

Al Rajhi Bank Results Presentation

3Q 2021 Earnings Conference Call and Webcast



3Q 2021 Earnings Call

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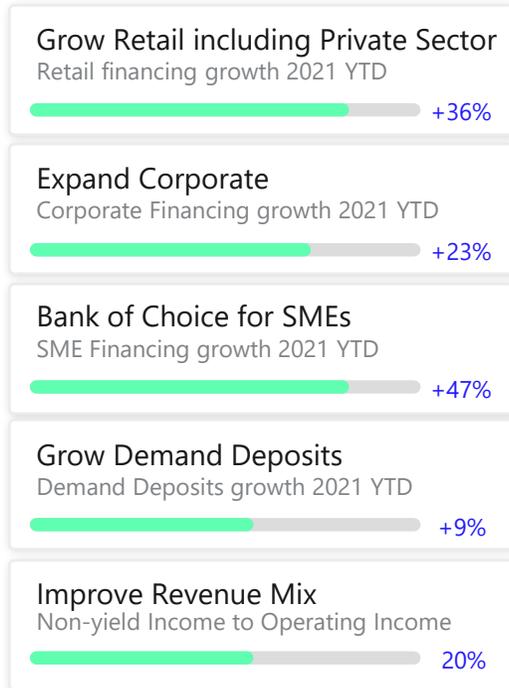
ARB delivered excellent results in the first nine-months of 2021 | Results are in line with or ahead of expectations

Strong 24% YTD Balance Sheet Growth	33.3% Growth in financing driven by mortgages		26.4% Growth in liabilities		Healthy LDR	
	Net Financing 315.7bn FY 20	+33.3% → 421.0bn 9M 21	Total Liabilities 410.7bn FY 20	+26.4% → 519.0bn 9M 21	Loan to Deposit Ratio 79% FY 20	 83% 9M 21
Solid 44% net income growth YoY	22.5% Net yield income growth, impacted by slightly lower NPM		44.2% Non yield income growth		26.4% Operating income growth	
	Net Yield income 12,275mn 9M 20	+22.5% → 15,037mn 9M 21	Non Yield Income 2,653mn 9M 20	+44.2% → 3,824mn 9M 21	Operating Income 14,927mn 9M 20	+26.4% → 18,862mn 9M 21
Stable credit quality	13 bps COR reduction		9 bps improvement in NPL ratio from strong loan growth		NPL coverage remained strong and stable	
	Cost of risk 0.75% FY 20	 0.62% 9M 21	NPL 0.76% FY 20	 0.67% 9M 21	NPL Coverage 306% FY 20	 307% 9M 21
Key Ratios	6.1 ppt better operating efficiency		Capital position above regulatory minima		Lower NPM	
	Cost to income ratio 33.4% 9M 20	 27.2% 9M 21	Total Capital Adequacy Ratio 19.3% 9M 20	 17.9% 9M 21	NPM 4.72% 9M 20	 4.32% 9M 21



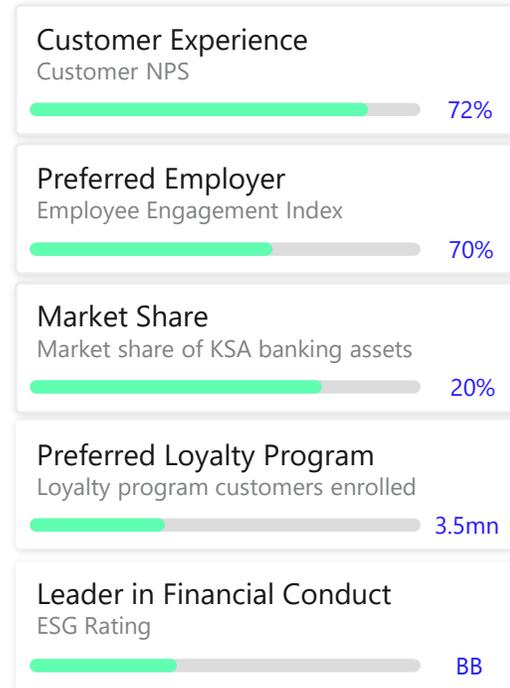
Bank

Build on our core



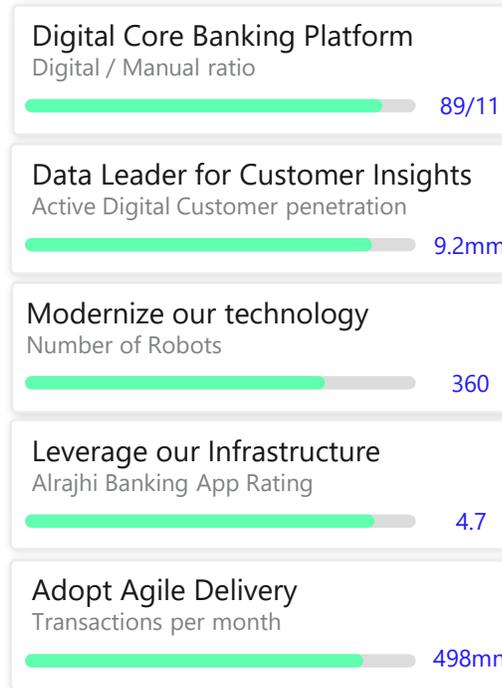
OF

Outperform our competition



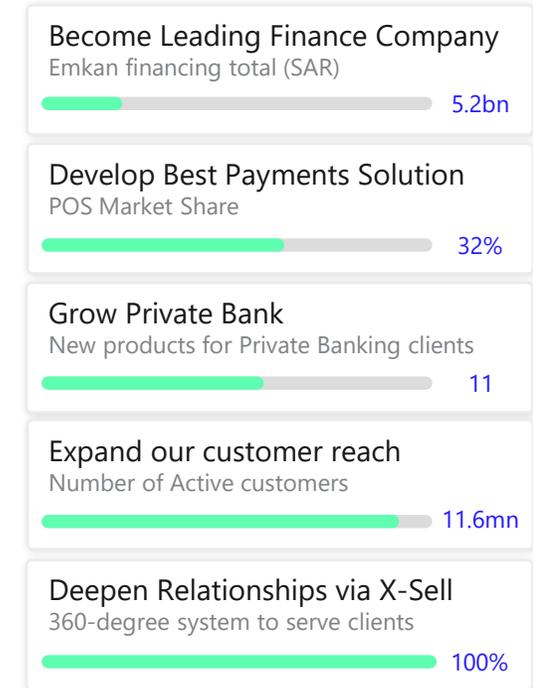
The

Transform technology



Future

Focus on new client needs



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
Grow Retail including Private Sector	Customer Experience	Digital Core Banking Platform	Become Leading Finance Company
Expand Corporate	Preferred Employer	Data Leader for Customer Insights	Develop Best Payments Solution
Bank of Choice for SMEs	Market Share	Modernize our technology	Grow Private Bank
Grow Demand Deposits	Preferred Loyalty Program	Leverage our Infrastructure	Expand customer reach
Improve Revenue Mix	Leader in Financial Conduct	Adopt Agile Delivery	Deepen Relationships via X-Sell

KSA is digitizing the payments market:

- KSA Govt. & SAMA have launched a series of successful initiatives to digitize payments
- New Fintech licenses & other new entrants have increased competition & innovation
- KSA is the largest payments market in the region with the biggest growth potential



- **neoleap** is Al Rajhi Bank new Fintech payment company
- **neoleap** is in favorable position to win the payment market given ARB leading market share with the largest customer base
- Centralizing payments expertise allows full range of solutions & ability to respond to rapidly changing technology & competition





neoleap's objectives:

- Offer seamless **in-store and online payment acceptance** solutions
- Be the **third-party processing of choice of banks and financial institutions** through local presence, technological leadership and operational excellence
- **Leapfrog payment innovation** and promote cashless economy by pioneering new products and services
- Promote financial inclusion and literacy by **democratizing financial services and simplifying money management**

Product Offering



Enables consumers to make their payments and purchases and possibility of issuing digital cards.



Enables merchants to accept credit cards and mada cards payments.



Provides merchants with an integrated solution to build an online store instantly.



Provides shop owners the ability to receive customer requests, pay directly and issue invoices.



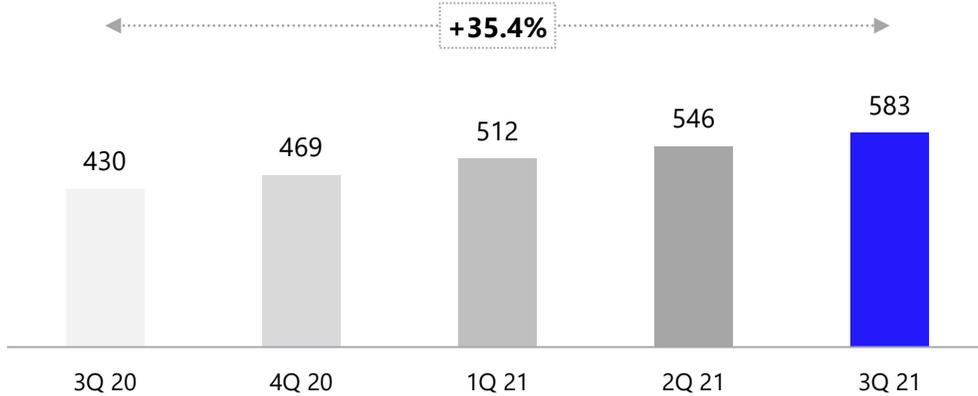
Enables merchants to accept customer payments on mobile POS devices or mobile phones.



3Q 2021 Financial Highlights

Balance Sheet Trends (1) | Strong 24% YTD balance sheet growth driven by Financing and Investments

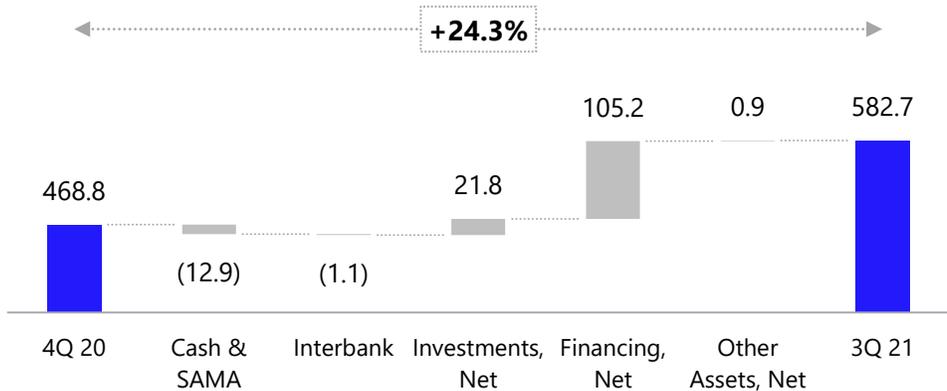
Total Assets (SARbn)



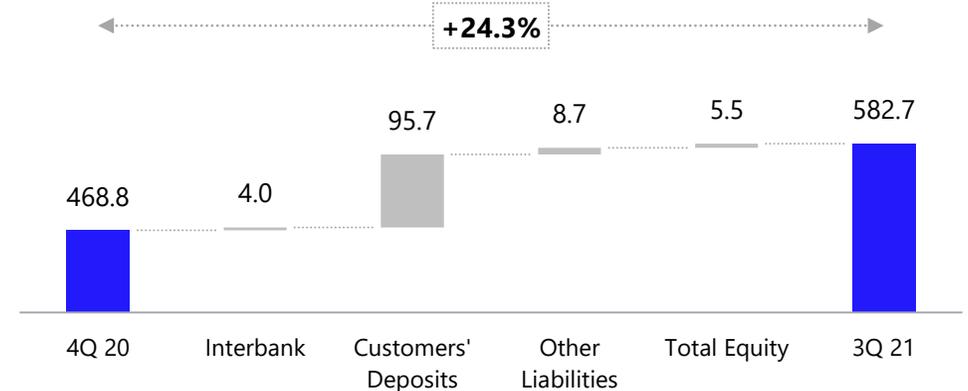
SAR (mn)

	3Q 2021	2Q 2021	QoQ	4Q 2020	YTD
Cash & balances with SAMA	34,420	36,914	-7%	47,363	-27%
Due from banks & other FI	27,518	26,213	+5%	28,655	-4%
Investments, net	82,048	74,474	+10%	60,285	+36%
Financing, net	420,954	390,296	+8%	315,712	+33%
Other assets, net	17,745	18,243	-3%	16,810	+6%
Total assets	582,684	546,139	+7%	468,825	+24%
Due to banks & other FI	14,733	14,085	+5%	10,764	+37%
Customers' deposits	478,331	447,506	+7%	382,631	+25%
Other liabilities	25,984	24,878	+4%	17,311	+50%
Total liabilities	519,048	486,469	+7%	410,706	+26%
Total shareholders' equity	63,637	59,670	+7%	58,119	+9%

Movement in Assets (SARbn)

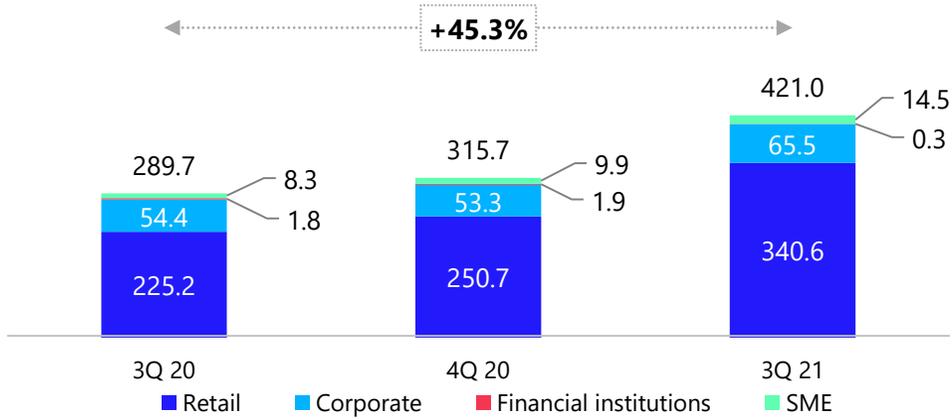


Movement in Funding (SARbn)



Balance Sheet Trends (2) | Financing growth driven by mortgage; Strong growth in customers deposits

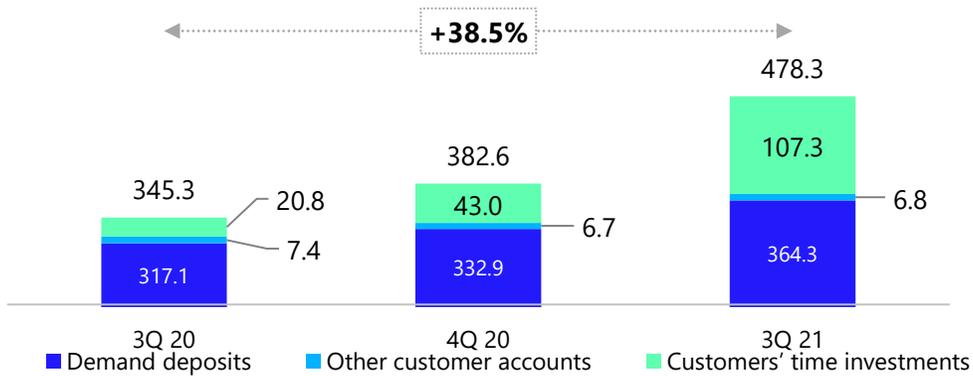
Financing, Net (SARbn)



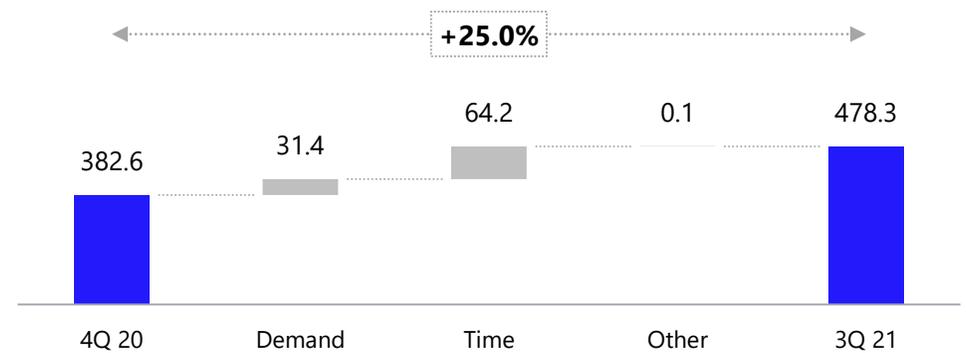
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

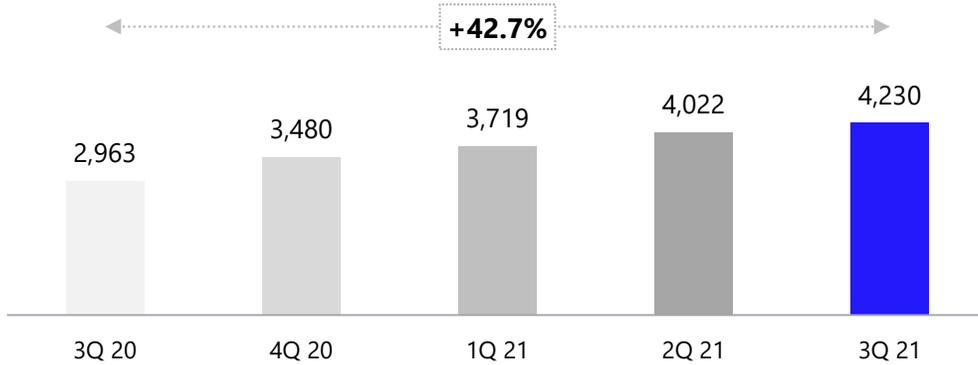


Movement in Total Customers' Deposits (SARbn)



Net Income Trends | Solid net profit growth of 44% YoY

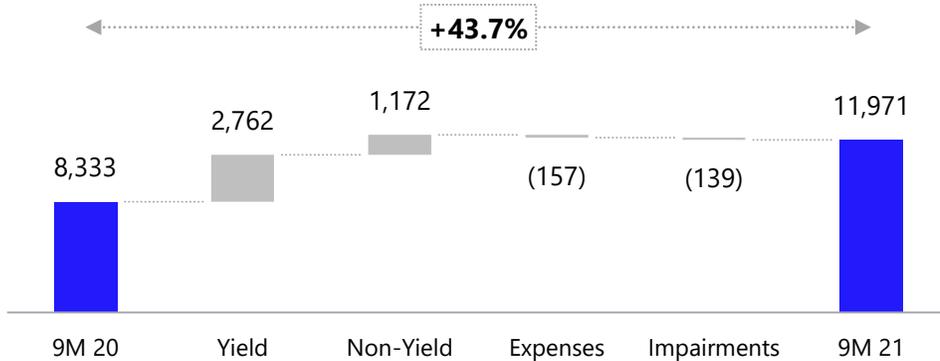
Net Income For The Period Before Zakat (SARmn)



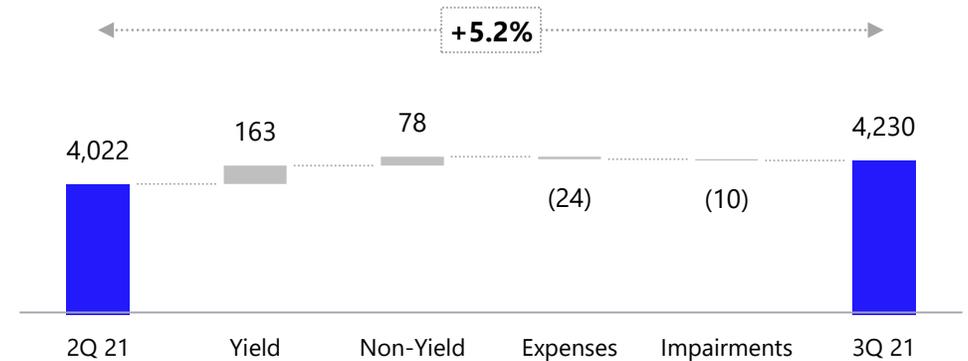
SAR (mn)

	9M 21	9M 20	YoY	3Q 21	3Q 20	YoY
Net financing & investment income	15,037	12,275	+23%	5,215	4,196	+24%
Fee from banking services, net	2,819	1,796	+57%	976	649	+50%
Exchange Income, net	570	574	-1%	210	197	+7%
Other operating income, net	436	283	+54%	177	110	+61%
Fees and other income	3,824	2,653	+44%	1,363	956	+43%
Total operating income	18,862	14,927	+26%	6,578	5,152	+28%
Operating expenses	-5,136	-4,978	+3%	-1,754	-1,724	+2%
Pre-provision profit	13,726	9,949	+38%	4,824	3,428	+41%
Total impairment charge	-1,755	-1,616	+9%	-594	-465	+28%
Net income for the period before Zakat	11,971	8,333	+44%	4,230	2,963	+43%
Zakat	-1,237	-859	+44%	-436	-306	+43%
Net income for the period after Zakat	10,734	7,474	+44%	3,794	2,658	+43%

Net Income Before Zakat Growth Drivers By Type (SARmn)

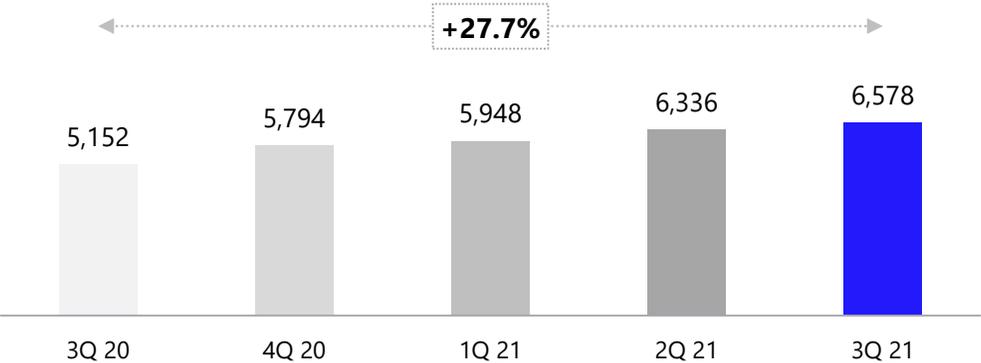


Net Income Before Zakat Growth Drivers By Type (SARmn)

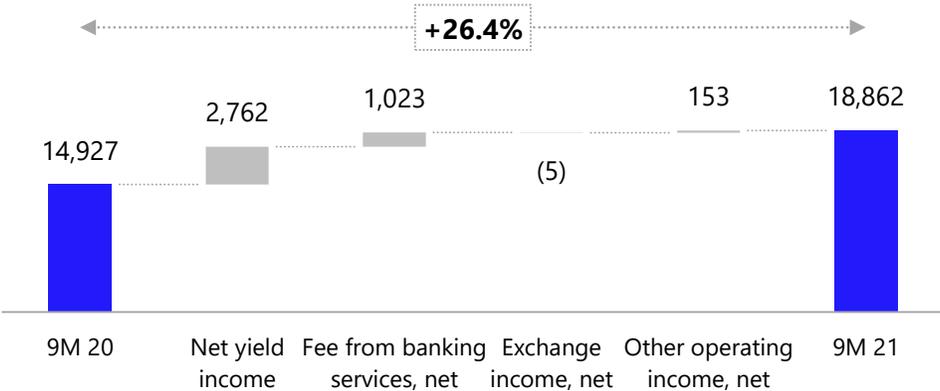


Operating Income Trends | Strong income growth reflecting successful strategy execution

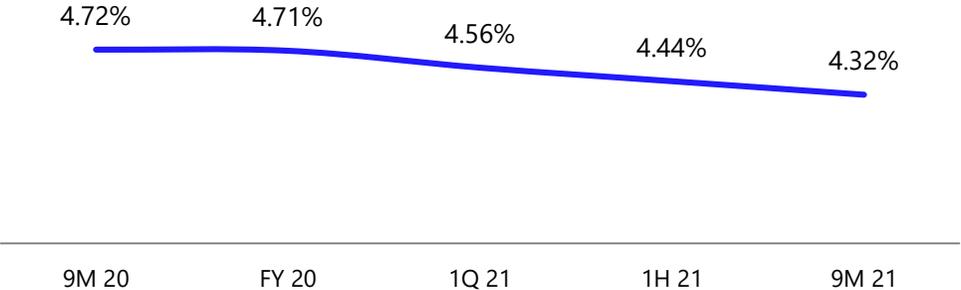
Total Operating Income (SARmn)



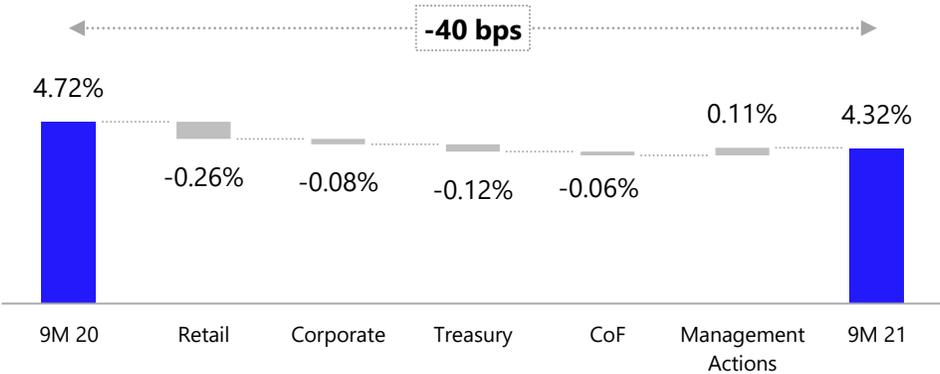
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

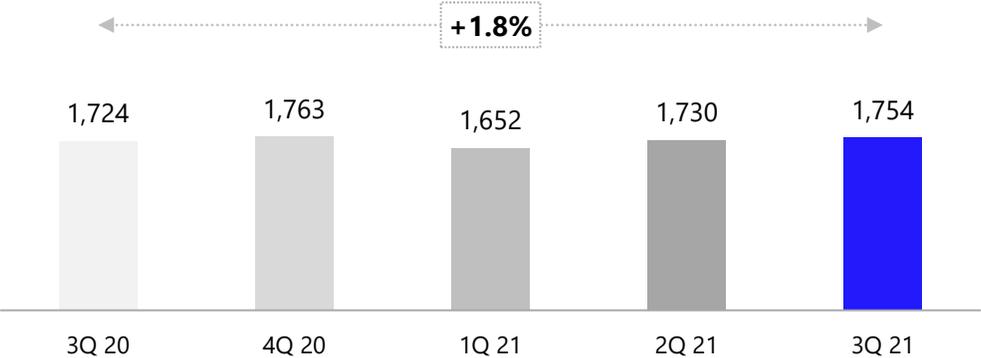


NPM Drivers (%)

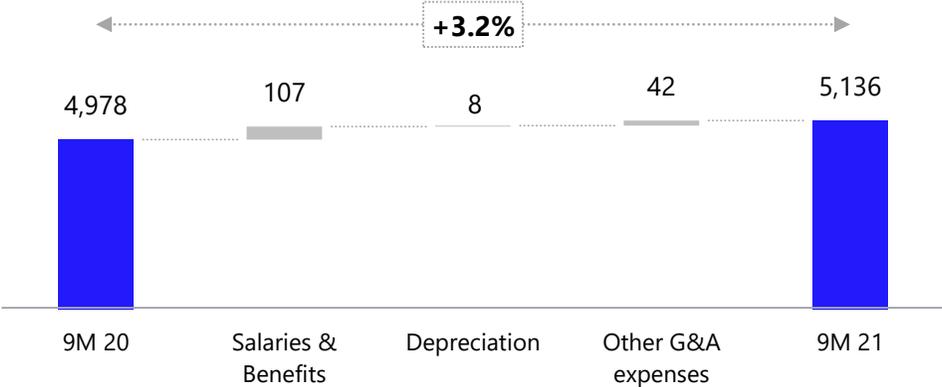


Expenses Trends | Cost efficiencies resulted in higher positive jaws

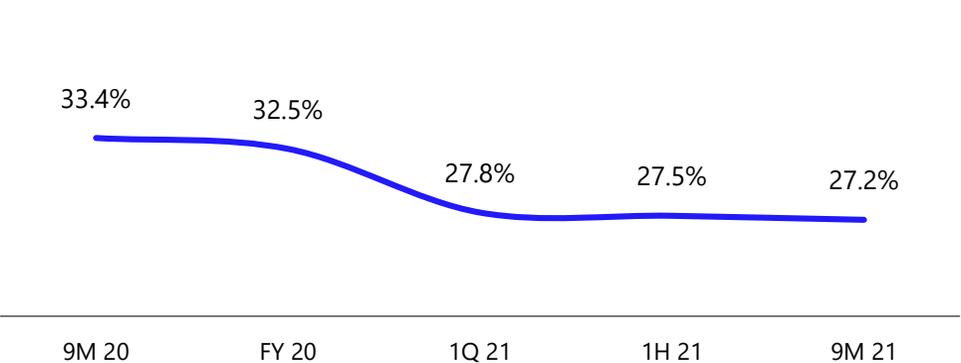
Operating Expenses (SARmn)



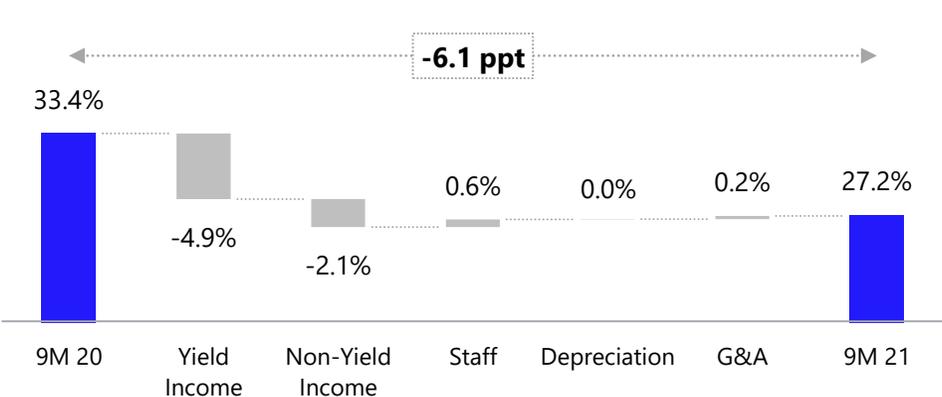
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

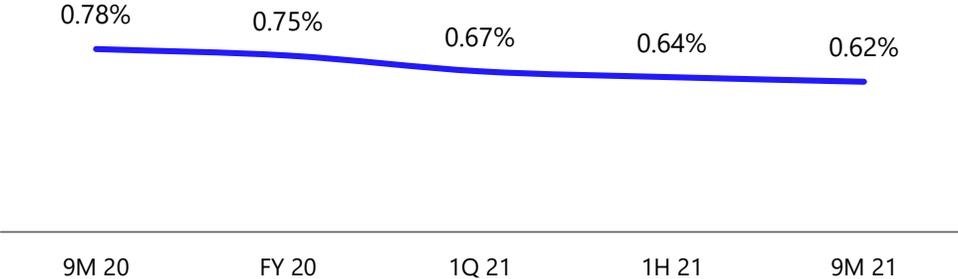


Cost to Income Ratio Drivers (%)

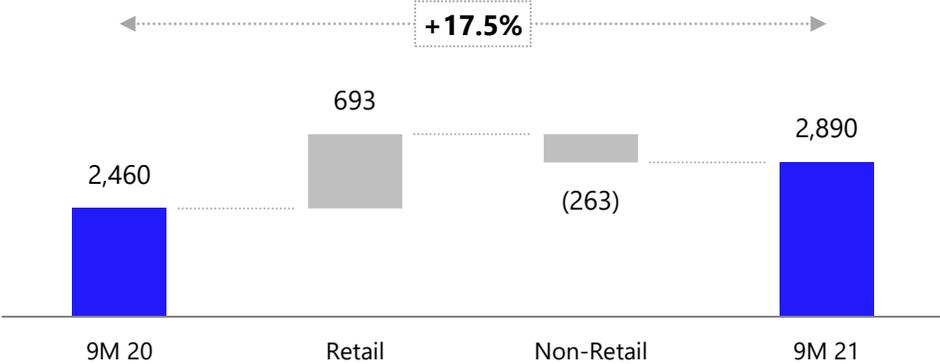


Asset Quality Trends (1) | Asset quality remains healthy and NPL coverage remains strong and stable

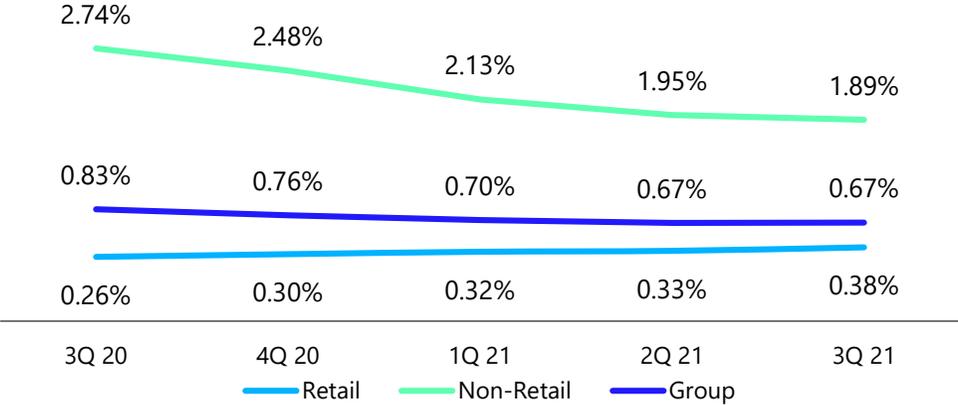
Cost of Risk (%)



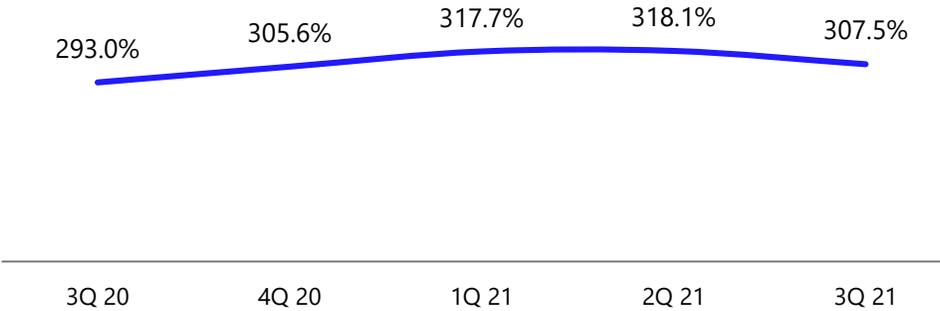
Movement in NPL (SARmn)



NPL Ratio (%)

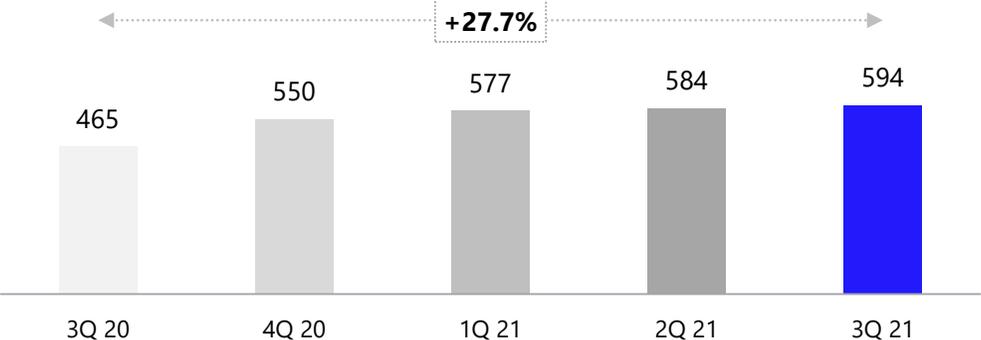


NPL coverage ratio (%)

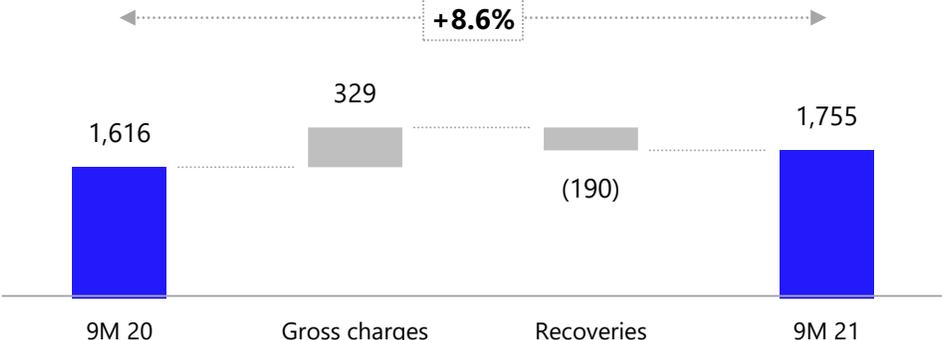


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

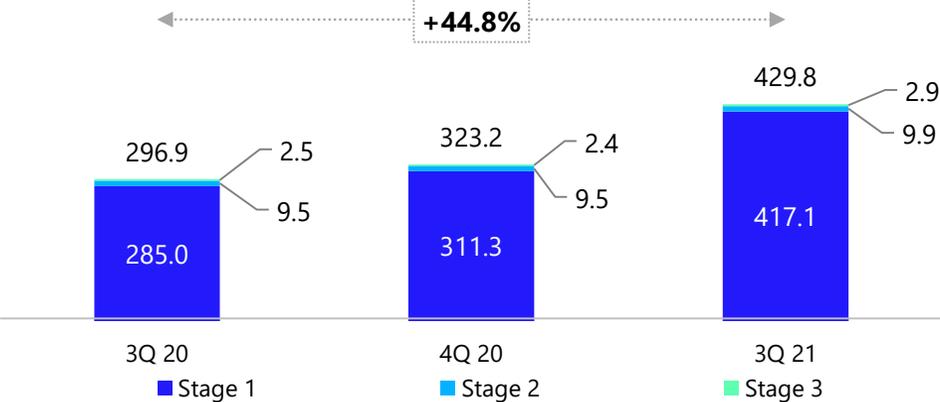
Net Impairment Charges (SARmn)



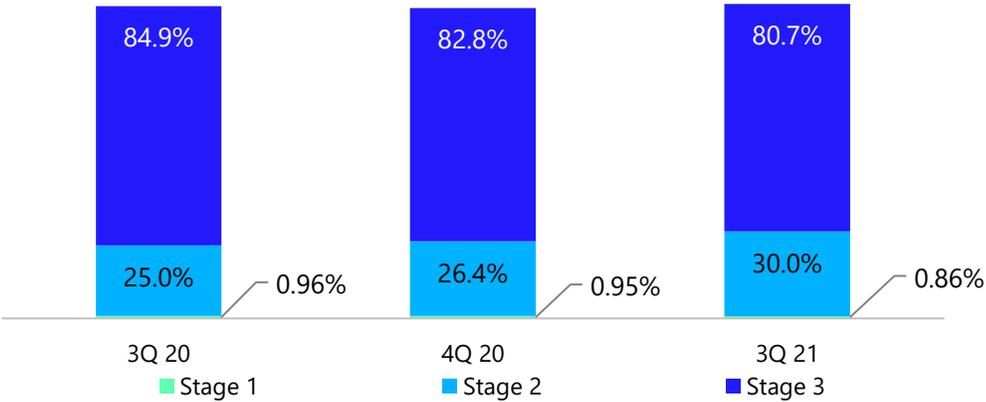
Movement in Net Impairment (SARmn)



Gross Loans by Stage* (SARbn)



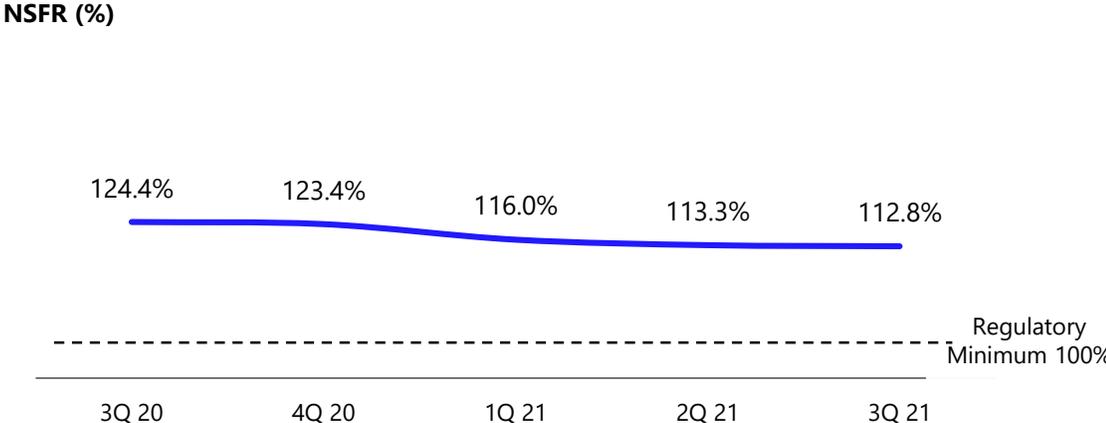
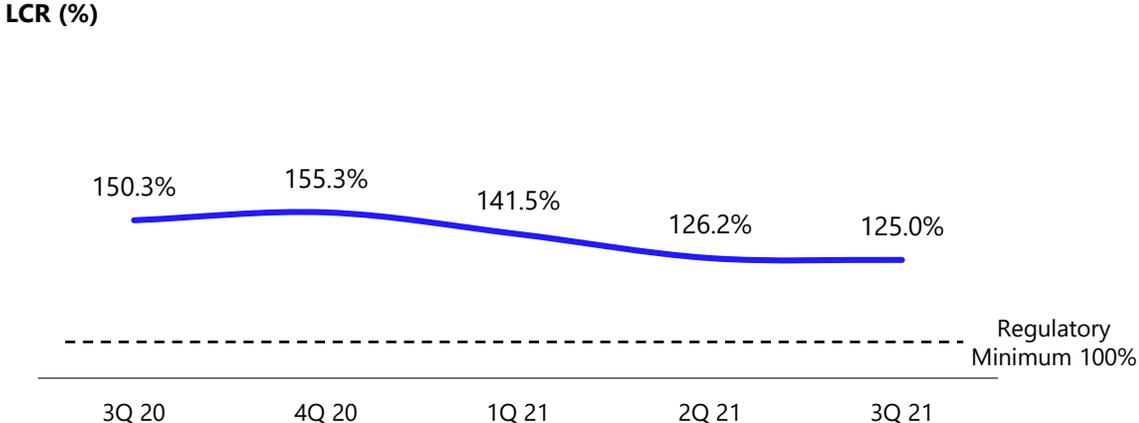
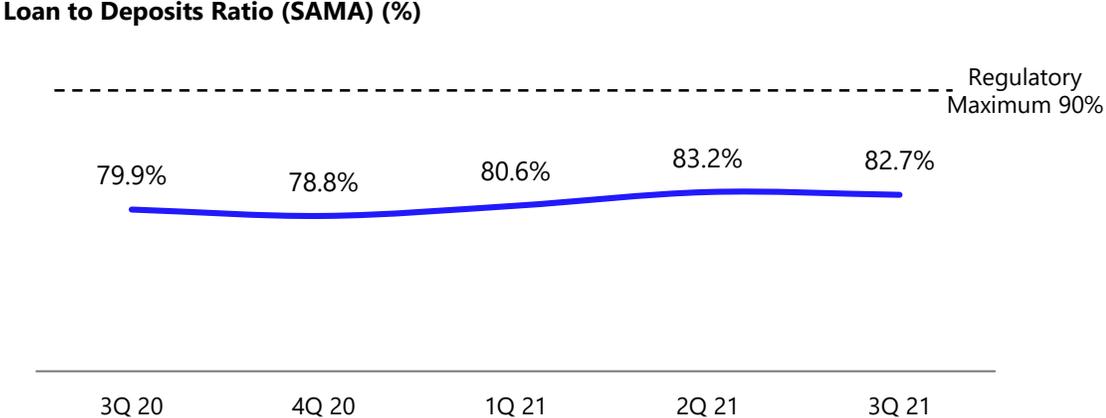
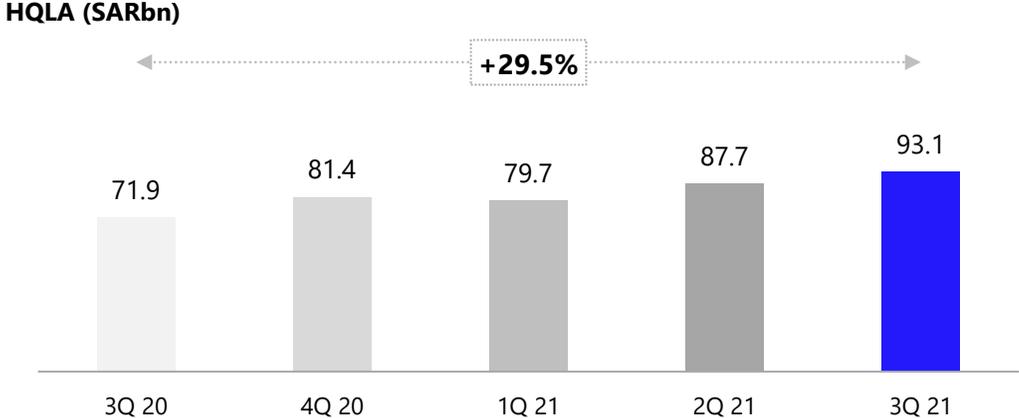
ECL Coverage* (%)



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

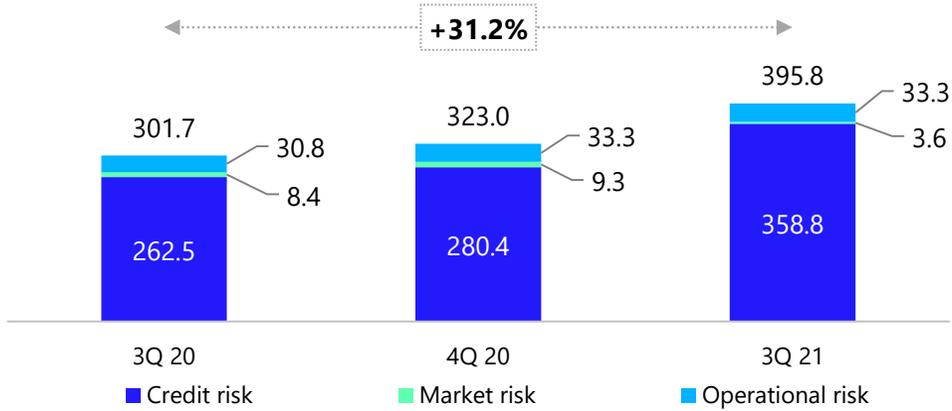


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

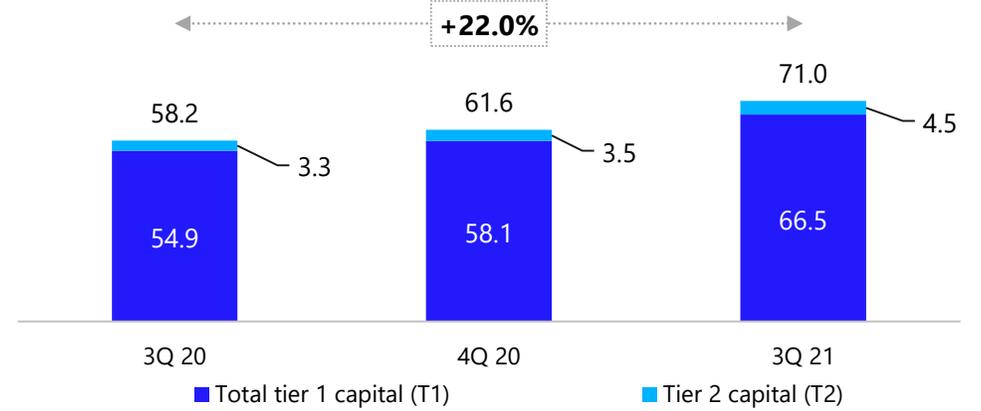


Capitalization Trends | Capital position well above regulatory minima

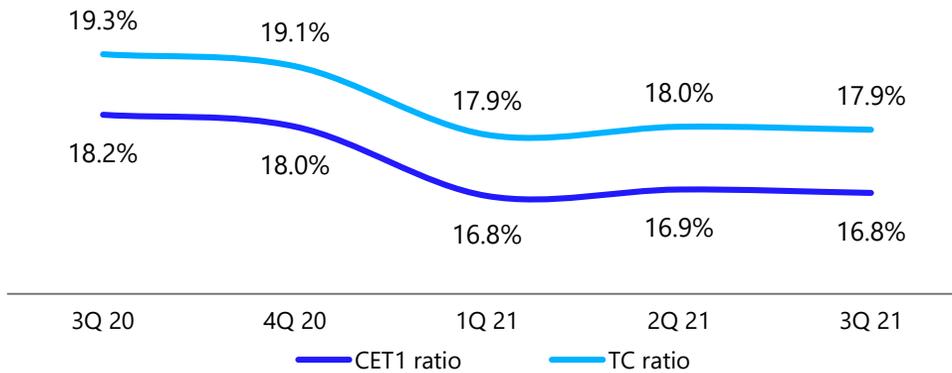
RWA (SARbn)



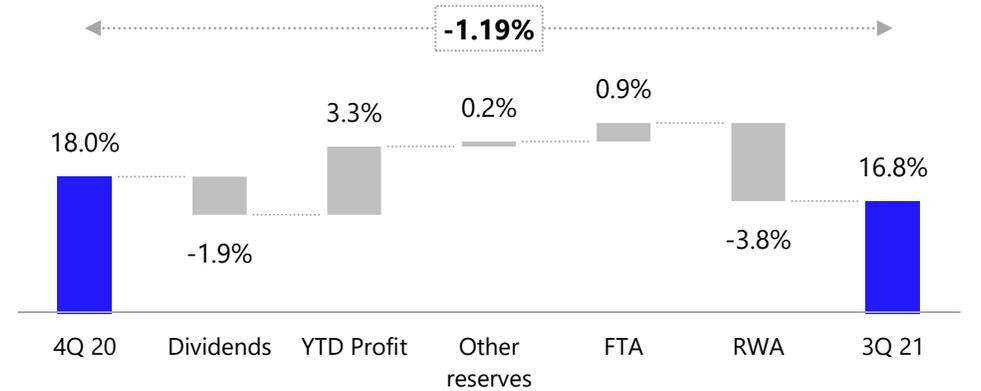
Total Capital (SARbn)



Capital Ratios (%)

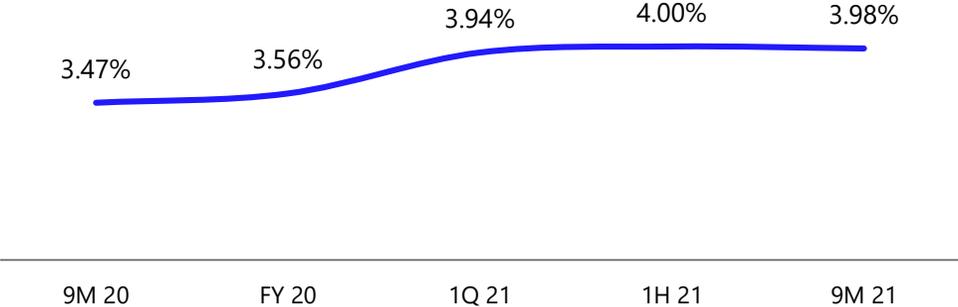


CET1 Drivers (%)

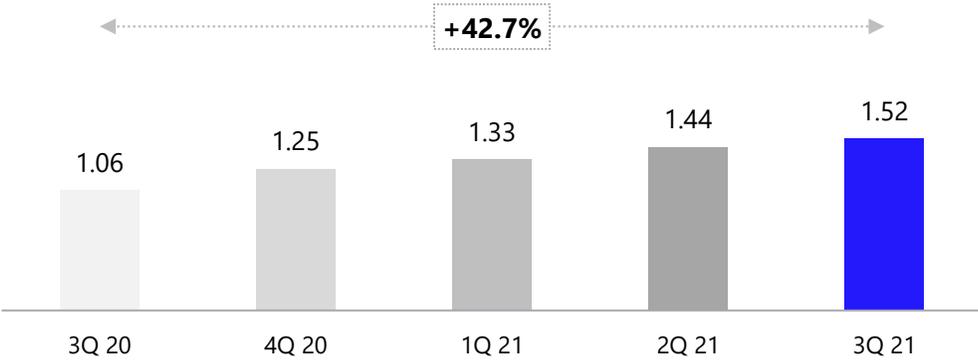


Return Metrics | Al Rajhi Bank's returns remain industry-leading

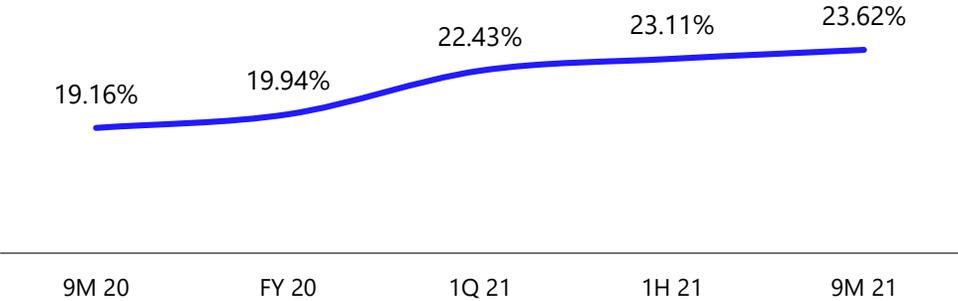
Return on RWA (%)



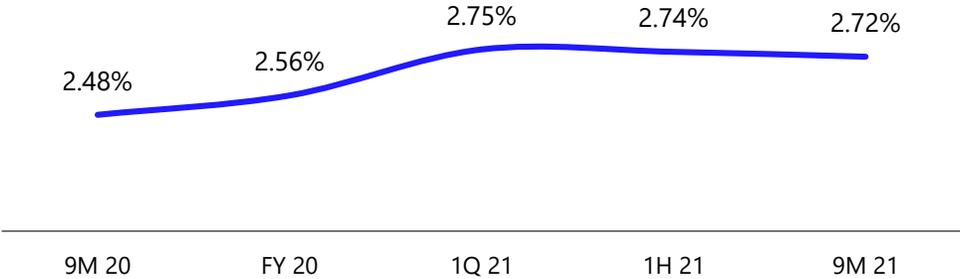
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



Trends ahead of expectations | Guidance revisions driven by solid growth in first 9M 2021

		FY 2020 Actual	FY 2021 Latest Guidance	9M 2021 Actual	Guidance Revision
Balance Sheet	Financing	SAR 315.7bn	32% - 35%	+33.3%	38% - 41%
Profitability	Net profit margin	4.71%	-40 bps to -50 bps	-39 bps	-45 bps to -55 bps
	Cost to income ratio	32.5%	Below 28.5%	27.2%	Below 28.0%
	ROE	19.94%	23% - 24%	23.6%	Unchanged
Asset Quality	Cost of risk	0.75%	0.60% - 0.70%	0.62%	Unchanged
Capital	CET1 ratio	18.0%	17% - 18%	16.8%	Unchanged



Q & A



ESG Highlights

ESG Highlights | 3Q 2021

			91 kidney transplants through Shifaa platform	ISO/DIS 37301:2020 Compliance	
	Window film at branches to reduce energy use	SAR 49mn Donation in 2020	7 batches of Graduate Development Program since 2015	ISO 22301:2019 Business Continuity Management	94 women-owned suppliers engaged
SAR 583bn Total Assets	32% of Corporate loans and project finance integrate ESG factors	SAR 1,237 mln Zakat paid	94 Social responsibility programs in 29 cities	1,198 Sharia Board Resolutions	40% growth in female employees since 2015
SAR 10.7bn Net Profit after Zakat	ISO Green Certification for the head office building	SAR 2.3bn in salaries and benefits paid	13,125 of volunteering hours Clocked	134 Policies & Frameworks	16% total number of female employees
0% Financing exposure in Tobacco, Alcohol & Gambling	89:11 Digital to Manual Ratio	SAR 14.5bn in financing for SMEs	61,500+ total training days	3 out of 11 Independent Board Directors	67% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

■ 3Q 2021 figures

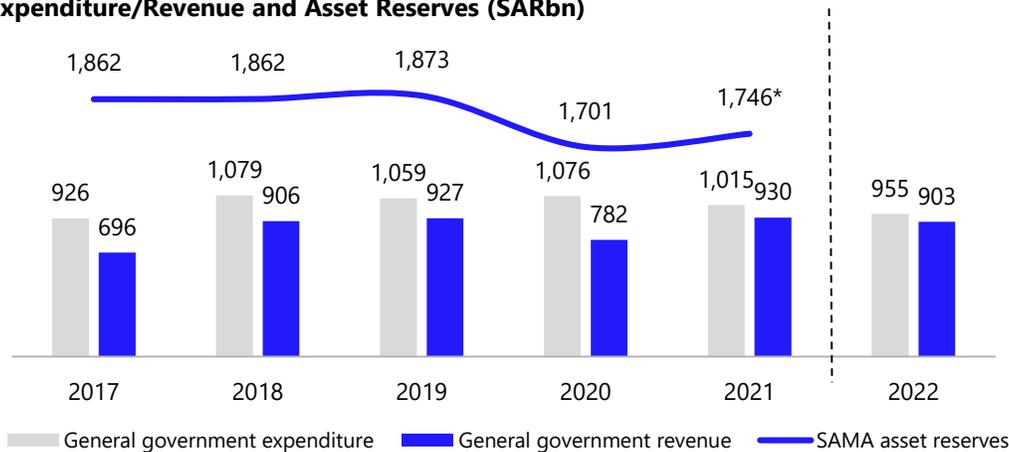


KSA's Macro-Economic Environment

Highlights

- IMF has revised up 2021 GDP growth forecast to 2.8% driven by recovery in economic activities and supported by oil prices
- Saudi budget performance for 3Q21 recorded the first surplus since 1Q19 of SAR6.6bn and the overall budget deficit is forecasted to be SAR85bn as compared to budgeted SAR141bn
- Average inflation forecasted to be 3.3% in 2021 and expected to normalize in 2022 to 1.3%

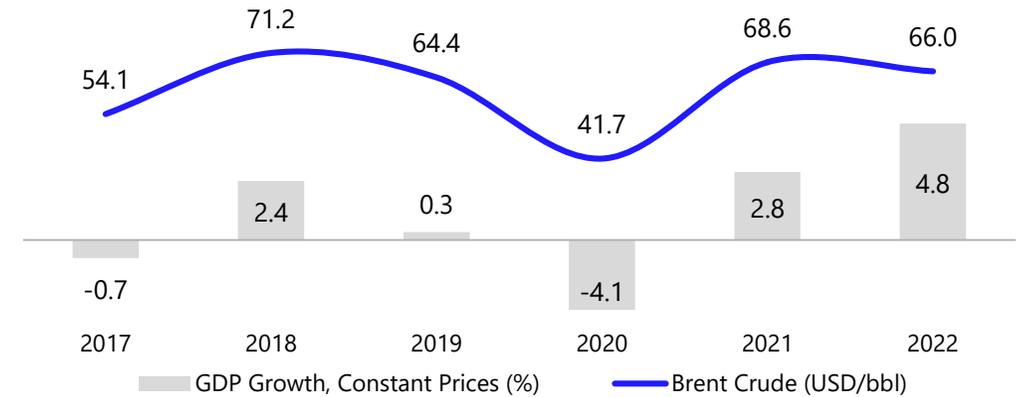
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

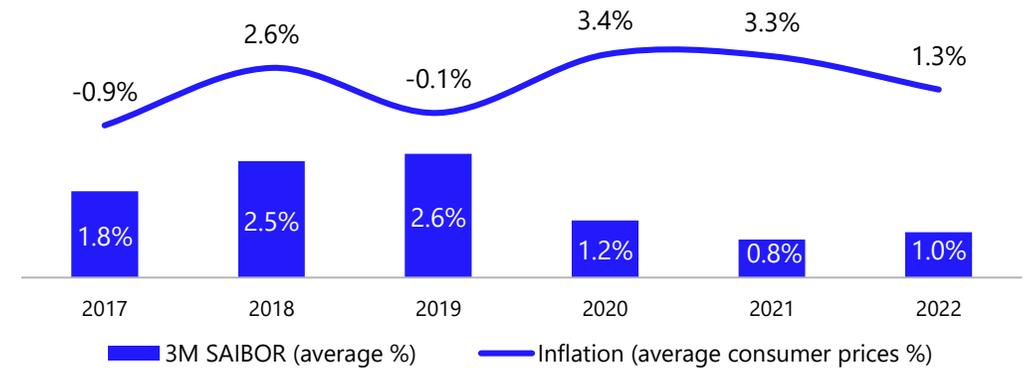
* Sep 2021 figure

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

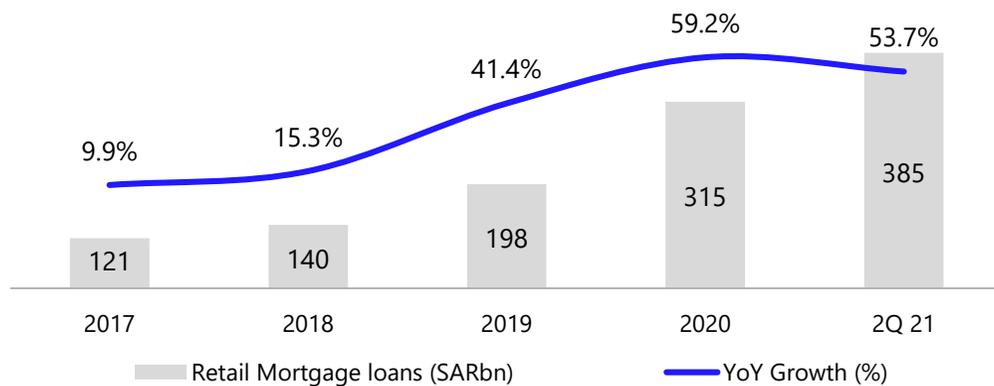


Banking Sector Highlights | Growth in mortgage lending continues to drive credit growth

Recent Developments

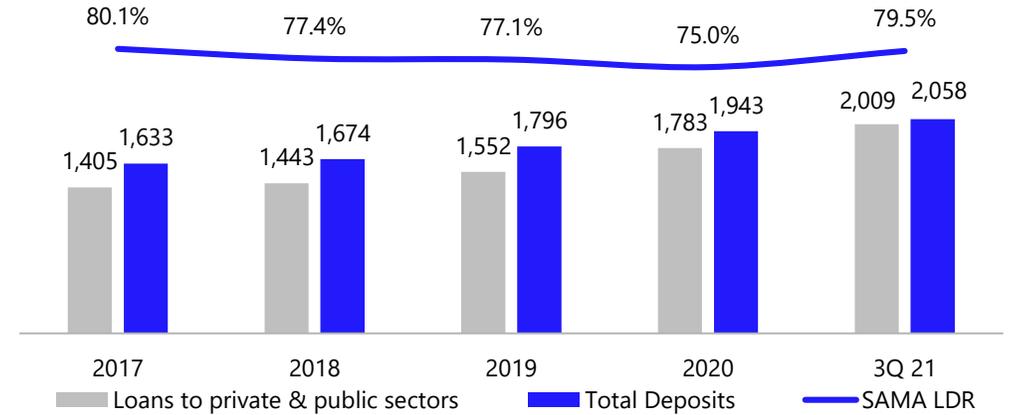
- REDF resumes tenor cap to 25 years with customers bearing the additional 5 years
- Consumer spending recovered with continuous migration to cashless payment methods
- Deferral Payment Program extended for additional three months till December 31, 2021 for MSME that are still affected by Covid-19

Retail Mortgage (SARbn)



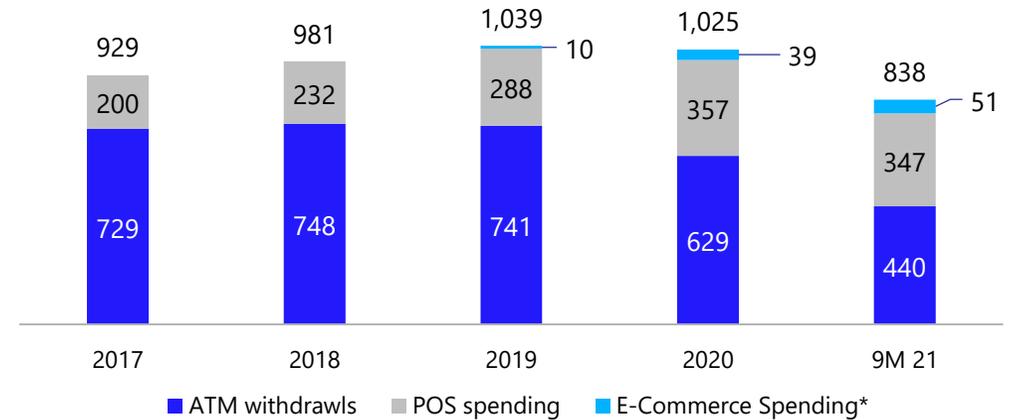
Source: SAMA

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



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

* E-Commerce started in 2019



IR Contact Information

Additional Information | Contact investor relations for more information

Rayan Alshuaibi

Head of Investor Relations
+966 (11) 828 1972
alshuaibirs@alrajhibank.com.sa

Faisal F. Altimyat

Investor Relations Specialist
+966 (11) 828 1457
altimyatff@alrajhibank.com.sa

Upcoming Events in 4Q 2021

8 th – 9 th November	GS 13 th Annual CEEMEA Conference
9 th – 10 th November	BofA Global Research MENA Conference

Visit our website ([here](#)) for more Investor disclosures:

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



Alrajhi bank app



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Investor Relations app



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