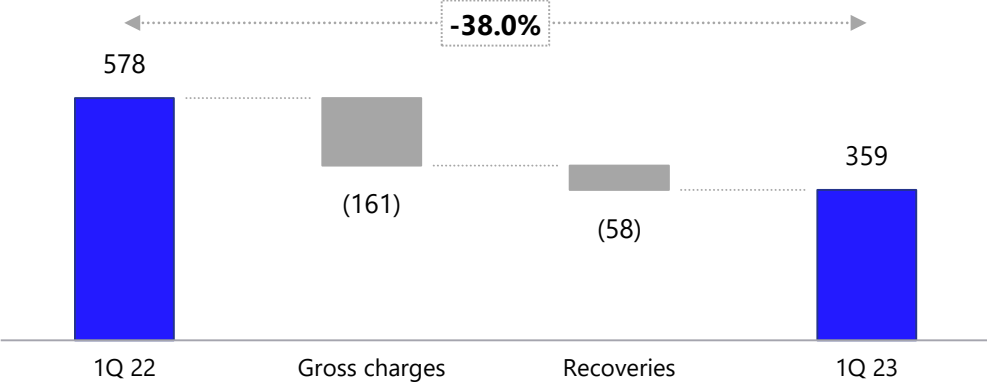
Net Impairment Charges (SARmn)



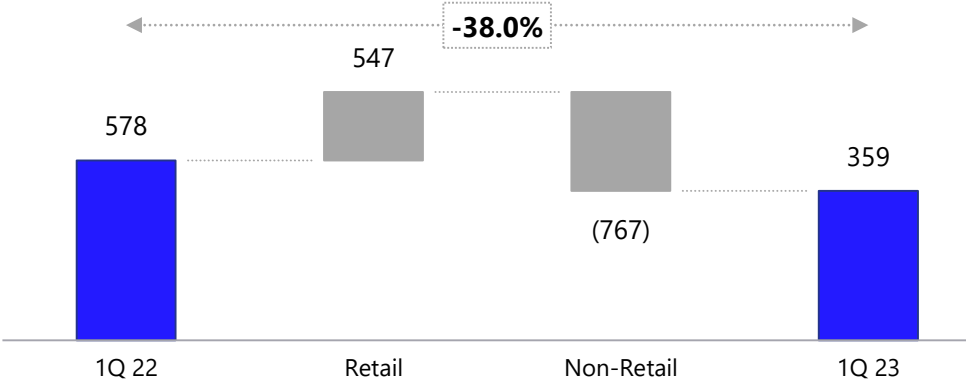
Cost of Risk (%)



Movement in Net Impairment (SARmn)

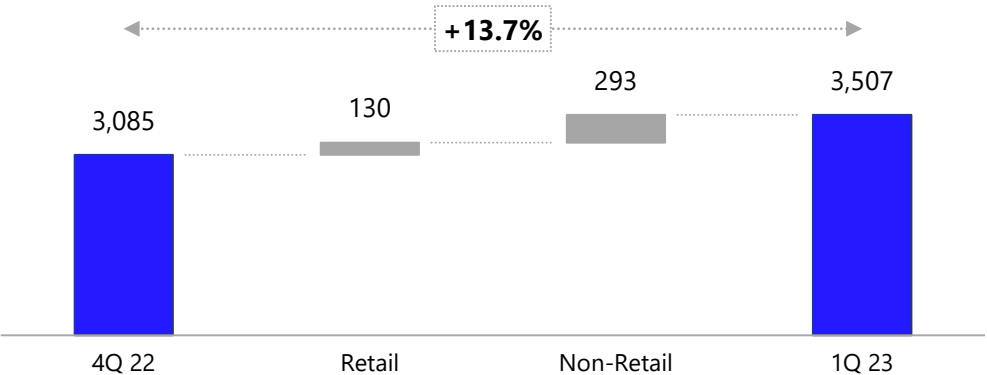


Movement in Net Impairment by Group (SARmn)

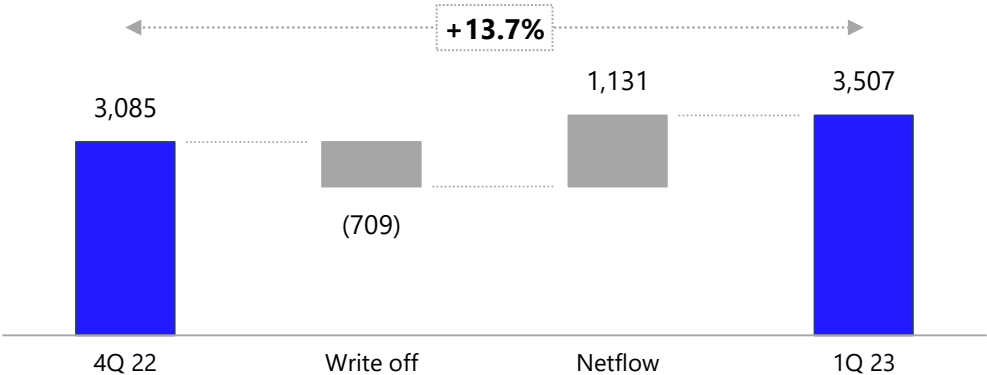


Asset Quality Trends (1) | Asset quality remains healthy with high NPL coverage

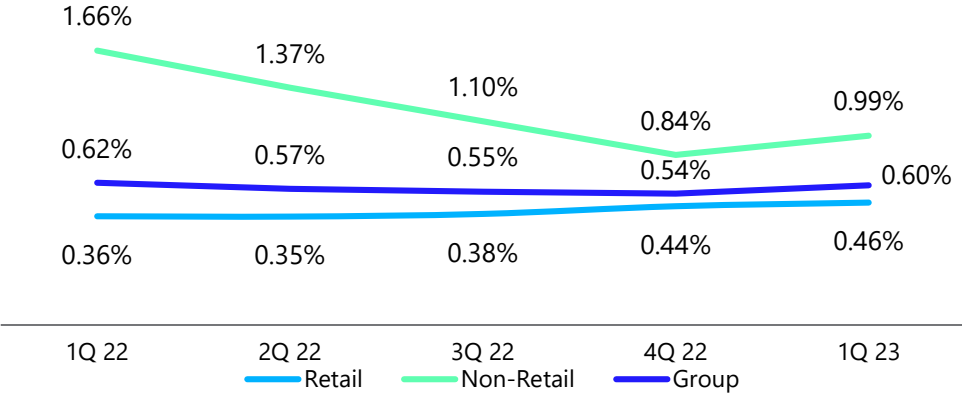
Movement in NPL (SARmn)



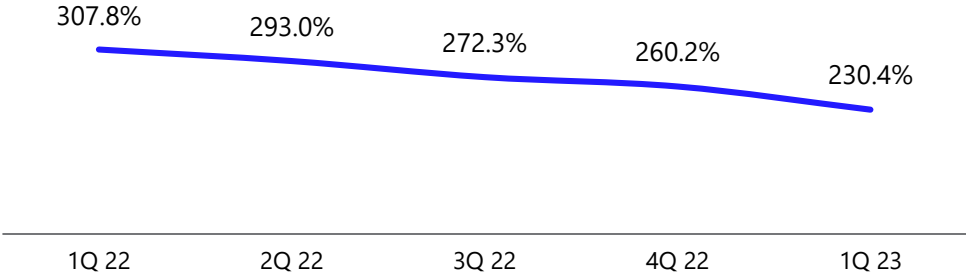
NPL Formation (SARmn)



NPL Ratio (%)

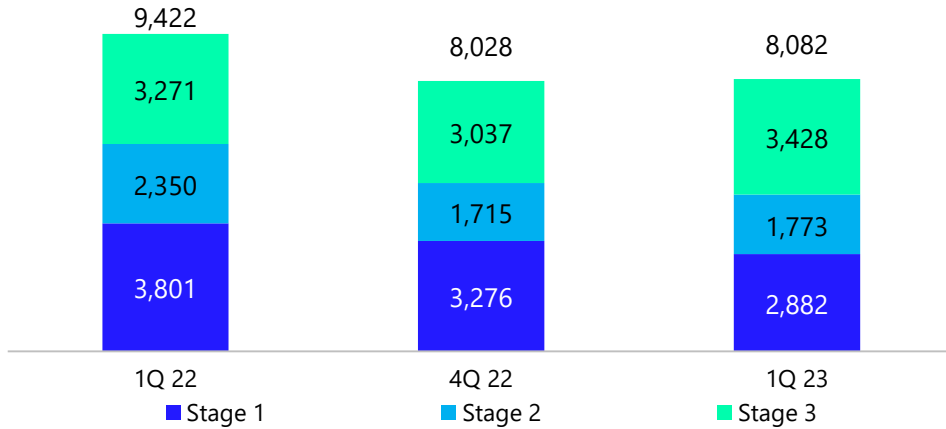


NPL coverage ratio (%)

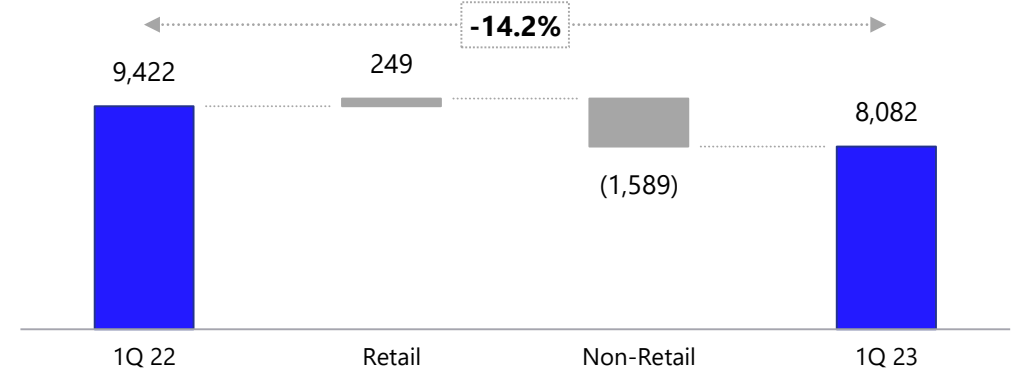


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

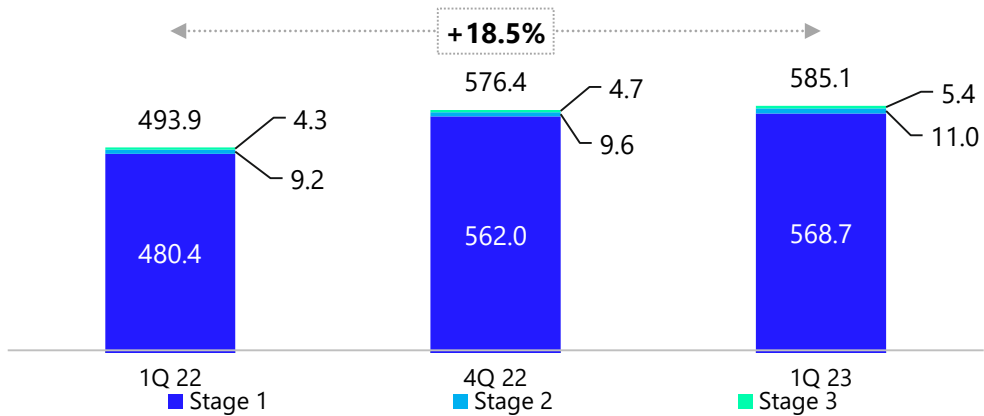
ECL by Stage (SARmn)



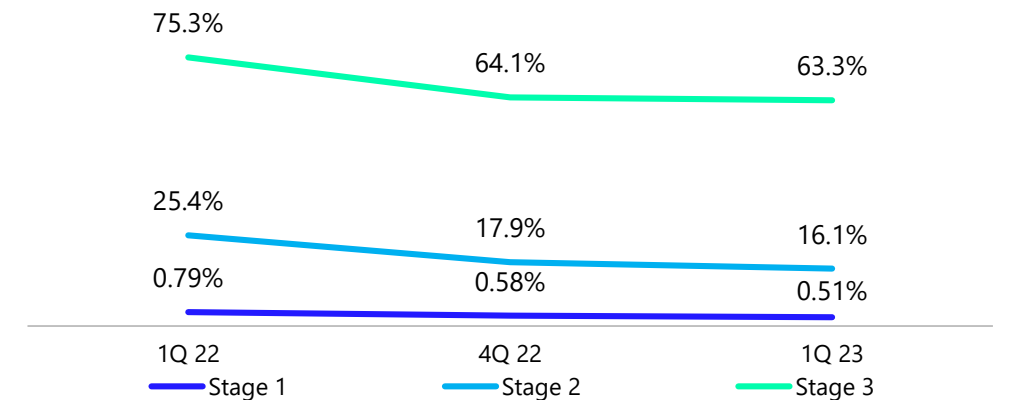
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

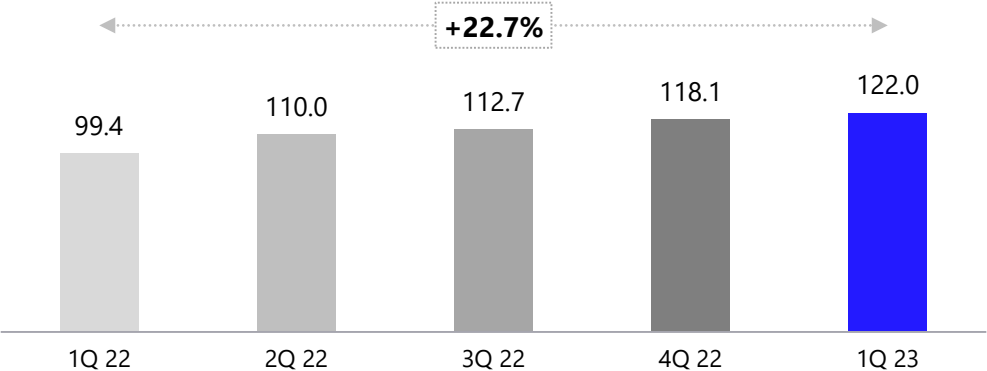


ECL Coverage (%)

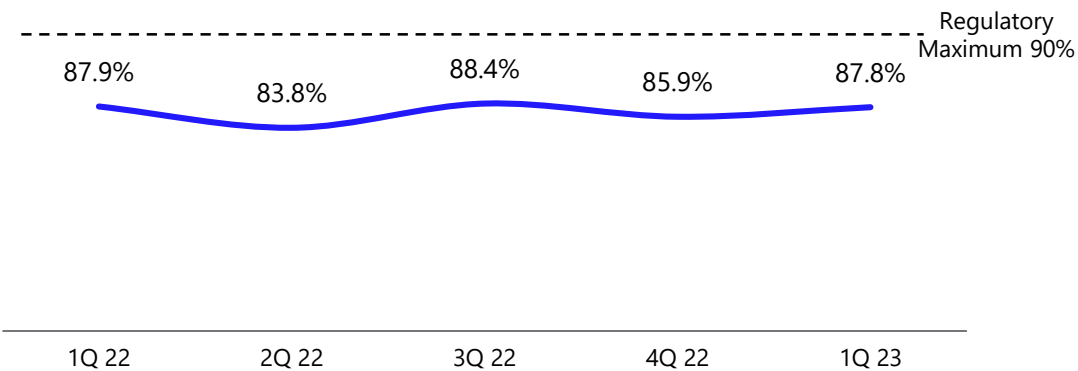


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

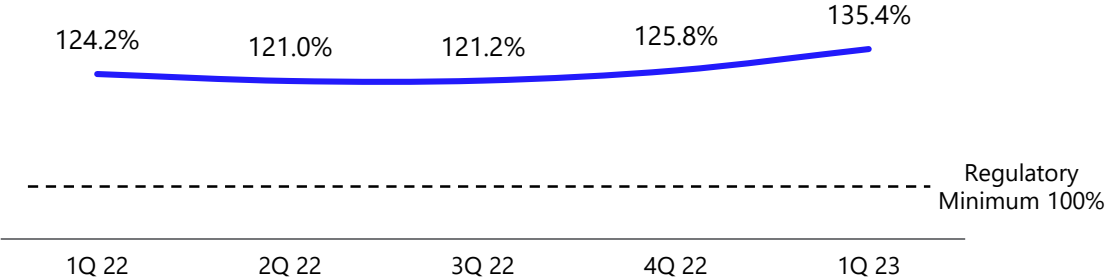
HQLA (SARbn)



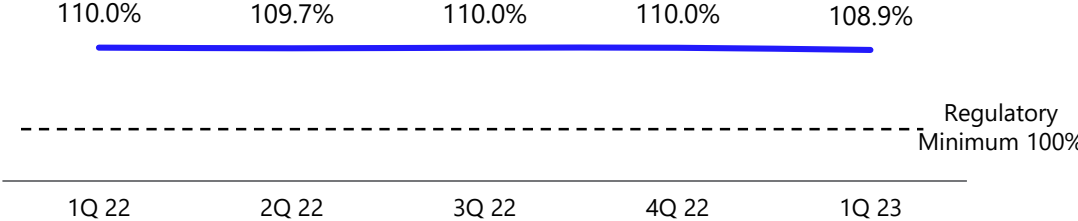
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

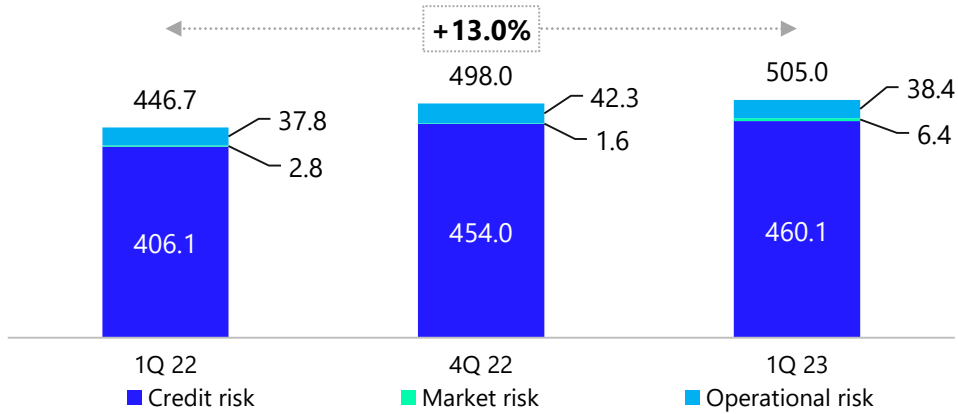


NSFR (%)

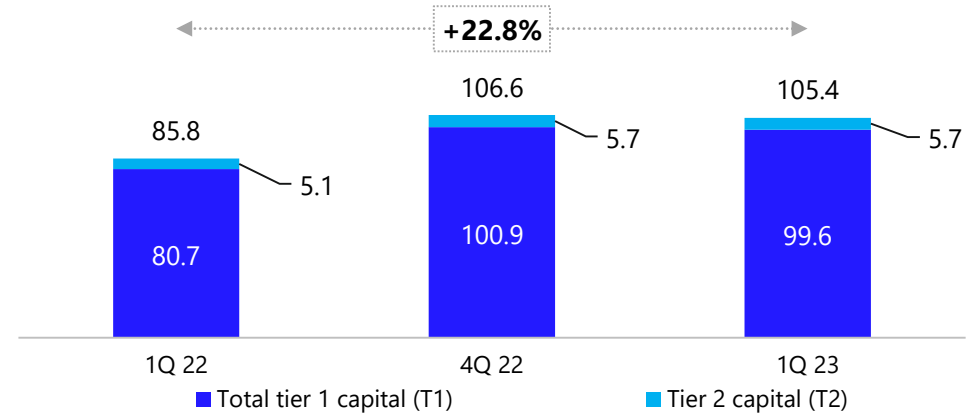


Capitalization Trends | Capital position well above regulatory minima

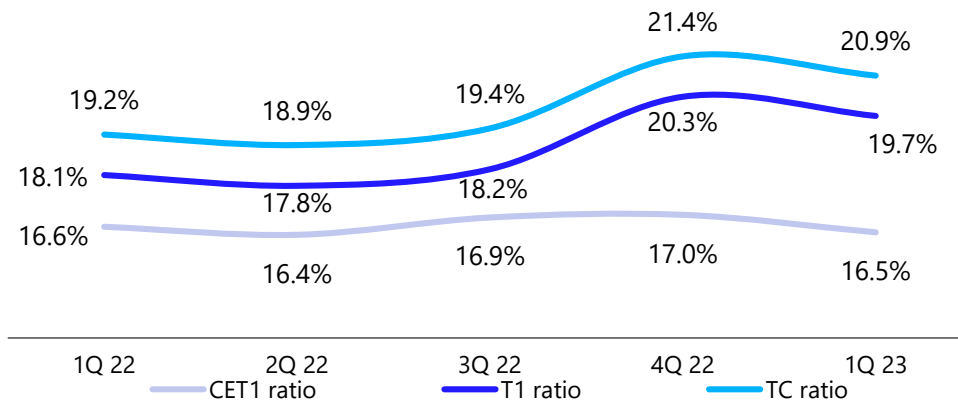
RWA (SARbn)



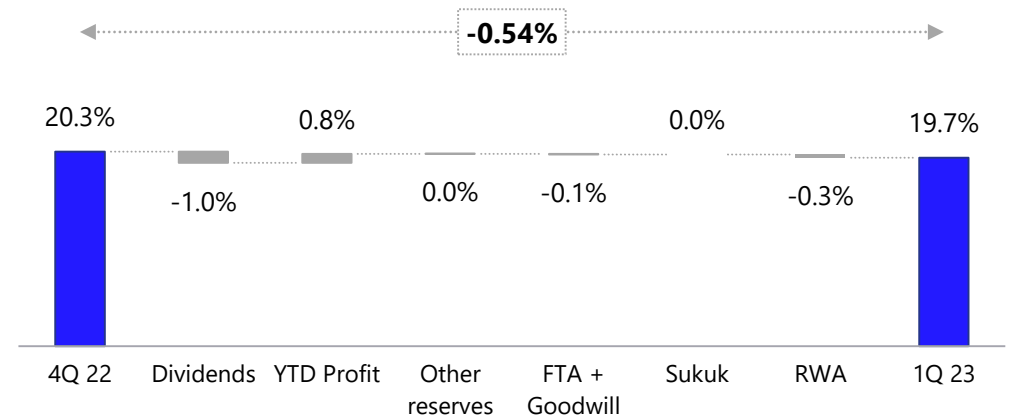
Total Capital (SARbn)



Capital Ratios (%)

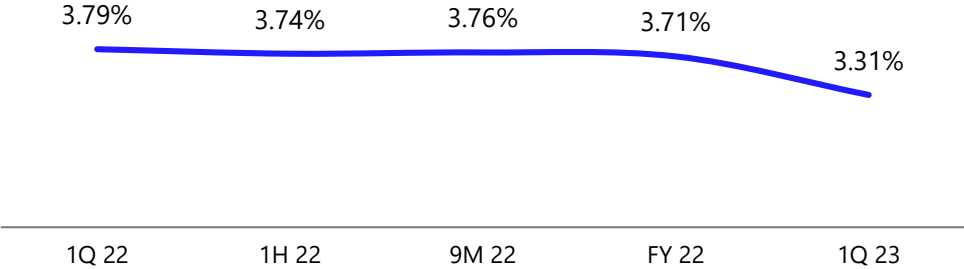


Tier 1 Drivers (%)

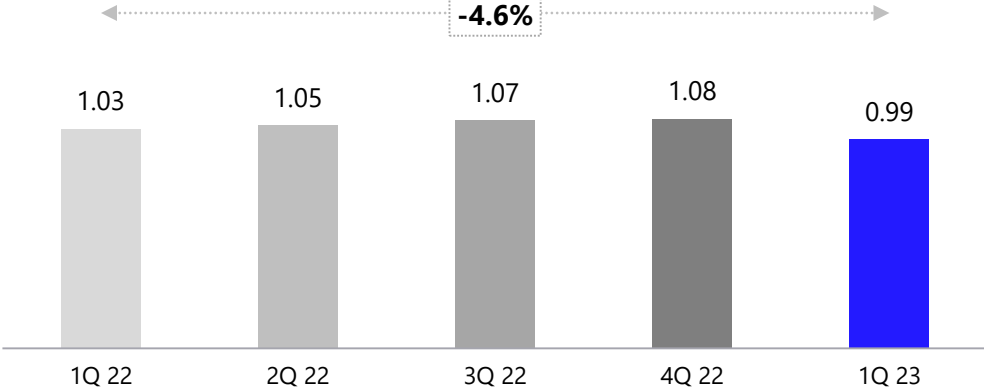


Return Metrics | Al Rajhi Bank's returns remain industry-leading

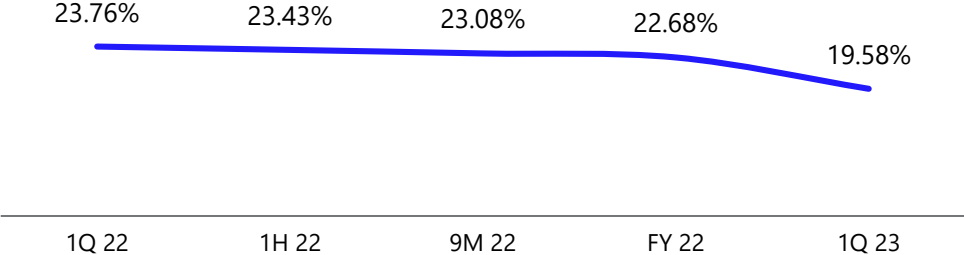
Return on RWA (%)



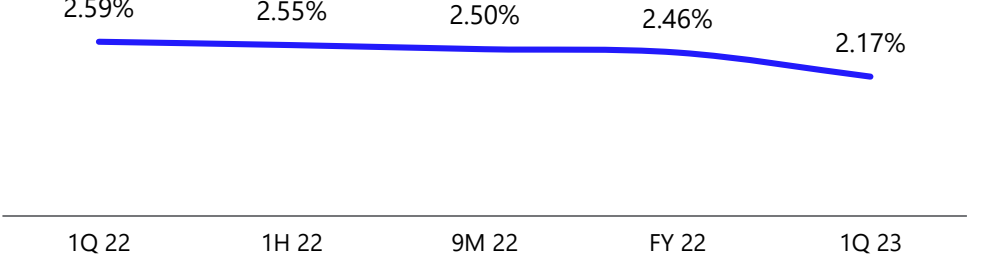
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2023 Guidance

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

Economy



- IMF revised GDP growth forecasts to 3.1% in 2023 and 3.1% in 2024
- Saudi economy grew by 5.5% in 4Q 2022, resulting in 8.7% of GDP growth in full year 2022
- Consumer spending increased by 7.9% in 1Q2023 on the back of improved economic activities
- Mortgage growth impacted due to the recent subsidy program changes while non-retail growth remains healthy

Interest Rates



- Interest rates are expected to move slightly higher during 1H 2023 and then stay flat for the remaining of the year
- Higher interest rates is expected to weigh on credit demand and deposits mix in 2023
- Gross yields trend is expected to continue improving during the year reducing cost of funding pressure
- SRC has revised down the mortgage subsidies cap rate in March 2023

Strategy & Execution



- "Bank of the Future" strategy delivery is in-line or ahead of expectations
- Strategy execution is on track to build a financial ecosystem addressing changing customer needs
- The focus will continue to improve the bank overall efficiencies through several initiatives
- ESG remains a focus for the management to build a sustainable business that contributes to the bottom line



FY 2023 Guidance | Progressing in line with “Bank of The Future” strategy

		FY 2023 Guidance	1Q 2023 Actual	Guidance Revision
Balance Sheet	Financing	Mid single digit	+1.5%	— Mid single digit
Profitability	Net profit margin	-15 bps to -25 bps	-55 bps	↓ -25 bps to -35 bps
	Cost to income ratio	Below 26%	26.5%	↓ Below 27%
	ROE	Above 21%	19.58%	↓ Above 20%
Asset Quality	Cost of risk	0.30% - 0.40%	0.25%	— 0.30% - 0.40%
Capital	Tier 1 ratio	Above 20%	19.7%	— Above 20%



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Alrajhi IR App



Alrajhi Tadawul Mobile App



Emkan App



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- Investor Presentation
- Factsheet
- Data Supplement
- Earnings Release



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