



Al Rajhi Bank Investor Presentation

2Q 2021 Results



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IR Contact Information



The World's Leading Islamic Bank

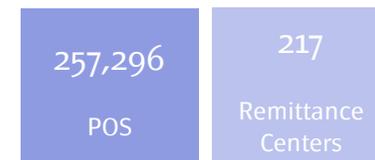
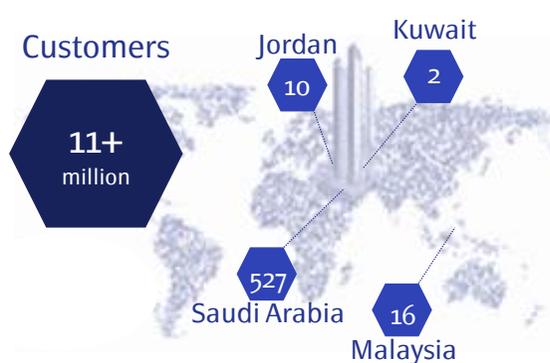
Al Rajhi Bank

Islamic Banking, Everywhere

At a glance, 1H2021



Presence & Branches, 1H2021



Largest network in Saudi Arabia

1H2021 Strategic Highlights

Avg Transactions/mth



Digital Customers



Training Days



Volunteering Hrs



1H2021 Financial Highlights



- 24% YTD Net Financing Growth
- 18.0% CAR
- 0.17% Cost of Funds





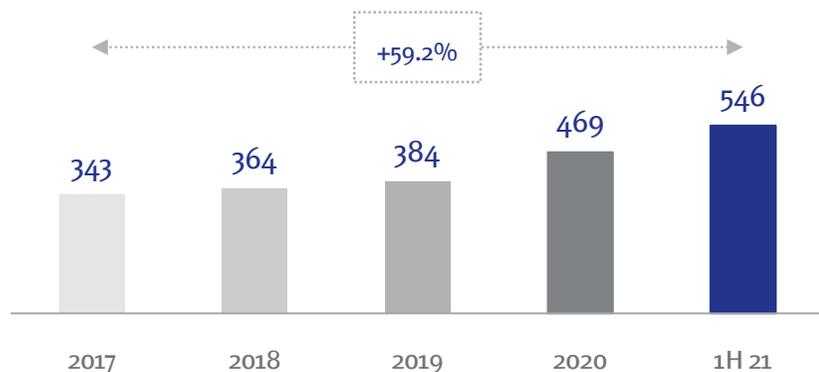
Top 10 Facts about Al Rajhi Bank

- 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**
(81% Non -profit bearing deposits)
- 4 **Bank capitalisation among the highest in GCC**
(18.0% Total Capital ratio)
- 5 **#1 NPS in KSA**
(71% as on 1H2021)
- 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**
(450mn per month, average)
- 9 **#1 Bank for remittances in Middle East**
(by payment value)
- 10 **#1 Bank brand in KSA**
(Brand Power Score)

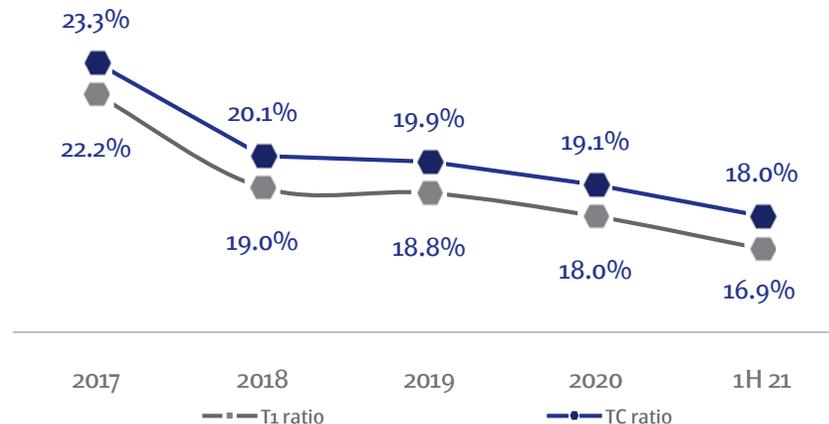
The World's Leading Islamic Bank

Robust balance sheet with 80% non-profit-bearing deposits, as of 1H 2021

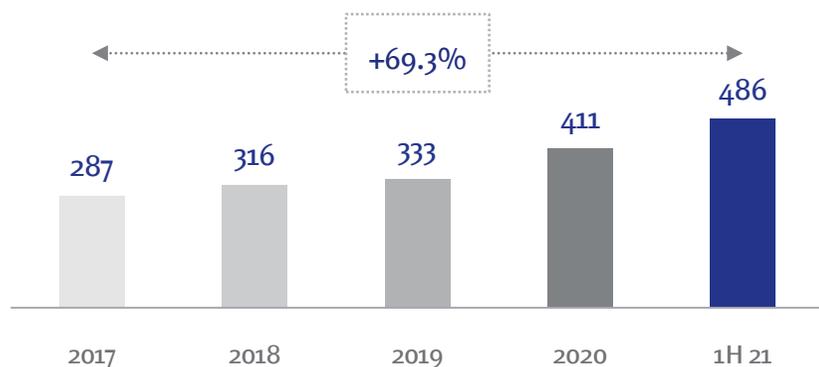
Total Assets (SARbn)



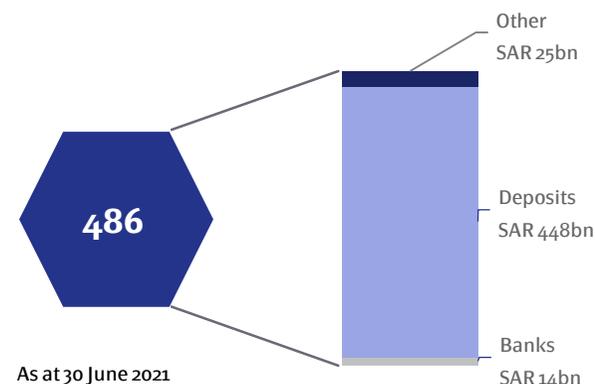
Capital Ratios (%)



Total Liabilities (SARbn)



Total Liabilities Mix By Type (SARbn)

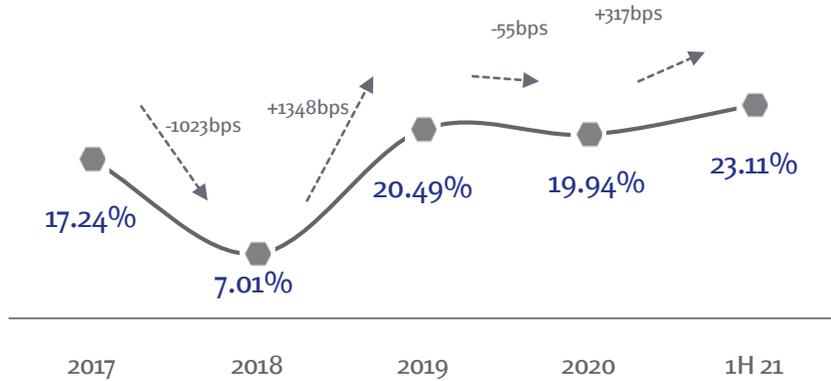


The World's Leading Islamic Bank

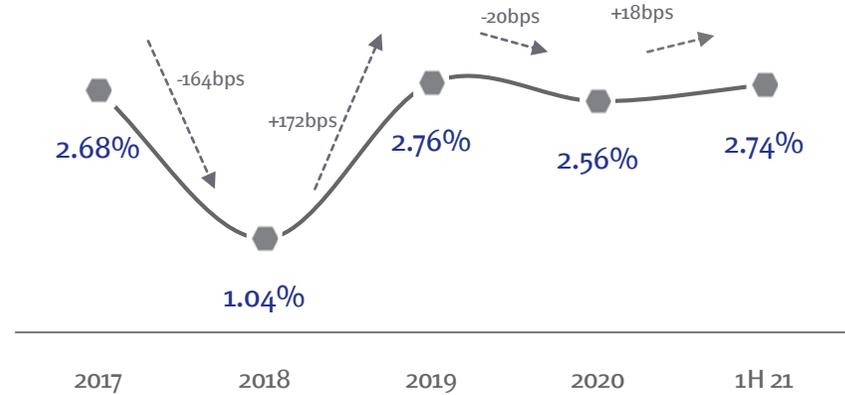
Outstanding foundation and strong returns



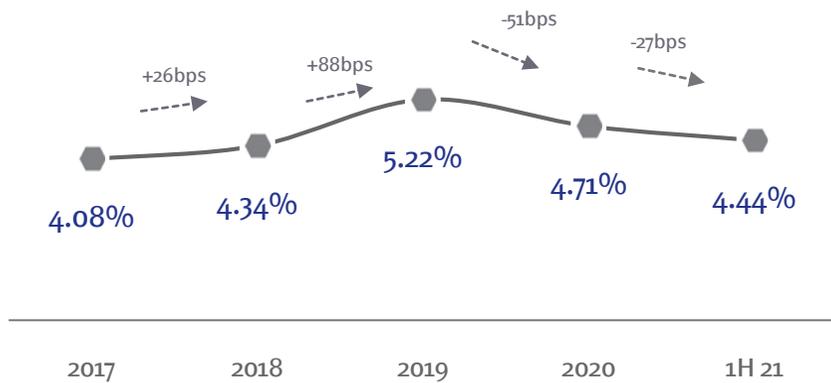
ROE (%)



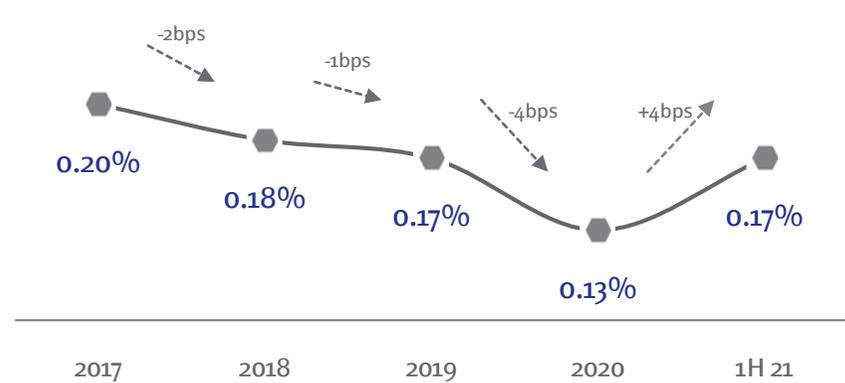
ROA (%)



Net Profit Margin (%)



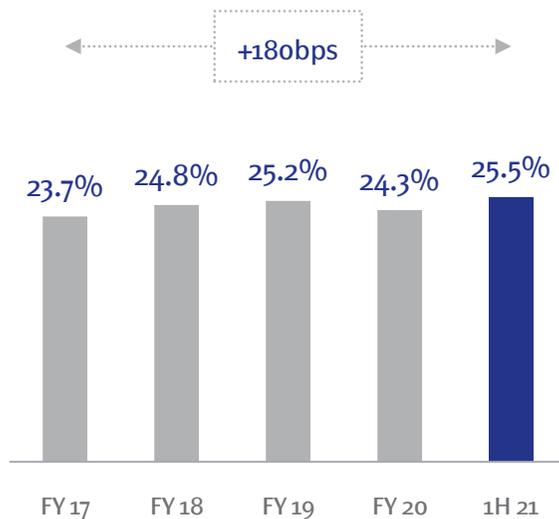
Cost of Funds (%)



What sets Al Rajhi Bank apart

ARB has the largest retail banking business in the Middle East

Market Share - Demand Deposits

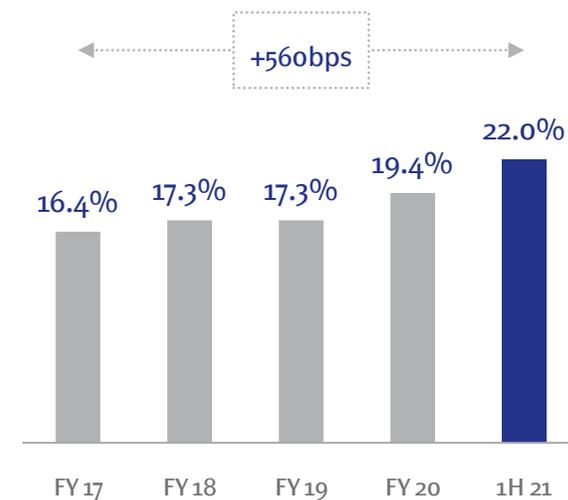


#2 in Saudi Arabia

11 Million
Customers

#1 in Saudi Arabia

Market Share - Deposits



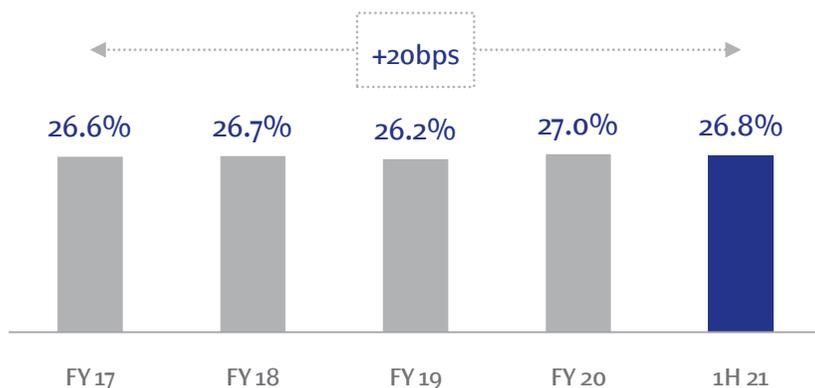
#2 in Saudi Arabia

Al Rajhi Bank's Leading Network

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

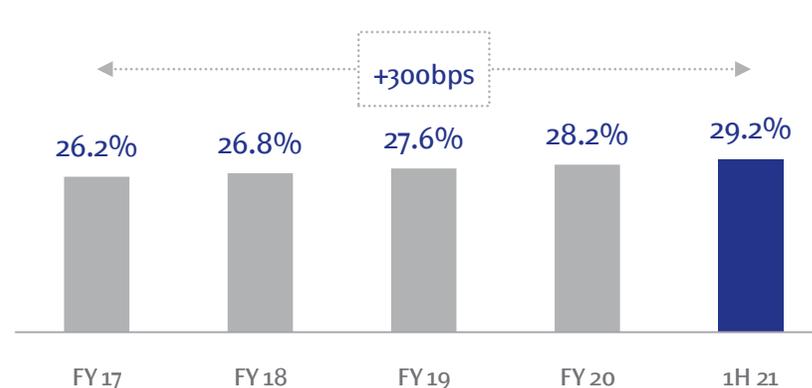
#1 in Branches

Market Share - Branches



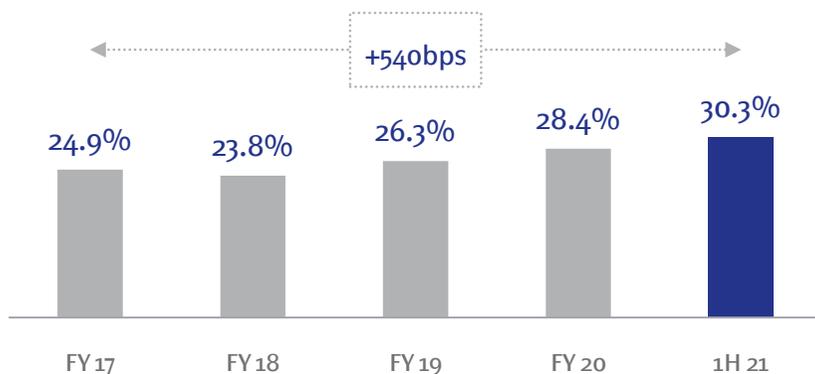
#1 in ATMs

Market Share - ATMs



#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

Market Share - Remittance Centers



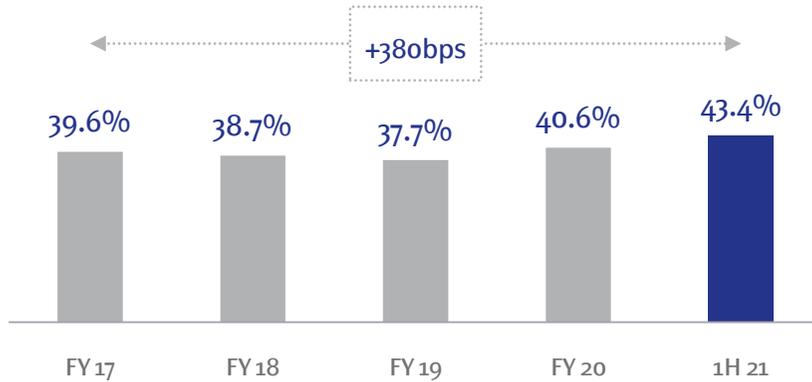
Source: SAMA

ARB has a unique franchise

We capture high market share across key products

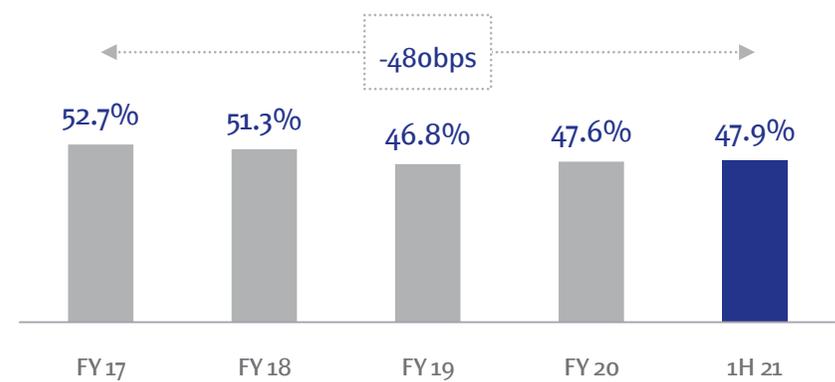
#1 in Personal Loans

Market Share - Personal Loans



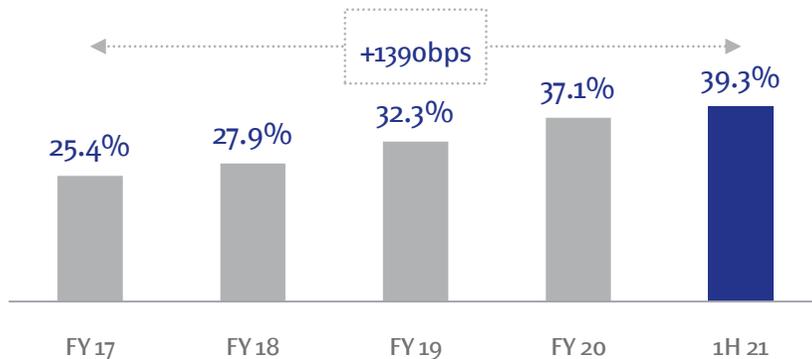
#1 in Auto Loans

Market Share - Auto Loans



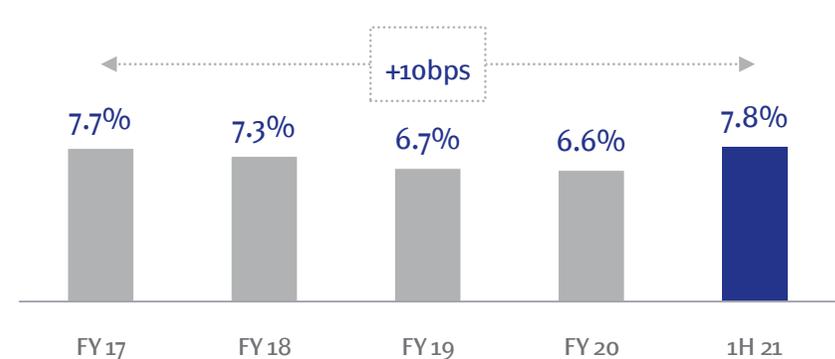
#1 in Mortgages

Market Share - Mortgages



Improving Position in Corporate Loans

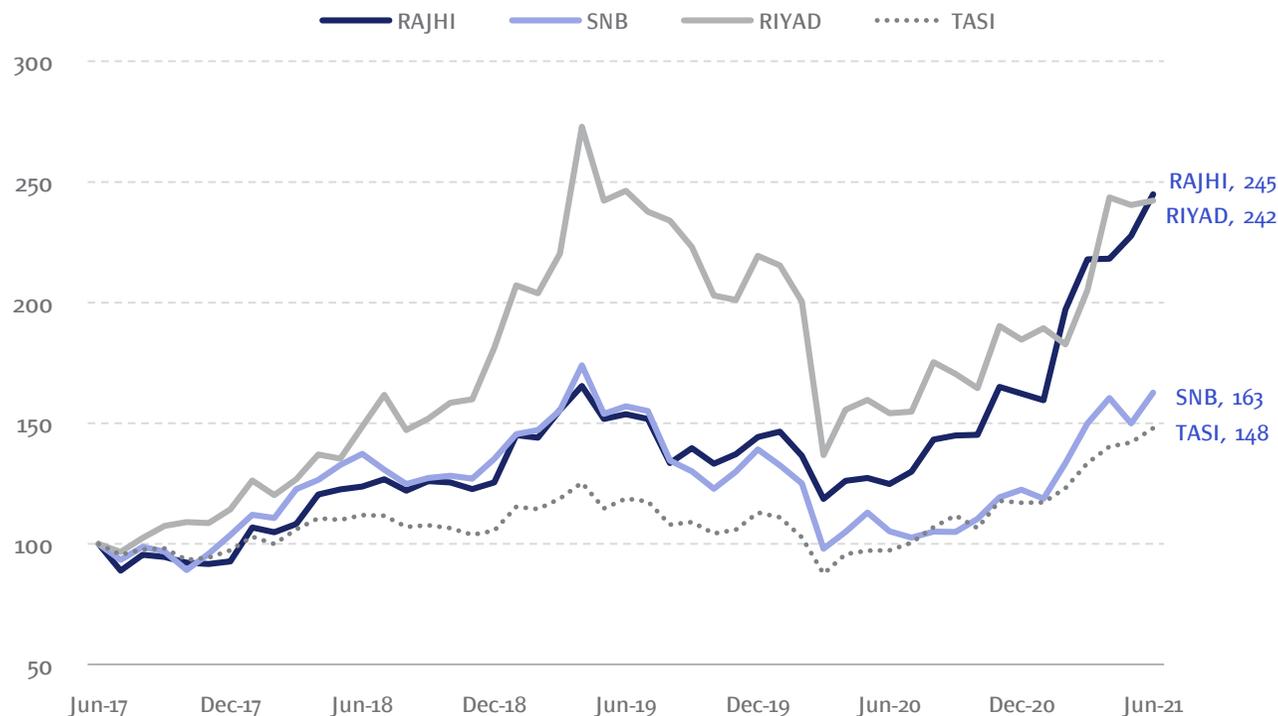
Market Share - Corporate Loans



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 June 2021

Key Metrics

Closing Price	SAR 111.0
Market Cap	SAR 277.0 bn
Market Cap / % Industry	32.3%
Market Cap / % Tadawul	2.9%
Shares outstanding	2,500 bn
90D Volatility	25.74
Price / Earnings	21.86 x
Price / Book	4.65 x
Dividend Yield	2.52%

Sources: Bloomberg; Tadawul; RAJHI Financials

Ratings

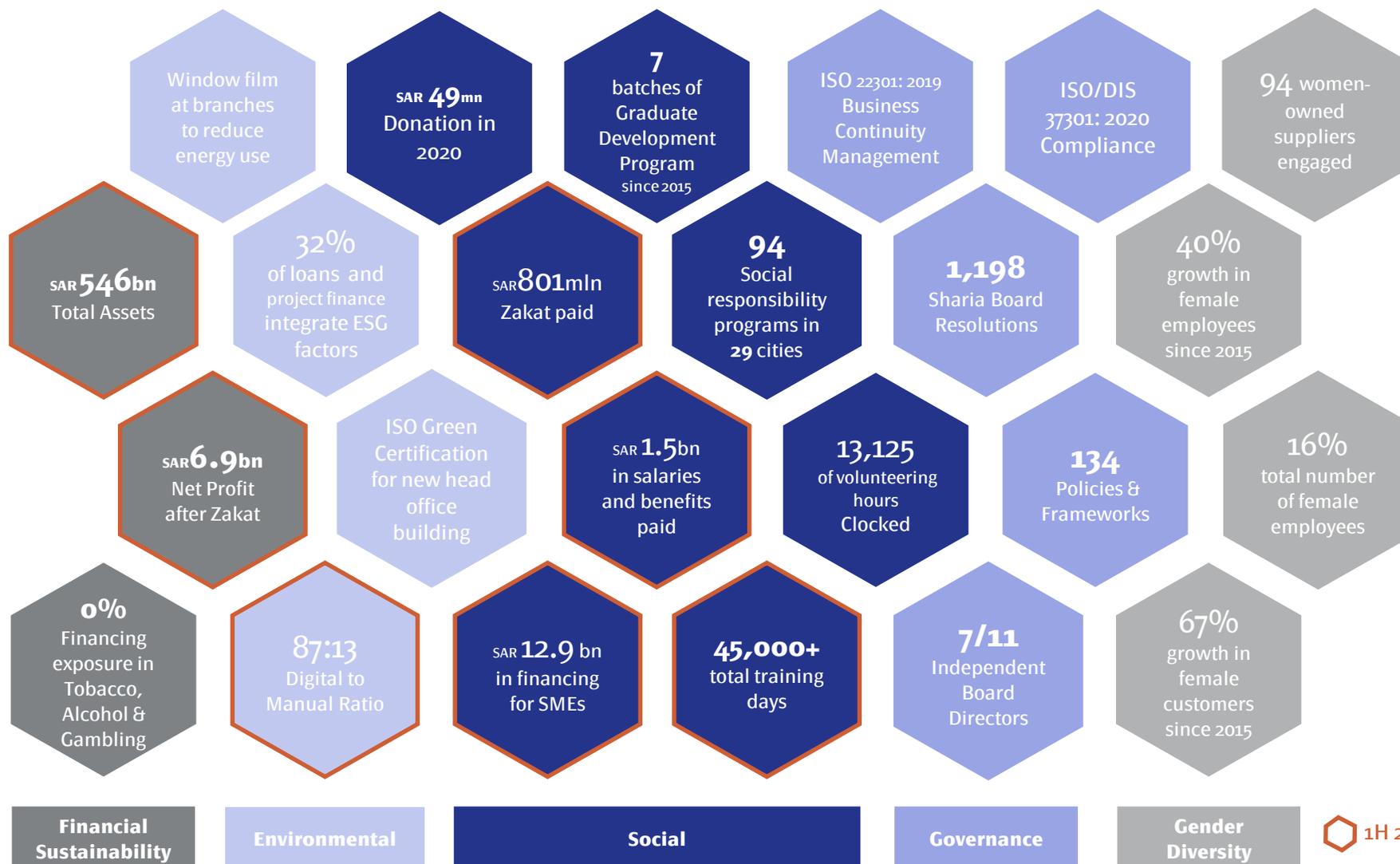
Moody's	A1
S&P	BBB+
Fitch	A-

	Al Rajhi Bank	SNB	Riyad Bank	Kuwait Finance House	First Abu Dhabi Bank	Qatar National Bank	Emirates NBD
Rebased to 100	245	163	242	230	159	141	169
As of 30 June 2021	111.0 SAR	57.6 SAR	26.5 SAR	759 KWD	16.70 AED	17.95 QAR	13.25 AED

Source: Stock Exchanges

ESG Highlights

1H 2021



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 IR 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)**



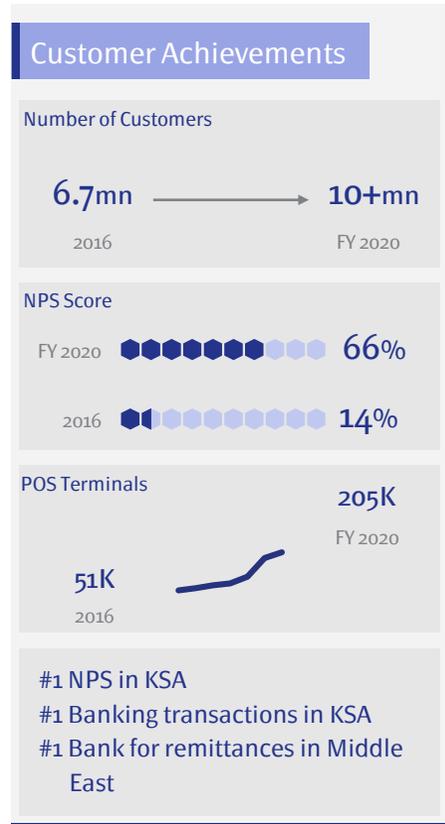
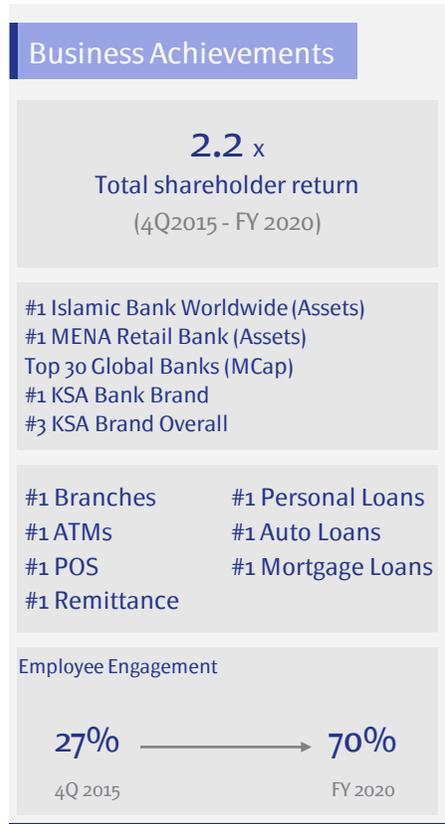
- **Best Investor Relations Program (2020) – Saudi Capital Markets Awards (2020)**



Since inception of ABCDE,
the world has changed

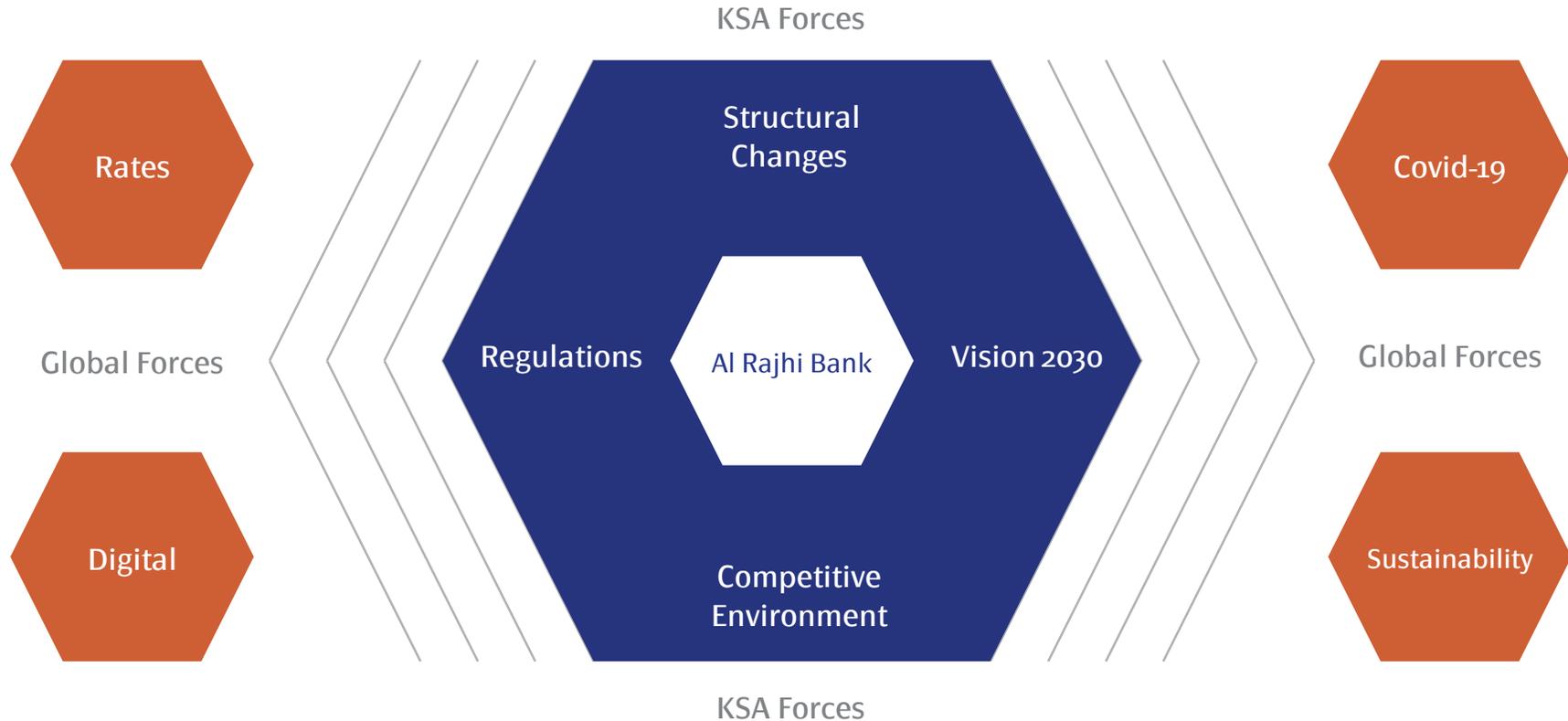
ABCDE Strategy Initiatives & Outcomes

Al Rajhi Bank's 2016-2020 Strategy achieved a lot and set a strong foundation



Global and KSA Market Forces

A forcefield of risks and opportunities

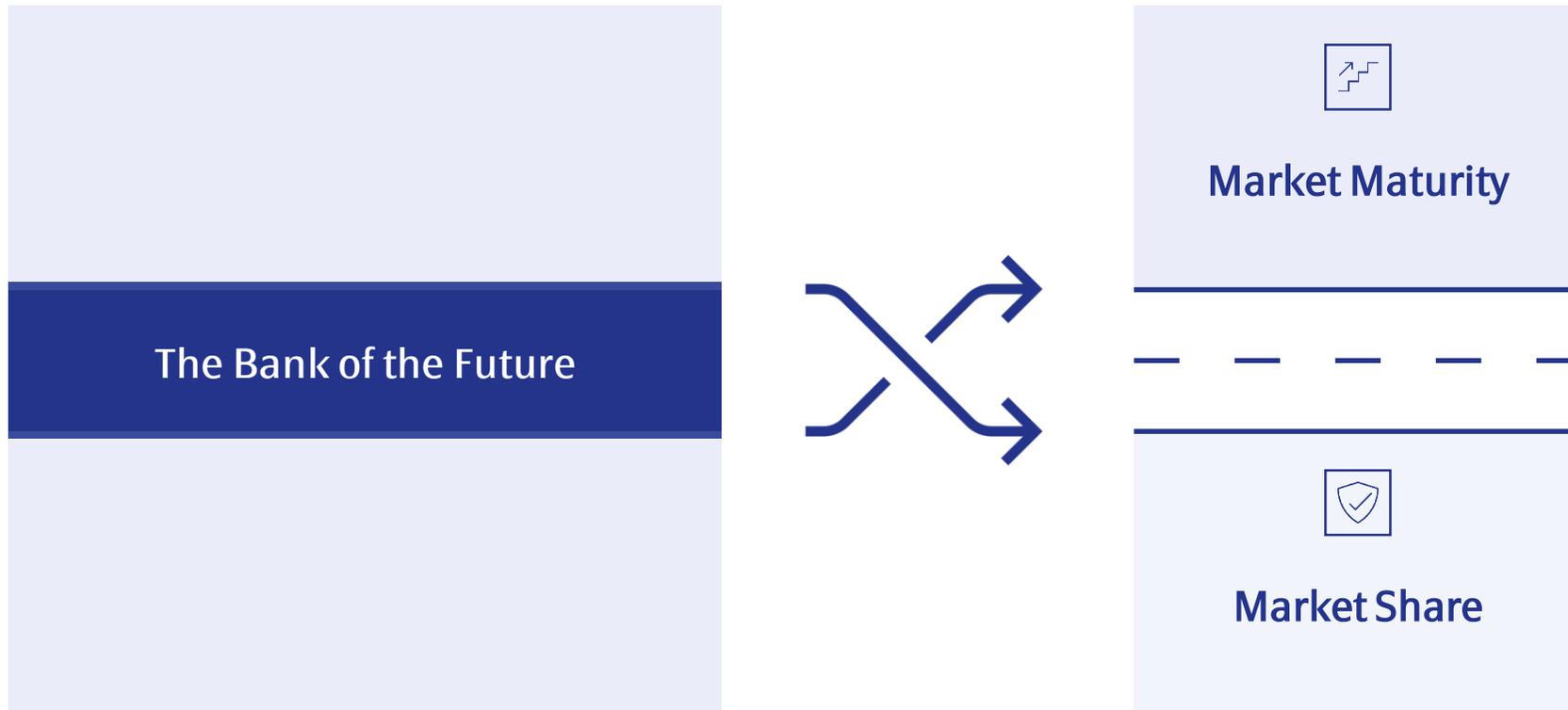




Where are **future opportunities**
for growth?

Where are the growth opportunities?

The Bank of the Future has two main avenues for growth in KSA



The Bank of the Future has two avenues for growth

A maturing market in KSA and market share growth



Market Maturity



Mega Projects, Privatization, Capital Markets



Underpenetrated KSA Financial Services



Mobile / Digital



Home-ownership



Income, Wealth, Lifestyle, Demographics

A growing
addressable market



Market Share



Leverage Retail to areas previously not focused on



Corporate, Treasury, Al Rajhi Capital, Payments



Ecosystems (build on reach of 1/4 KSA population)



PB, WM, NST, Private Sector, Bancassurance

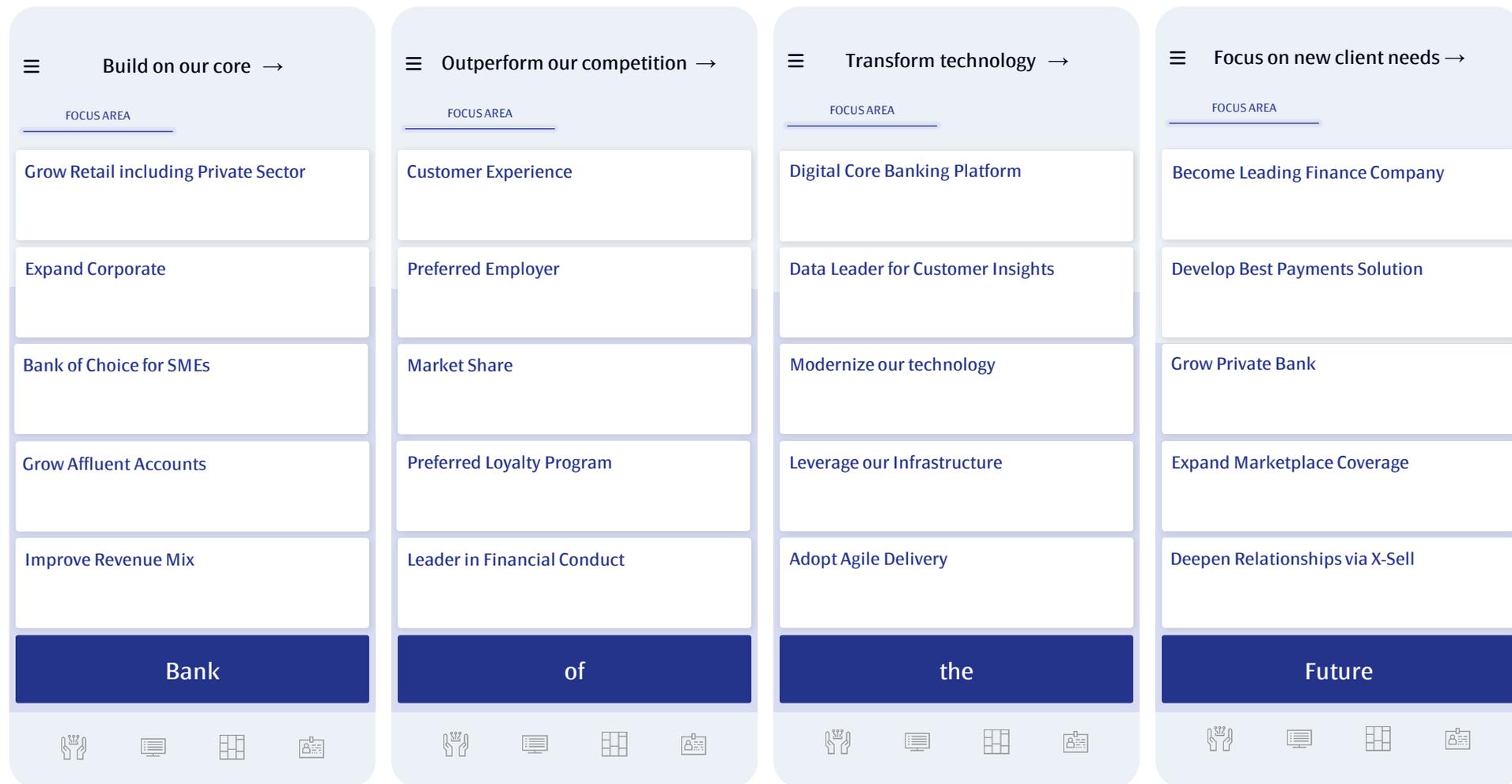
Defend & Grow
Market Share



We are building the
"Bank of the Future"

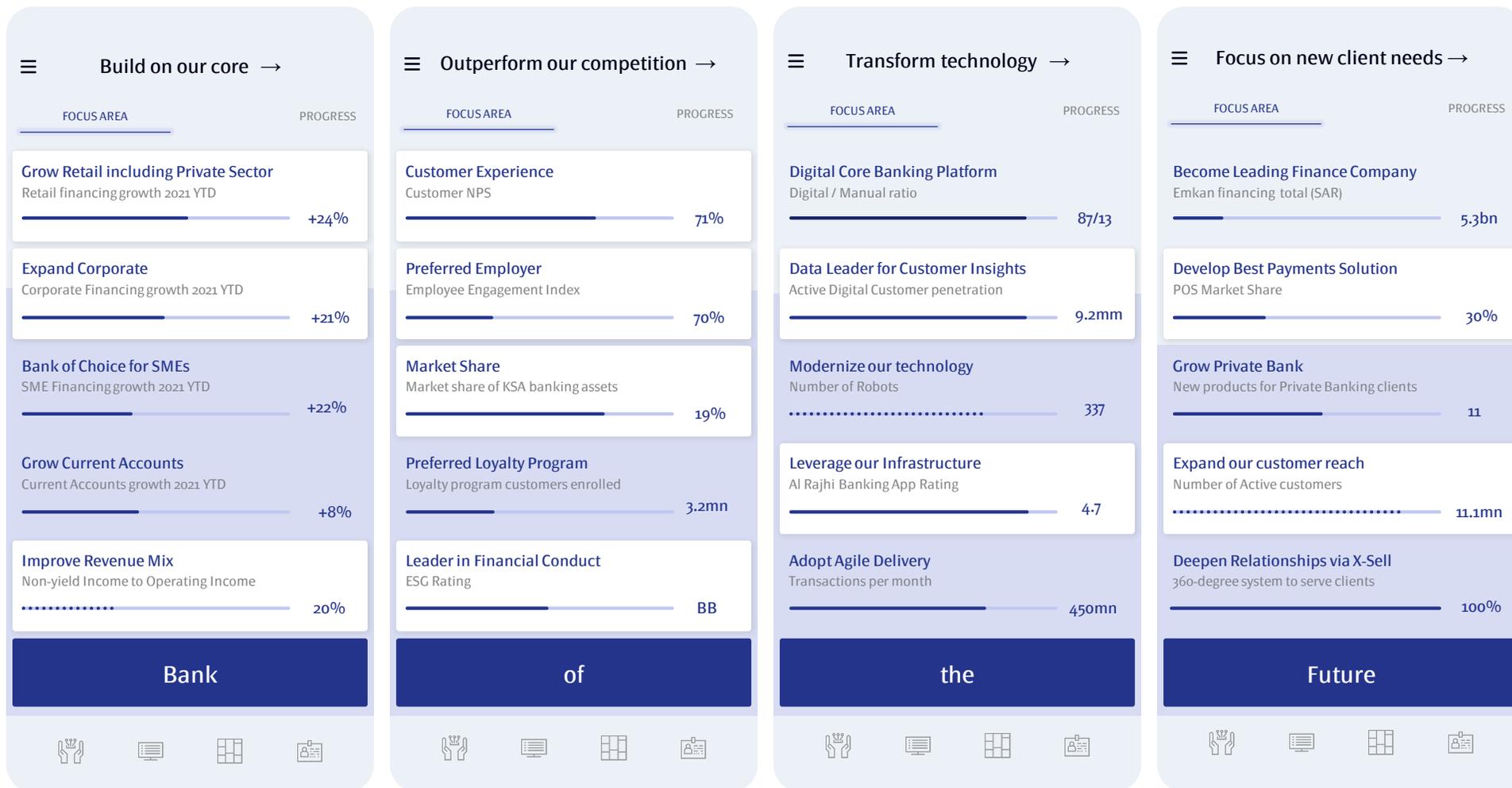
We are building the "Bank of the Future"

Strategy 2021-2023



In strong position to deliver the "Bank of the Future"

Good progress made on strategy implementation



Sources: Al Rajhi Bank, SAMA, Bank Financial Statements



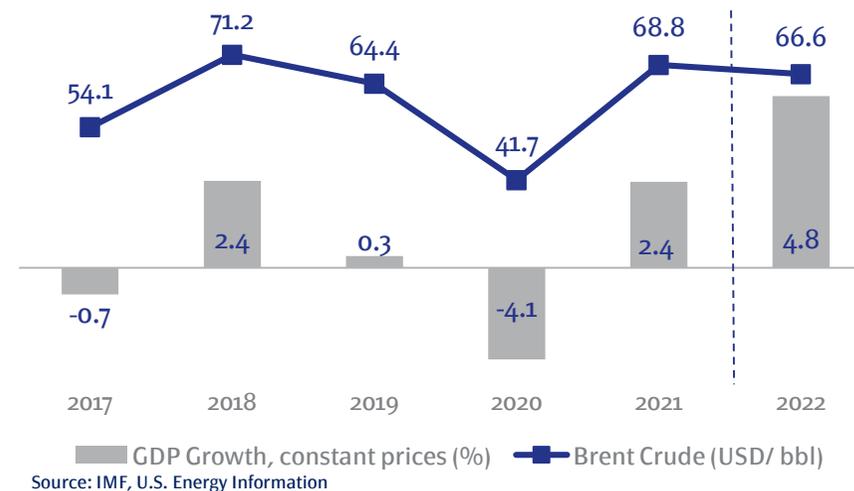
KSA's Macro-Economic Environment

Improved economic conditions compared to 2020

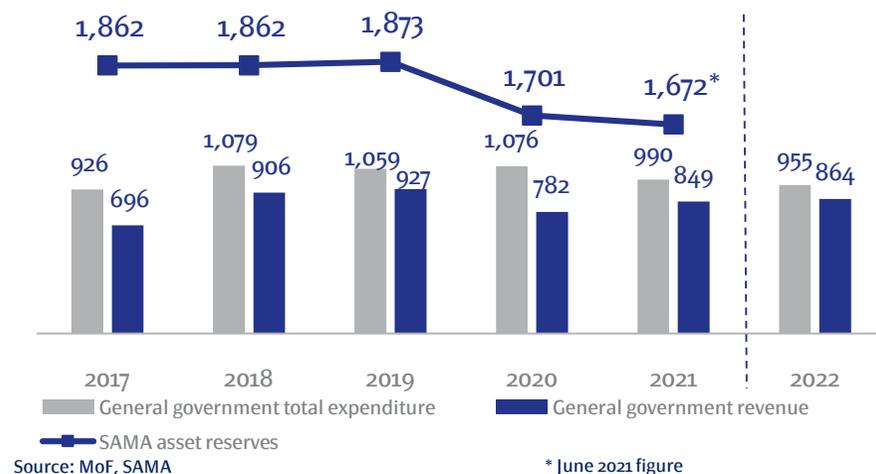
Highlights

- IMF has revised up 2021 GDP growth forecast to 2.4% driven by recovery in oil prices and economic activities.
- Saudi is keeping its fiscal expenditure at the budgeted level.
- Average inflation is forecasted to be 3.2% in 2021.

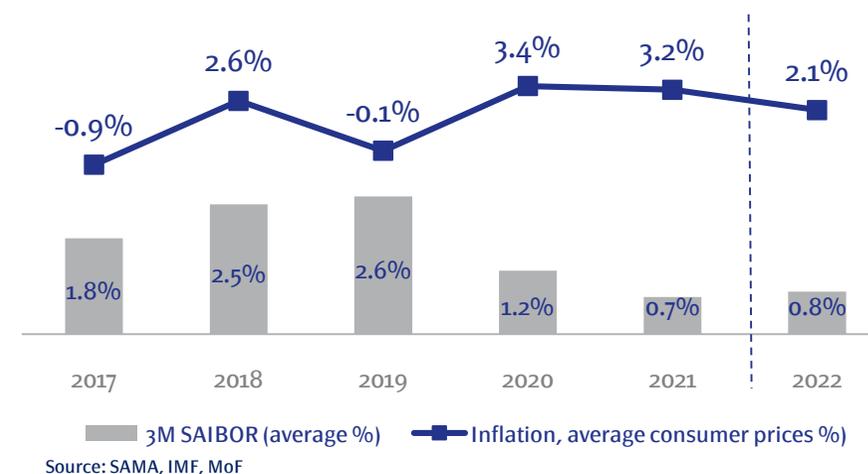
GDP Growth / Brent Oil Price



Expenditure/Revenue and Asset Reserves (SARbn)



3M SAIBOR / Inflation



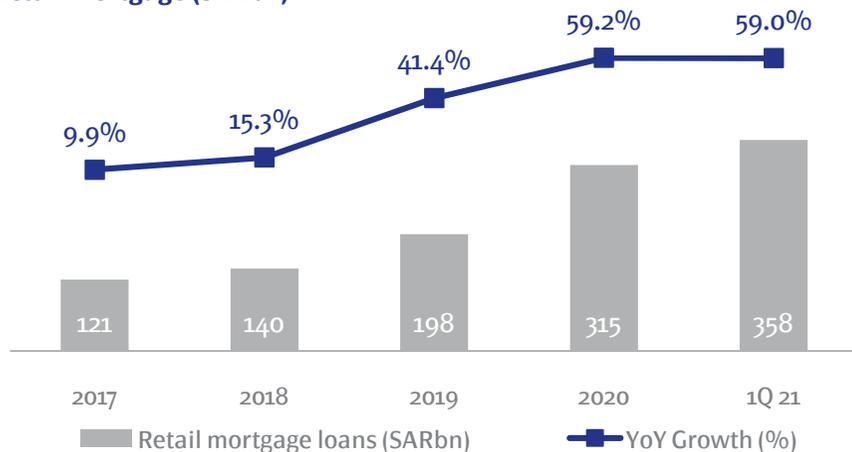
Banking Sector Highlights

Growth in mortgage lending continues to drive credit growth

Recent Developments

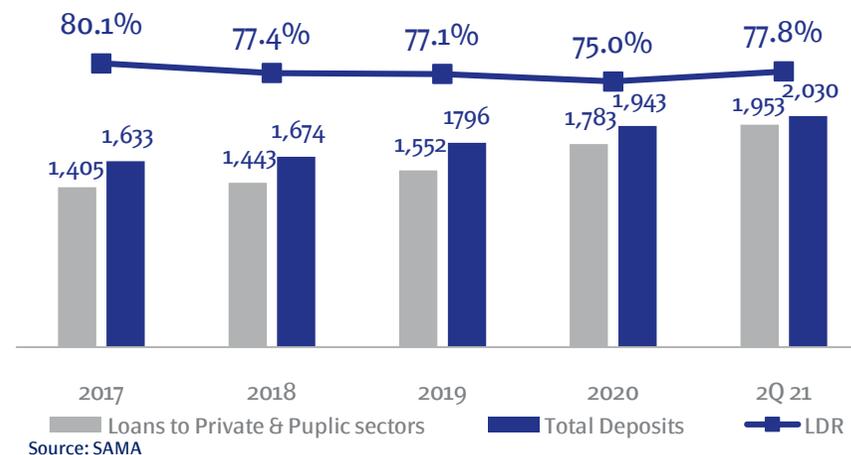
- SRC reduced mortgage reference rate, starting from June by 10bps.
- Continuous migration to cashless payment methods.
- Deferral Payment Program extended for additional three months till September 30, 2021 for MSME that are still affected by Covid-19.

Retail Mortgage (SARbn)



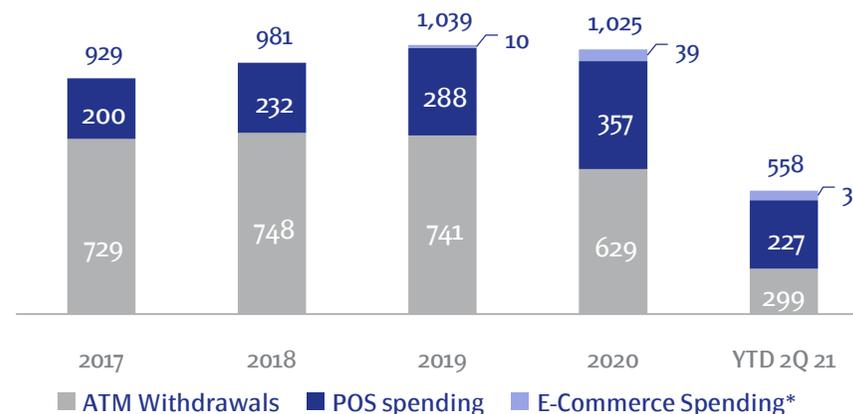
Source: SAMA

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



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

*E-Commerce started in 2019



2Q 2021 Financial Results

ARB had an excellent first half 2021

Results are in line with or ahead of expectations



Trends ahead of expectations

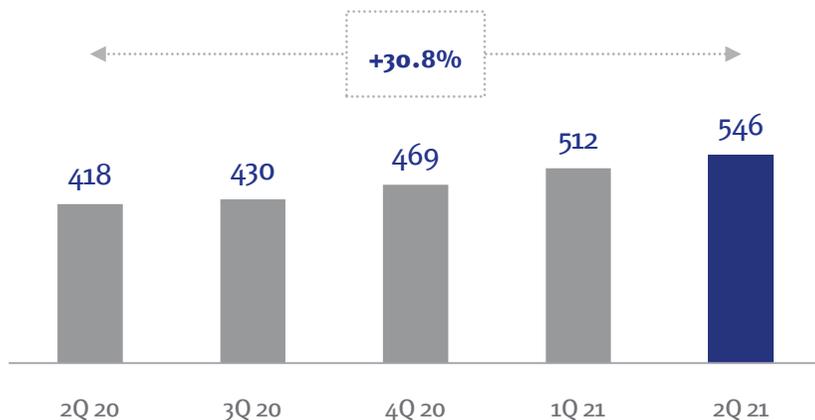
Guidance revisions driven by solid growth in first half 2021

		FY 2021 Guidance	2Q 2021 Actual	Guidance Revision
Balance Sheet	Financing	High teens growth	+23.6%	32% - 35%
	Net profit margin	-30 bps to -40 bps	-27 bps	-40 bps to -50 bps
Profitability	Cost to income ratio	Below 30%	27.5%	Below 28.5%
	ROE	21% - 22%	23.1%	23% - 24%
	Cost of risk	0.60% - 0.70%	0.64%	Unchanged
Asset Quality	CET1 ratio	16% - 17%	16.9%	17% - 18%
Capital				

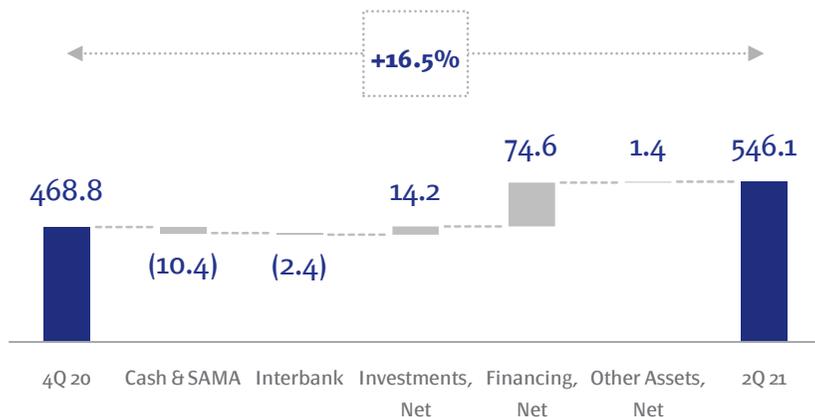
Balance Sheet Trends (1)

Strong 16% YTD balance sheet growth driven by Financing and investments

Total Assets (SARbn)



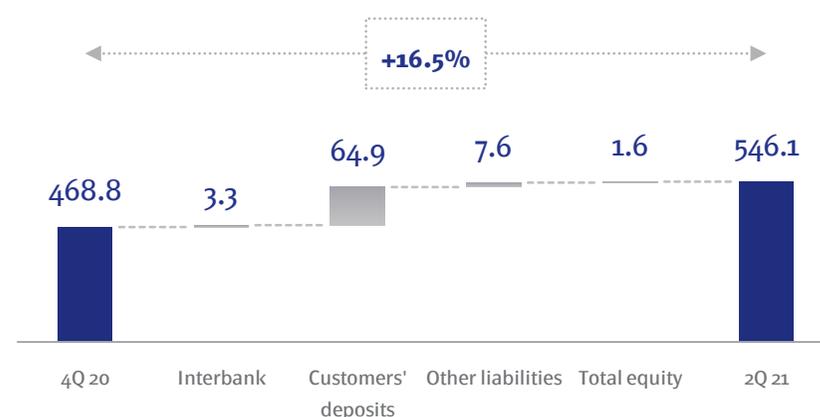
Movement in Assets (SARbn)



SAR (mn)

	2Q 2021	1Q 2021	QoQ	4Q 2020	YTD
Cash and balances with SAMA	36,914	38,562	-4%	47,363	-22%
Due from banks and other FI	26,213	31,730	-17%	28,655	-9%
Investments, net	74,474	67,968	+10%	60,285	+24%
Financing, net	390,296	356,144	+10%	315,712	+24%
Other assets, net	18,243	17,829	+2%	16,810	+9%
Total assets	546,139	512,234	+7%	468,825	+16%
Due to banks and other FI	14,085	9,731	+45%	10,764	+31%
Customers' deposits	447,506	421,269	+6%	382,631	+17%
Other liabilities	24,878	22,012	+13%	17,311	+44%
Total liabilities	486,469	453,011	+7%	410,706	+18%
Total shareholders' equity	59,670	59,222	+1%	58,119	+3%

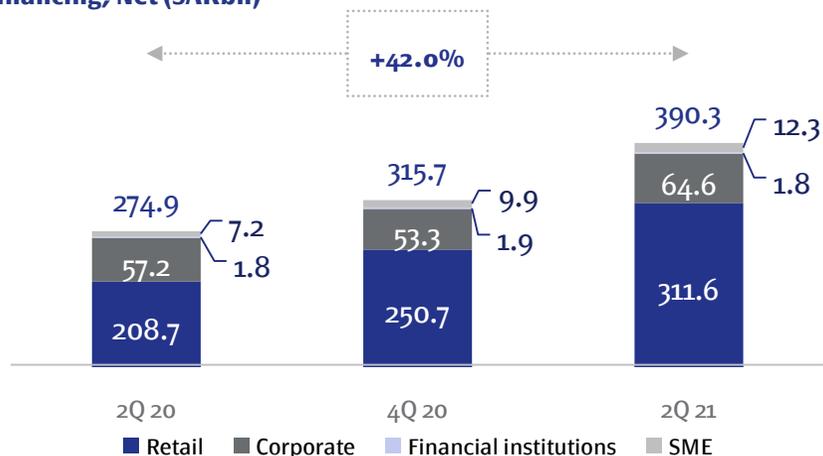
Movement in Funding (SARbn)



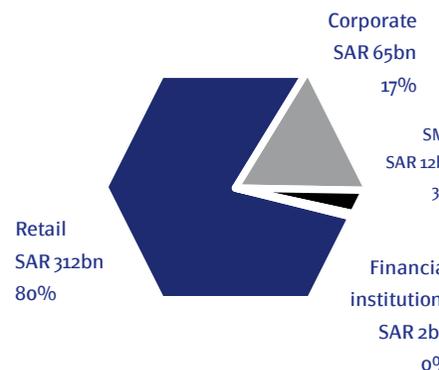
Balance Sheet Trends (2)

Financing growth driven by mortgage growth

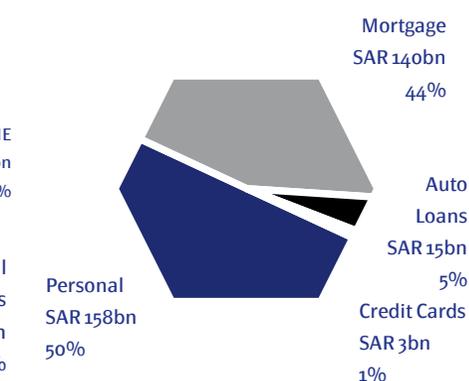
Financing, Net (SARbn)



Financing, Net Mix By Segment (SARbn)



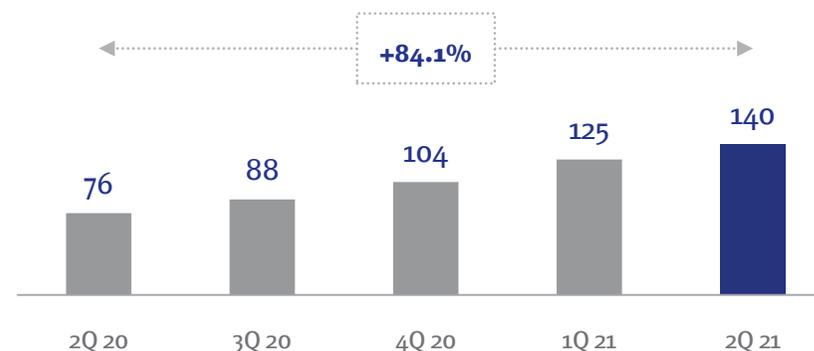
Retail Financing, Mix By Type (SARbn)



Movement in Net Financing (SARbn)



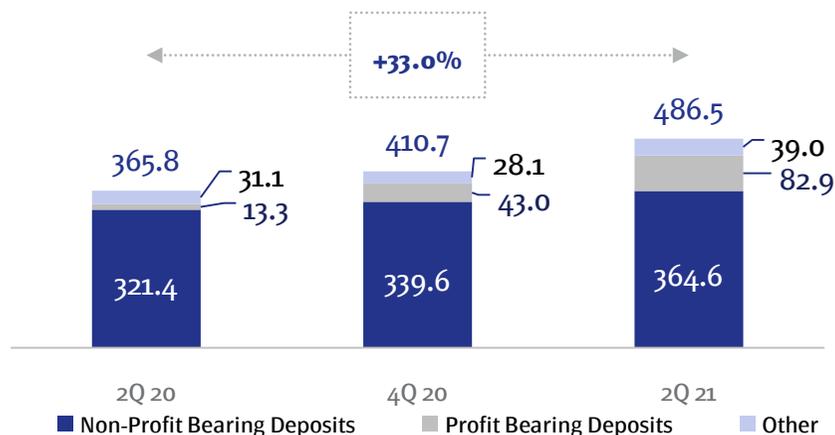
Mortgage Financing (SARbn)



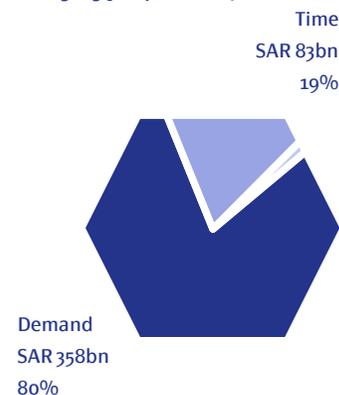
Balance Sheet Trends (3)

Balance sheet growth funded by NPB deposits

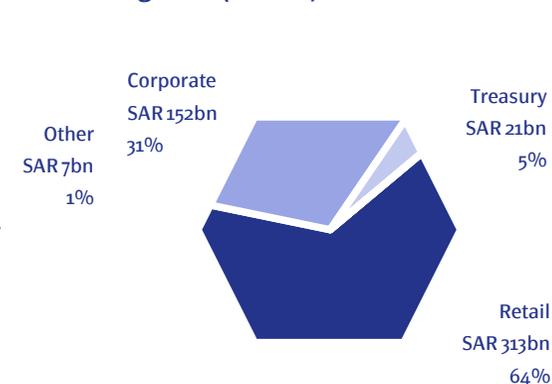
Total Liabilities (SARbn)



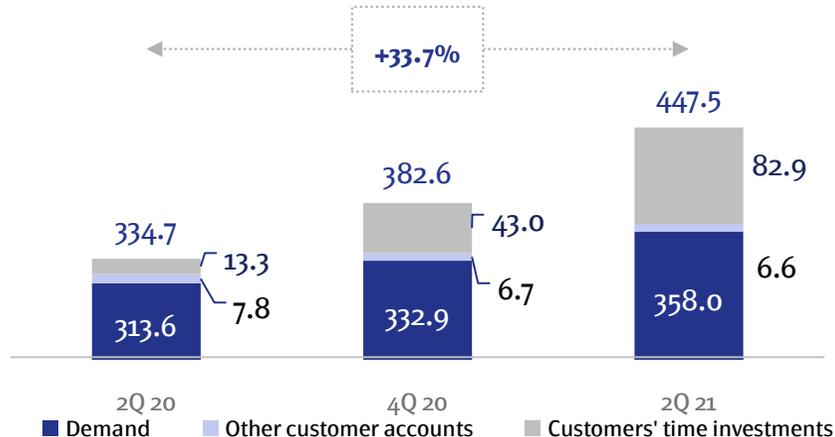
Total Customers' Deposits Mix By Type (SARbn)



Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)



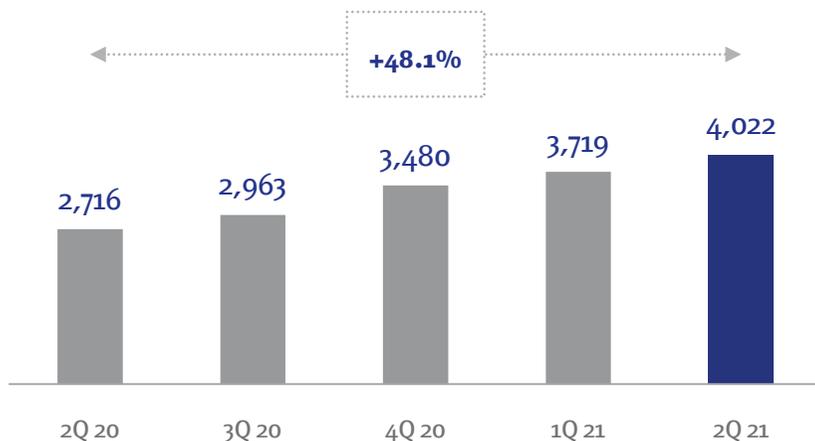
Movement in Total Customers' Deposits (SARbn)



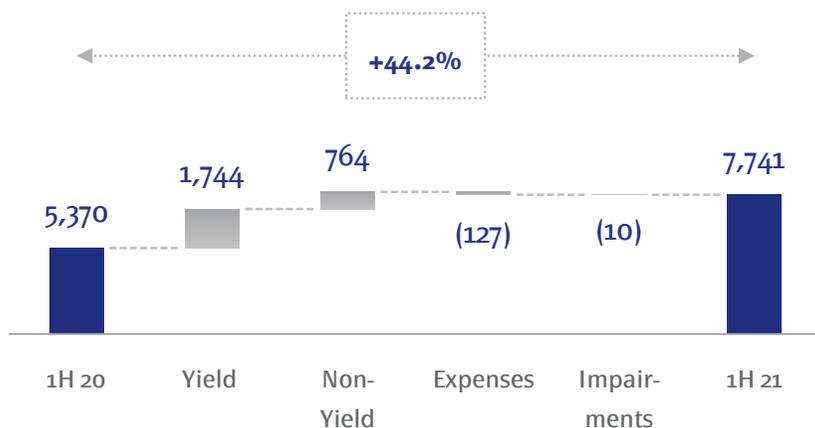
Net Income Trends

Solid net profit growth of 44% YoY

Net Income For The Period Before Zakat (SARmn)

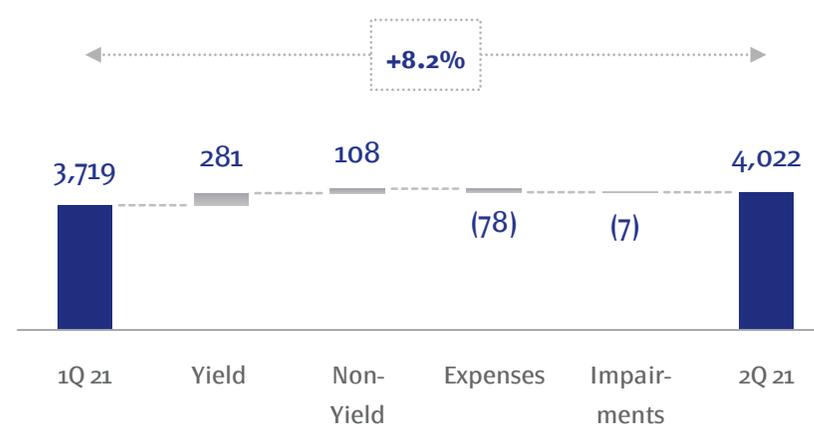


Net Income Before Zakat Growth Drivers By Type (SARmn)



SAR (mn)	1H 2021	1H 2020	YoY	2Q 2021	2Q 2020	YoY
Net financing and investment income	9,822	8,078	+22%	5,052	3,968	+27%
Fee from banking services, net	1,843	1,147	+61%	934	529	+77%
Exchange Income, net	359	377	-5%	184	170	+8%
Other operating income, net	259	173	+50%	166	141	+18%
Fees and other income	2,462	1,697	+45%	1,285	840	+53%
Total operating income	12,284	9,775	+26%	6,336	4,808	+32%
Operating expenses	-3,382	-3,255	+4%	-1,730	-1,634	+6%
Pre-provision profit	8,902	6,520	+37%	4,606	3,174	+45%
Total impairment charge	-1,161	-1,151	+1%	-584	-458	+28%
Net income for the period before Zakat	7,741	5,370	+44%	4,022	2,716	+48%
Zakat	-801	-554	+45%	-418	-280	+49%
Net income for the period after Zakat	6,940	4,816	+44%	3,605	2,436	+48%

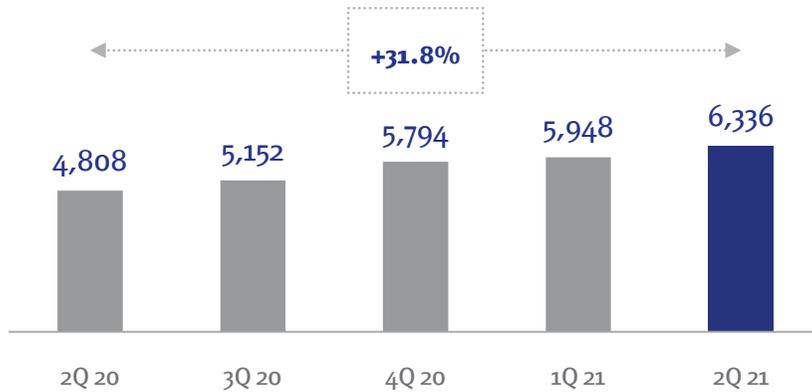
Net Income Before Zakat Growth Drivers By Type (SARmn)



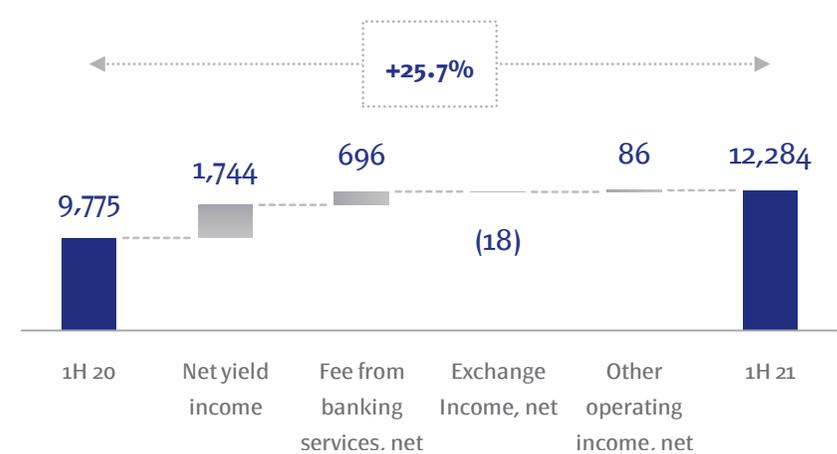
Operating Income Trends

Strong income growth reflecting successful strategy execution

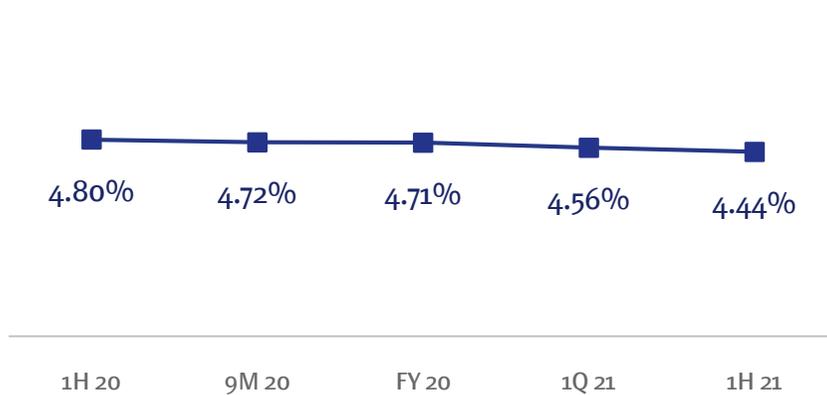
Total Operating Income (SARmn)



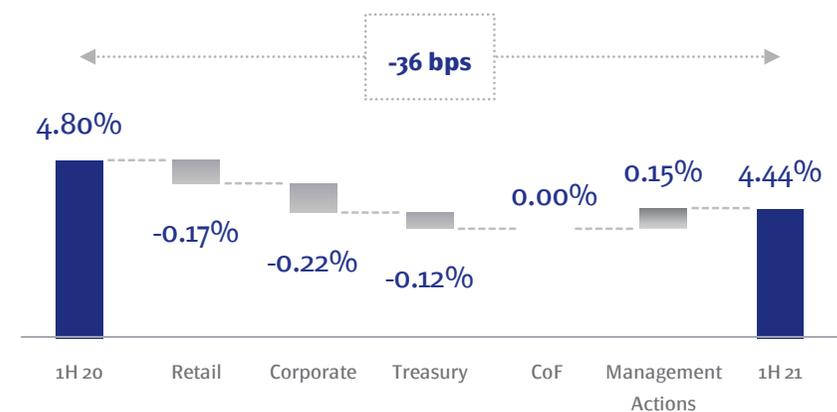
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)



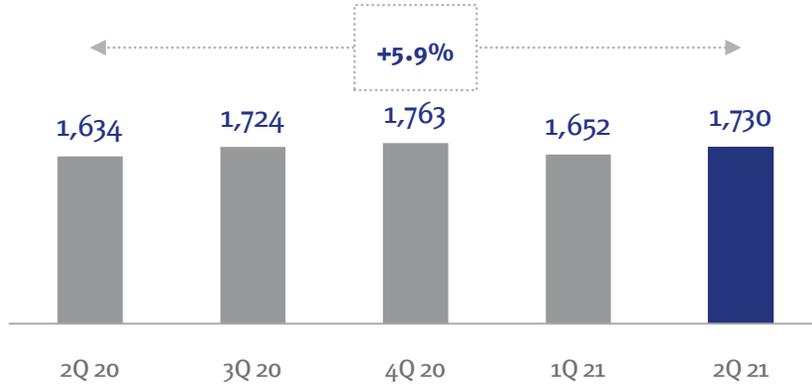
NPM drivers (%)



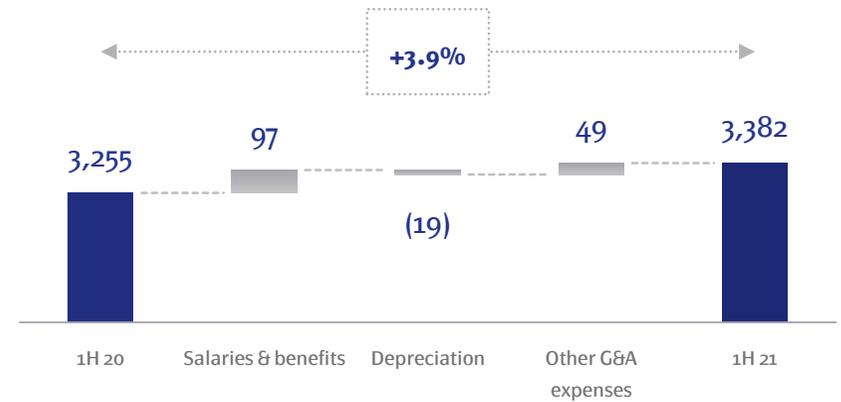
Expenses Trends

Cost efficiencies resulted in higher positive jaws

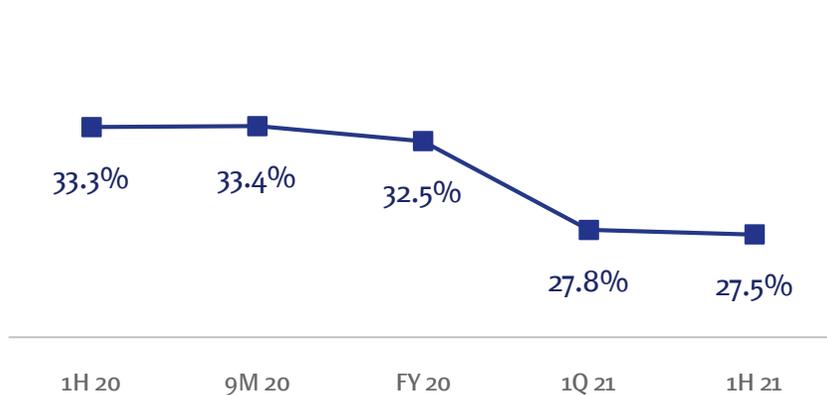
Operating Expenses (SARmn)



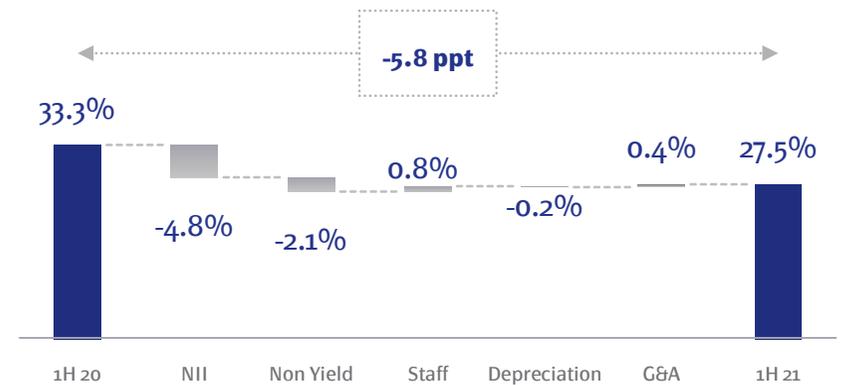
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)



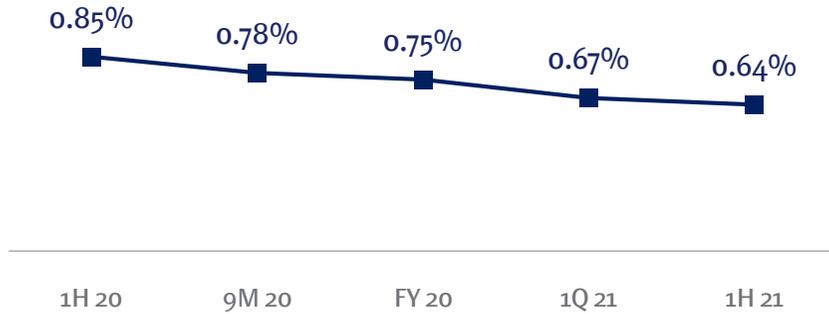
Cost to Income Ratio Drivers (%)



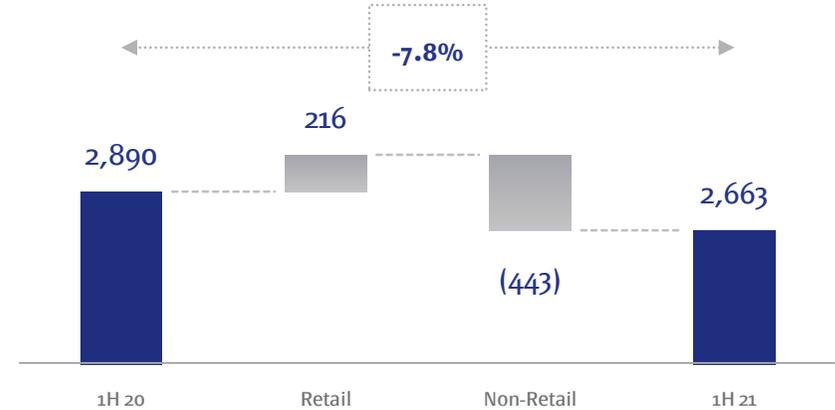
Asset Quality Trends (1)

Asset quality remains healthy and NPL coverage remains strong and stable

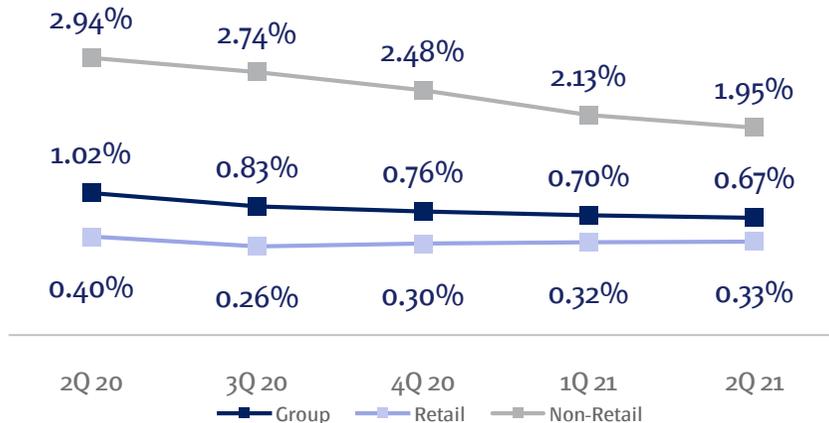
Cost of Risk (%)



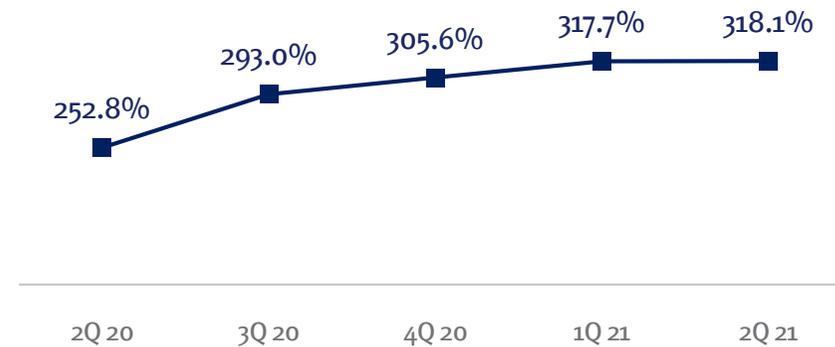
Movement in NPL (SARmn)



NPL Ratio (%)



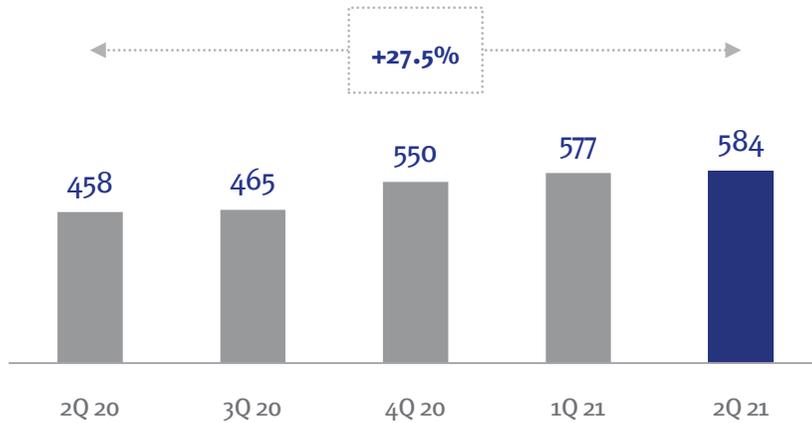
NPL Coverage Ratio (%)



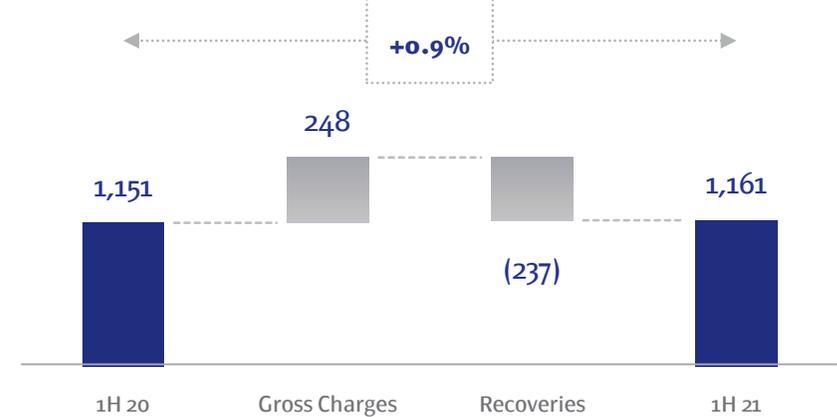
Asset Quality Trends (2)

Healthy stage coverage reflecting prudent risk management

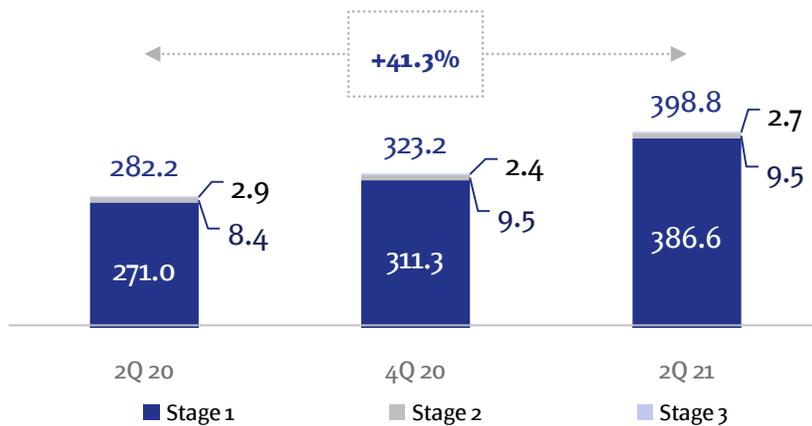
Net Impairment Charge (SARmn)



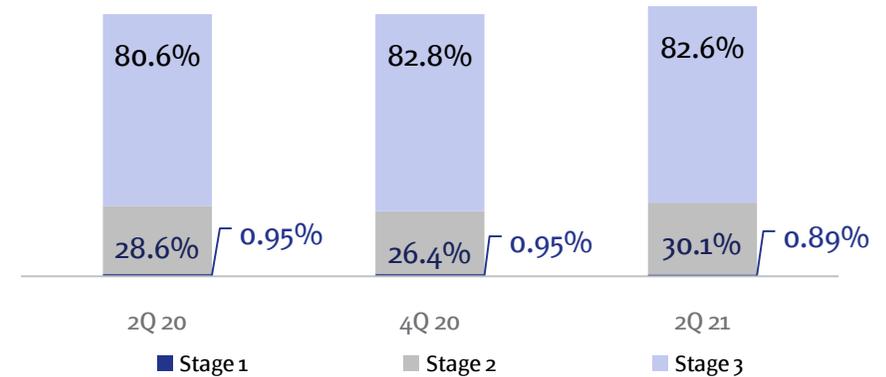
Movement in Net Impairment (SARmn)



Gross Loans by Stage* (SARbn)



ECL Coverage* (%)

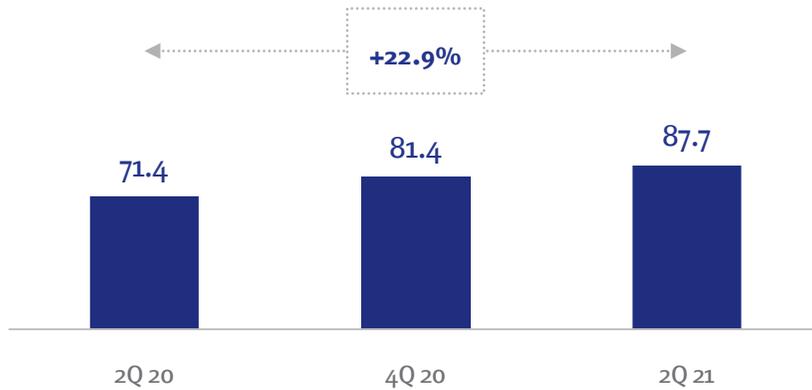


* Stage exposure and ECL allowances varies from the financial statements due to IFRS9 cure period treatment

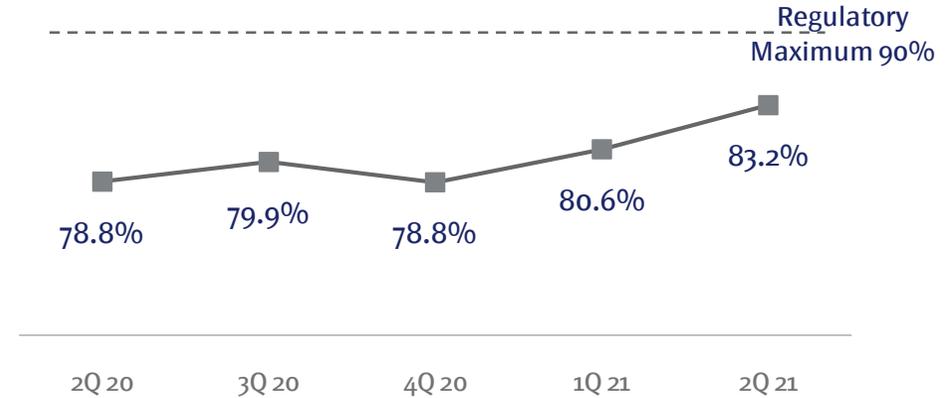
Liquidity Trends

Liquidity remains comfortably within regulatory requirements

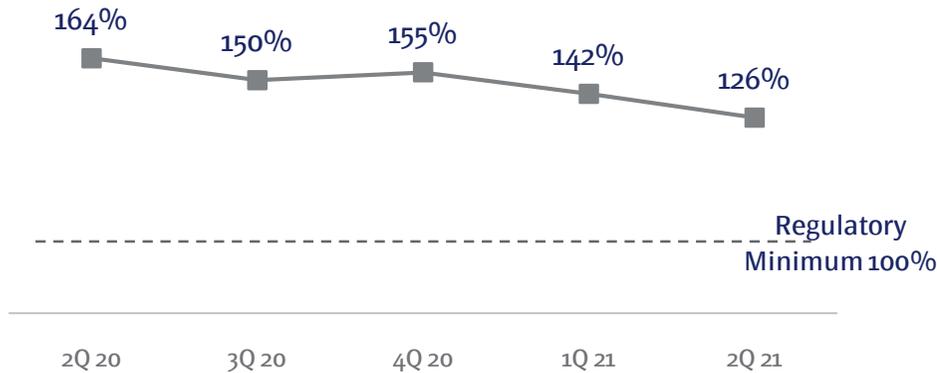
HQLA (SARbn)



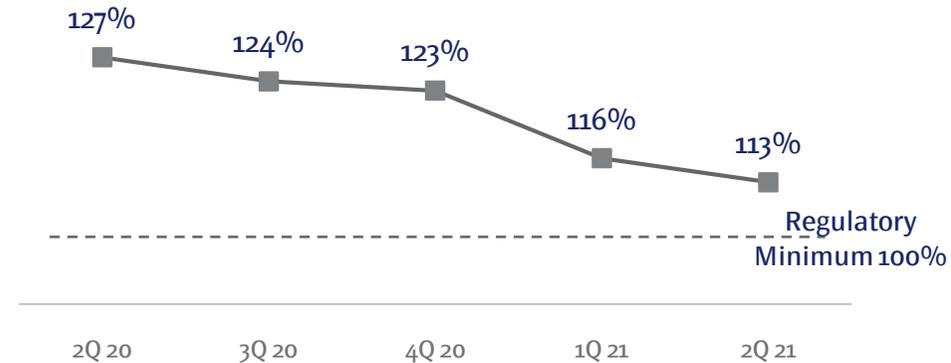
SAMA LDR (%)



LCR (%)



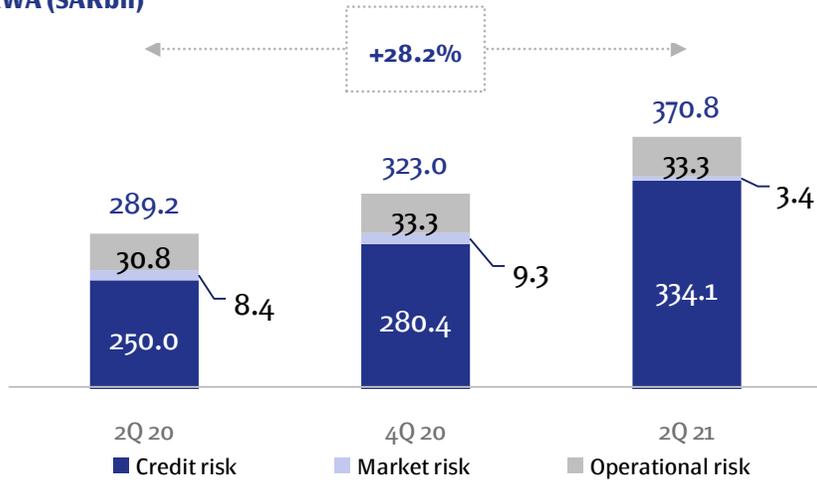
NSFR (%)



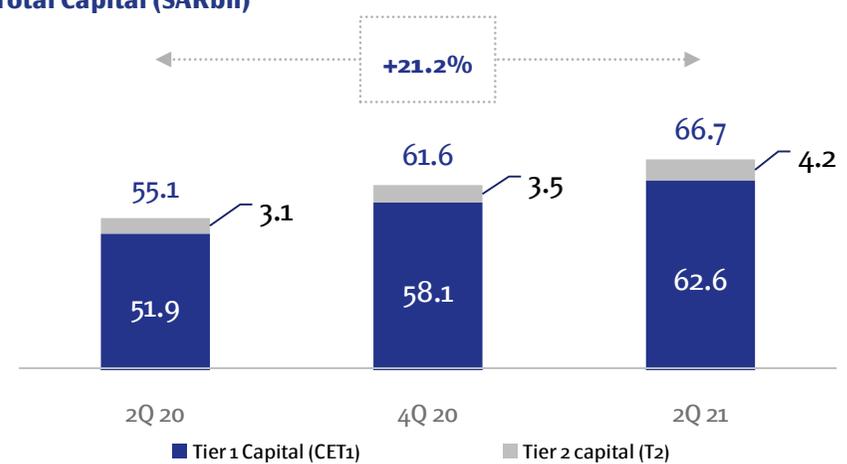
Capitalisation Trends

Capital position well above regulatory minima

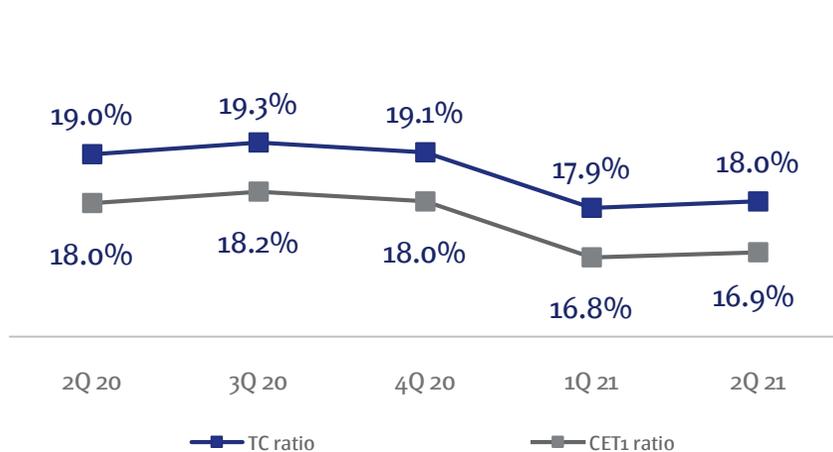
RWA (SARbn)



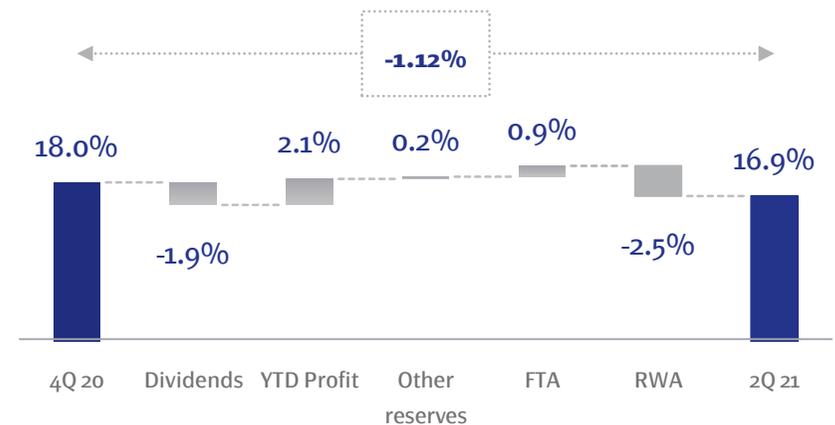
Total Capital (SARbn)



Capital Ratios (%)



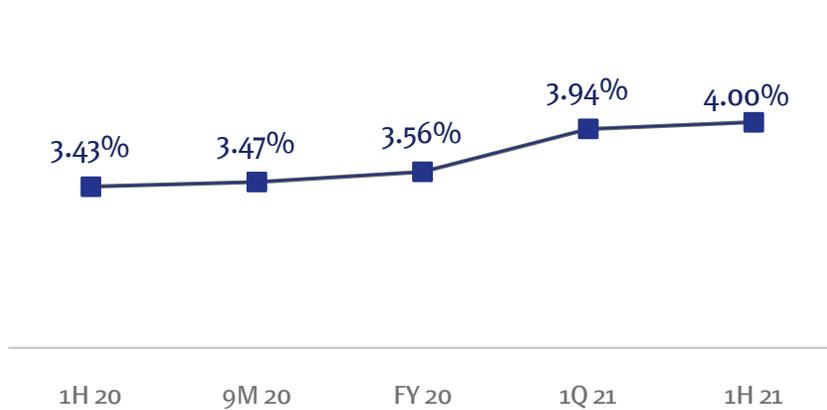
CET1 Drivers (%)



Return Metrics

Al Rajhi Bank's returns remain industry-leading

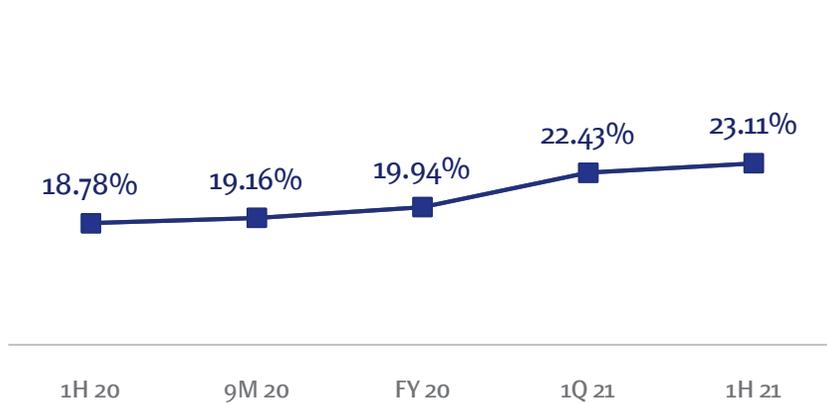
Return on RWA (%)



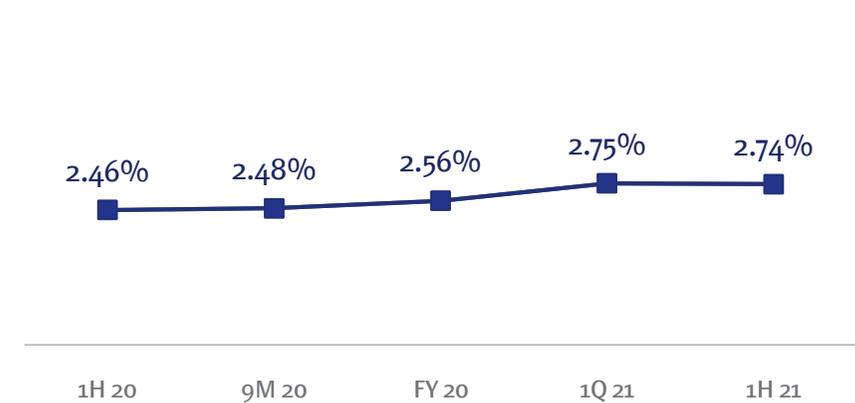
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)

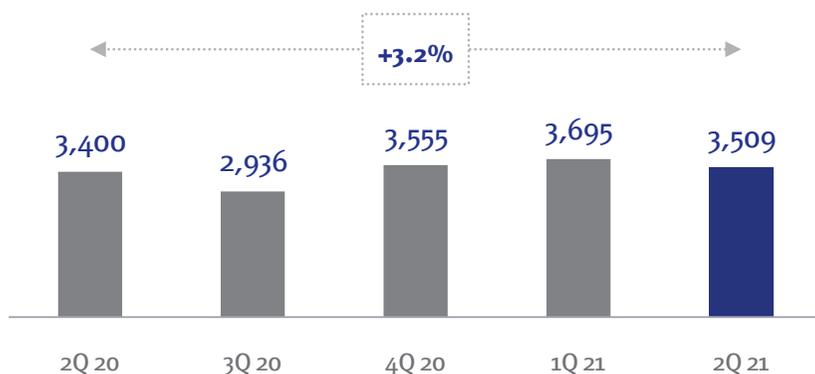




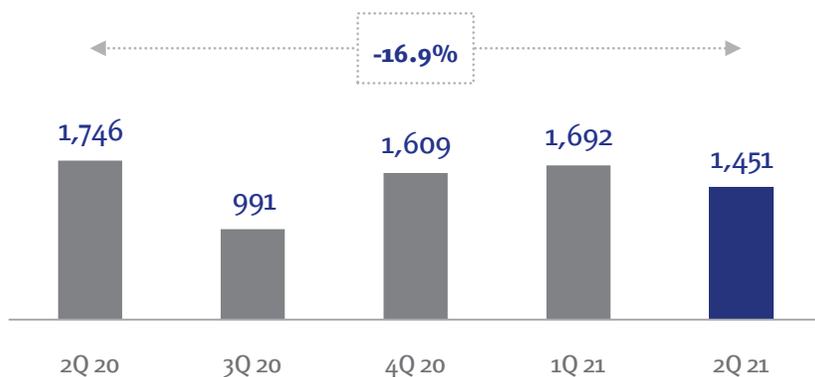
2Q 2021 Operating Results

Despite balance sheet growth, net income declined YoY from higher impairments

Total Operating Income (SARmn)



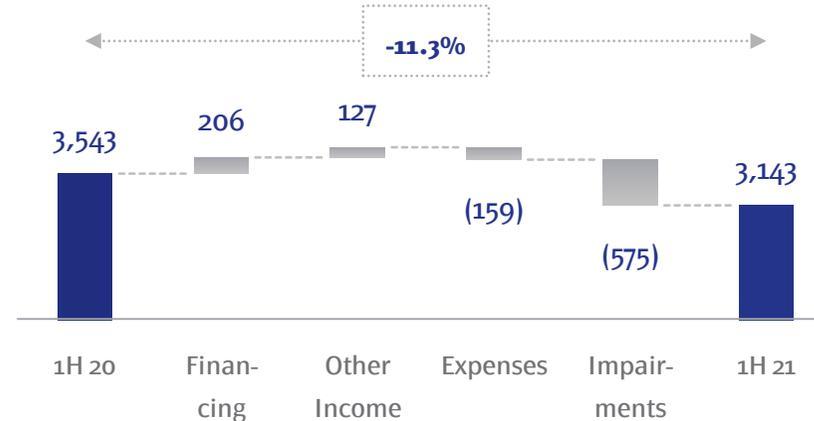
Net Income (SARmn)



SAR (mn)

	2Q 2021	1Q 2021	QoQ	2Q 2020	YoY
Net financing and investment income	3,015	3,075	-2%	2,909	+4%
Fee and other income	494	620	-20%	491	+1%
Total operating income	3,509	3,695	-5%	3,400	+3%
Operating expenses	1,494	1,459	+2%	1,394	+7%
Total impairment charge	564	544	+4%	260	+117%
Net income for the period	1,451	1,692	-14%	1,746	-17%
Total assets	332,209	302,292	+10%	231,642	+43%
Total liabilities	313,043	307,060	+2%	313,945	-0%

Net Income Growth Drivers By Type (SARmn)

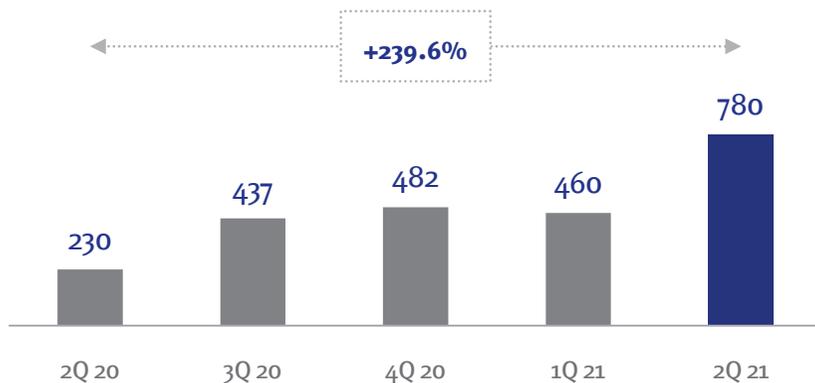


Net income growth driven by lower impairment charges

Total Operating Income (SARmn)



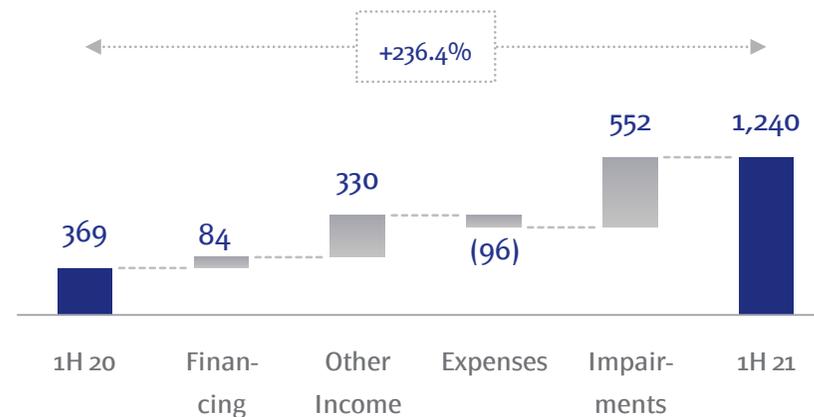
Net Income (SARmn)



SAR (mn)

	2Q 2021	1Q 2021	QoQ	2Q 2020	YoY
Net financing and investment income	518	480	+8%	379	+37%
Fee and other income	430	107	+303%	109	+295%
Total operating income	948	587	+61%	488	+94%
Operating expenses	142	104	+37%	75	+90%
Total impairment charge	26	24	+8%	184	-86%
Net income for the period	780	460	+70%	230	+240%
Total assets	77,761	73,935	+5%	63,611	+22%
Total liabilities	152,073	129,956	+17%	34,085	+346%

Net Income Growth Drivers By Type (SARmn)

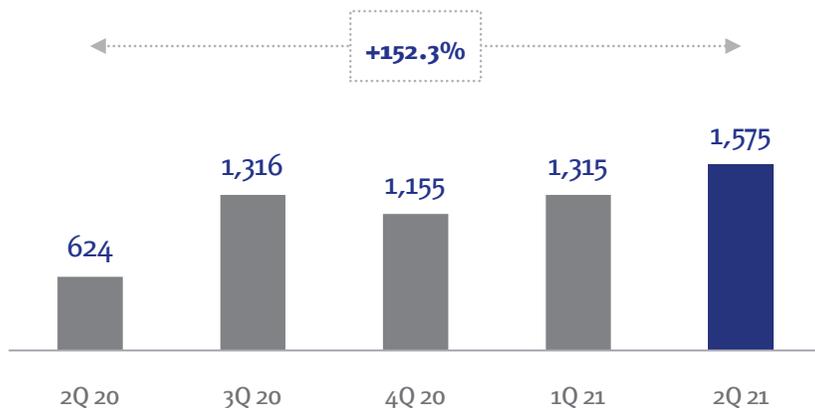


Strong net income growth driven by investment income growth

Total Operating Income (SARmn)



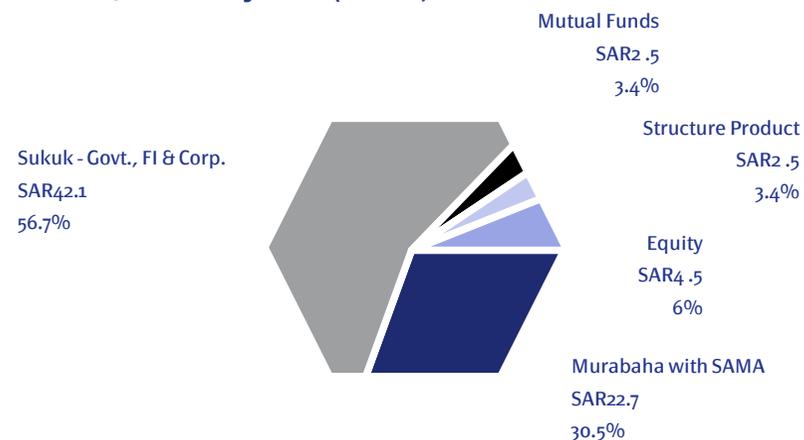
Net Income (SARmn)



SAR (mn)

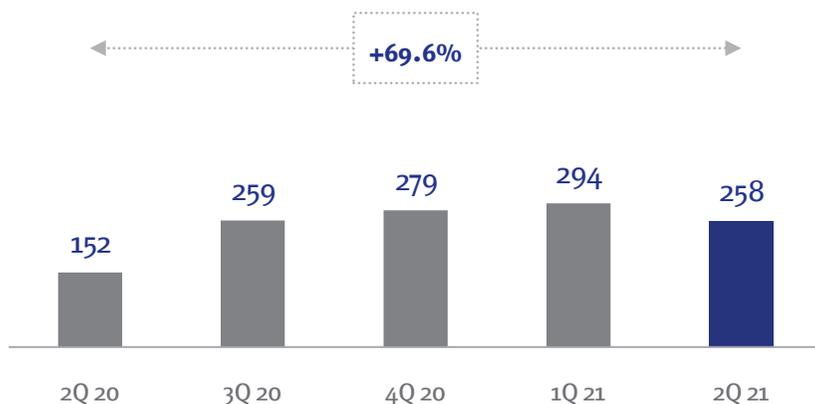
	2Q 2021	1Q 2021	QoQ	2Q 2020	YoY
Net financing and investment income	1,502	1,201	+25%	668	+125%
Fee and other income	119	170	-30%	99	+21%
Total operating income	1,622	1,372	+18%	767	+111%
Operating expenses	52	47	+11%	129	-59%
Total impairment charge	(6)	9	-160%	14	-141%
Net income for the period	1,575	1,315	+20%	624	+152%
Total assets	131,723	131,833	-0%	119,357	+10%
Total liabilities	21,162	15,828	+34%	17,575	+20%

Investments, Net Mix By Asset (SARbn)

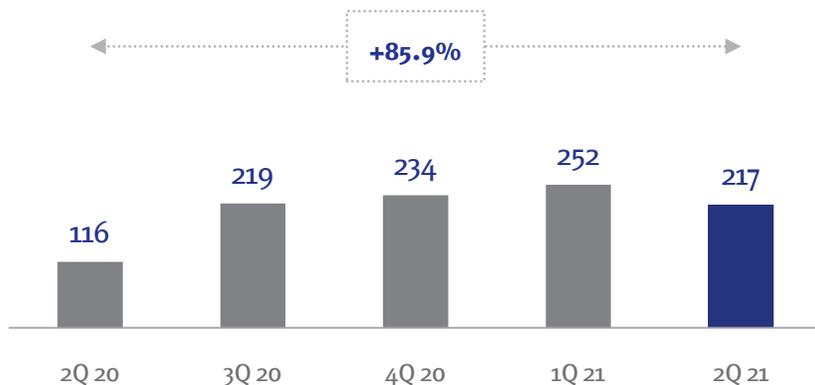


Strong net income growth driven by increased brokerage income

Total Operating Income (SARmn)



Net Income (SARmn)



SAR (mn)

	2Q 2021	1Q 2021	QoQ	2Q 2020	YoY
Net financing and investment income	17	14	+22%	11	+46%
Fee and other income	242	280	-14%	141	+71%
Total operating income	258	294	-12%	152	+70%
Operating expenses	42	42	-0%	36	+16%
Total impairment charge	0	0		0	
Net income for the period	217	252	-14%	116	+86%
Total assets	4,446	4,173	+7%	3,074	+45%
Total liabilities	191	167	+15%	149	+28%

Market Share - Al Rajhi Capital Brokerage (Value traded)





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Additional Information

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Upcoming Events in 3Q 2021

31st Aug - 2nd Sep

8th - 9th Sep

8th - 10th Sep

13th - 21st Sep

21st - 23rd Sep

27th Sep - 15th Oct

JPM MENA Investment Forum

Goldman Sachs CEEMEA & LatAm Financials Symposium

Citi GEMS Conference

EFG Virtual Investor Conference

BofA Annual Financials CEO Conference

HSBC Saudi Exchange Virtual Roadshow



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- Annual Report
- Financial Statements
- Investor Presentation
- Factsheet
- Data Supplement
- Earnings Release



Al-Rajhi Banking App



eBusiness Banking App



Investor Relations App

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