

Al Rajhi Bank Results Presentation

FY 2021 Earnings Conference Call and Webcast



FY 2021 Earnings Call

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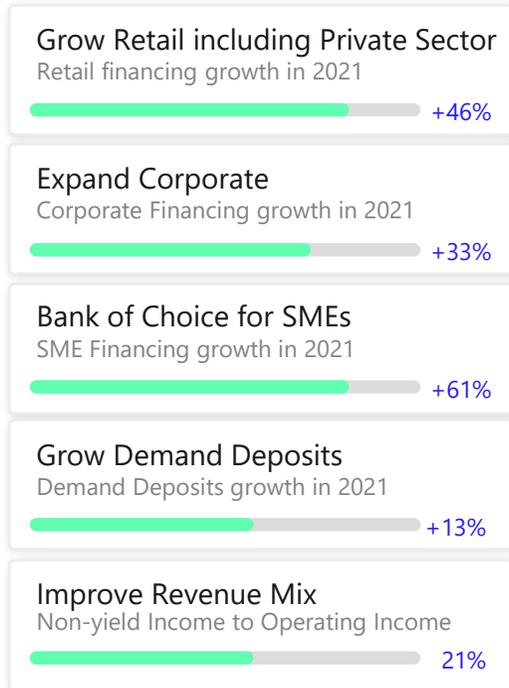
ARB delivered excellent results in 2021 | Results are in line with or ahead of expectations

Strong 33% YoY Balance Sheet Growth	43.4% Growth in financing driven by mortgages	35.5% Growth in liabilities	Healthy LDR
	Net Financing 315.7bn $\xrightarrow{+43.4\%}$ 452.8bn FY 20 FY 21	Total Liabilities 410.7bn $\xrightarrow{+35.5\%}$ 556.4bn FY 20 FY 21	Loan to Deposit Ratio 79% $\xrightarrow{\quad}$ 82% FY 20 FY 21
Solid 39% net income growth YoY	20.6% Net yield income growth, impacted by slightly lower NPM	39.8% Non yield income growth	24.1% Operating income growth
	Net Yield income 16,913mn $\xrightarrow{+20.6\%}$ 20,392mn FY 20 FY 21	Non Yield Income 3,808mn $\xrightarrow{+39.8\%}$ 5,324mn FY 20 FY 21	Operating Income 20,721mn $\xrightarrow{+24.1\%}$ 25,716mn FY 20 FY 21
Stable credit quality	15 bps COR reduction	11 bps improvement in NPL ratio from strong loan growth	NPL coverage remained strong and stable
	Cost of risk 0.75% $\xrightarrow{\quad}$ 0.60% FY 20 FY 21	NPL 0.76% $\xrightarrow{\quad}$ 0.65% FY 20 FY 21	NPL Coverage 306% $\xrightarrow{\quad}$ 306% FY 20 FY 21
Key Ratios	5.6 ppt better operating efficiency	Capital position above regulatory minima	Lower NPM
	Cost to income ratio 32.5% $\xrightarrow{\quad}$ 26.9% FY 20 FY 21	Total Capital Adequacy Ratio 19.1% $\xrightarrow{\quad}$ 17.6% FY 20 FY 21	NPM 4.71% $\xrightarrow{\quad}$ 4.21% FY 20 FY 21



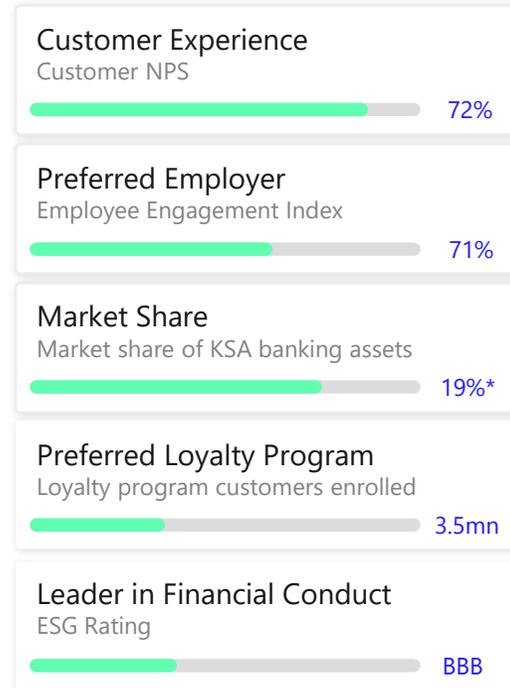
Bank

Build on our core



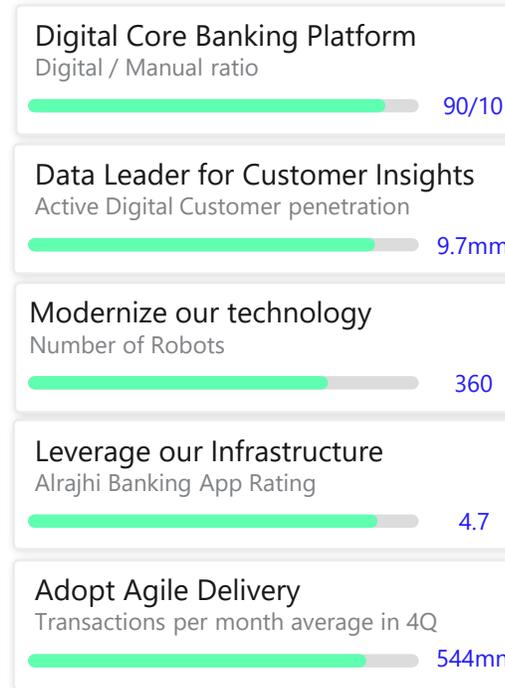
OF

Outperform our competition



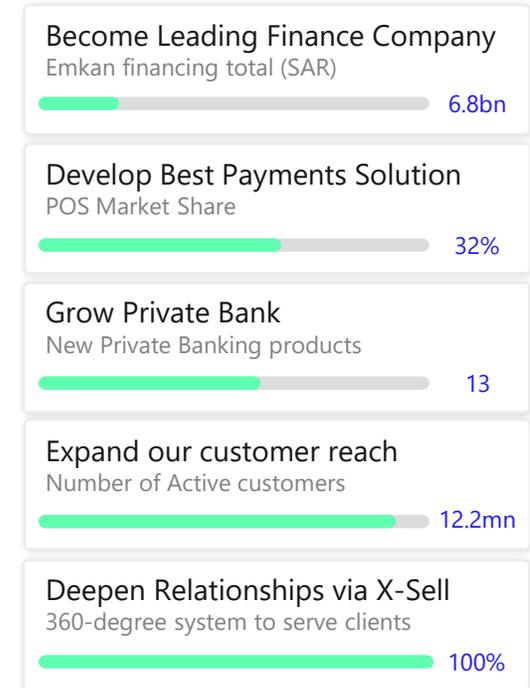
The

Transform technology



Future

Focus on new client needs



*As per initial data from SAMA



On track to build the “Bank of the Future” | Ejada acquisition will help to accelerate our strategic initiatives

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

The banking model is evolving:

- Technology in banks has evolved from being a function to a fundamental part of the organization
- Continuous deployment and upgrade to digital capabilities is required to support future growth in highly competitive market
- Banks are becoming technology companies around which an ecosystem is established



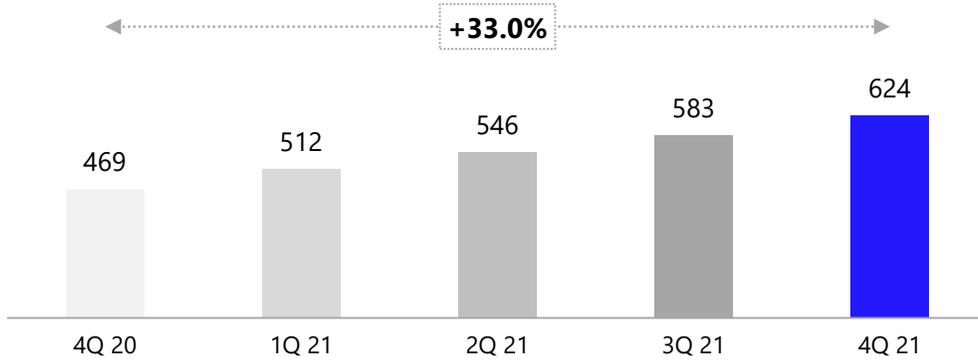
- Ejada is a leading IT services provider in Saudi Arabia and the MENA region
- Ejada will help the group to continue delivering a superior customer experience, driving scale and efficiency gains and improving agility and time to market
- Ejada will be an integral part of our strategy to create a financial ecosystem that provides innovative and smart financial solutions to address changing customer needs



FY 2021 Financial Highlights

Balance Sheet Trends (1) | Strong 33% YoY balance sheet growth driven by Financing and Investments

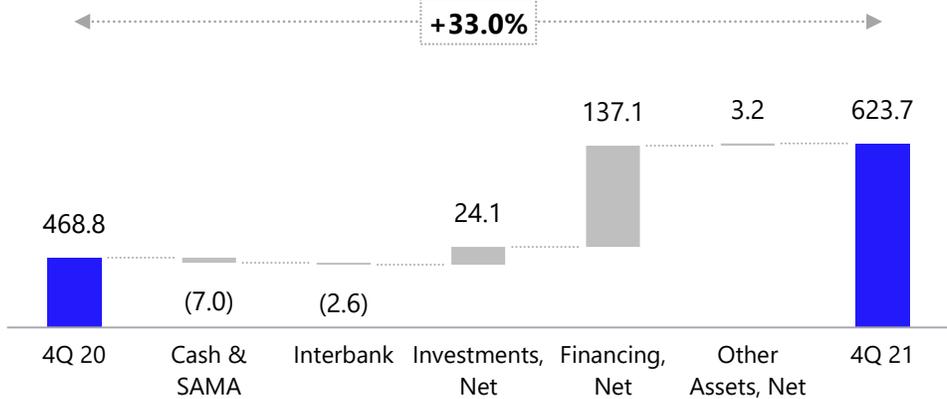
Total Assets (SARbn)



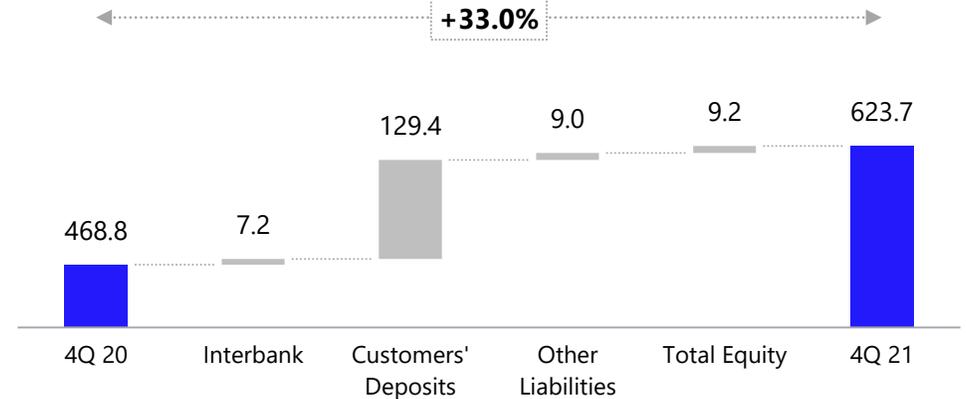
SAR (mn)

	4Q 21	3Q 21	QoQ	4Q 2020	YoY
Cash & balances with SAMA	40,363	34,420	+17%	47,363	-15%
Due from banks & other FI	26,065	27,518	-5%	28,655	-9%
Investments, net	84,433	82,048	+3%	60,285	+40%
Financing, net	452,831	420,954	+8%	315,712	+43%
Other assets, net	19,979	17,745	+13%	16,810	+19%
Total assets	623,672	582,684	+7%	468,825	+33%
Due to banks & other FI	17,952	14,733	+22%	10,764	+67%
Customers' deposits	512,072	478,331	+7%	382,631	+34%
Other liabilities	26,339	25,984	+1%	17,311	+52%
Total liabilities	556,363	519,048	+7%	410,706	+35%
Total shareholders' equity	67,309	63,637	+6%	58,119	+16%

Movement in Assets (SARbn)

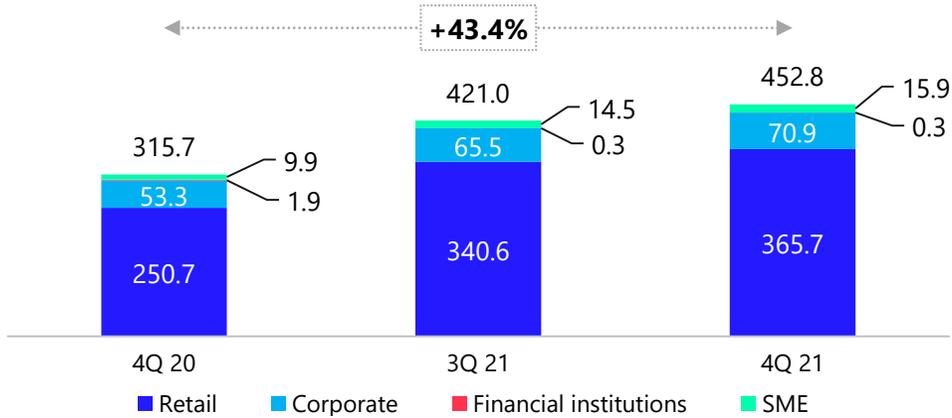


Movement in Funding (SARbn)

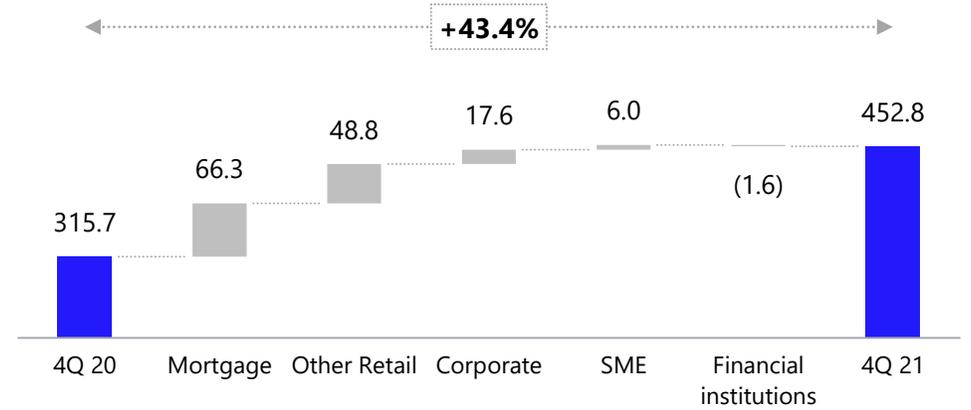


Balance Sheet Trends (2) | Financing growth driven by mortgage; Strong growth in customers deposits

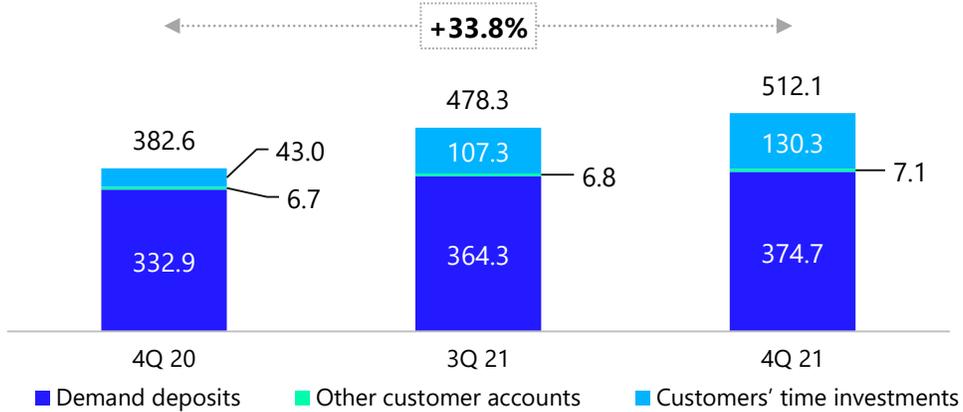
Financing, Net (SARbn)



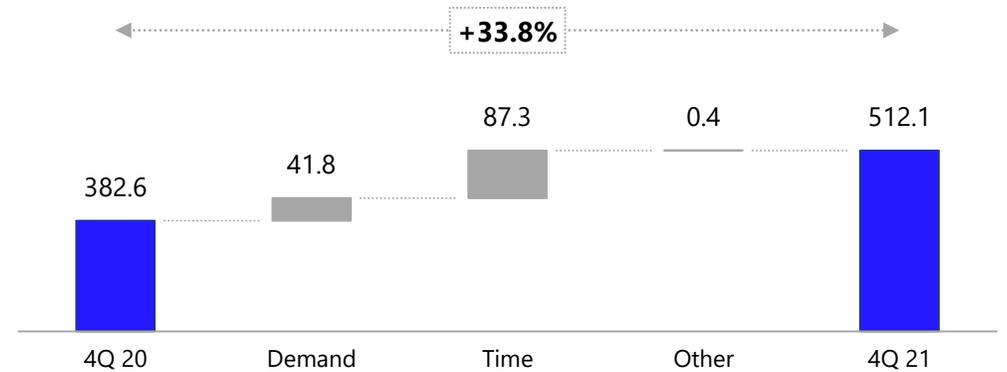
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

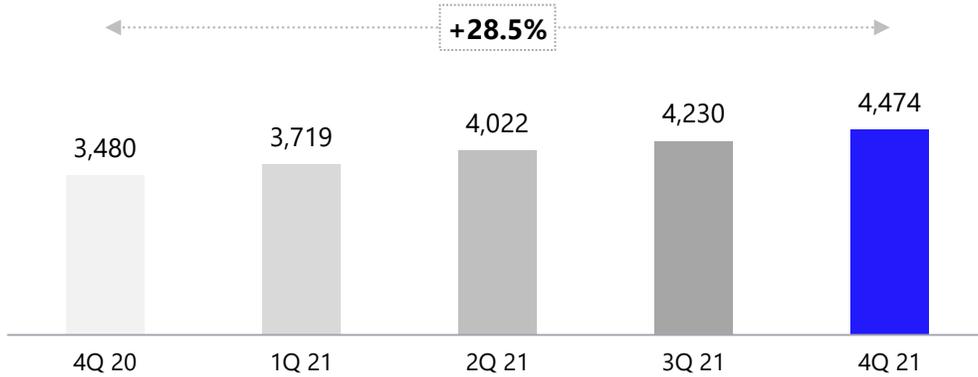


Movement in Total Customers' Deposits (SARbn)



Net Income Trends | Solid net profit growth of 39% YoY

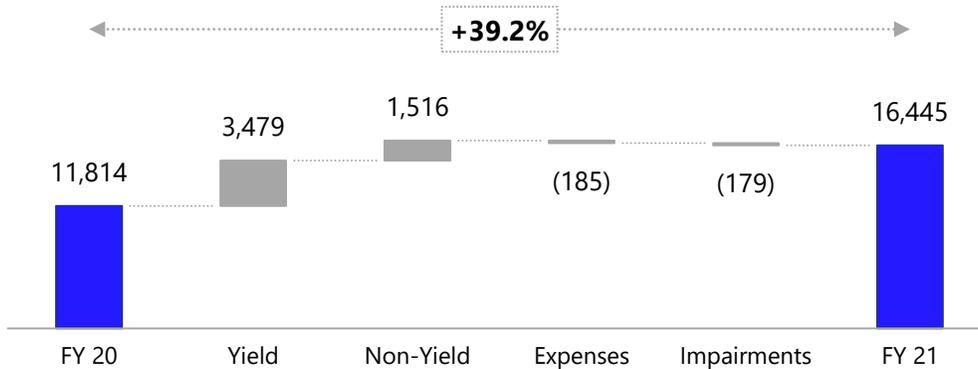
Net Income For The Period Before Zakat (SARmn)



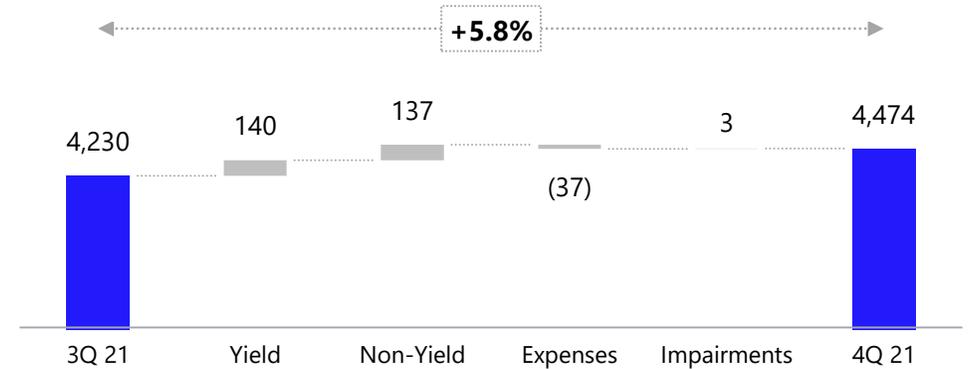
SAR (mn)

	FY 21	FY 20	YoY	4Q 21	4Q 20	YoY
Net financing & investment income	20,392	16,913	+21%	5,355	4,638	+15%
Fee from banking services, net	3,933	2,660	+48%	1,114	864	+29%
Exchange Income, net	788	784	+1%	218	210	+4%
Other operating income, net	603	365	+65%	168	82	+104%
Fees and other income	5,324	3,808	+40%	1,500	1,155	+30%
Total operating income	25,716	20,721	+24%	6,855	5,794	+18%
Operating expenses	-6,927	-6,742	+3%	-1,791	-1,763	+2%
Pre-provision profit	18,790	13,979	+34%	5,064	4,030	+26%
Total impairment charge	-2,345	-2,166	+8%	-590	-550	+7%
Net income for the period before Zakat	16,445	11,814	+39%	4,474	3,480	+29%
Zakat	-1,699	-1,218	+39%	-461	-359	+29%
Net income for the period after Zakat	14,746	10,596	+39%	4,012	3,121	+29%

Net Income Before Zakat Growth Drivers By Type (SARmn)

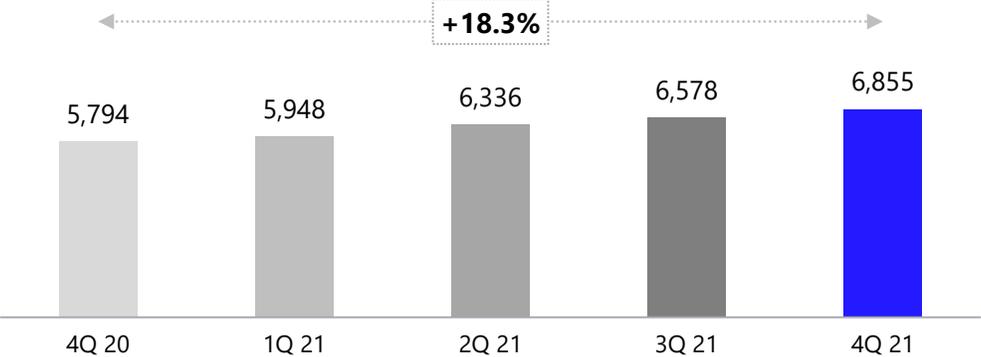


Net Income Before Zakat Growth Drivers By Type (SARmn)

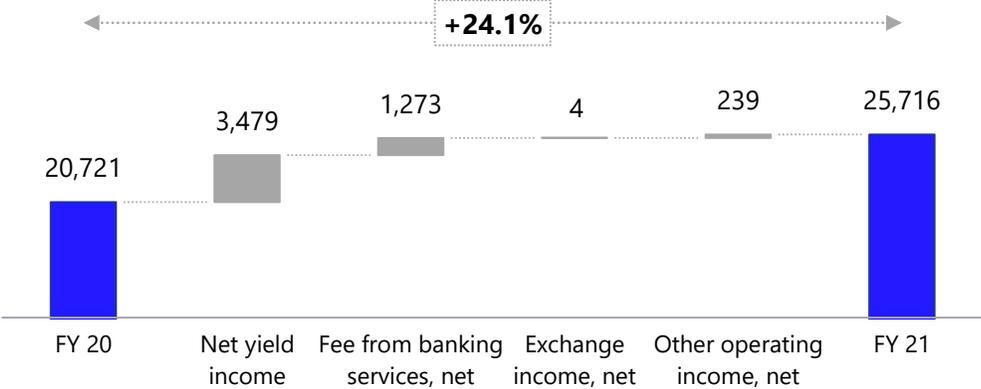


Operating Income Trends | Strong income growth reflecting successful strategy execution

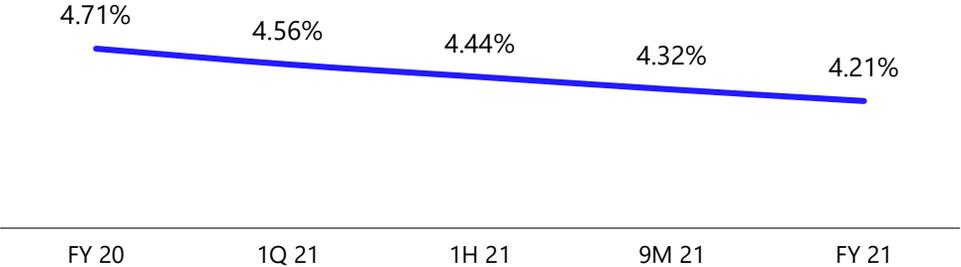
Total Operating Income (SARmn)



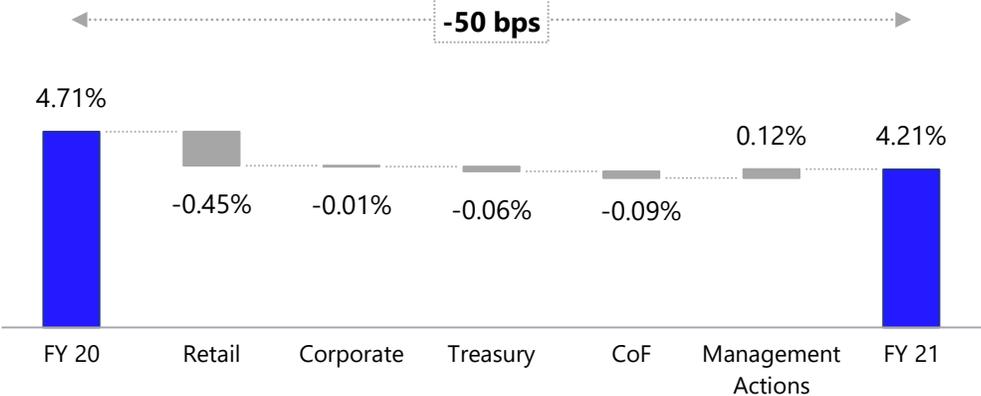
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

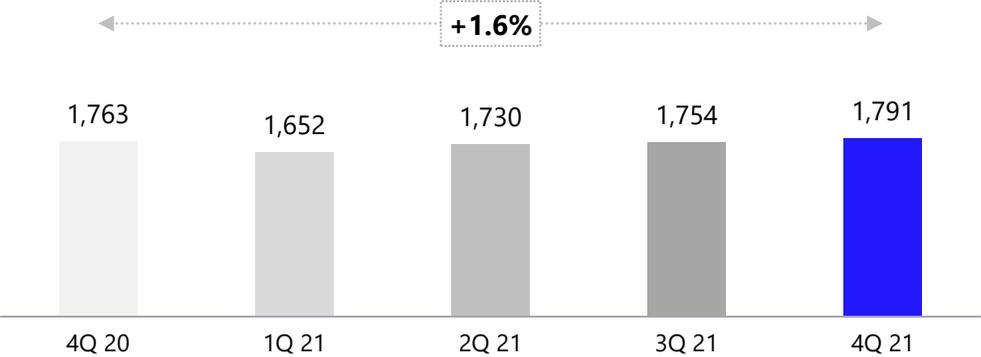


NPM Drivers (%)

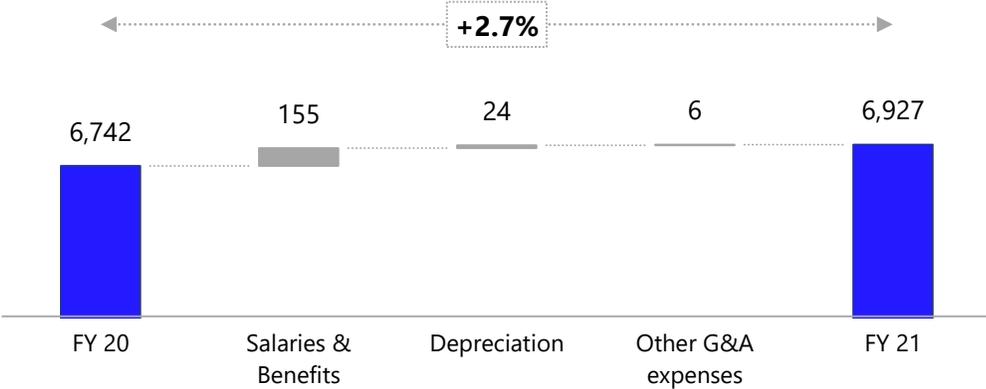


Expenses Trends | Cost efficiencies resulted in higher positive jaws

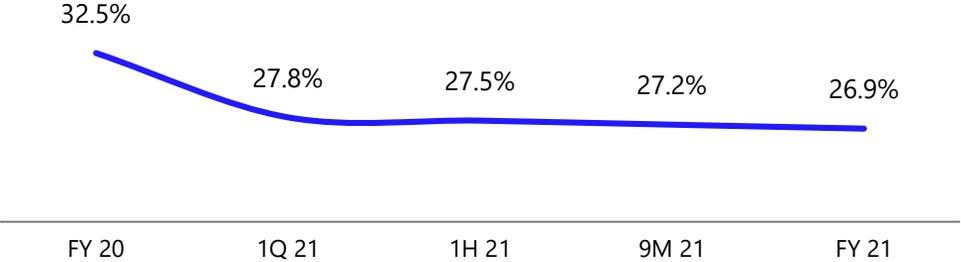
Operating Expenses (SARmn)



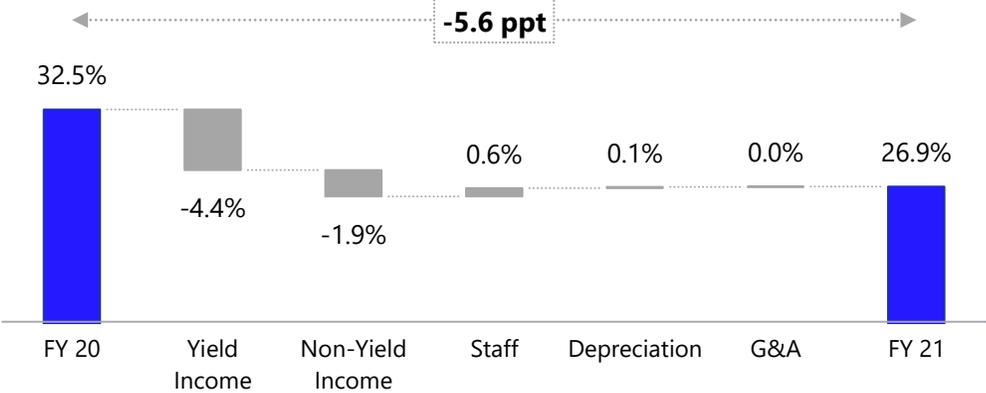
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

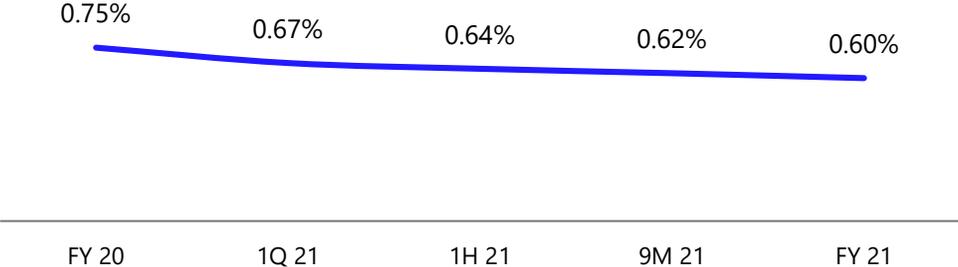


Cost to Income Ratio Drivers (%)

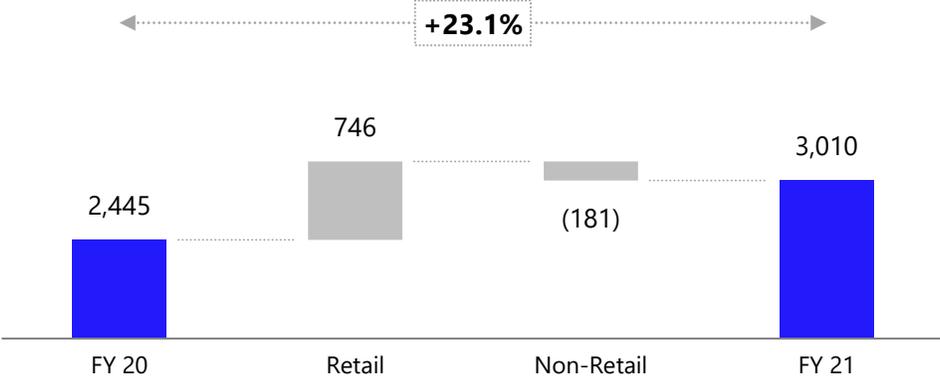


Asset Quality Trends (1) | Asset quality remains healthy and NPL coverage remains strong and stable

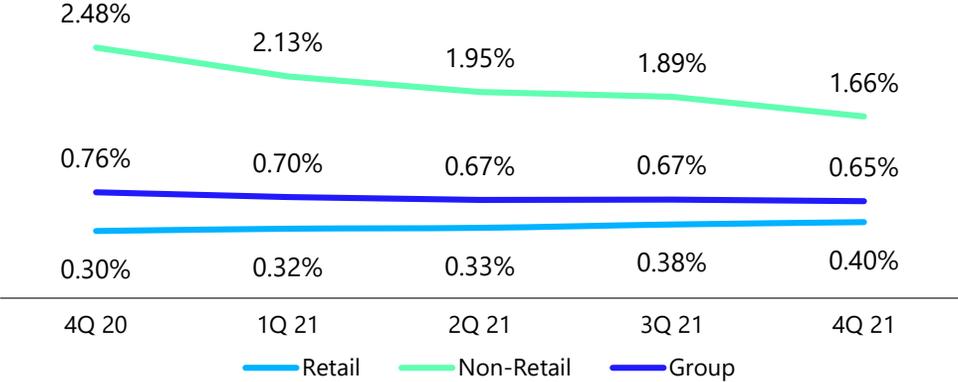
Cost of Risk (%)



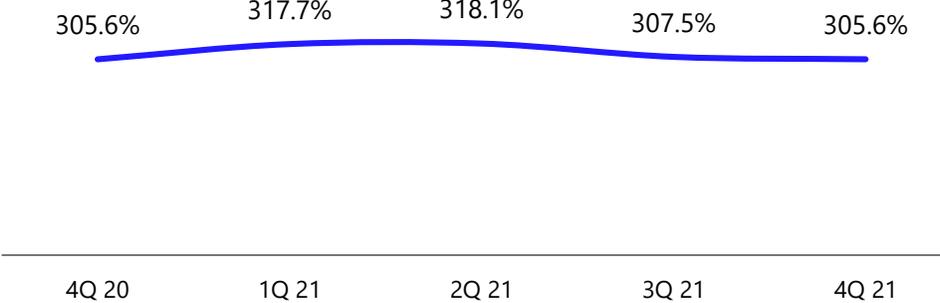
Movement in NPL (SARmn)



NPL Ratio (%)

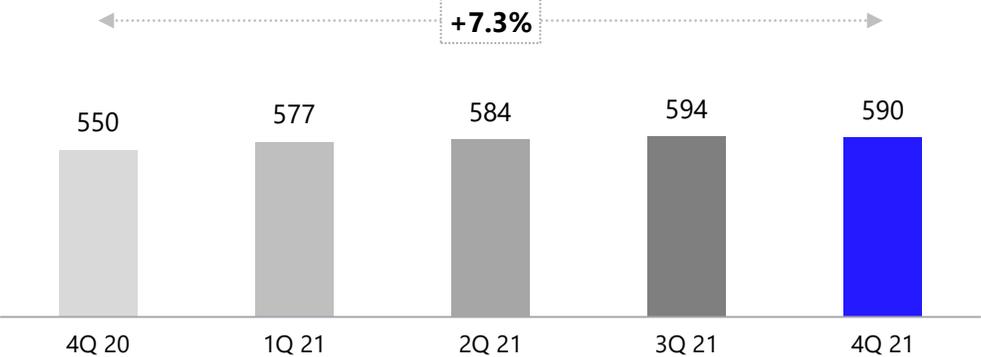


NPL coverage ratio (%)

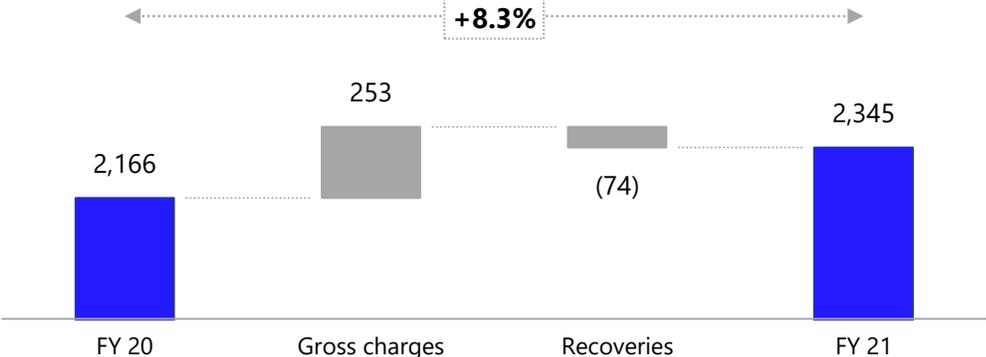


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

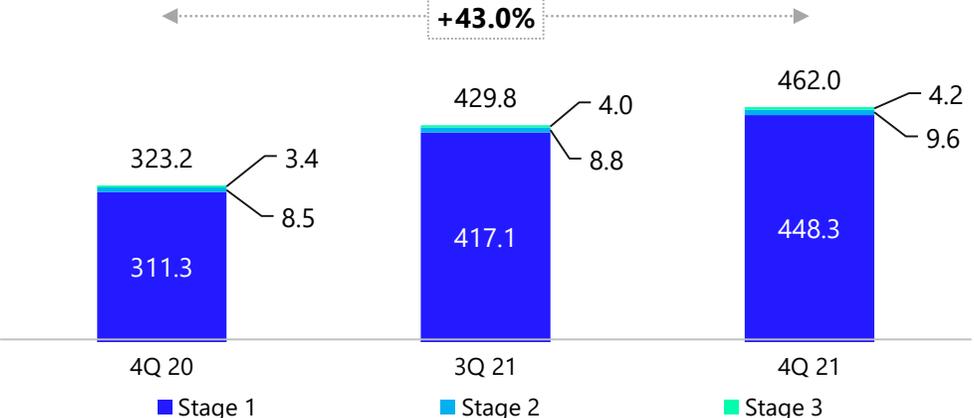
Net Impairment Charges (SARmn)



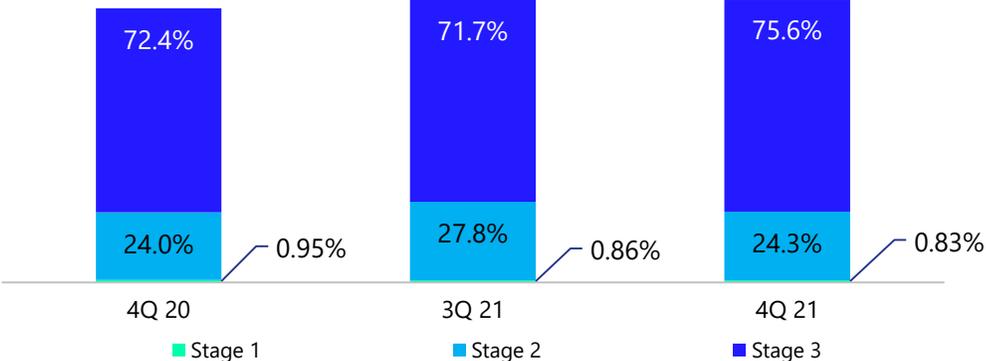
Movement in Net Impairment (SARmn)



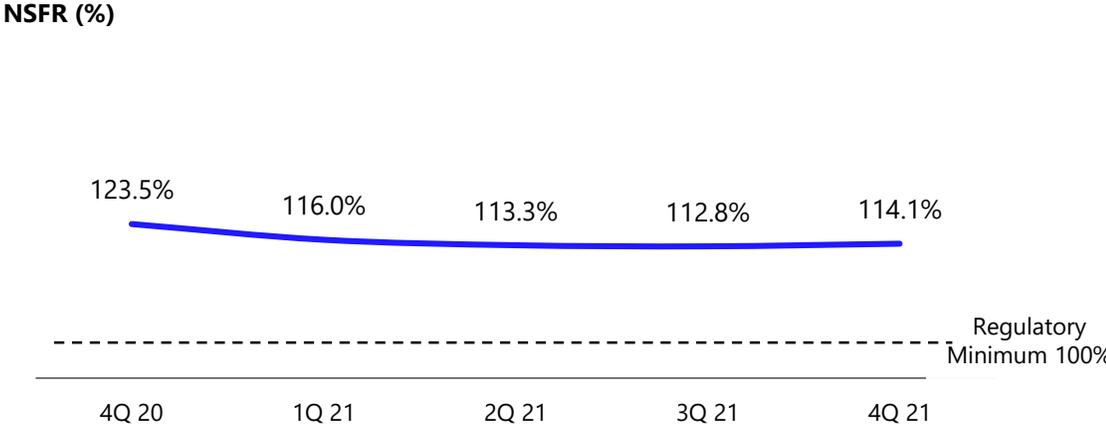
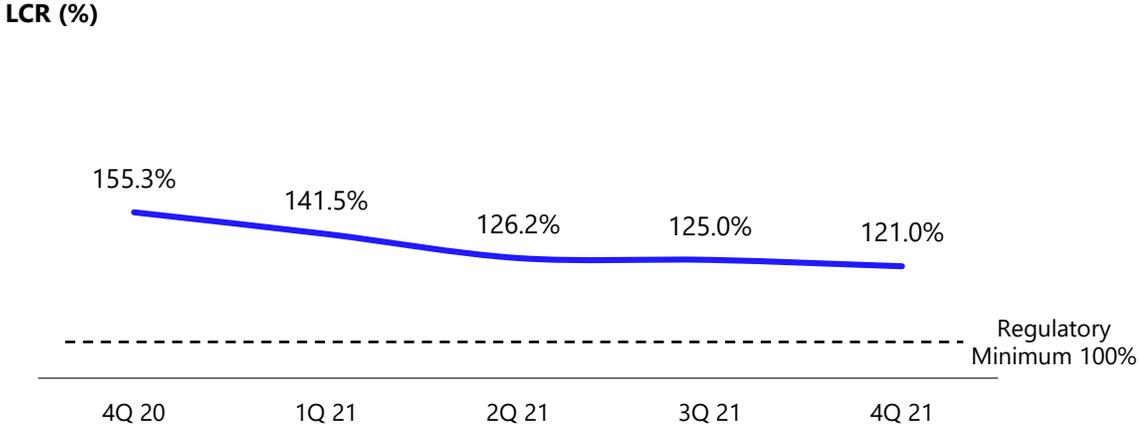
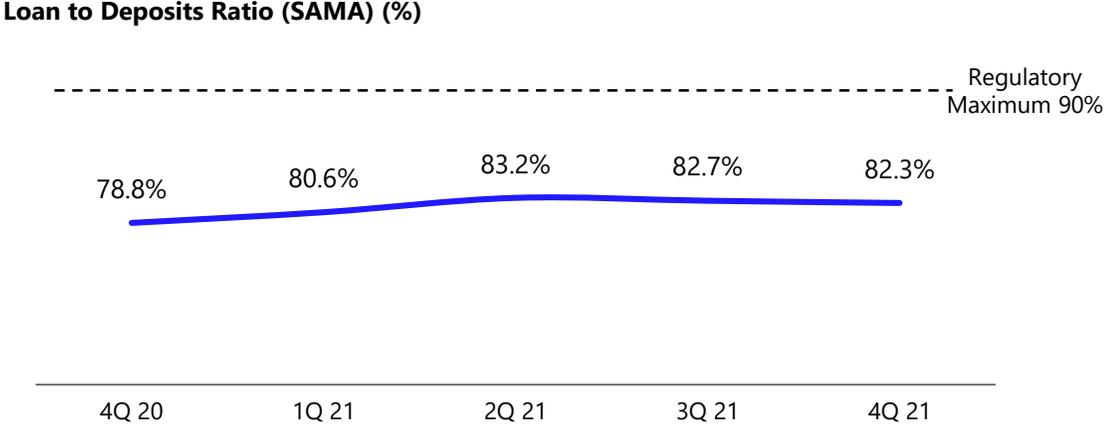
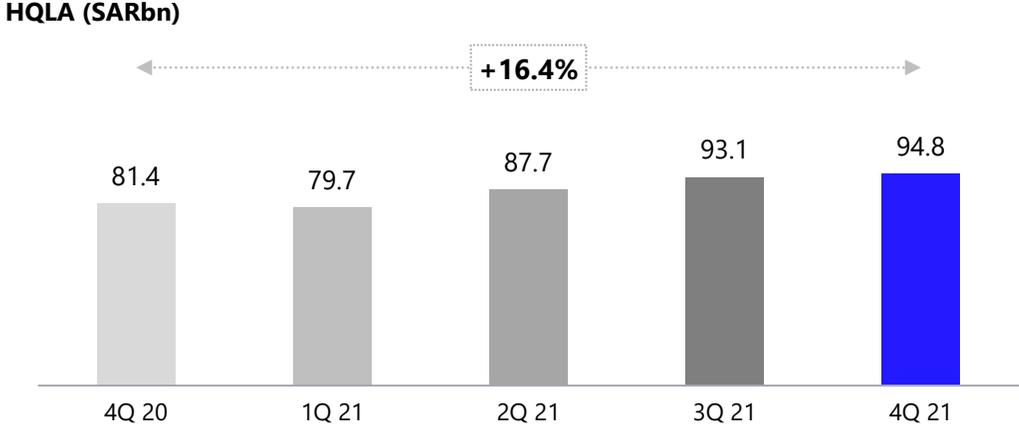
Gross Loans by Stage (SARbn)



ECL Coverage (%)

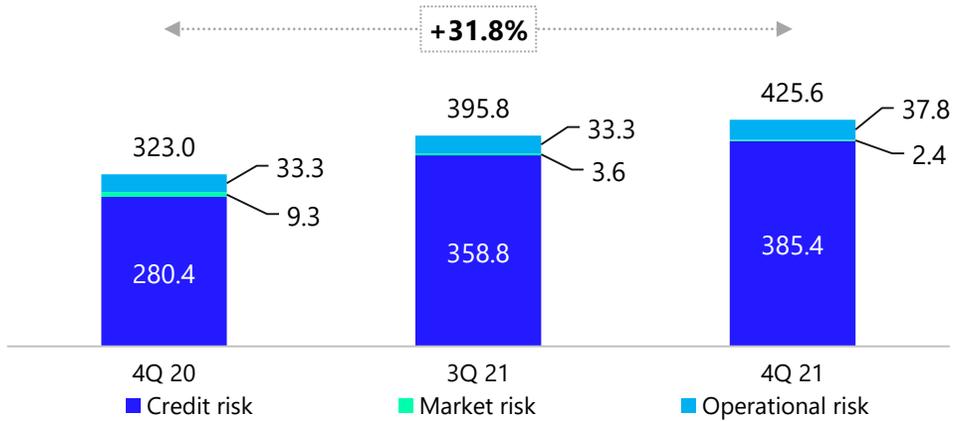


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

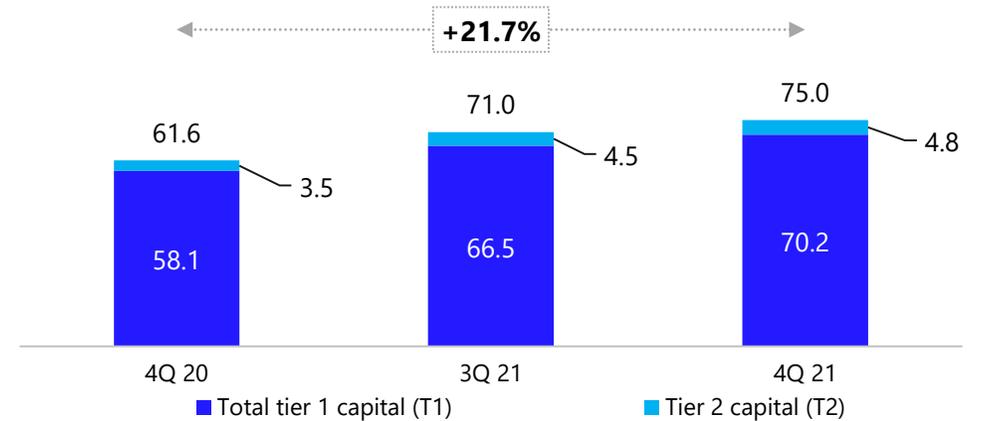


Capitalization Trends | Capital position well above regulatory minima

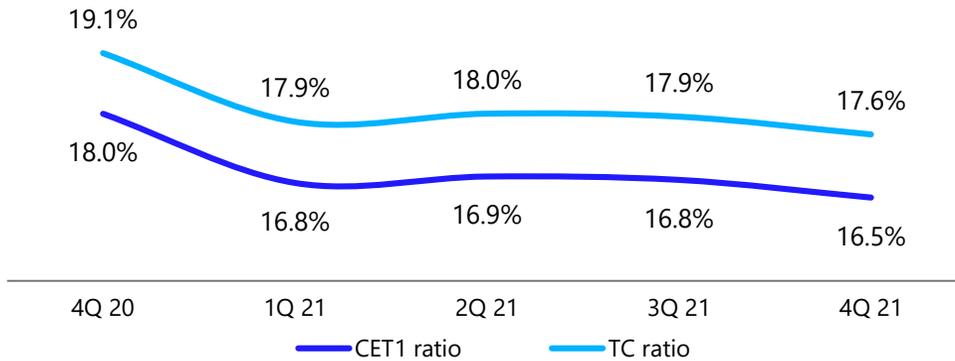
RWA (SARbn)



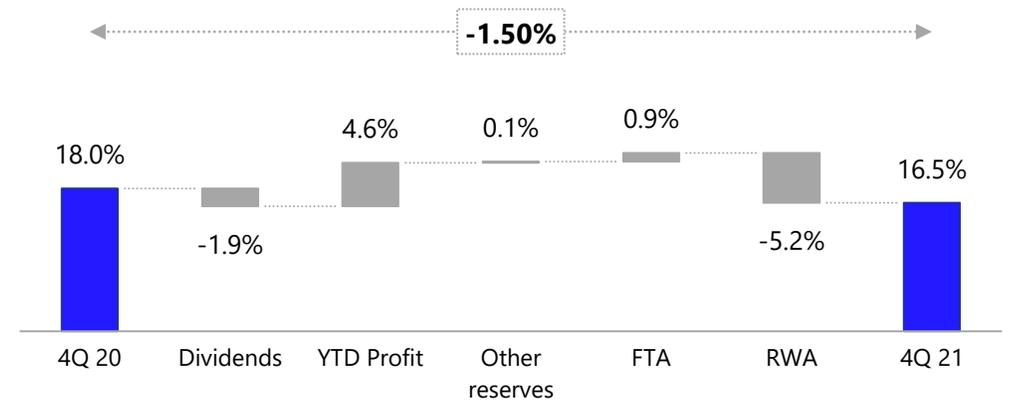
Total Capital (SARbn)



Capital Ratios (%)

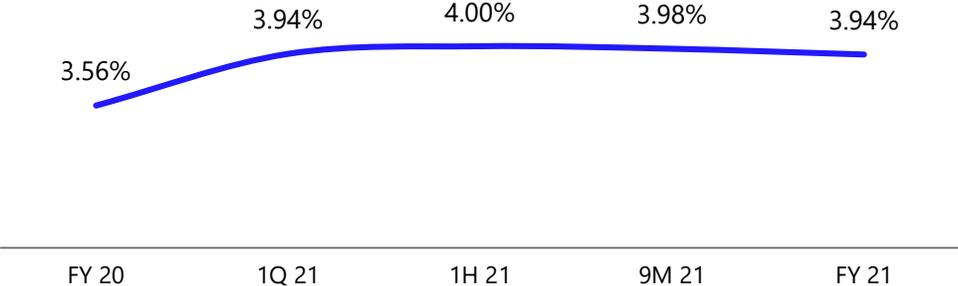


CET1 Drivers (%)

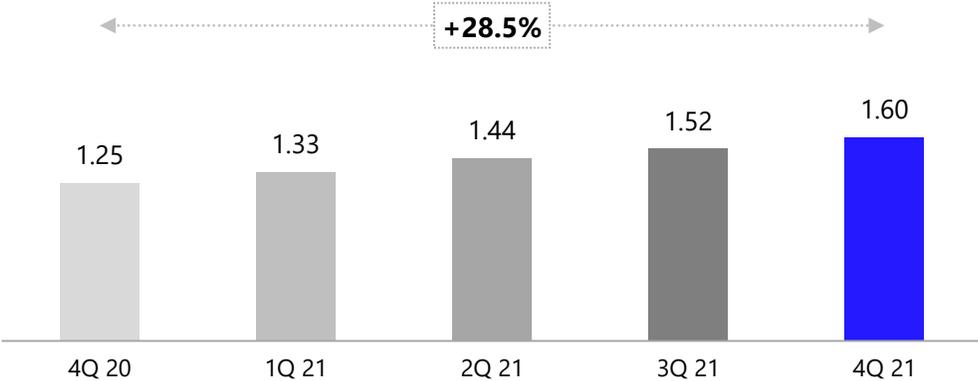


Return Metrics | Al Rajhi Bank's returns remain industry-leading

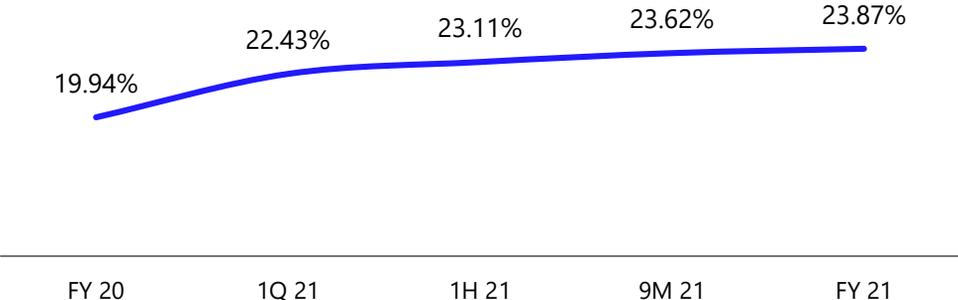
Return on RWA (%)



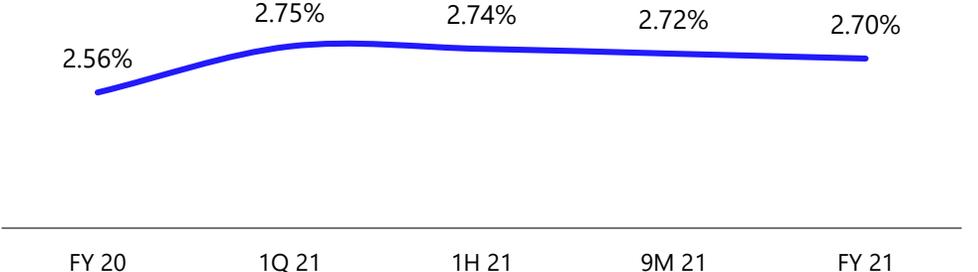
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2022 Guidance

FY 2022 Assumptions and Outlook | Positive economic outlook with focus in delivering efficiencies

Economy



- IMF forecasted Saudi GDP growth of 4.8% in 2022 while MoF forecasts stands at 7.8%.
- MoF forecasted a budget surplus of SAR90bn. representing 2.5% of GDP in 2022
- Consumer spending increased by 10.2% in 2021 on the back of improved economic activities and vaccine rollout
- Credit growth is expected to continue during 2022 supported by government and PIF initiatives and projects

Interest Rates



- Interest rates are expected to move higher during 2022 as US inflation staying well above its 2% target
- Competition is expected to continue which will negate the positive impact of higher interest rates
- Retail ex-mortgage assets re-pricing is expected to occur in the range of 1-3 years.

Strategy & Execution



- “Bank of the Future” strategy is paving the way for growth opportunities across all business lines
- Strategy execution is on track to build a financial ecosystem addressing changing customer needs
- The focus will continue to improve the bank overall efficiencies through several initiatives
- ESG remains a focus for the management to build a sustainable business that contributes to the bottom line



FY 2022 Guidance | Continuation of excellent results and strategy execution

		FY 2020 Actual	FY 2021 Latest Guidance	FY 2021 Actual	FY 2022 Guidance
Balance Sheet	Financing	SAR 315.7bn	38% - 41%	+43.4%	High teens
Profitability	Net profit margin	4.71%	-45 bps to -55 bps	-50 bps	-45 bps to -55 bps
	Cost to income ratio	32.5%	Below 28.0%	26.9%	Below 27%
	ROE	19.94%	23% - 24%	23.9%	23% - 24%
Asset Quality	Cost of risk	0.75%	0.60% - 0.70%	0.60%	0.50% - 0.60%
Capital	Tier 1 ratio	18.0%	17% - 18%	16.5%	17% - 18%



Q & A

ESG Highlights

			91 kidney transplants through Shifaa platform	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 5 branches to reduce utilities consumption	SAR 32mn Donation in 2021	9 batches of Graduate Development Program since 2015	ISO 22301:2019 Business Continuity Management	101 women-owned suppliers engaged
SAR 624bn Total Assets	Over USD1bn of financing renewable energy projects	SAR 1,699 mln Zakat paid	3,663 Employees volunteered in social programs	1,209 Sharia Board Resolutions	69% growth in female employees since 2015
SAR 14.7bn Net Profit after Zakat	ISO Green Certification for the head office building	SAR 3.1bn in salaries and benefits paid	18,300+ of volunteering hours Clocked	137 Policies & Frameworks	17% of female employees
0% Financing exposure in Tobacco, Alcohol & Gambling	90:10 Digital to Manual Ratio	SAR 15.8bn in financing for SMEs	89,800+ total training days	4 out of 11 Independent Board Directors	93% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

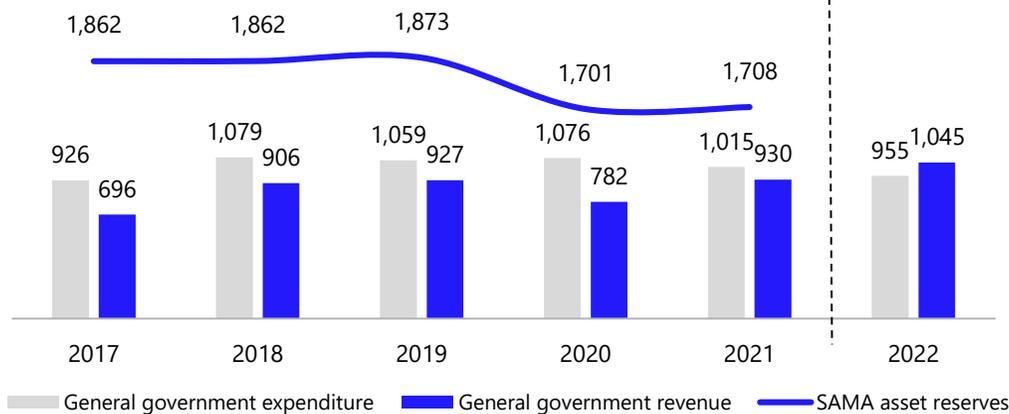


KSA's Macro-Economic Environment

Highlights

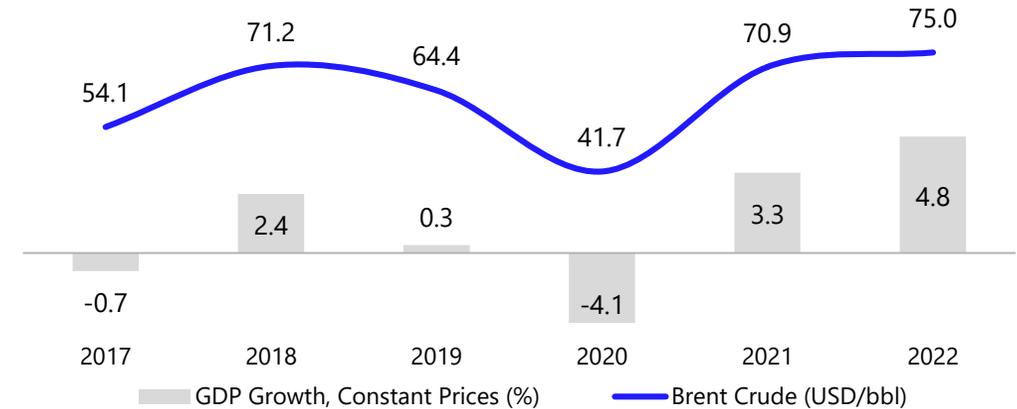
- GDP grew by 3.3% in 2021 driven by recovery in economic activities and supported by oil prices. IMF forecasts Saudi Arabia's economy to expand by 4.8 percent in 2022
- MoF forecasted a budget surplus of 2.5% of GDP in 2022, the first since oil prices crashed in 2014, driven by oil prices recovery and rising crude production, as well as improved outlook for economic activities
- Average inflation estimated to be 3.3% in 2021 and expected to normalize in 2022 to 1.3% as the impact of VAT increase fades

Expenditure/Revenue and Asset Reserves (SARbn)



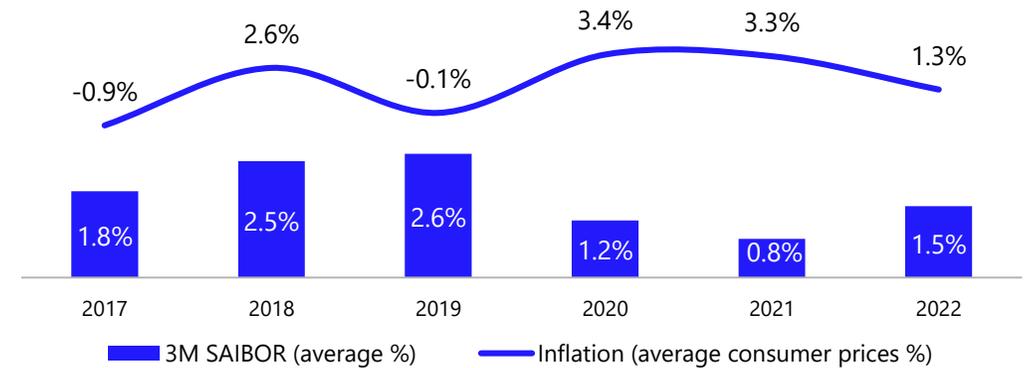
Source: MoF, SAMA

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

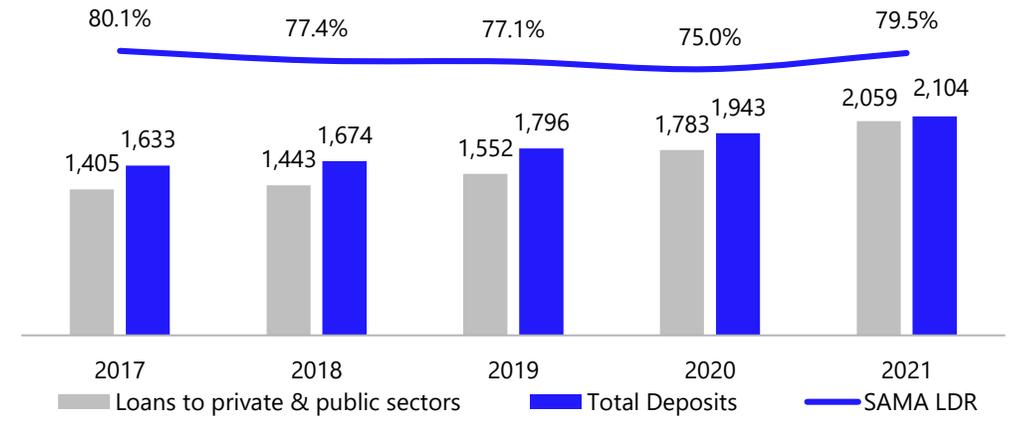


Banking Sector Highlights | Growth in mortgage lending continues to drive credit growth

Recent Developments

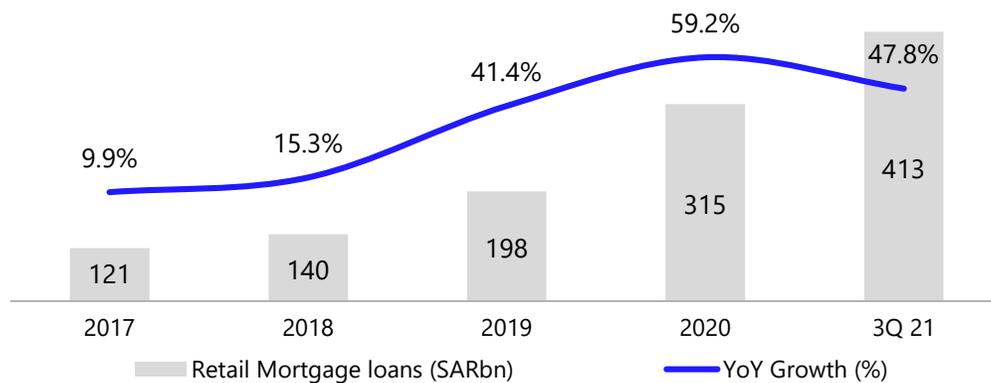
- Strong loan growth was recorded in 2021 supported by mortgages with healthy LDR well below the regulatory minimum
- Consumer spending recovered with continuous migration to cashless payment methods
- Deferral Payment Program extended for additional three months till March 31, 2022 for MSME that are still affected by Covid-19

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



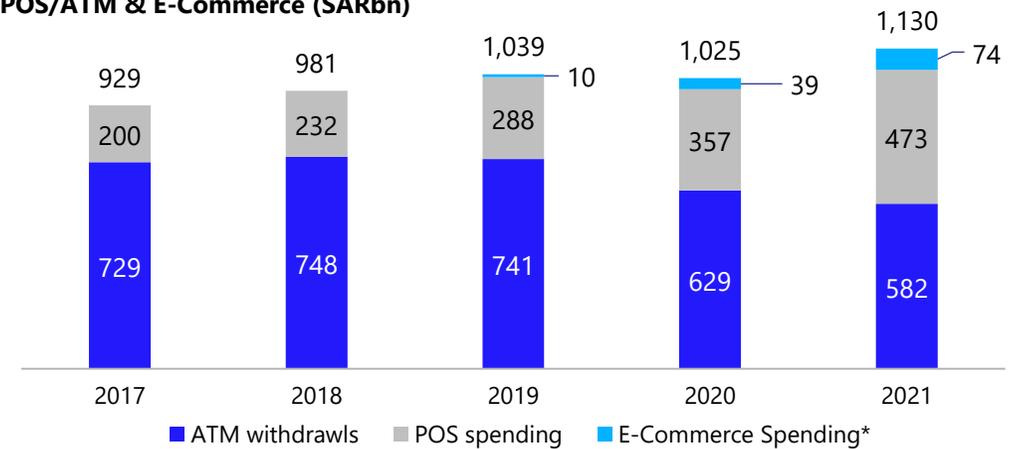
Source: SAMA

Retail Mortgage (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

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

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

Upcoming Events in 1Q 2022

28th – 8th March

EFG Hermes' annual One-on-One Conference

2nd – 3rd March

Goldman Sachs Fifth Annual Saudi Arabia Conference



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul Mobile App



Emkan App



urpay App



Appendix



Overview:

- Ejada is enabling enterprises and public sector organizations to **maintain and increase their competitive edge** through **innovative IT solutions**
- Ejada helps clients to **accelerate digital transformation, enhance the efficiency and effectiveness** of their operations and **expand their product offerings**
- With offices in **Riyadh, Jeddah, Dammam** and couple of offices in **Egypt**, Ejada has **25+** years of experience, **1,400+** professionals, **700+** large scale projects and **300+** clients
- Ejada will **continue to serve** its 300+ clients across various industries including **government, banking, telecom, healthcare** and others

Solutions



Customer Experience

Enable enterprises to empower their customers by providing innovative user-friendly digital channels that simplify and optimize customers' journey



Customer Engagement

Improve customer engagement through platforms that are responsible for effective intra-organizational information exchange



Analytics and BI

Provide better customer insight for proper sales targeting and enable organization to manage corporate performance across all business dimensions



Cyber Security

Provide advanced security solutions and professional services to protect all digital solutions assets and infrastructure



Enterprise IT Management

Help clients in managing and securing their IT capabilities, enhance and increase efficiencies and expand product offerings



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