

# Al Rajhi Bank Investor Presentation

2Q 2020 Investor Pack



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# Al Rajhi Bank

The World's Leading Islamic Bank

# Al Rajhi Bank

Islamic Banking, Everywhere

## At a glance



Islamic Banking



NPB Deposits  
% of Total Deposits

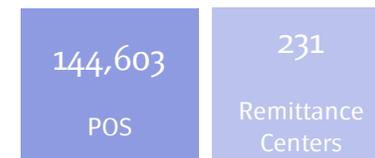
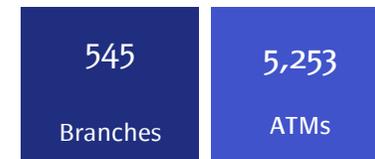
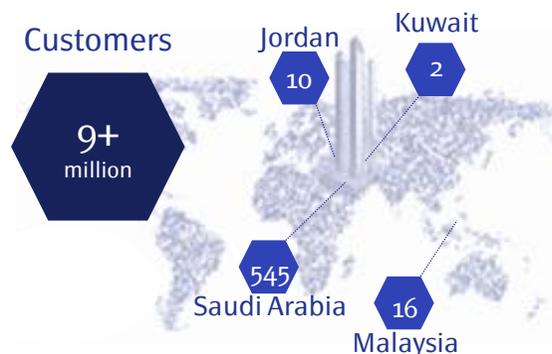


NPS Banking



Digital: Manual Ratio

## Presence & Branches



Largest network in Saudi Arabia

## FY2019 Strategic Highlights

Avg Transactions/mth



Digital Customers



Training Days



Volunteering Hrs



## FY2019 Financial Highlights



- 6.4% Gross Financing Growth
- 19.9% CAR
- 0.17% Cost of Funds



## Retail Banking

Net Income

▲ +11%

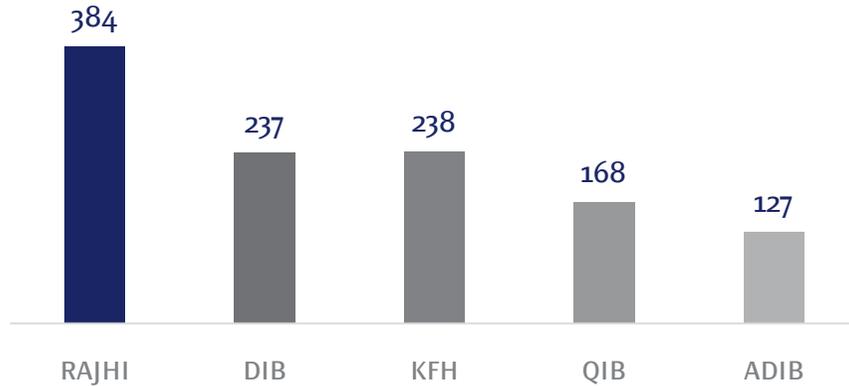
## Corporate Banking

Net Income

▲ +28%

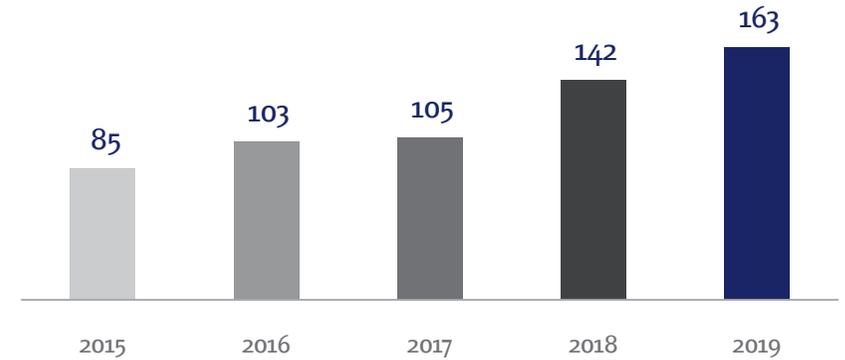
## What makes us "The Blue Chip Islamic Bank"

### Institutional Status - World's #1 Islamic Bank (by Assets; SAR bn)



Source: Bank Financial Statements 2019

### Large and Growing Market Cap (in SAR bn)



Source: Tadawul

### Low Volatility (90D)



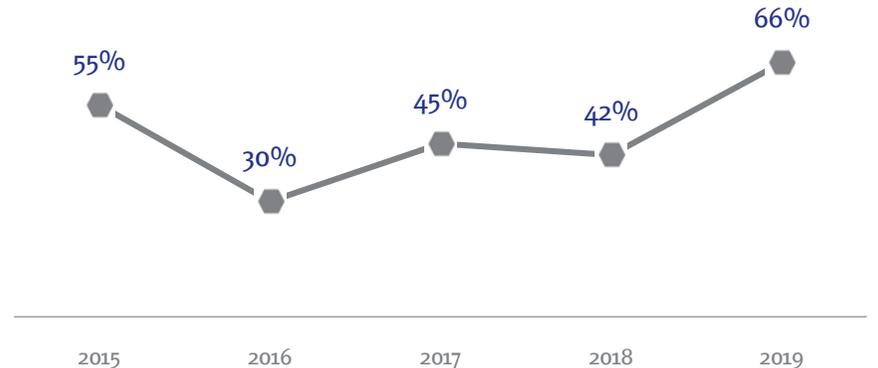
Source: Bloomberg

### Low Bid / Ask Spread (bps)



Source: Bloomberg

### High Stock Turnover Velocity (%)

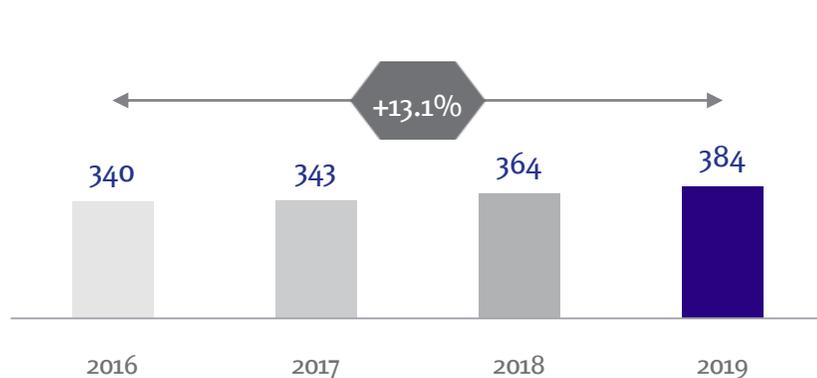


Source: Tadawul

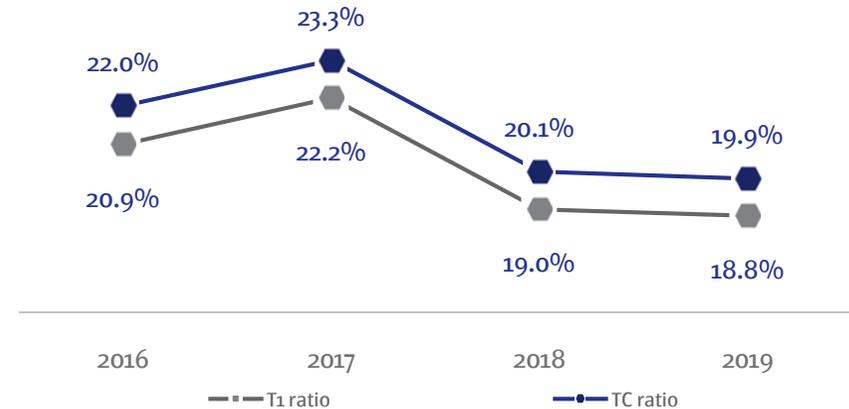
# Al Rajhi Bank, The Blue Chip Islamic Bank

Robust balance sheet with 93% non-profit-bearing deposits at 2019

**Total Assets (SARbn)**



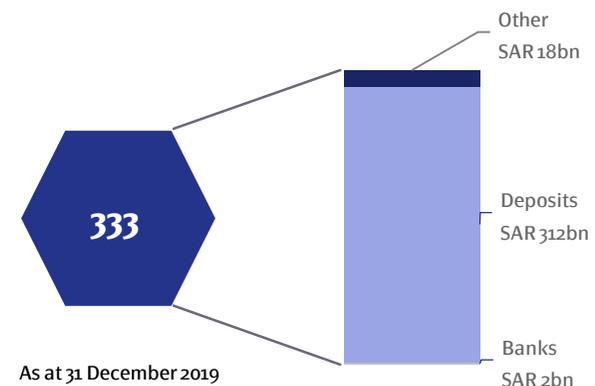
**Capital Ratios (%)**



**Total Liabilities (SARbn)**



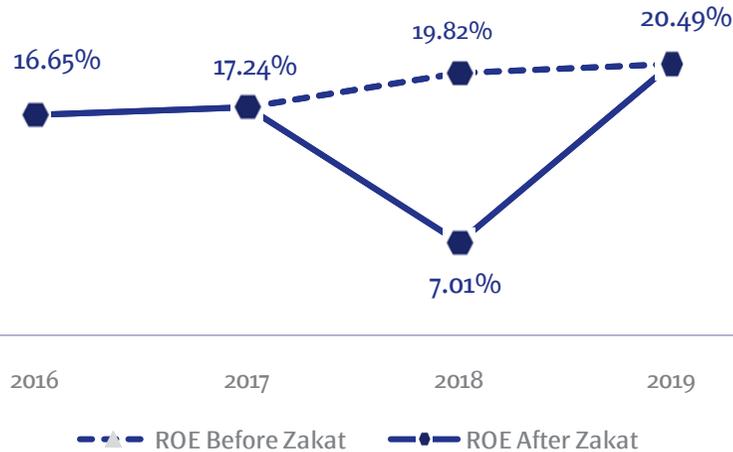
**Total Liabilities Mix By Type (SARbn)**



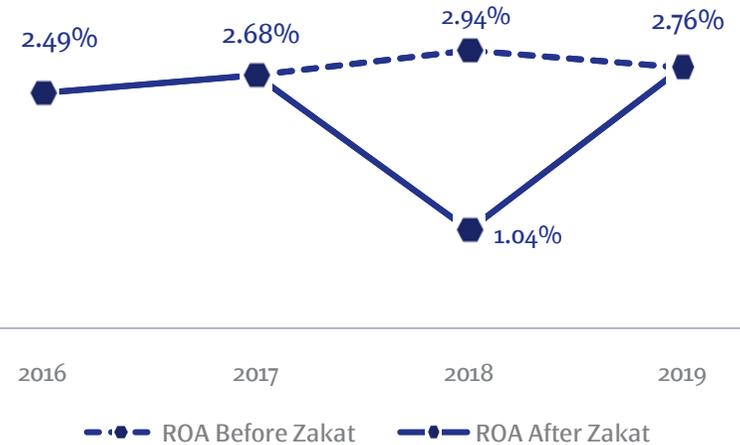
# The Blue Chip Islamic Bank

Outstanding foundation and strong returns

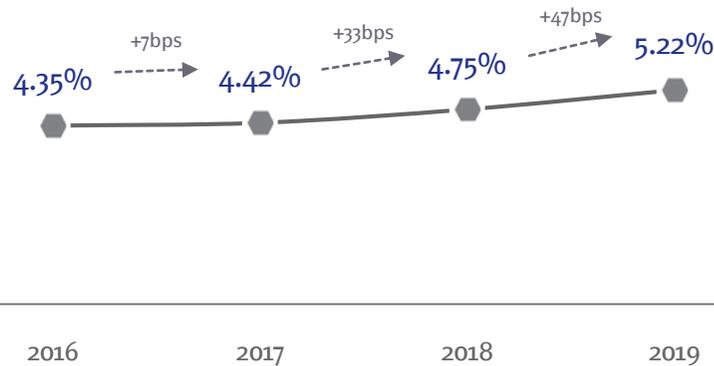
**Return on Equity (%)**



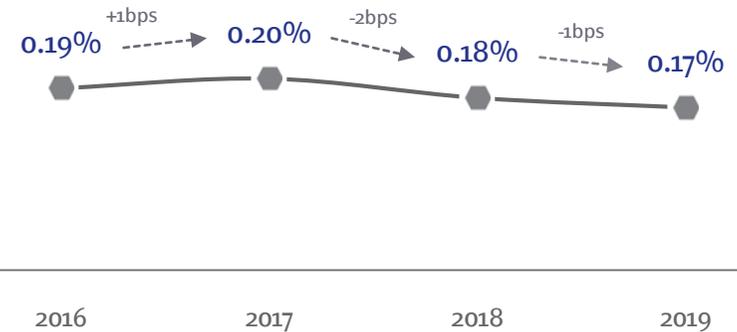
**Return on Assets (%)**



**Net Profit Margin (%)**



**Cost of Funds (%)**



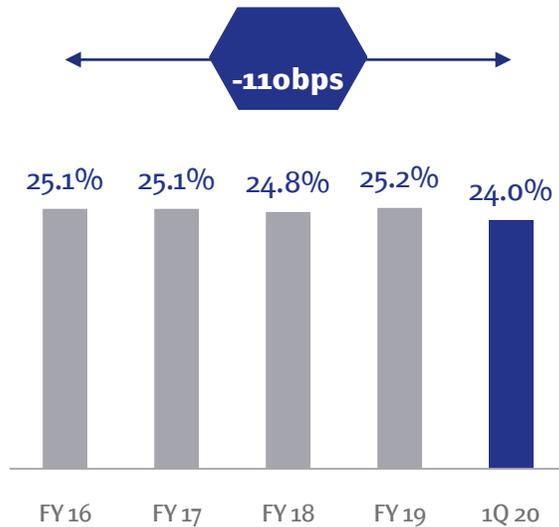
# Top 10 Facts about Al Rajhi Bank

- 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**  
(96% Non -profit bearing deposits)
- 4 #1 Bank capitalisation in GCC**  
(19.0% Total Capital ratio)
- 5 High NPS in KSA**  
(maintained high score in KSA)
- 6 #1 Bank in KSA**  
(by number of customers)
- 7 #1 Distribution network in Middle East**  
(by # of Branches, POS, ATMs, Remittance Centers)
- 8 #1 Banking transactions in KSA**  
(241mn per month, avg)
- 9 #1 Bank for remittances in Middle East**  
(by payment value)
- 10 #1 Bank brand in KSA**  
(Brand Power Score)

# What sets Al Rajhi Bank apart

ARB has the largest retail banking business in the Middle East

Market Share - Current Accounts

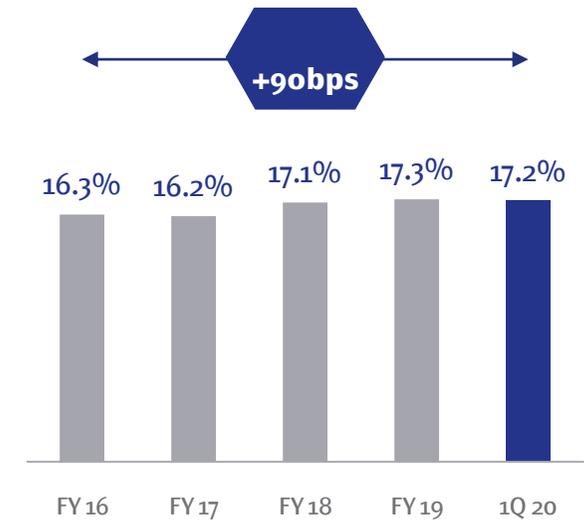


# 1 in Saudi Arabia

9+ Million  
Customers

#1 in Saudi Arabia

Market Share - Deposits



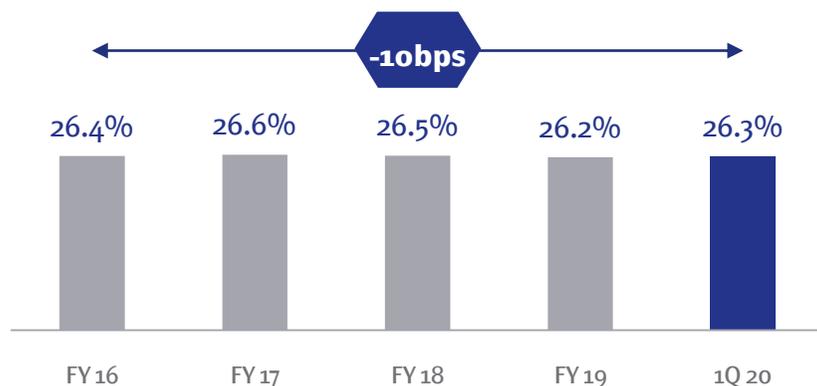
#2 in Saudi Arabia

# Al Rajhi Bank's Leading Network

The Bank has a large distribution network in Saudi Arabia...

## #1 in Branches

Market Share - Branches



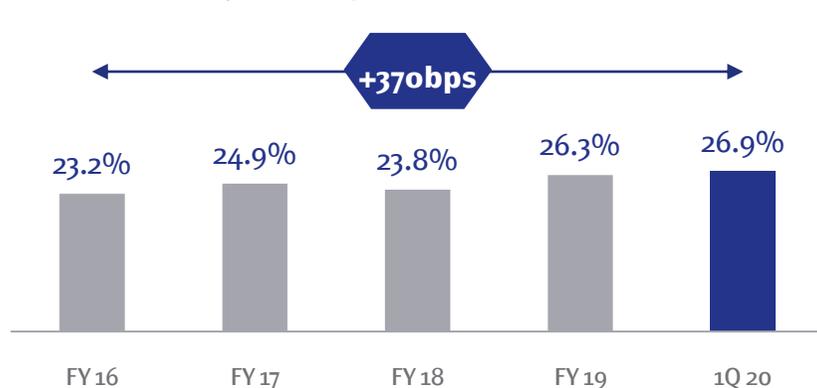
## #1 in ATMs

Market Share - ATMs



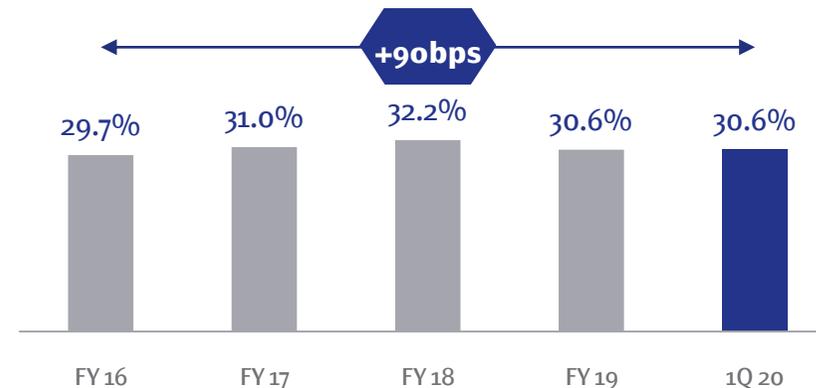
## #1 in POS

Market Share - POS (Terminals)



## #1 Remittance Centres

Market Share - Remittance Centers



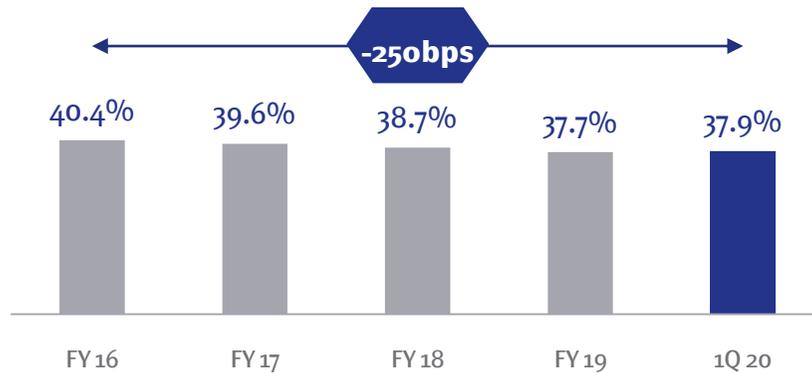
Source: SAMA

# ARB has a unique franchise

We capture high market share across key products

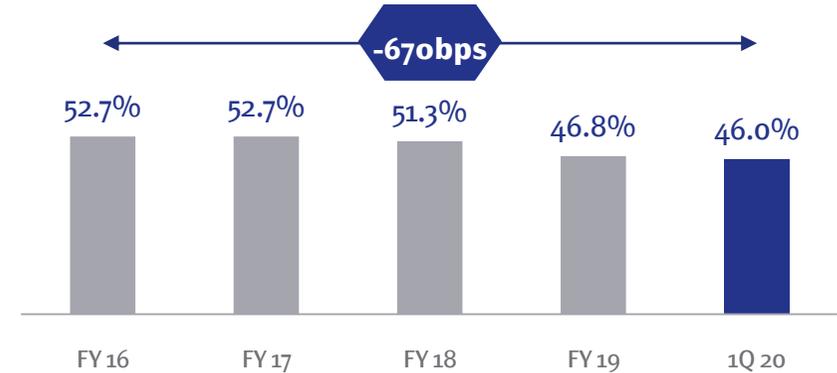
## #1 in Personal Loans

Market Share - Personal Loans



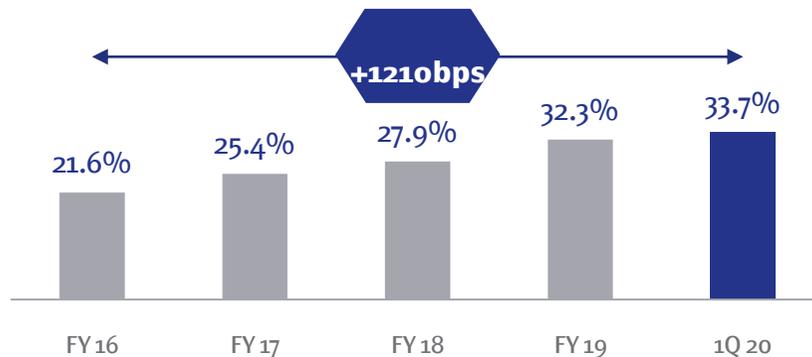
## #1 in Auto Loans

Market Share - Auto Loans



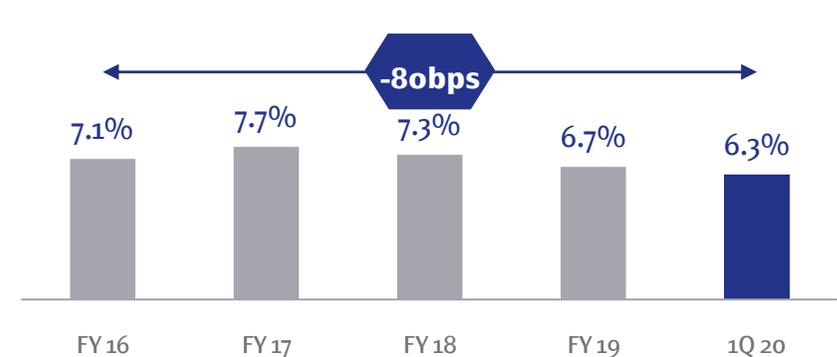
## #1 in Mortgages

Market Share - Mortgages



## Challenger Position in Corporate Loans

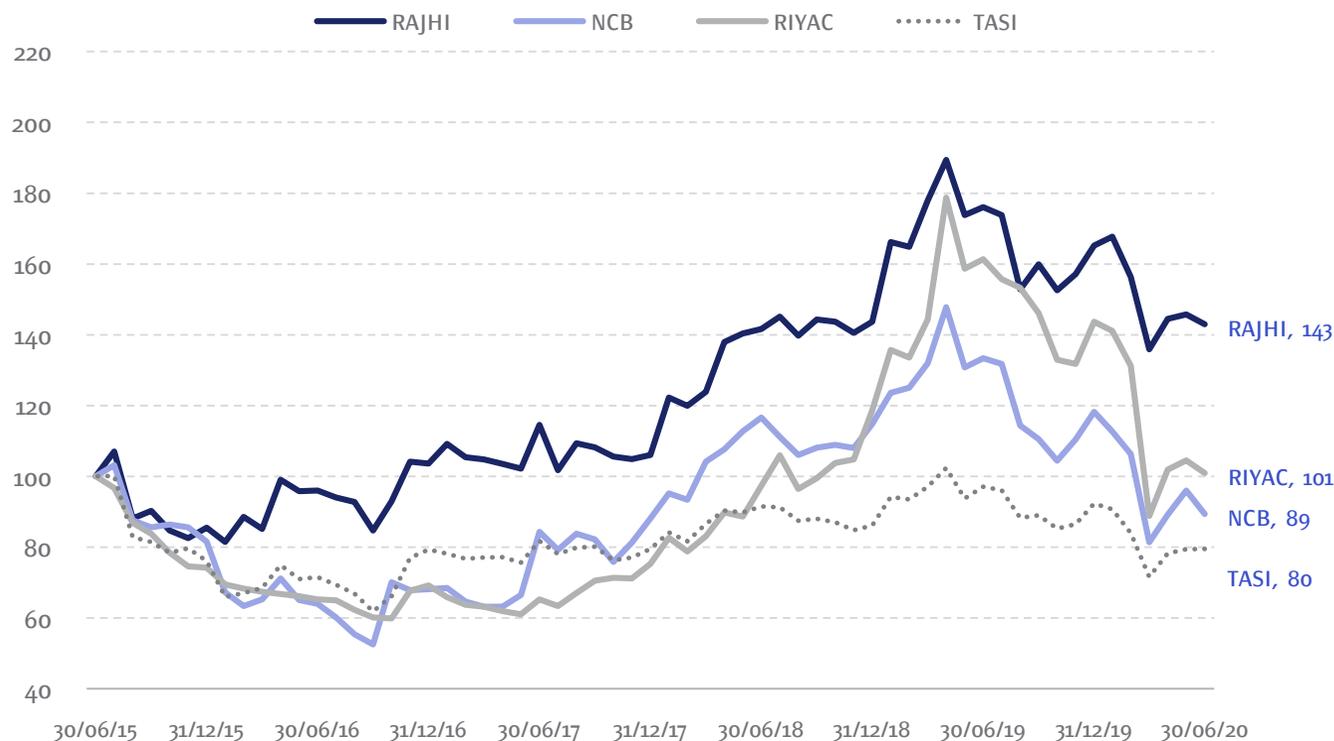
Market Share - Corporate Loans



# ARB Market Performance

Al Rajhi Bank maintained its momentum and outperformed its peer group

## Share Price Performance Top 3 KSA Banks (Monthly; Rebased to 100)



30 Jun 2020

### Key Metrics

Closing Price	SAR 56.6
Market Cap	SAR 141.5 bn
Market Cap / % Industry	26.60%
Market Cap / % Tadawul	1.72%
Shares outstanding	2,500 bn
90D Volatility	32.7
Price / Earnings	14.23 x
Price / Book	2.85 x
Dividend Yield	5.19%
Return on Equity	18.78%
Return on Assets	2.46%
DPS (2019)	3 SAR

Sources: Bloomberg; Tadawul; RAJHI Financials

### Ratings

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

	Al Rajhi Bank	NCB	Riyad Bank	Kuwait Finance House	Dubai Islamic Bank	Qatar Islamic Bank	Abu Dhabi Islamic Bank
<b>Rebased to 100</b>	143	89	101	140	69	146	73
<b>As of 30 Jun 2020</b>	56.60 SAR	37.25 SAR	16.86 SAR	613 KWD	3.82 AED	15.75 QAR	3.69 AED

Source: Stock Exchanges

# Market Performance

Market cap and liquidity ensures high index weighting

## Highlights

- Highest weight in MSCI GCC Index (11.68%).
- Highest weight in the sector and second highest weight in TASI.
- Foreign ownership reached 9.84% at end of Q2.

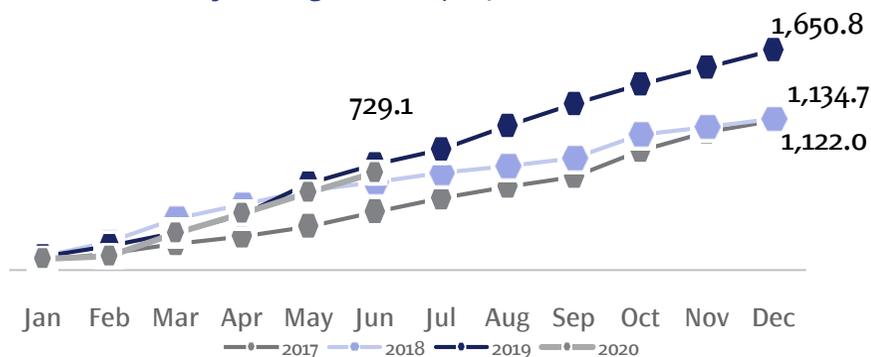
## ARB has the highest weight in the MSCI GCC Index...

#	Top 10 Constituents	Country	Float Adj Mkt Cap	Index Weight (%)	Sector
1	<b>Al Rajhi Bank</b>	<b>KSA</b>	<b>35.84</b>	<b>11.68%</b>	<b>Financials</b>
2	Qatar National Bank	QAT	21.62	7.05%	Financials
3	SABIC	KSA	21.14	6.89%	Materials
4	National Bank of Kuwait	KW	17.37	5.66%	Financials
5	Saudi Telecom CO	KSA	15.84	5.16%	Comm srvc
6	National COMM Bank	KSA	14.90	4.86%	Financials
7	Saudi ARAMCO	KSA	10.40	3.39%	Energy
8	SAMBA Financial Group	KSA	8.59	2.80%	Financials
9	Kuwait Finance House	KW	8.40	2.74%	Financials
10	First Abu Dhabi Bank	UAE	8.35	2.72%	Financials
			<b>162.43</b>	<b>52.96%</b>	

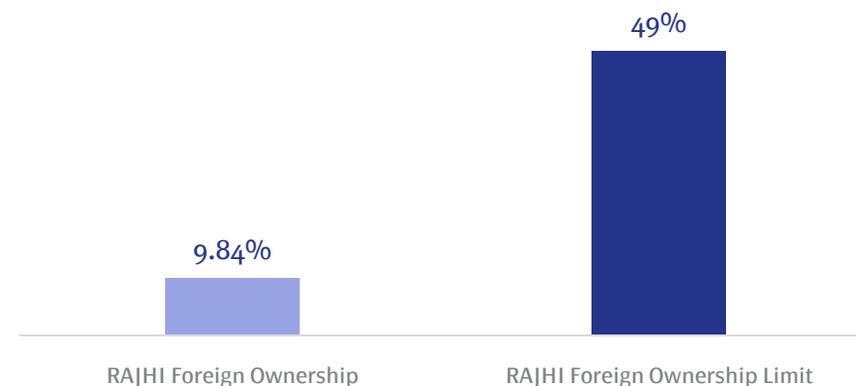
Source: MSCI Fact Sheet; 30 Jun 2020

## ARB has consistently strong trading volumes...

### Cumulative Monthly Trading Volumes (mn)



## ...and room for foreign ownership



# Awards

## Recent international recognition

### Global Awards



**Best Bank in Saudi Arabia**  
(3 consecutive years 2017, 2018, 2019)



**Best Financial Institution in Saudi Arabia**

**The Banker**

**Largest Bank in the world in terms of Sharia Assets**



**Best Bank in Saudi Arabia**  
(2 consecutive years 2017 & 2018)

### Regional Awards



- **Best Bank in GCC**
- **Fastest Growing Bank in KSA**
- **Most Innovative Bank in KSA**
- **Best Retail Bank in KSA**



- **Strongest Islamic Retail Bank in the World**
- **Strongest Islamic Retail Bank in the GCC**
- **Strongest Islamic Retail Bank in the MEA**



**GCC Best Employer Brand Award**



- **Most Improved Investor Relations Team – Blue-Chip (2018)**
- **Best Investor Relations in the Middle East (2019)**
- **Best Investor Relations in KSA (2019)**
- **Best CFO in the Middle East (2019)**
- **Best Investor Relations Professional (2019)**

# Our Values



نعيش قيمنا  
Living the Values

**Integrity &  
Transparency**

Openness and highest standards of  
corporate & personal ethics

**Passion to  
Serve Our  
Customers**

A strong commitment to anticipate and  
address customer needs

**Solution  
Oriented**

Helping our customers achieve their  
objectives

**Modesty**

Humility in everything we do

**Innovativeness**

Nurturing imagination and fostering  
creativity

**Meritocracy**

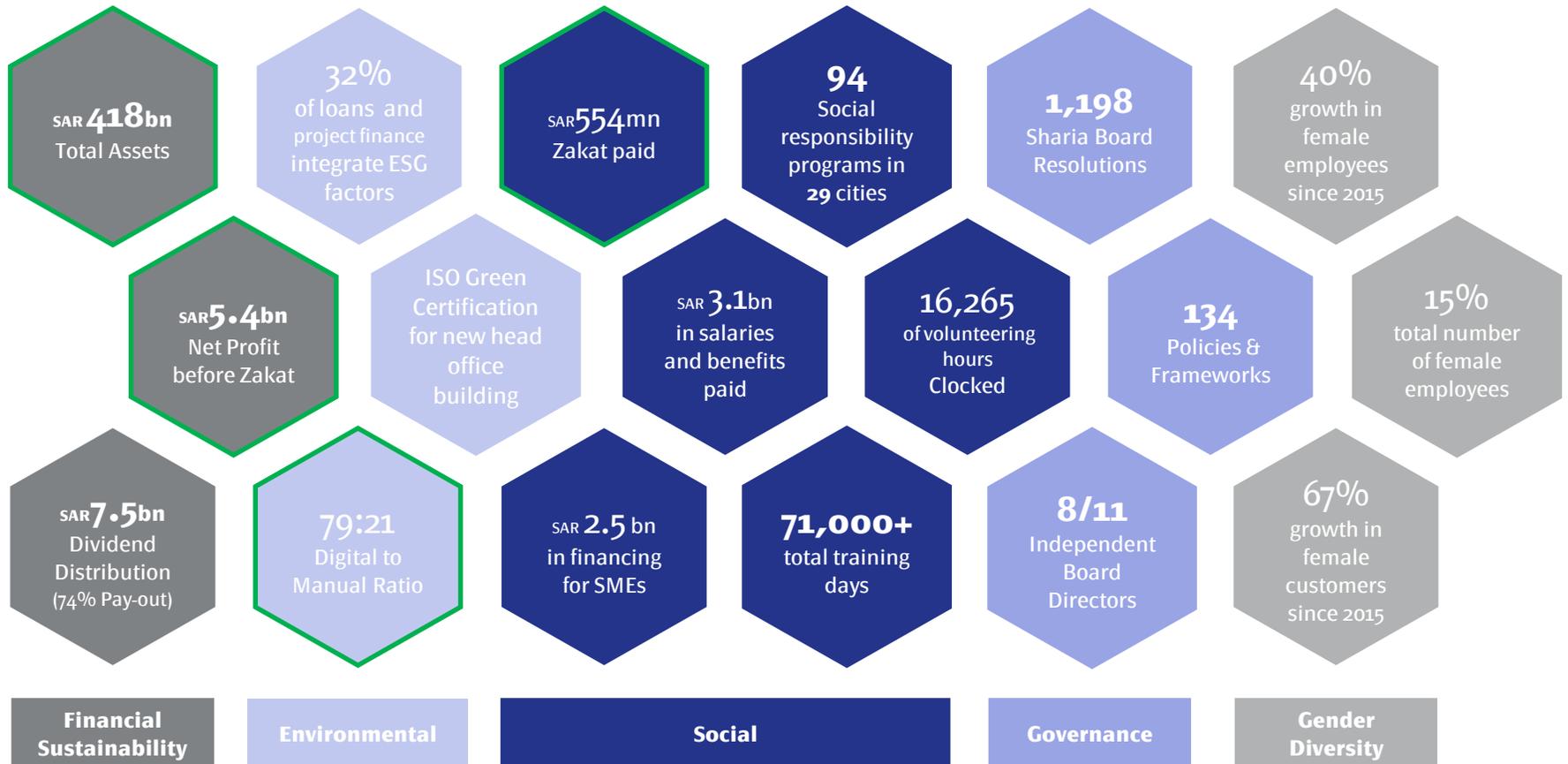
Defining, differentiating and reinforcing  
excellence in people

**Care for Society**

Contributing towards a better tomorrow

# ESG Highlights

As of FY 2019 unless stated otherwise



 1H 2020

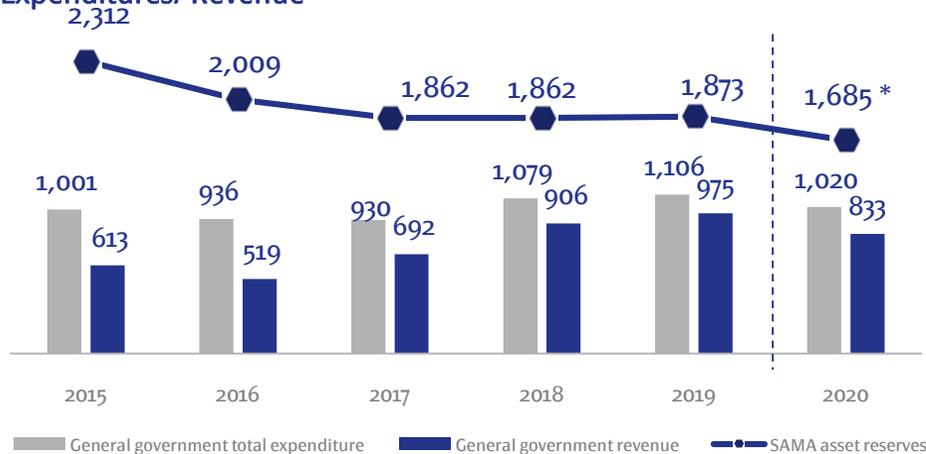
# KSA's Macro-Economic Environment

# KSA Economic Outlook

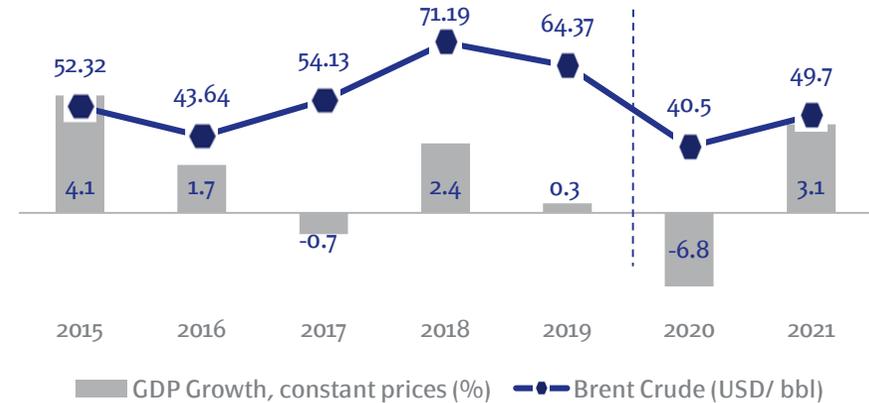
Covid-19 outbreak and low oil prices poses unprecedented environment



## Expenditures/ Revenue

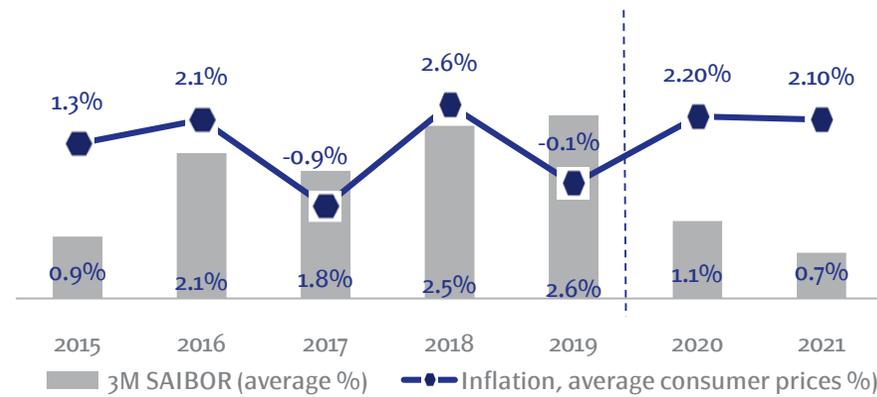


## GDP Growth / Brent Oil Price



Source: IMF, U.S. Energy Information

## 3M SAIBOR / Inflation

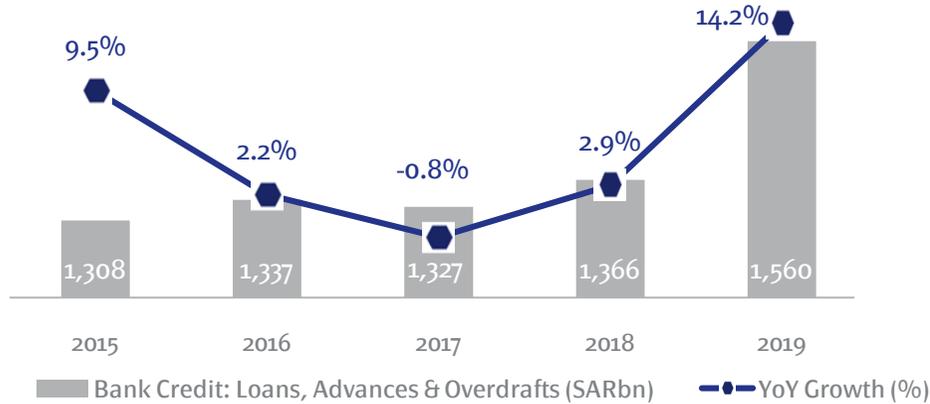


Source: SAMA, IMF

# Macro Environment

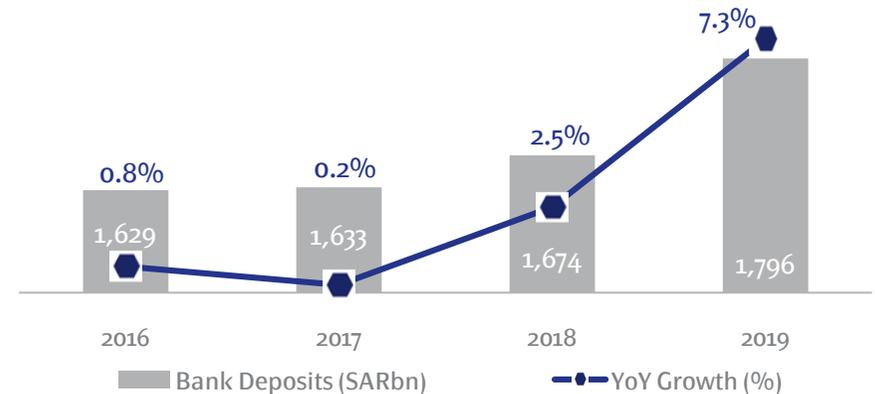
## Supportive of Banking Sector

### Moderate pickup in sector loan growth...



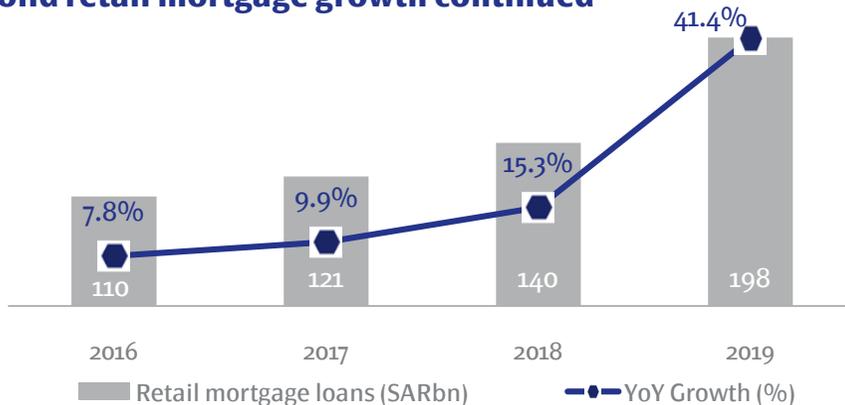
Source: SAMA

### ...and moderate pick up in bank deposits amid balance sheet optimisation in rising rate environment



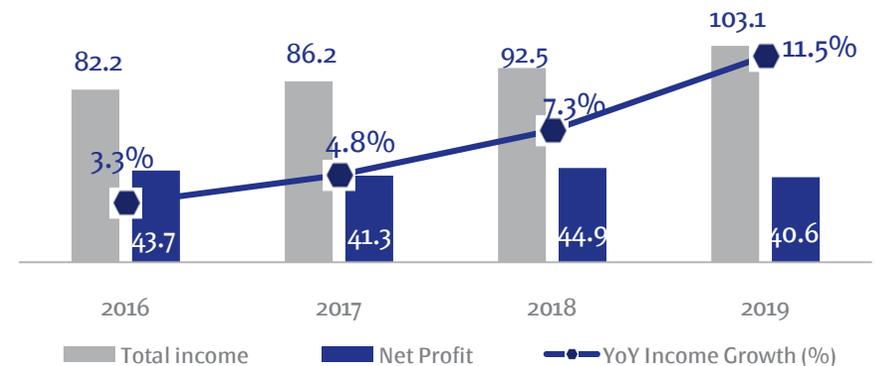
Source: SAMA

### Solid retail mortgage growth continued



Source: SAMA

### Which in combination drove top line growth



Source: Bloomberg

# Al Rajhi Bank Strategy 2020

# Saudi Arabia Vision 2030

## Key objectives



### A Vibrant Society

- Increase Umrah capacity from 8 to 30M
- Double the number of UNESCO World Heritage sites
- Have 3 Saudi cities in top 100 globally
- Increase household entertainment spending from 2.9% to 6%
- Increase ratio of individuals exercising from 13% to 40% of population
- Raise position from 26 to 10 in Social Capital Index
- Increase avg. life expect. from 74 to 80
- Increase home ownership from 47% to 60% (2015-20), 850k new housing units
- Increase RE financing contribution to non-oil GDP from 8% to 15% (2015-20)



### A Thriving Economy

- Lower unemployment from 11.6% to 7%
- Increase SME contribution to GDP from 20% to 35%
- Increase women's participation in workforce from 22% to 30%
- Move from 19th largest economy to top 15 globally
- Increase oil & gas localization from 40% to 75%
- Increase PIF's assets from SAR 600B to SAR 7T
- Rise in Global Competitiveness Index from 25 to top 10
- Increase FDI from 3.8% to 5.7%
- Increase private sector contribution to GDP from 40% to 65%
- Rise in Logistics Performance Index from 49 to 25
- Raise non-oil exports from 16% of GDP to 50%



### An Ambitious Nation

- Increase non-oil government revenue from SAR 163B to 1T
- Rise in Government Effectiveness Index from 80 to 20
- Rise in E-Government Survey Index from 36 to top 5
- Raise in household savings from 6% to 10% of total income
- Raise non-profit's contribution to GDP from 1% to 5%
- Rally 1M volunteers p.a. from 11K now

# Financial Sector Development Program

Creating a thriving financial sector that serves as key enabler for Vision 2030 objectives

## Enable financial institutions to support private sector growth

- Increase total GWP to non-oil GDP from 2.1% to 2.9%
- Increase # of Fintech players to 3
- Increase SME loans as % of bank loans from 2% to 5%
- Increase value of SME funding through PE/VC vehicles to SAR 23 Bn
- Increase life GWP per capita from SAR 33 to 40
- Increase coverage ratio of insurance schemes to 45% (health) & 75% (motor)
- Increase share of non-cash transactions from 18% to 28%
- Increase outstanding real estate mortgages from SAR 290 Bn to SAR 502 Bn

## Ensure the formation of an advanced capital market

- Increase total market capitalization (shares and debt) as % of GDP from 78% to >=85%
- Increase assets under management as % of GDP from 12% to >=22%
- Align market concentration of top 10 companies by market cap from 57% to 55%
- Increase institutional investors' share of value traded from 18% to >=20%
- Increase foreign investor ownership of the equity market cap from 4% to >=15%
- Increase # of micro and small cap companies listed, as % of total number of companies listed from 34% to >= 40%
- Increase share of investment accounts opened through eKYC to 10%
- Align minimum free float of equity market cap, in % of total outstanding shares from 46% to >=45%

## Promote and enable financial planning

- Increase total amount of savings held in savings products from SAR 315 Bn to SAR 400Bn
- Increase number of available types of savings products from 4 to 9
- Increase % of households savings on a regular basis from 19% to 29%
- Increase share of A/C opened through eKYC to 10%
- Increase household savings ratio as % of disposable income from 6.2% to 7.5%



\*from 2016 to 2020

# Strategy Update

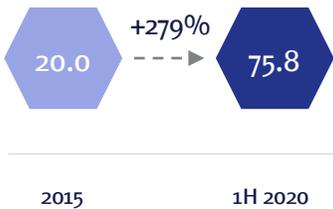
ABCDE 'Back to Basics' strategy delivered strong results in 2Q 2020



## Accelerated Growth

+3% YoY operating income growth
+83% YoY growth in mortgages
+10% YoY growth in current accounts
-40bps YoY net profit margin drop to 4.80%

### Mortgage Financing (SARbn)



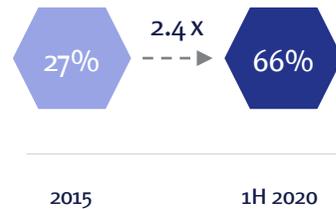
*Exceed Industry*



## Become Employer of Choice

Al Rajhi Bank Academy
School of Banking
Graduate Program
24,630 training days delivered

### Employee Engagement Index



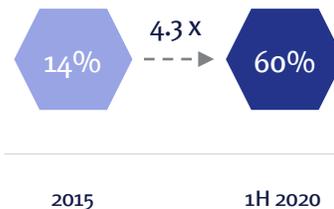
*Higher Engagement*



## Customer Focus

10 new products launched to cater to customers' needs
Enhanced Distribution Network
Highest Rated Banking Mobile app
Maintain high Net Promoter Score in KSA

### Net Promoter Score



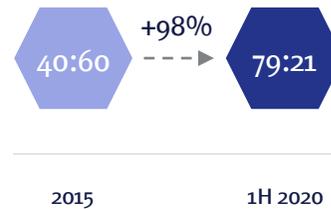
*Most Recommended*



## Digital Leadership

145K POS	
5K ATMs	31 ITMs
338 Self Service Kiosks	
6.5mn active digital users	

### Digital : Manual Ratio



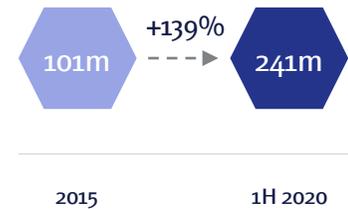
*Best-In-Class*



## Execution Excellence

253 Bots
17.6K transactions per day
Migrated to Tier 4 Data Center
Further enhanced turnaround time

### Transactions per month (Avg.)



*Deliver*

# Macro environment impact

Focused in managing the current challenges & beyond

Key Challenges	COVID-19	RATE ENVIRONMENT	OIL PRICES	
Impact	Growth Forecast	Asset Quality	Liquidity	Profitability
Focus Areas to Mitigate Downside	<ol style="list-style-type: none"> <li>Consumer lending, mainly <b>Mortgage</b> financing</li> <li><b>SMEs &amp; Corporate</b> structured products &amp; stimulating Kafalah program</li> <li>Grow <b>Credit Cards &amp; Trade Finance</b> market Share</li> </ol>	<ol style="list-style-type: none"> <li>Core Portfolio is <b>low risk</b>, salary assigned Retail portfolio</li> <li>Small portfolio in MSME supported by <b>Government Stimulus Packages</b></li> <li>Close <b>monitoring</b> and <b>prudent</b> provisioning measures</li> </ol>	<ol style="list-style-type: none"> <li>Strict and prudent liquidity <b>management</b>, and <b>monitoring</b></li> <li>Expand funding <b>client base</b> and <b>product mix</b></li> <li>SAMA Continues to support Liquidity in <b>USD &amp; SAR</b></li> </ol>	<ol style="list-style-type: none"> <li><b>Yield income</b> focus through mix change</li> <li><b>Digital &amp; Payments</b> leadership</li> <li><b>Rationalizing</b> our Opex &amp; Capex spend</li> </ol>
Management Delivery	10.1% Financing Growth	0.85% COR	78.8% LDR	-5.6% YoY Net Income
Long Term	Preparing for the " Next Normal "			

# Financial Results

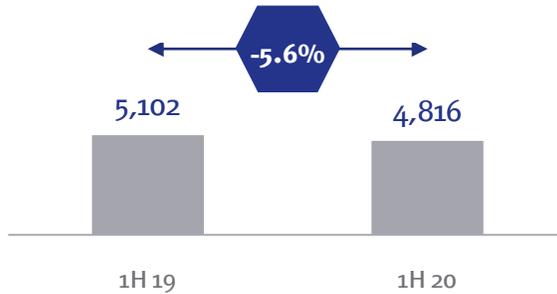
2Q 2020 Overview & Trends

# Key Messages

## Solid 2Q 2020 Performance

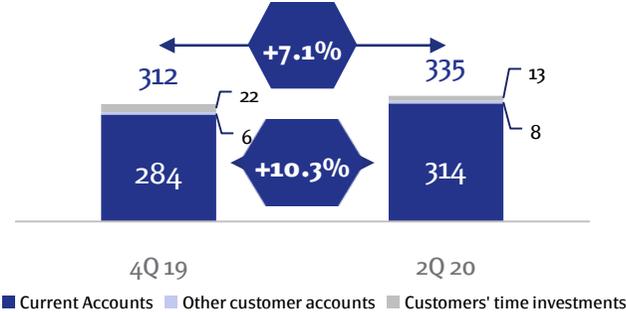
Net Income after Zakat down 5.6%

Net Income (SARmn)



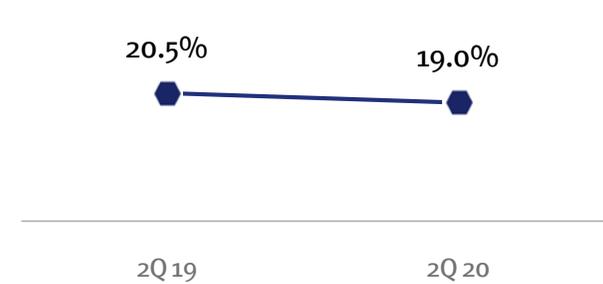
Deposits up 7.1%, Financing up by 10.1%

Total Customers' Deposits (SARbn)

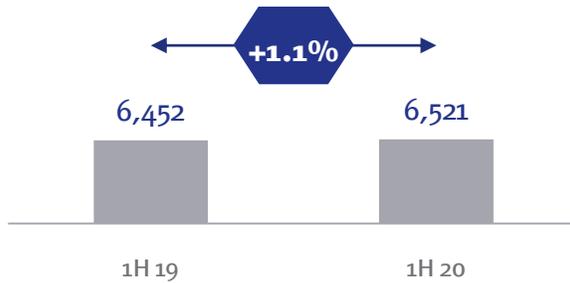


Liquidity remained healthy

Capital Adequacy Ratio (%)



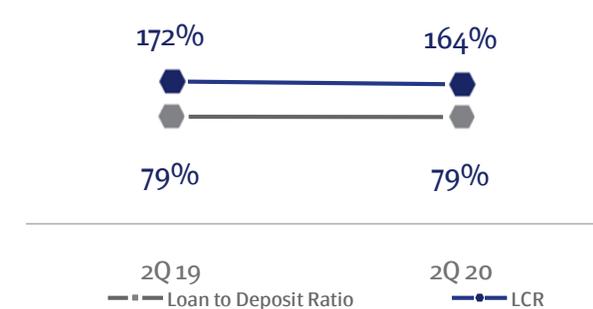
Pre-Provision Profit (SARmn)



Financing, Net (SARbn)



Liquidity Ratios (%)



- 5.6% Profit decline caused by higher operating expenses & provisions.
- Profit growth driven by improvement in the product mix

- 7.1% deposit growth from non-profit bearing deposits which now account for 96% of total deposits
- Net financing grew by 10.1% driven by Mortgage financing

- CAR decreased by 150 bps caused by dividends pay-out (2019) and change in RWA.
- Liquidity remains healthy

# Progress against guidance and outlook

Revised guidance to reflect current macro environment

		FY 2019 Actual	FY 2020 Latest Guidance	2Q 2020 Actual	FY 2020 Revised Guidance	
Balance Sheet	Financing, Net (SAR bn)	249.7	High single digit growth	274.9 (10.1%)	Low teens digit growth	↑
	Net Profit Margin	5.22%	-45 bps to -25 bps	4.80% (-42 bps)	-55 bps to -35 bps	↓
Profitability	Cost to Income Ratio	32.8%	Below 33%	33.3%	Below 33%	=
	Cost of Risk	0.71%	0.80% - 1.00%	0.85%	0.80% - 1.00%	=
Capital & Liquidity	CET1 Ratio	18.8%	17% - 19%	18.0%	17% - 19%	=
	ROE after Zakat	20.49%	18% - 20%	18.78%	18% - 20%	=

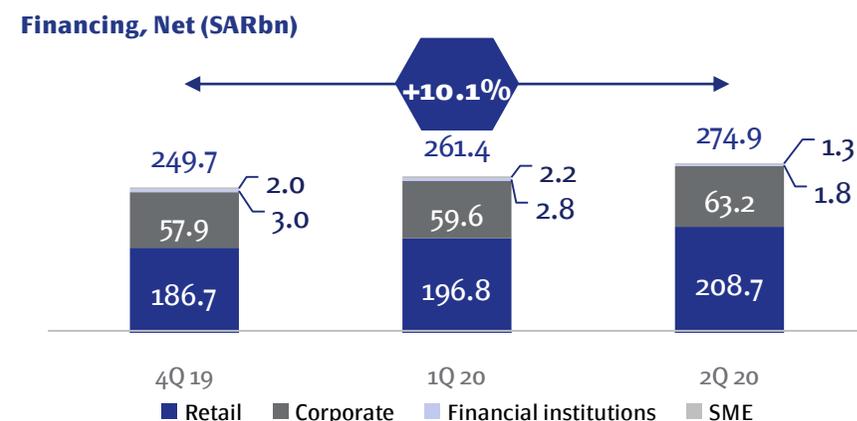
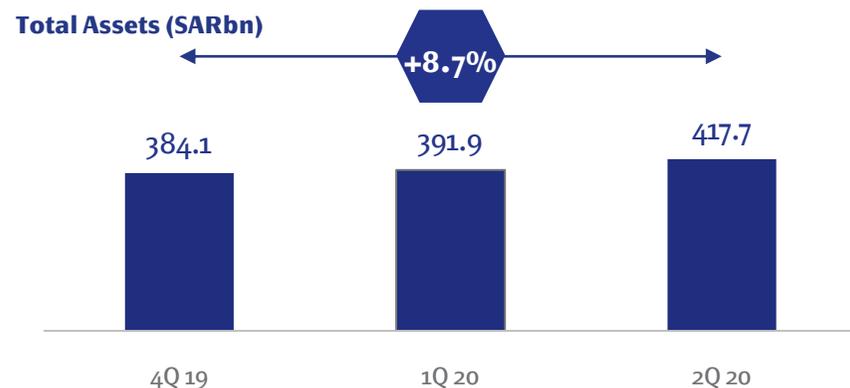
# Balance Sheet Trends (1)

Healthy growth in total assets

## Highlights

- Total Assets grew by (+9% YTD) driven by strong growth in financing & investment.
- Net financing grew by (+10% YTD) contributed by strong retail performance.
- Customers deposits growth of (+7% YTD) contributed by growth in demand deposits.

SAR (mn)	2Q 2020	1Q 2020	QoQ	4Q 2019	YTD
Cash and balances with SAMA	45,022	36,293	+24%	39,294	+15%
Due from banks and other FI	28,215	28,014	+1%	32,058	-12%
Investments, net	52,937	49,658	+7%	46,843	+13%
Financing, net	274,928	261,385	+5%	249,683	+10%
Other Assets	16,582	16,552	+0%	16,209	+2%
<b>Total assets</b>	<b>417,684</b>	<b>391,901</b>	<b>+7%</b>	<b>384,087</b>	<b>+9%</b>
Due to banks and other FI	10,325	5,511	+87%	2,220	+365%
Customers' deposits	334,665	315,661	+6%	312,406	+7%
Other liabilities	20,764	21,143	-2%	18,269	+14%
<b>Total liabilities</b>	<b>365,754</b>	<b>342,315</b>	<b>+7%</b>	<b>332,895</b>	<b>+10%</b>
<b>Total shareholders' equity</b>	<b>51,930</b>	<b>49,587</b>	<b>+5%</b>	<b>51,192</b>	<b>+1%</b>



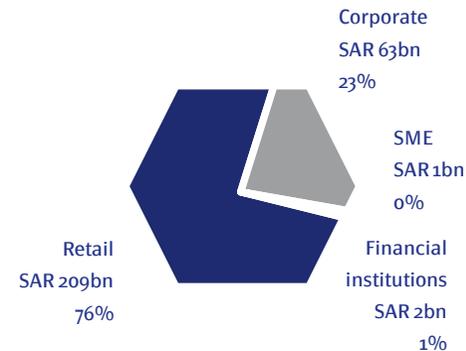
# Balance Sheet Trends (2)

Strong financing growth, mortgage is the main driver

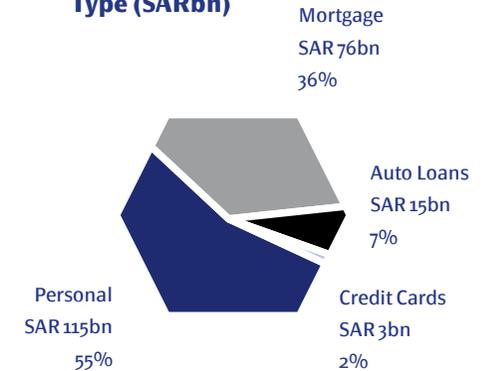
## Highlights

- Retail financing growth of (+12% YTD) mainly driven by growth in mortgage financing (+38 YTD%).
- Financing is dominated by retail (76%) followed by corporate (23%).
- Retail financing is primarily comprised of personal (55%) and mortgage financing (36%).

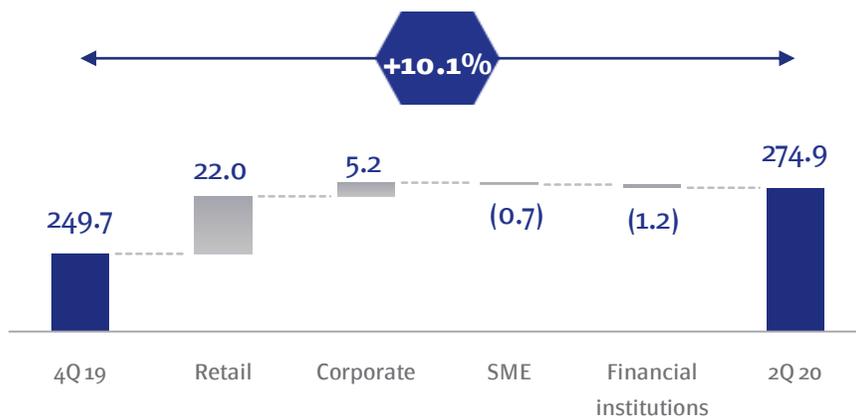
Financing, Net Mix By Segment (SARbn)



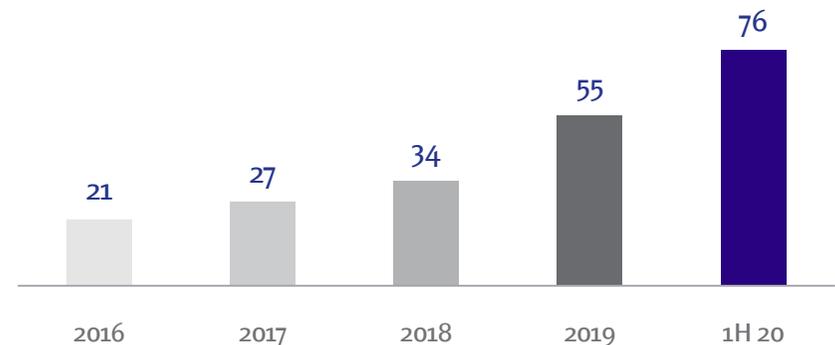
Retail Financing, Net Mix By Type (SARbn)



Financing, Net Drivers (SARbn)



Mortgage Financing (SARbn)



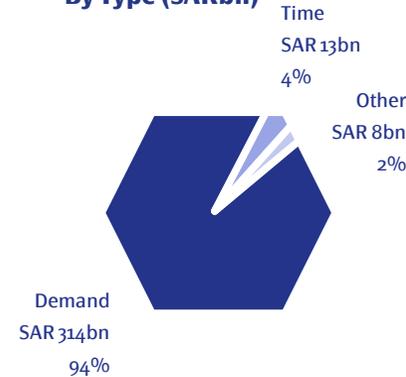
# Balance Sheet Trends (3)

Continued growth in non-profit bearing deposits

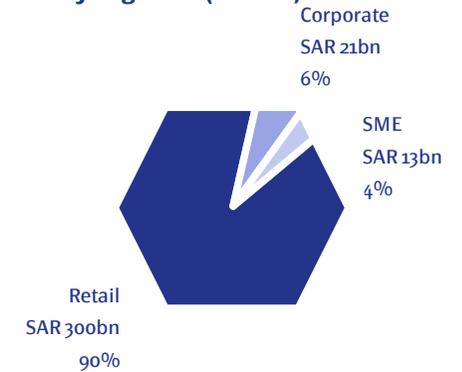
## Highlights

- Customers deposits growth of (+7% YTD) contributed by growth in demand deposits.
- Strong stable funding with (92%) of liabilities sourced from customers' deposits.
- Current accounts grew by (+10% YTD) a (96%) non-profit bearing deposits.

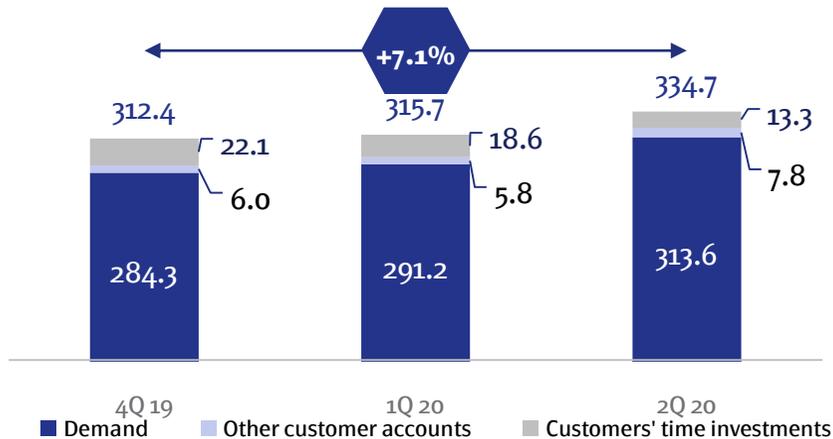
Total Customers' Deposits Mix  
By Type (SARbn)



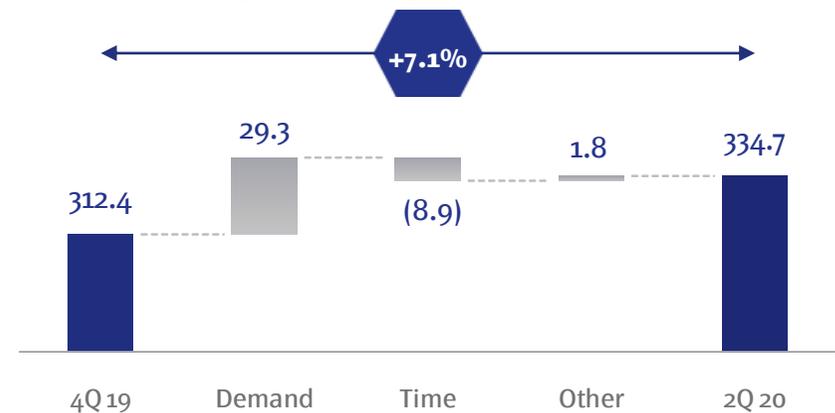
Total Customers' Deposits Mix  
By Segment (SARbn)



Total Customers' Deposits (SARbn)



Total Customers' Deposits Drivers (SARbn)



# Net Income Trends

Resilient results despite unprecedented environment

## Highlights

- Net Income before Zakat decreased by (-5% YoY) caused by higher operating expenses & provisions.
- Yield income growth of (+1% YoY), and non-yield income growth of (+13% YoY).
- On a segmental basis, Retail Banking growth of (+4% YoY).

## SAR (mn)

### Net financing and investment income

Fee from banking services, net

Exchange Income, net

Other operating income, net

### Fees and other income

### Total operating income

Operating expenses

Impairment charge

### Total operating expenses

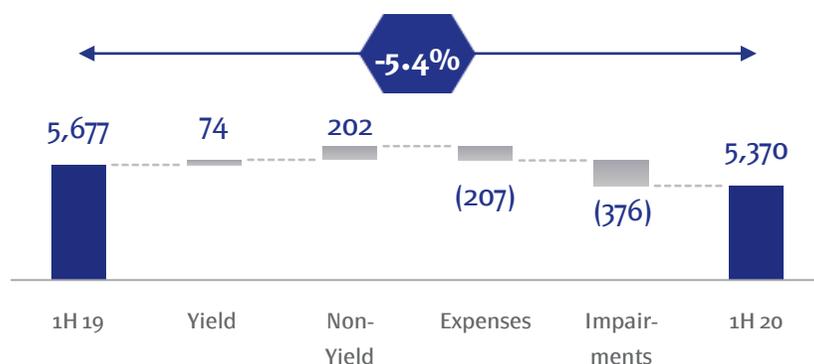
### Net income for the period before Zakat

Zakat

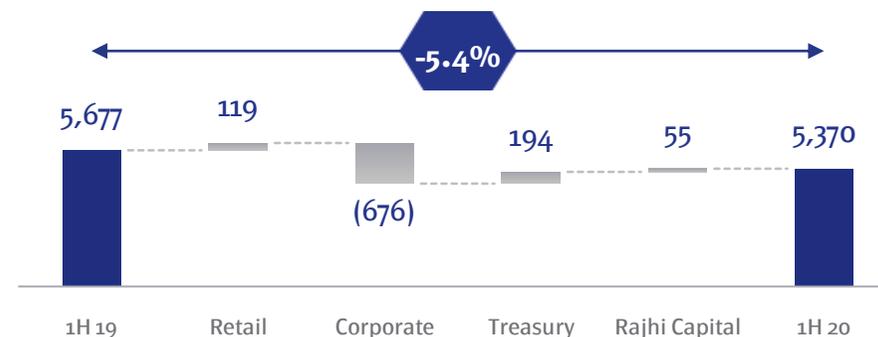
### Net income for the period after Zakat

	1H 2020	1H 2019	YoY	2Q 2020	2Q 2019	YoY
<b>Net financing and investment income</b>	<b>8,078</b>	<b>8,005</b>	<b>+1%</b>	<b>3,968</b>	<b>4,061</b>	<b>-2%</b>
Fee from banking services, net	1,147	995	+15%	529	522	+1%
Exchange Income, net	377	371	+2%	170	198	-14%
Other operating income, net	173	129	+34%	141	81	+75%
<b>Fees and other income</b>	<b>1,697</b>	<b>1,495</b>	<b>+13%</b>	<b>840</b>	<b>800</b>	<b>+5%</b>
<b>Total operating income</b>	<b>9,775</b>	<b>9,500</b>	<b>+3%</b>	<b>4,808</b>	<b>4,861</b>	<b>-1%</b>
Operating expenses	(3,255)	(3,048)	+7%	(1,634)	(1,646)	-1%
Impairment charge	(1,151)	(775)	+48%	(458)	(386)	+19%
<b>Total operating expenses</b>	<b>(4,405)</b>	<b>(3,823)</b>	<b>+15%</b>	<b>(2,092)</b>	<b>(2,032)</b>	<b>+3%</b>
<b>Net income for the period before Zakat</b>	<b>5,370</b>	<b>5,677</b>	<b>-5%</b>	<b>2,716</b>	<b>2,829</b>	<b>-4%</b>
Zakat	(554)	(575)	-4%	(280)	(295)	-5%
<b>Net income for the period after Zakat</b>	<b>4,816</b>	<b>5,102</b>	<b>-6%</b>	<b>2,436</b>	<b>2,534</b>	<b>-4%</b>

## Net Income Before Zakat Growth Drivers By Type (SARmn)



## Net Income Before Zakat Growth Drivers By Segment (SARmn)



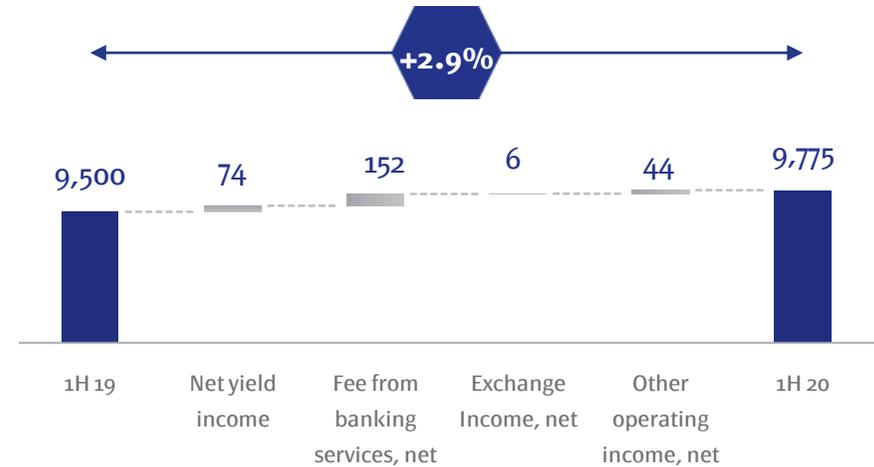
# Operating Income Trends

Solid operating income growth, inline with our strategy

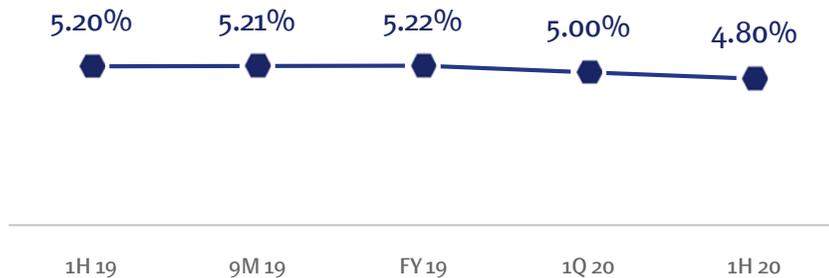
## Highlights

- Solid growth of (+3% YoY) driven mainly by growth in fee income.
- Fee income growth of (+15% YoY) mainly from digital & payment.
- Net profit margin contracted by (-40 bps YoY) reaching (4.80%).

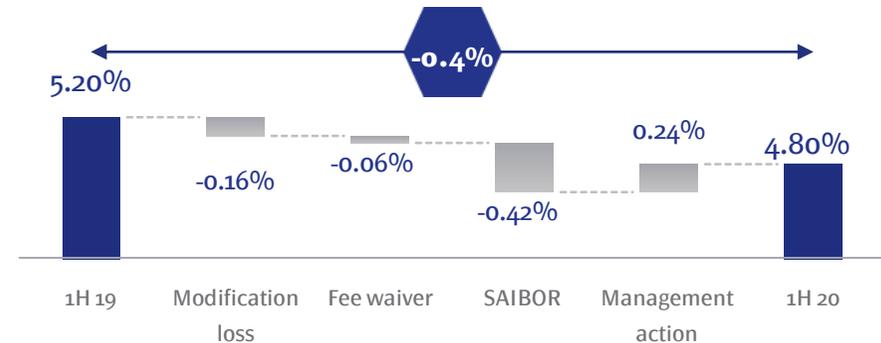
## Total Operating Income Growth Drivers By Type (SARmn)



## Net Profit Margin (%)



## NIM drivers (%)



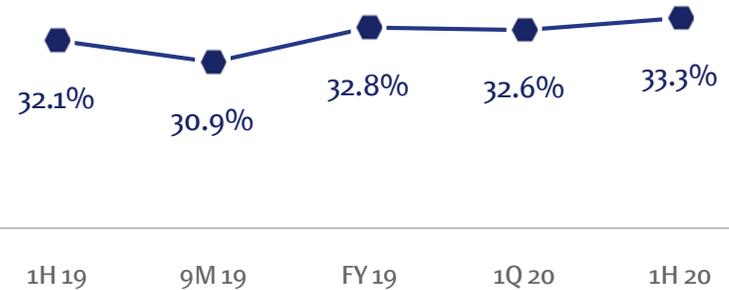
# Expenses Trends

Upgrading IT & Digital platform, a long term investment

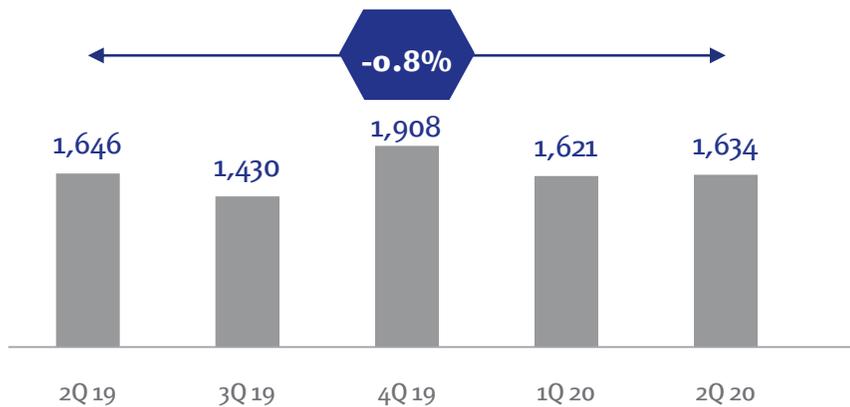
## Highlights

- Cost to income ratio at (33.3%) a 120 bps increase YoY.
- Operating expenses grew by (+6.8% YoY).
- Higher IT cost primarily related to acceleration of digital and infrastructure spend to enhance resilience.

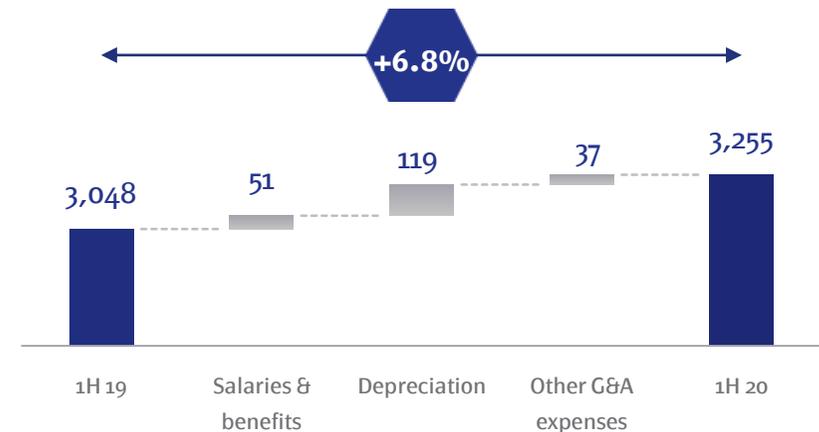
## Cost To Income Ratio Trend (%)



## Operating Expenses (SARmn)



## Operating Expenses Growth Drivers By Type (SARmn)



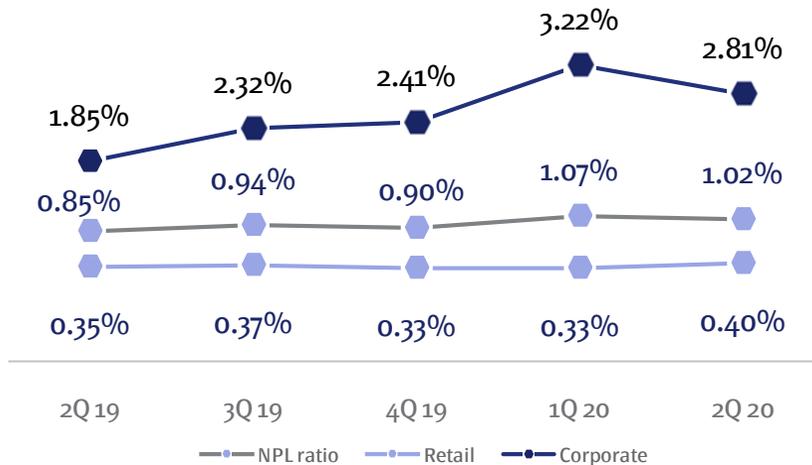
# Asset Quality Trends (1)

Asset quality remains healthy and sound NPL coverage

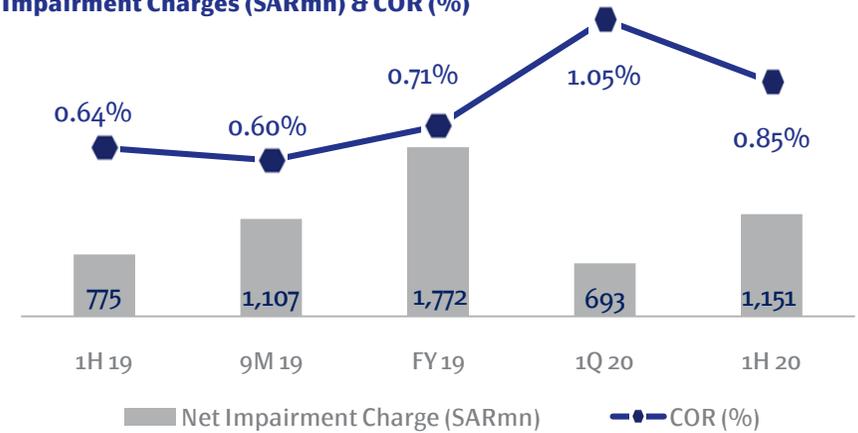
## Highlights

- Net Provision increased by (+48% YoY).
- NPL ratio at (1.02%) with an increase in Retail NPL ratio.
- Coverage ratio remains healthy (253%), above industry average.

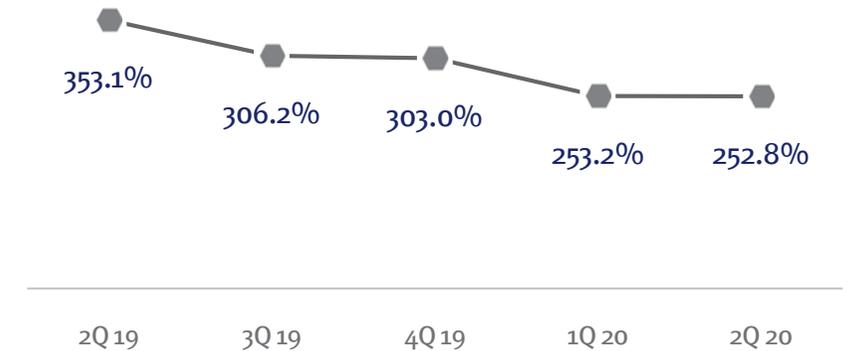
## NPL Ratio Trend (%)



## Impairment Charges (SARmn) & COR (%)



## NPL Coverage Trend (%)



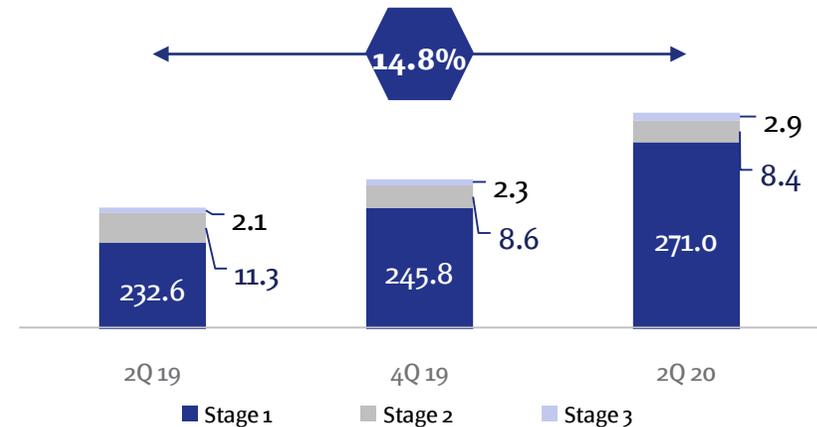
# Asset Quality Trends (2)

Healthy stage coverage and prudent risk management

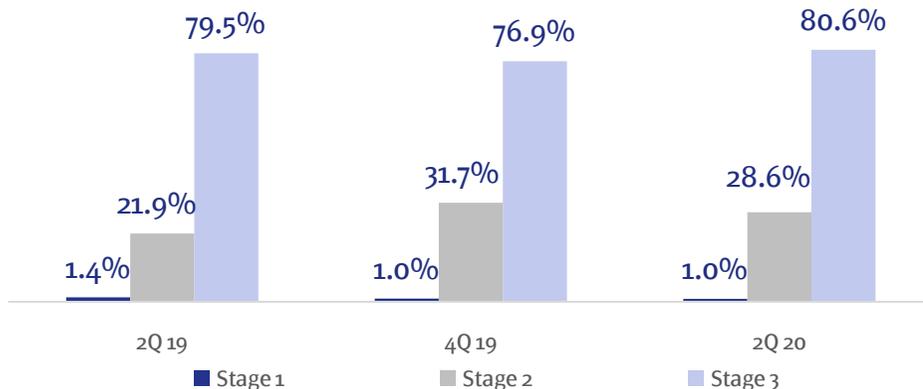
## Highlights

- 96% of the portfolio is stage 1, above industry coverage across all the stages.
- Gross charge of SAR 1,732mn has been taken including SAR 423mn of COVID-19 overlay.
- Further assessments of SICR and ECL are has been performed, will review it regularly inline with the current environment.

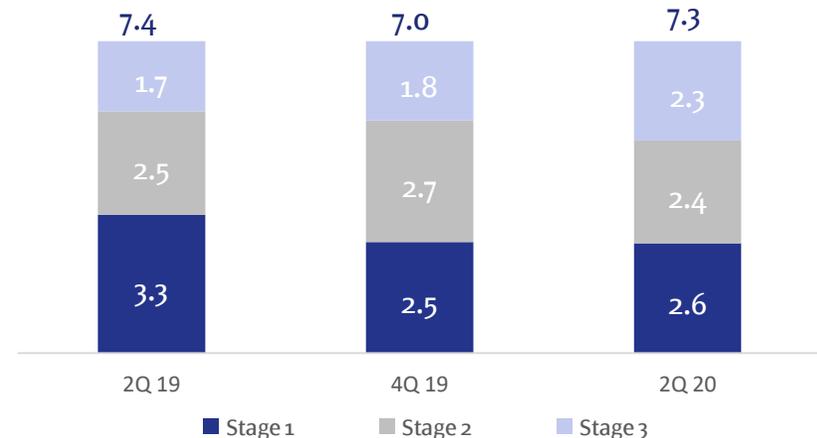
## Gross loans by Stage



## ECL Coverage (%)



## ECL Allowance (SARbn)



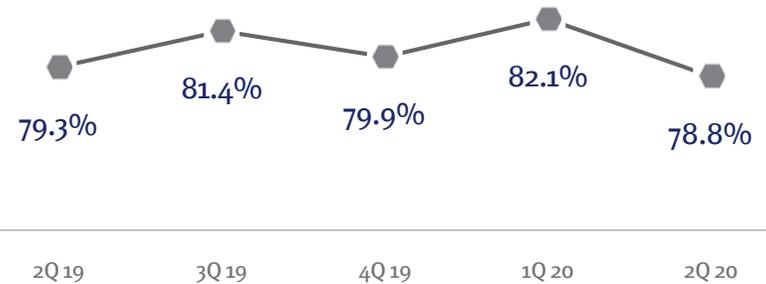
# Liquidity Trends

Liquidity remain comfortably within regulatory requirements

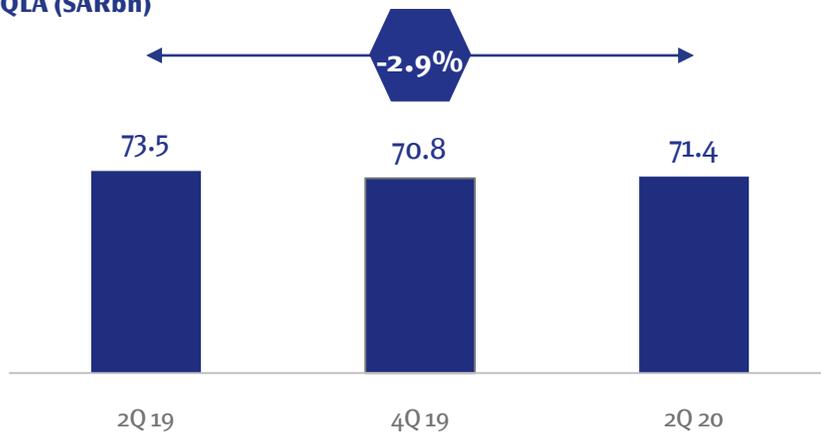
## Highlights

- LDR remains stable at (78.8%).
- Liquidity remains healthy, LCR at (164%) and NSFR at (127%).
- HQLA increased by (+0.8% YTD).

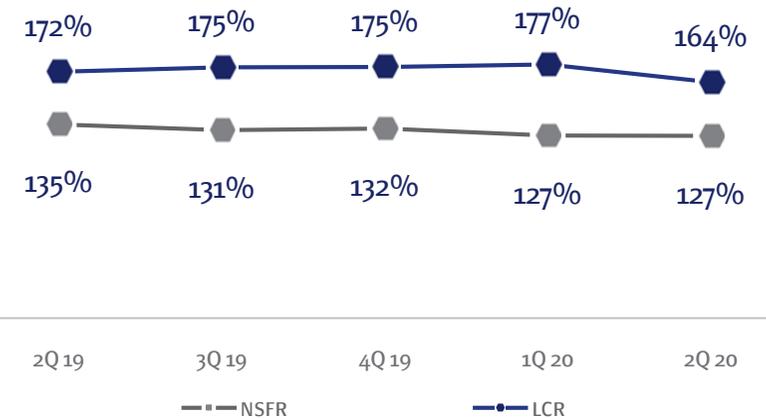
## Loan to deposit Ratios (%)



## HQLA (SARbn)



## Liquidity Ratios (%)

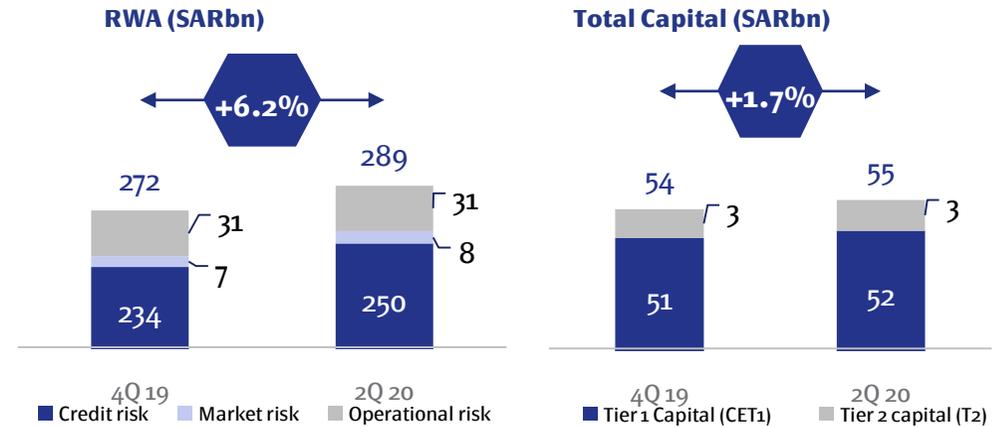


# Capitalisation Trends

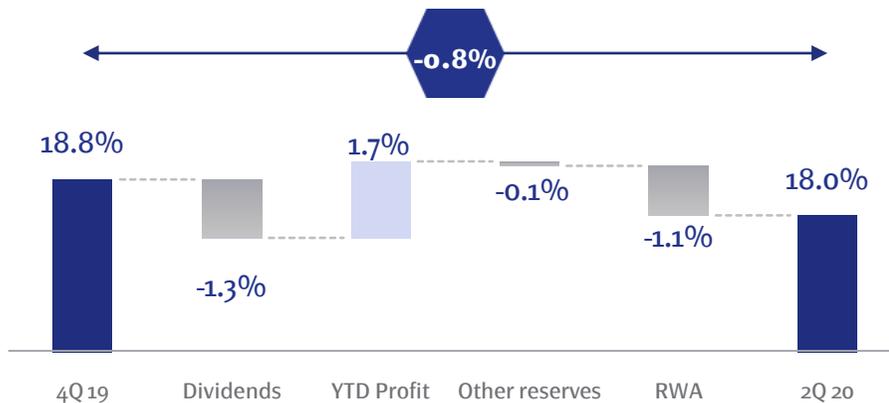
Capital position well above regulatory minima

## Highlights

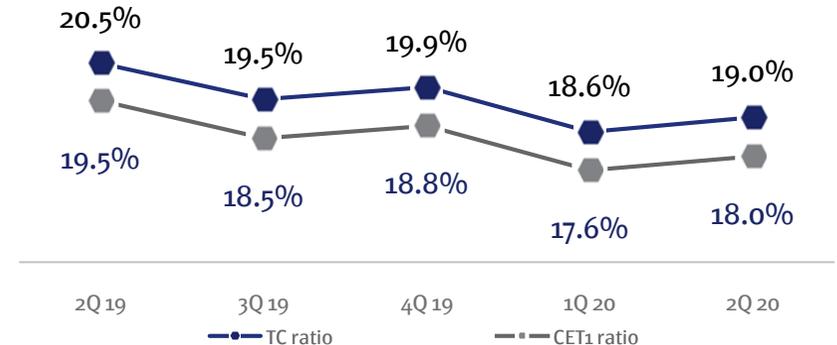
- Total Capital increased by (+1.7% YTD).
- Risk weighted assets increased by (+6.2% YTD) mainly driven by growth in credit risk.
- Improved CAR at (19.0%), and CET1 at (18.0%) driven by growth in total capital.



## CET1 Movment (%)



## Capital Ratios (%)



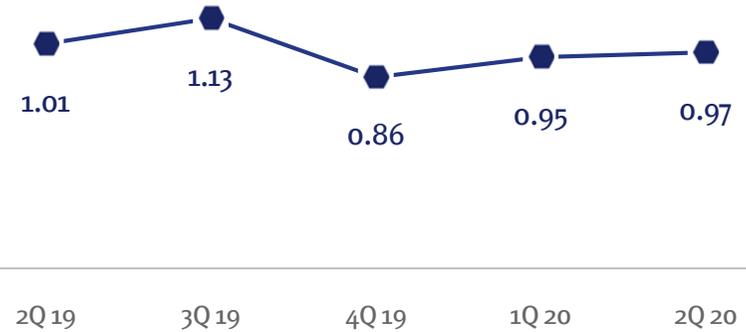
# Return Metrics

Returns remain well above industry average

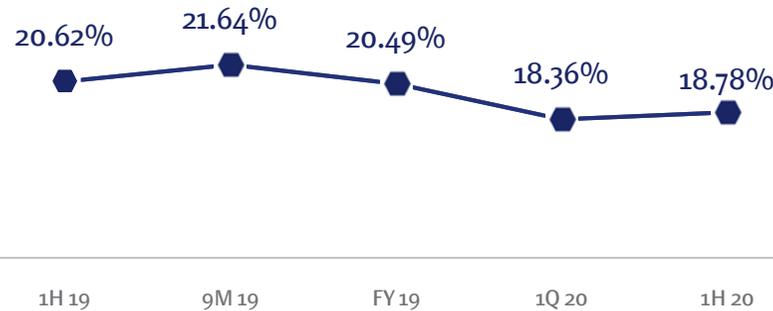
## Highlights

- Stable growth in EPS of (SAR 0.97).
- Market-leading ROE at (18.78%), well above peers.
- Solid ROA at (2.46%) given the growth in total assets.

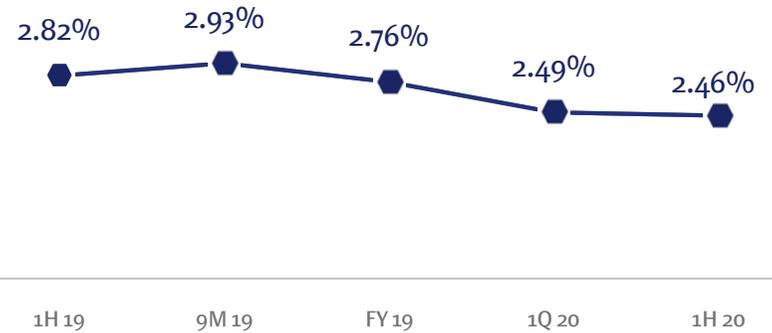
## Earnings Per Share (SAR)



## Return on Equity (%)



## Return on Assets (%)



# Operating Results

2Q 2020 Business Performance

# Retail Banking

Strong growth in net profit driven by higher fee income

## Highlights

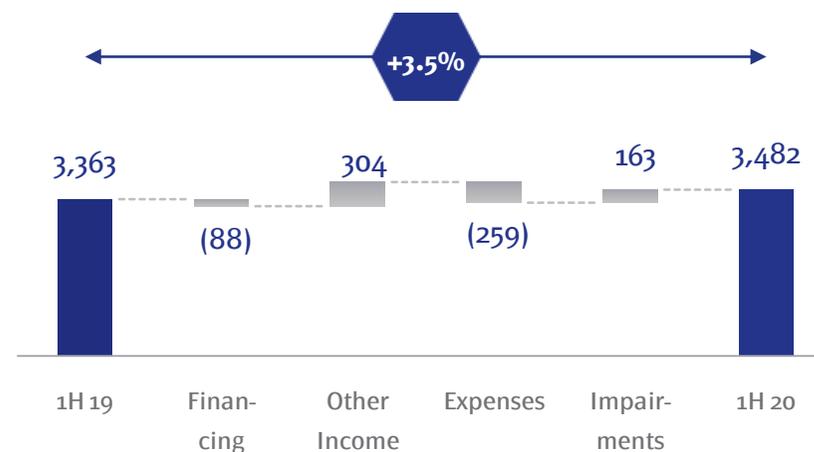
- Retail Banking net income increased by (+4% YoY), reflecting strong operating income performance.
- Total operating income grew (+3% YoY) mainly from Fees & other income, driven by better product mix in financing portfolio.
- Continued growth in assets (+19% YoY) and liabilities (+10% YoY) mainly from non-profit bearing deposit growth.

SAR (mn)	1H 2020	1H 2019	YoY %	2Q 2020	2Q 2019	YoY %
Net financing and investment income	5,884	5,972	-1.5%	2,909	3,138	-7.3%
Fee and other income	925	622	+48.8%	430	292	+47.3%
<b>Total operating income</b>	<b>6,809</b>	<b>6,594</b>	<b>+3.3%</b>	<b>3,339</b>	<b>3,430</b>	<b>-2.6%</b>
Operating expenses	2,794	2,535	+10.2%	1,394	1,364	+2.2%
Total impairment charge	534	696	-23.4%	260	312	-16.6%
<b>Net income for the period</b>	<b>3,482</b>	<b>3,363</b>	<b>+3.5%</b>	<b>1,684</b>	<b>1,753</b>	<b>-3.9%</b>
Total assets	231,642	194,929	+18.8%	231,642	194,929	+18.8%
Total liabilities	313,945	286,308	+9.7%	313,945	286,308	+9.7%

## Net Income (SARmn)



## Net Income Growth Drivers By Type (SARmn)



# Corporate Banking

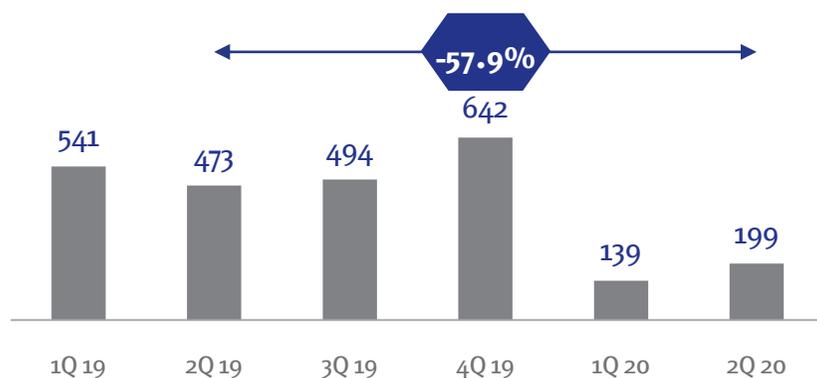
High impairment charge drives net income to decrease

## Highlights

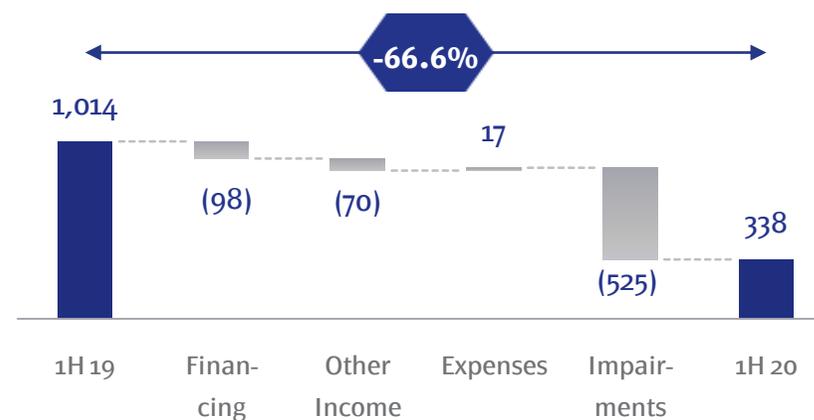
- Corporate Banking net income decreased by (-67% YoY) as a result of higher impairment charge .
- Total operating income decreased by (-13% YoY).
- Financing activities decreased by (-10% YoY) and fees decreased by (-28% YoY).

SAR (mn)	1H 2020	1H 2019	YoY %	2Q 2020	2Q 2019	YoY %
Net financing and investment income	914	1,012	-9.7%	379	496	-23.5%
Fee and other income	175	245	-28.4%	78	123	-36.2%
<b>Total operating income</b>	<b>1,090</b>	<b>1,257</b>	<b>-13.3%</b>	<b>458</b>	<b>619</b>	<b>-26.0%</b>
Operating expenses	150	167	-10.0%	75	84	-10.4%
Total impairment charge	602	77	+683.2%	184	62	+295.5%
<b>Net income for the period</b>	<b>338</b>	<b>1,014</b>	<b>-66.6%</b>	<b>199</b>	<b>473</b>	<b>-57.9%</b>
Total assets	63,611	63,917	-0.5%	63,611	63,917	-0.5%
Total liabilities	34,085	25,057	+36.0%	34,085	25,057	+36.0%

## Net Income (SARmn)



## Net Income Growth Drivers By Type (SARmn)



# Treasury

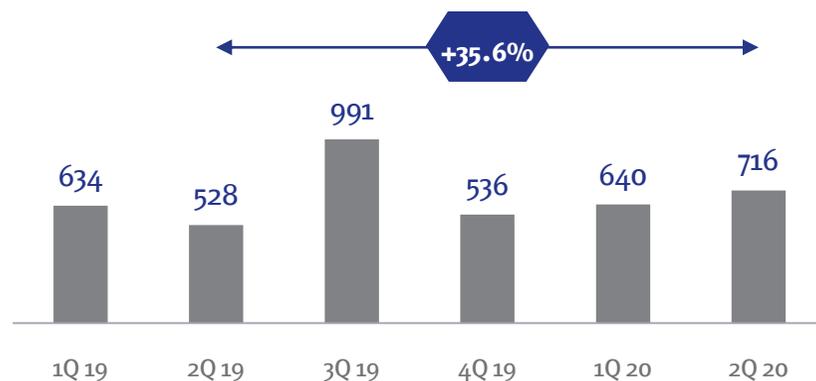
Solid profit growth from increased fee income

## Highlights

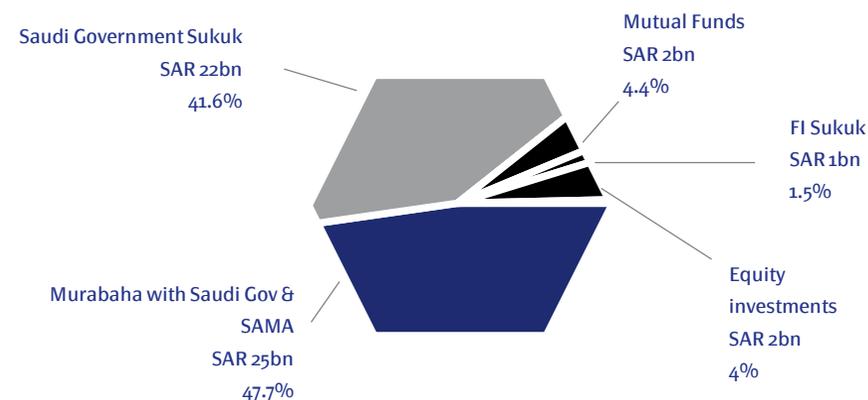
- Total operating income growth of (+12% YoY) driven by growth in investment income.
- Treasury net income rose (+17% YoY) as a result of lower expenses.
- Growth in assets (+11%) and liabilities (+123%).

SAR (mn)	1H 2020	1H 2019	YoY %	2Q 2020	2Q 2019	YoY %
Net financing and investment income	1,256	1,010	+24.4%	668	422	+58.3%
Fee and other income	353	425	-16.9%	191	279	-31.7%
<b>Total operating income</b>	<b>1,609</b>	<b>1,435</b>	<b>+12.1%</b>	<b>859</b>	<b>701</b>	<b>+22.5%</b>
Operating expenses	238	271	-12.5%	129	162	-20.6%
Total impairment charge	16	2	+663.0%	14	11	+25.6%
<b>Net income for the period</b>	<b>1,356</b>	<b>1,162</b>	<b>+16.7%</b>	<b>716</b>	<b>528</b>	<b>+35.6%</b>
Total assets	119,357	107,537	+11.0%	119,357	107,537	+11.0%
Total liabilities	17,575	7,891	+122.7%	17,575	7,891	+122.7%

## Net Income (SARmn)



## Investments, Net Mix By Asset (SARbn)



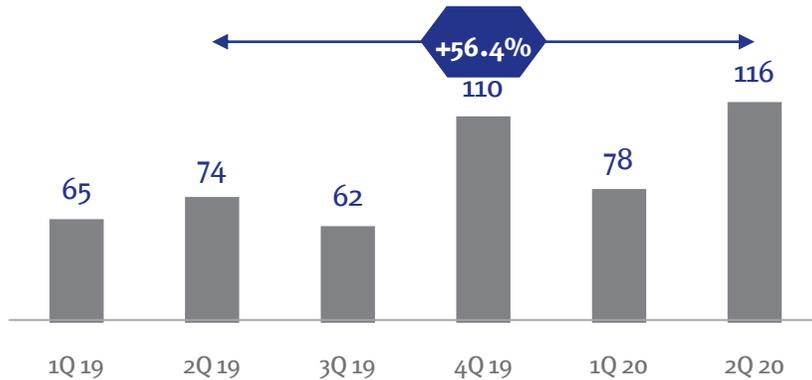
## Healthy growth driven by higher operating income

### Highlights

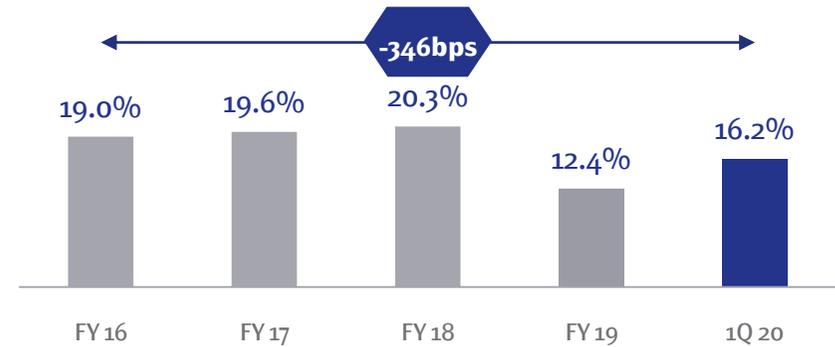
- Net income for Rajhi Capital increased by (+40% YoY) driven by (+25% YoY) operating income growth.
- Total operating income growth driven by excellent growth of (+138% YoY) in Investment income and (+20% YoY) fee income.
- ARC market share increased by 380 bps YTD.

SAR (mn)	1H 2020	1H 2019	YoY %	2Q 2020	2Q 2019	YoY %
Net financing and investment income	24	10	+138.1%	11	5	+122.0%
Fee and other income	244	204	+19.5%	141	106	+32.6%
<b>Total operating income</b>	<b>267</b>	<b>214</b>	<b>+25.0%</b>	<b>152</b>	<b>111</b>	<b>+36.7%</b>
Operating expenses	73	75	-2.6%	36	37	-3.1%
Total impairment charge	0	0		0	0	
<b>Net income for the period</b>	<b>194</b>	<b>139</b>	<b>+39.8%</b>	<b>116</b>	<b>74</b>	<b>+56.4%</b>
Total assets	3,074	3,136	-2.0%	3,074	3,136	-2.0%
Total liabilities	149	124	+20.2%	149	124	+20.2%

### Net Income (SARmn)



### Market Share - Al Rajhi Capital Brokerage (Value traded)





# Appendix

Additional Information

# Board of Directors

## Members



**Chairman**  
Abdullah bin Sulaiman Al Rajhi  
Non-Executive



Salah bin Ali AbalKhail  
Non-Executive



**Vice Chairman**  
Alaa bin Shakib Al Jabiri  
Independent



Bader bin Mohammed Al Rajhi  
Non-Executive



Khaled bin Abdulrahman Al Qoaz  
Non-Executive



Abdulaziz bin Khaled Al Ghefaily  
Non-Executive



Ibrahim F. Al-Ghofaily  
Independent



Ameen F. Al Shiddi  
Non-Executive



Hamza O. Khushaim  
Non-Executive



Raed A. Al-Tamimi  
Independent



Abdulfatif A. Alseif  
Independent

# Management Team

International expertise combined with deep roots in Saudi Arabia



**Chief Executive Officer**  
Waleed Al-Mogbel  
Banking experience: 22 years



**Chief Financial Officer**  
Abdulrahman Al Fadda  
Banking experience: 22 years



**Chief Operating Officer**  
Robin Jones  
Banking experience: 30 years



**Chief Risk Officer**  
Abdulaziz Alresais  
Banking experience: 19 years



**Chief Compliance Officer**  
Abdullah Sulaiman Alnami  
Banking experience: 25 years



**Chief Human Resources Officer**  
Ahmed Alsudais  
Banking experience: 17 years



**GM - Digital & Payments**  
Saleh Alzumaie  
Banking experience: 29 years



**GM - Corporate**  
Hossam Al Basrawi  
Banking experience: 23 years



**GM - Treasury**  
Abdulrahman Alajaji  
Banking experience: 15 years



**GM - Sharia**  
Saleh Al-Haidan  
Banking experience: 34 years



**Chief Internal Audit Officer**  
Abdulaziz Alshushan  
Banking experience: 19 years

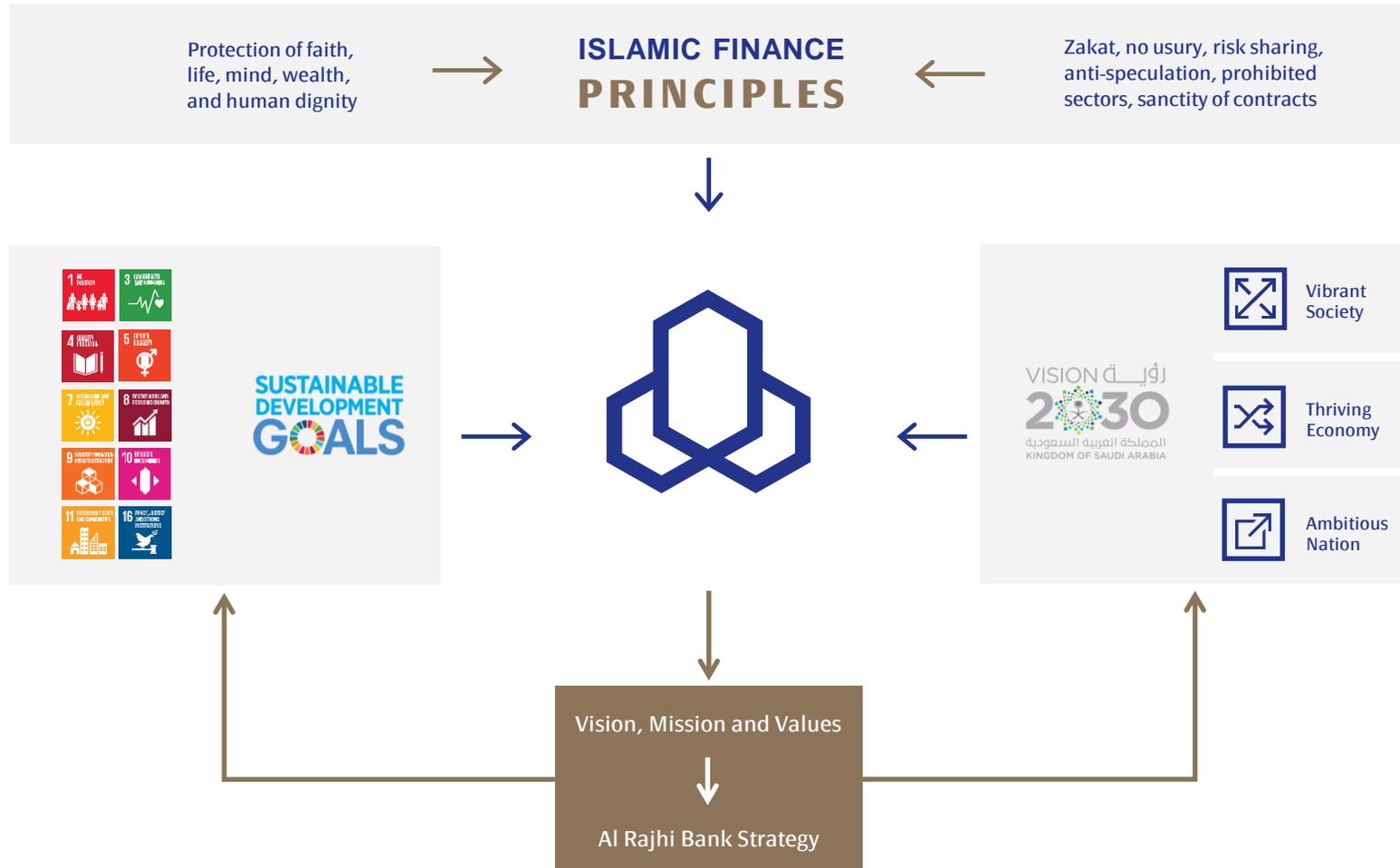


**Chief Governance & Legal Officer**  
Omar Almudarra  
Banking experience: 20 years

# Al Rajhi Bank ESG Investor Presentation

# ESG is part of Al Rajhi Bank's DNA

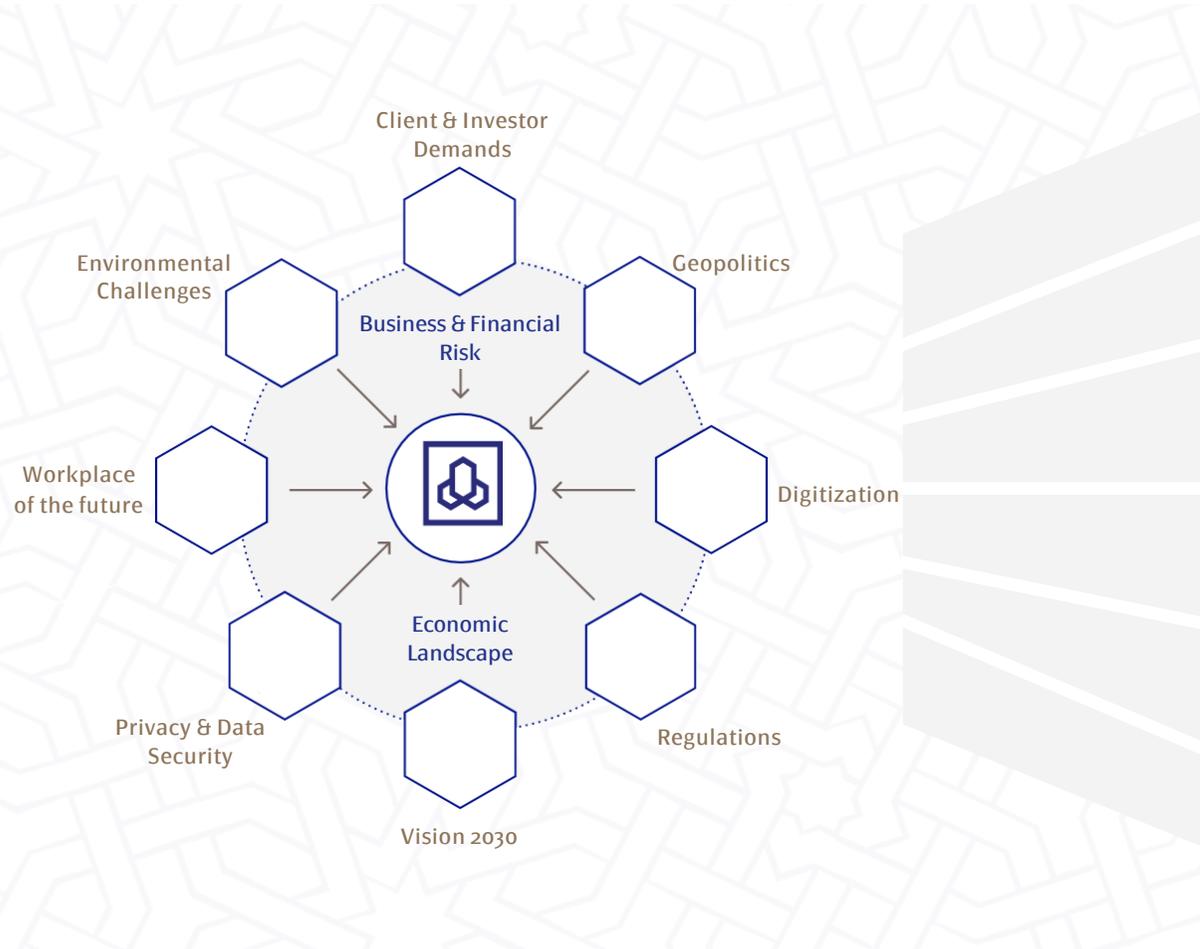
Ethical values are central to Islamic Finance, UN SDGs and KSA Vision 2030



# Developments impacting Al Rajhi Bank's operating environment

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

## Major Factors



## 'ABCDE' Strategy



**Accelerate growth**  
Improve portfolios in key customer segments



**Become Employer of choice**  
Create a performance-driven culture where the customer comes first



**Customer focus**  
Provide greater convenience and security in customer offering



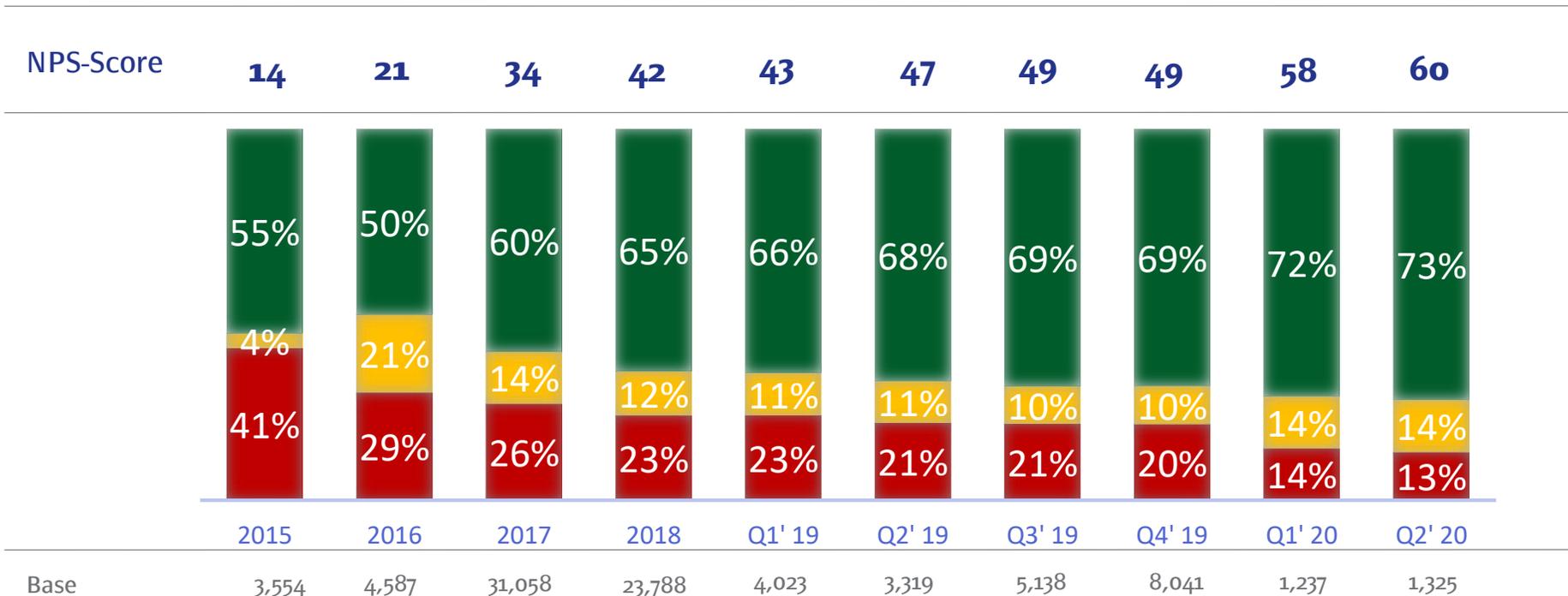
**Digital leadership**  
Expand digital channels and migrate customers to self-service banking



**Execution excellence**  
Explore and execute measures to improve operations

# Placing customer relationships at the heart of ARB

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



**We ask customers:**

Based on your experience with your main bank, how likely are you to recommend it to a friend, relative or colleague, on a scale from 0 to 10?

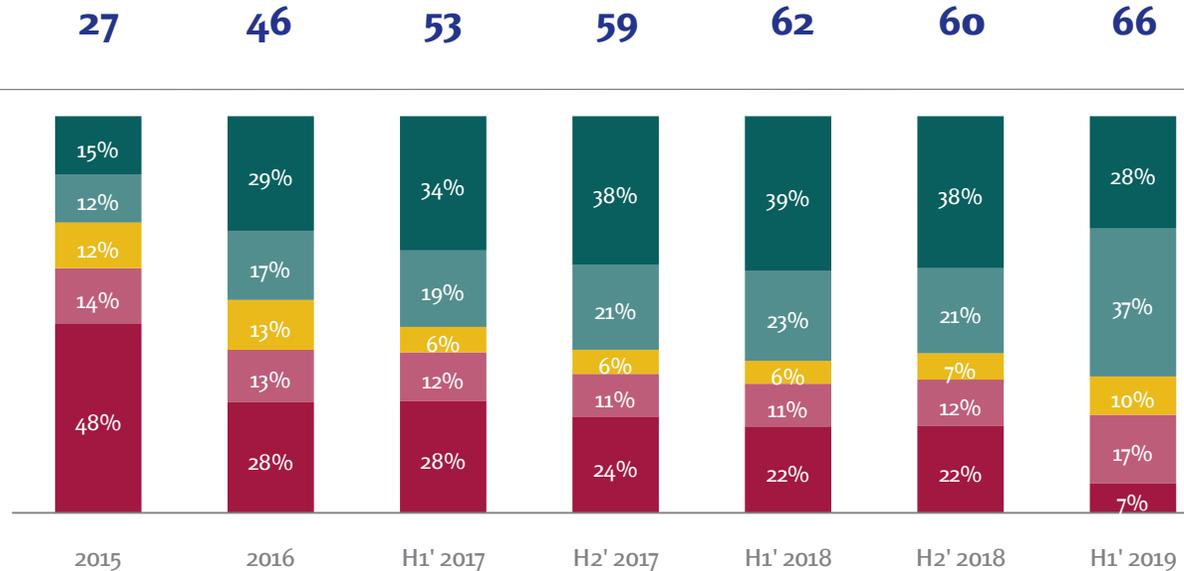


# Ensuring ARB staff are proud, valued and energized

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



EEI Score = Highly Engaged + Engaged



Base

3,934

4,398

3,003

3,435

2,598

2,407

2,723

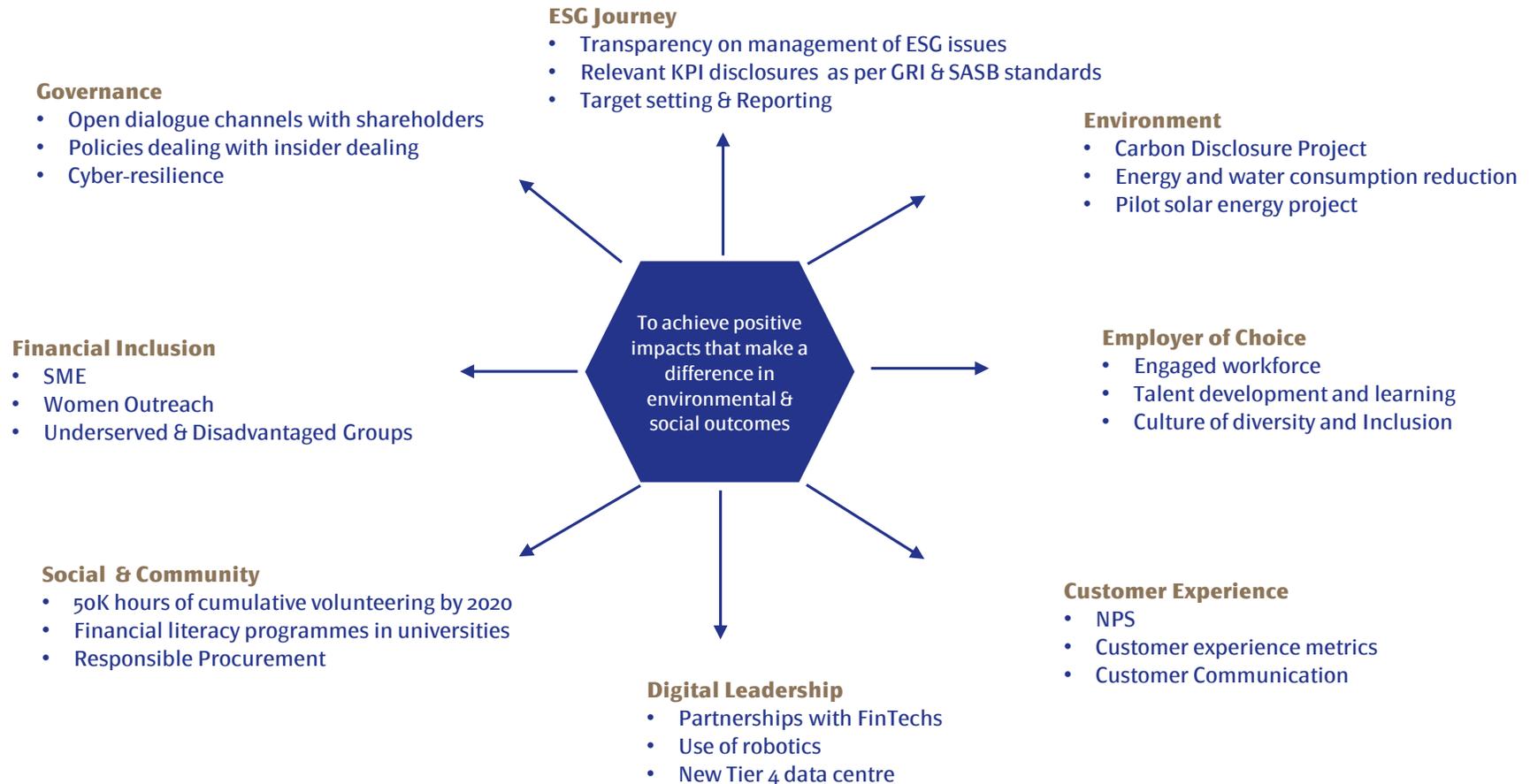
**We ask employees three equal-weighted questions to calculate the Employee Engagement Index score:**

1. I am proud to work for Al Rajhi Bank
2. I feel valued
3. I am energized by work I do



# Conclusion and the way forward

We believe our future success is interlinked with the well-being of our stakeholders.



# Additional Information

Contact investor relations for more information

Mr. Amr M. Sager

Head of Investor Relations

Tel: +966 (11) 828 3536

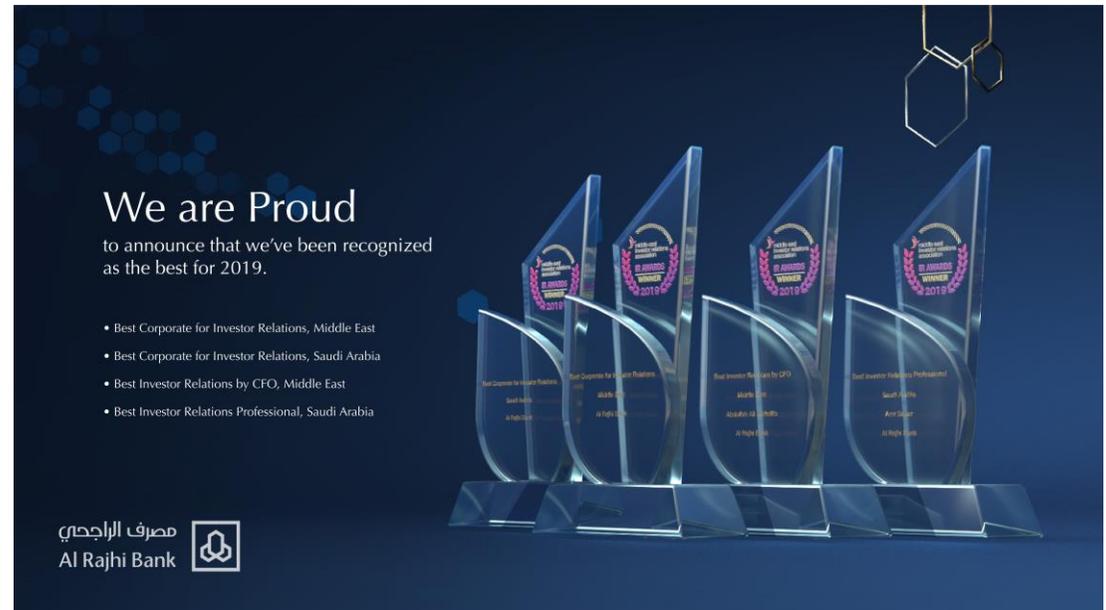
Email: [sagera@alrajhibank.com.sa](mailto:sagera@alrajhibank.com.sa)

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