

# Al Rajhi Bank Investor Presentation

3Q 2022 Results



# 3Q 2022 Investor Presentation

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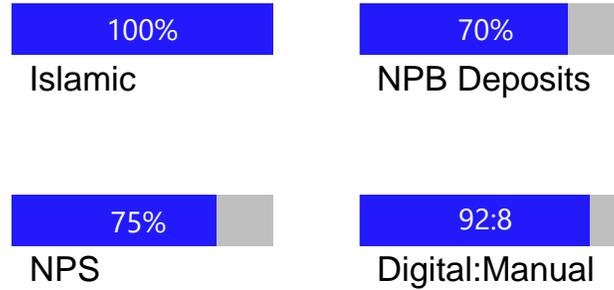
**37** IR Contact Information



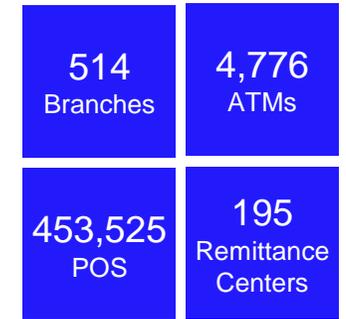
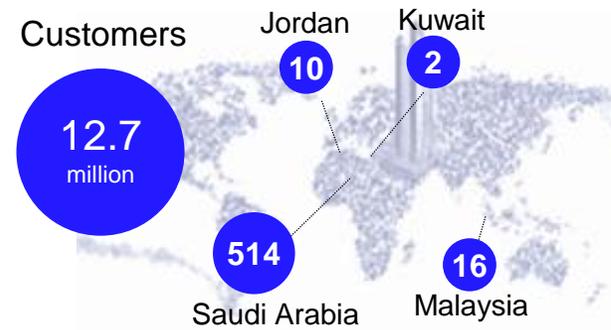
# The World's Leading Islamic Bank

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## At a glance, 3Q 2022



## Presence & Branches, 3Q 2022



Largest network in Saudi Arabia

## 9M 2022 Strategic Highlights

9M22 Avg Trans./mth



Active Digital Customers



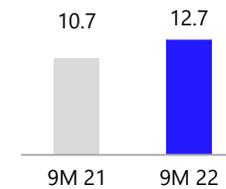
Training Days



Volunteering Hrs FY21

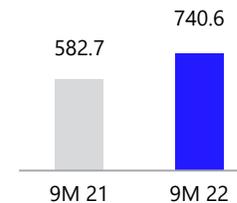


## 9M 2022 Financial Highlights

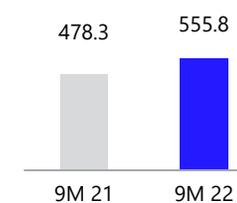


Group Net Income After Zakat  
▲ +19%

- 32% YoY Net Financing Growth
- 19.6% Total Capital ratio
- 0.71% Cost of Funds



Total Assets  
▲ +27%



Customer Deposits  
▲ +16%



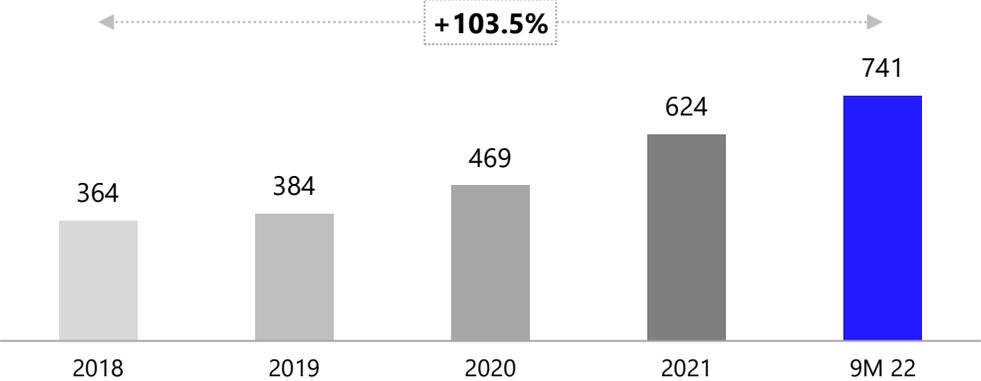
# Top 10 Facts About Al Rajhi Bank

- 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  
(70% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC  
(19.6% Total Capital ratio)
- 5** #1 NPS in KSA  
(75% as on September 2022)
- 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  
(668mn per month, average)
- 9** #1 Bank for remittances in Middle East  
(by payment value)
- 10** #1 Bank brand in KSA  
(Brand Power Score)

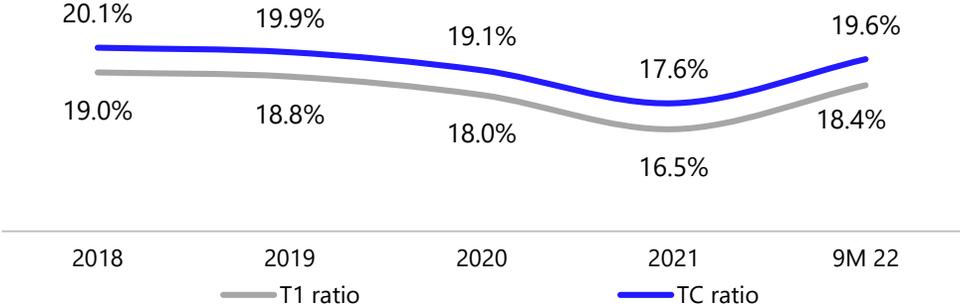


# The World's Leading Islamic Bank | Robust balance sheet with 70% non-profit bearing deposits as of 9M 2022

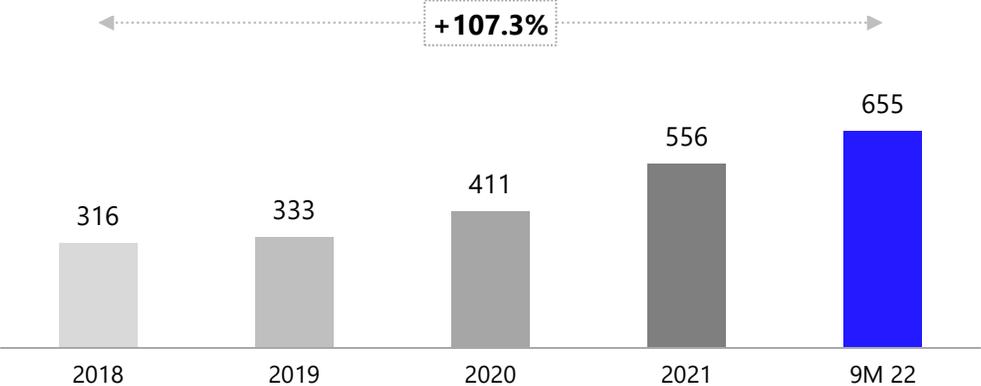
**Total Assets (SARbn)**



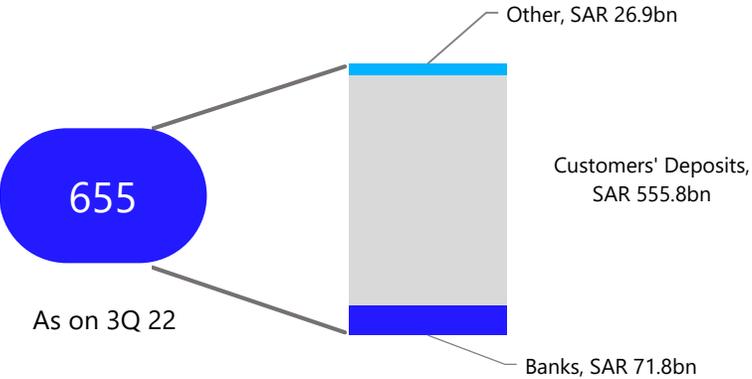
**Capital Ratios (%)**



**Total Liabilities (SARbn)**

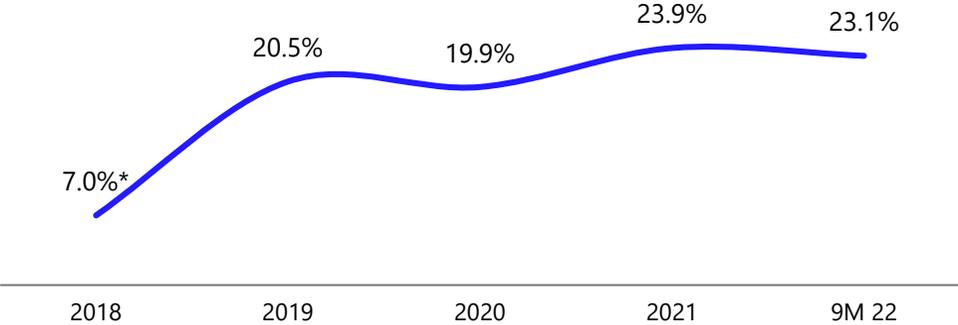


**Total Liabilities Mix By Type (SARbn)**



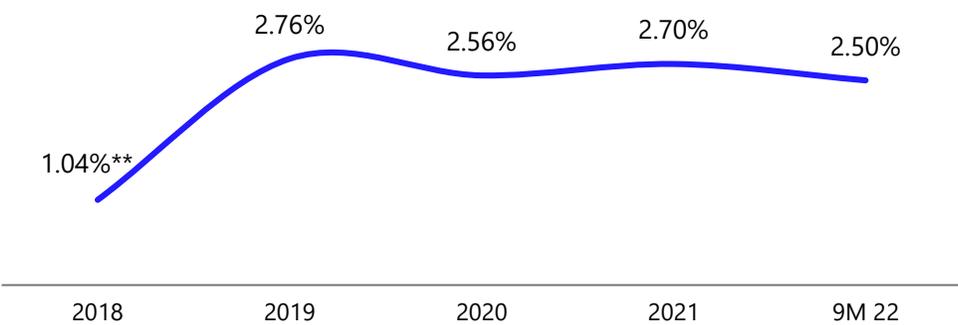
# The World's Leading Islamic Bank | Outstanding foundation and strong returns

**ROE (%)**



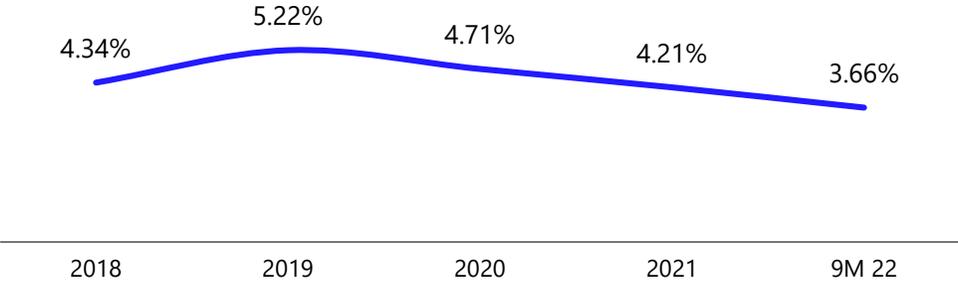
\* As a result of Zakat Settlement – ROE before Zakat is 19.8%

**ROA (%)**

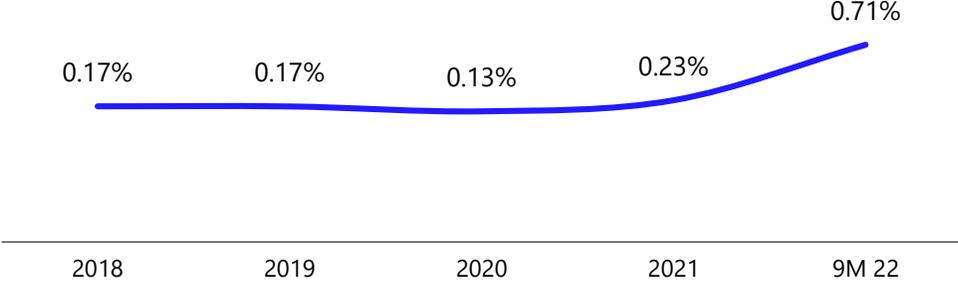


\*\* As a result of Zakat Settlement – ROA before Zakat is 2.9%

**Net Profit Margin (%)**

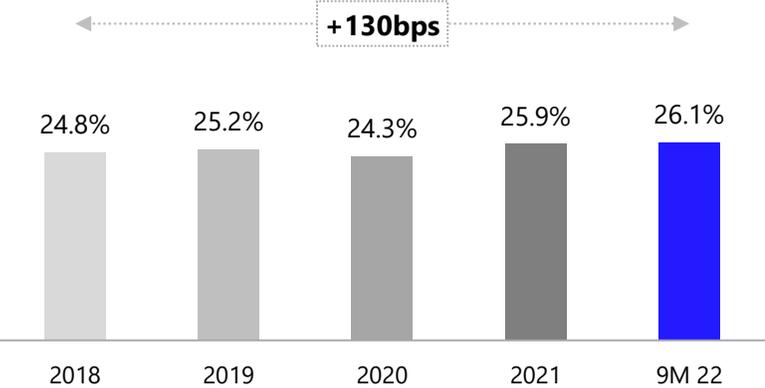


**Cost of Funds (%)**



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

Market Share - Demand Deposits

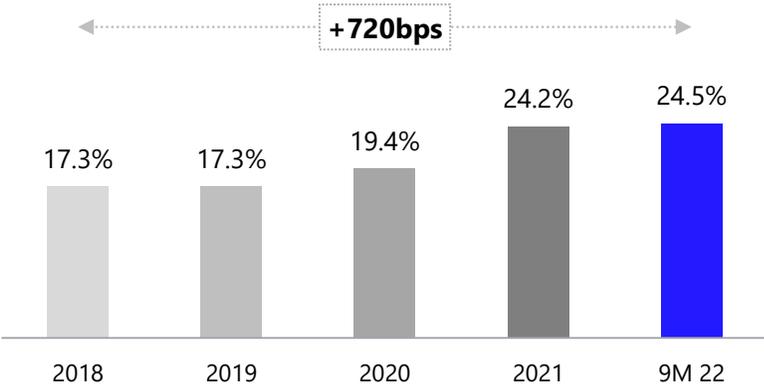


#2 in Saudi Arabia

**12.7**  
**Million**  
**Active Customers**

#1 in Saudi Arabia

Market Share - Deposits



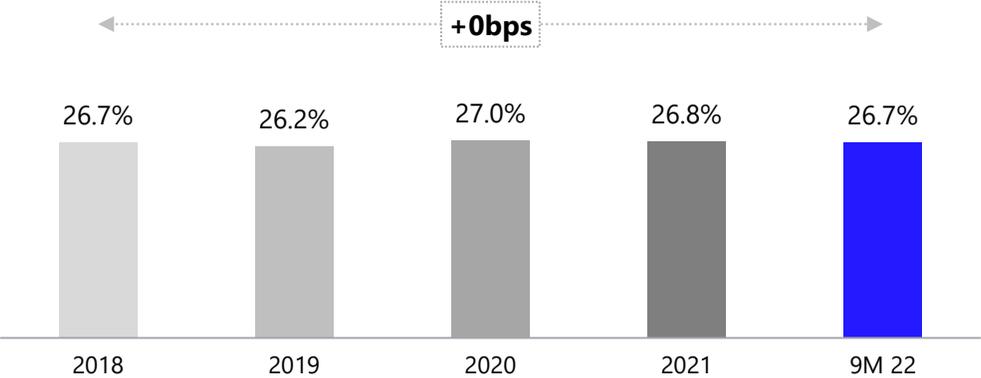
#2 in Saudi Arabia



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

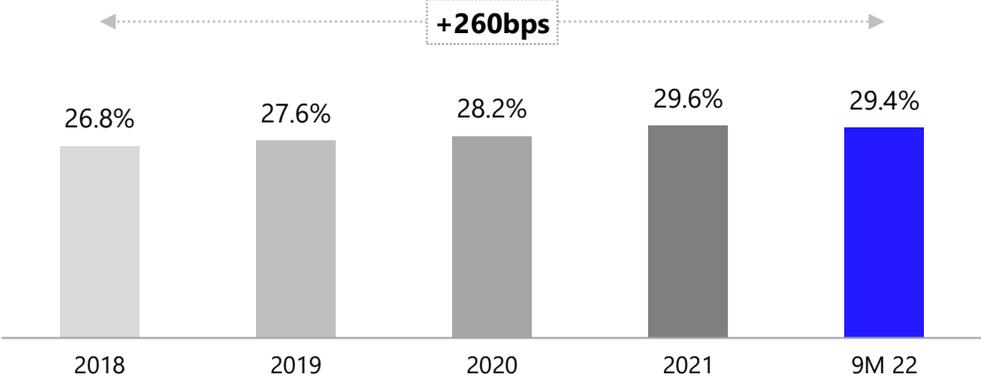
## #1 in Branches

Market Share - Branches



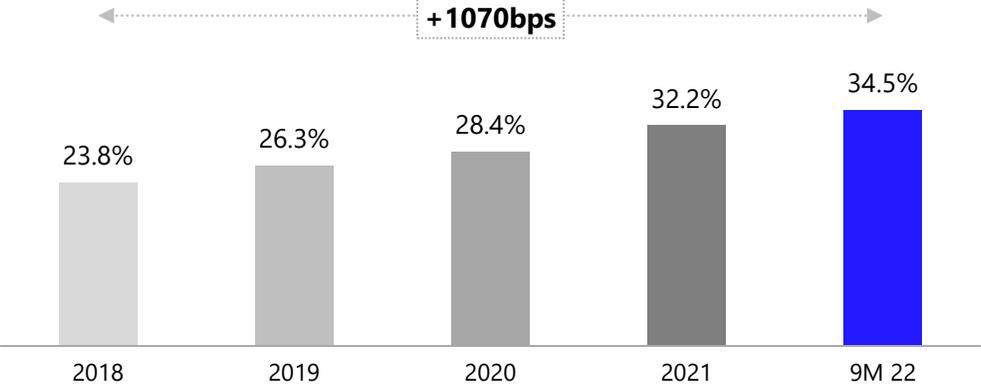
## #1 in ATMs

Market Share - ATMs



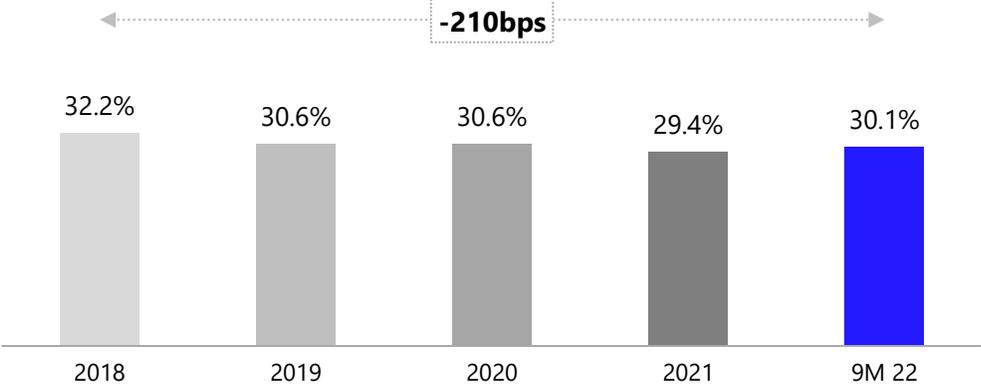
## #1 in POS

Market Share - POS (Terminals)



## #1 Remittance Centres

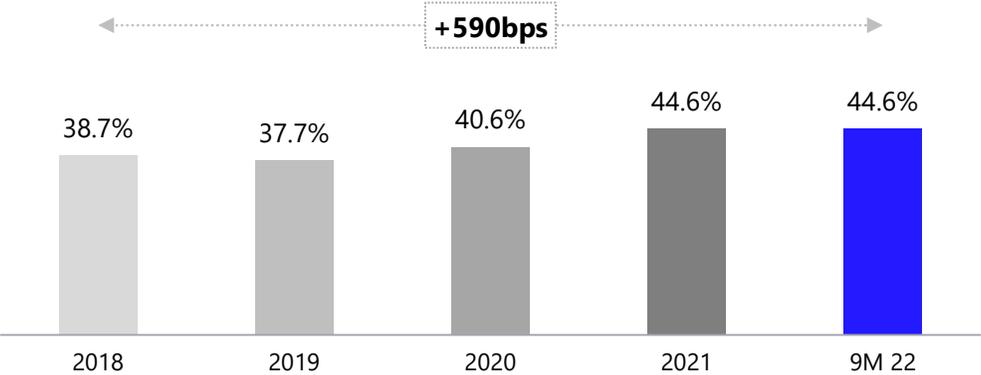
Market Share - Remittance Centers



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

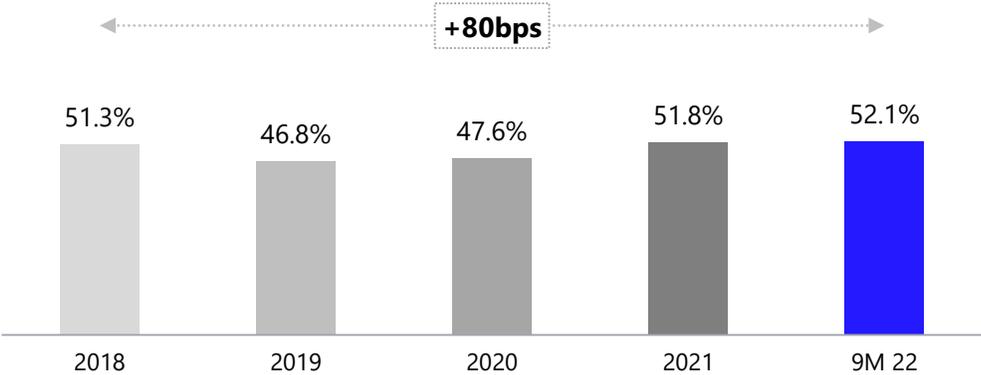
## #1 in Personal Loans

Market Share - Personal Loans



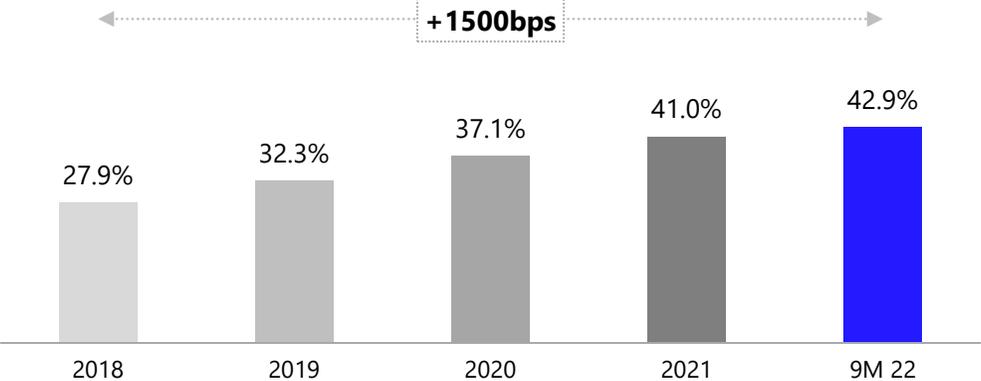
## #1 in Auto Loans

Market Share - Auto Loans



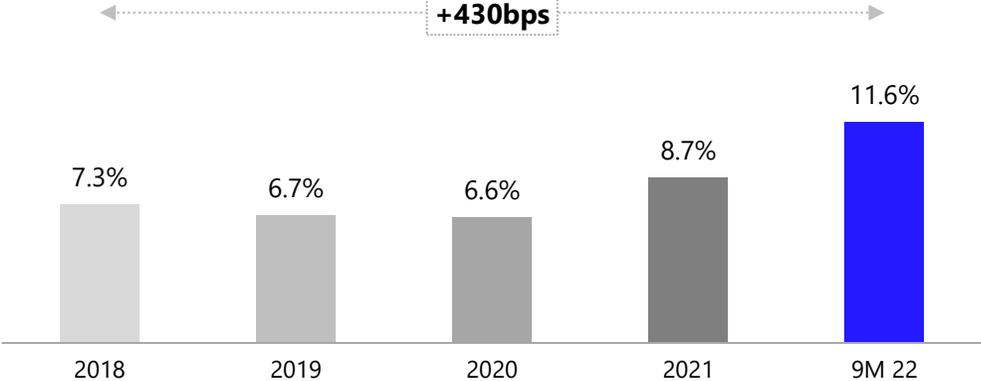
## #1 in Mortgages

Market Share - Mortgages Loans



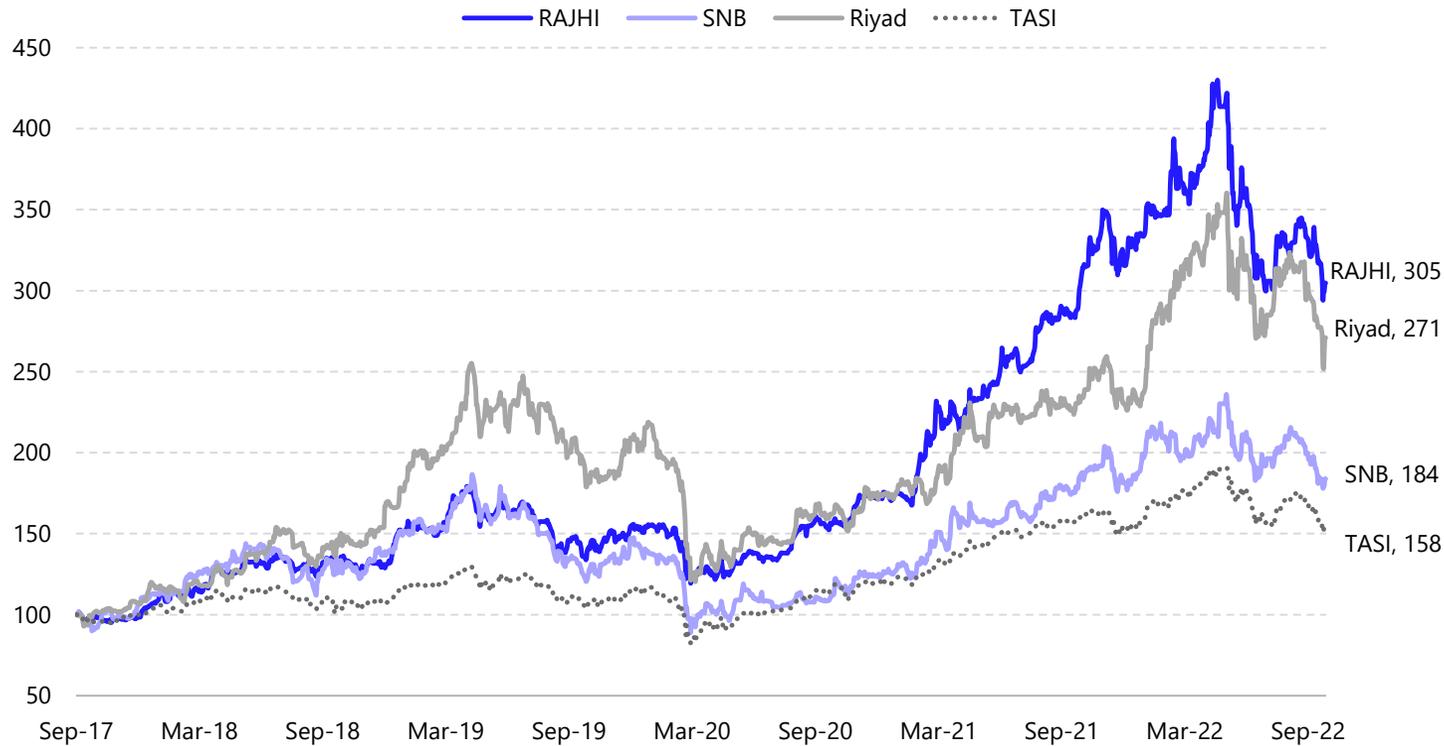
## Improving Position in Corporate Loans

Market Share - Corporate Loans



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

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



30 Sep 2022

## Key Metrics

Closing Price	SAR 81.3
Market Cap	SAR 325.2 bn
Market Cap / % Industry	31.3%
Market Cap / % Tadawul	3.0%
Shares outstanding	4.0 bn
90D Volatility	27.9
Price / Earnings	19.6 x
Price / Book	4.1 x

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
<b>Rebased to 100</b>	305	184	271	221	176	163	161
<b>As of 30 Sep 2022</b>	81.3 SAR	63.1 SAR	31.8 SAR	841 KWD	17.9 AED	19.9 QAR	12.9 AED



# ESG Highlights | 3Q 2022

	USD <b>1.2 bn</b> Green syndicated loan		<b>91</b> kidney transplants through Shifaa platform	ISO/DIS 37301:2020 Compliance	
	Started using solar energy system in 5 branches to reduce utilities consumption	SAR <b>32mn</b> Donation in 2021	<b>9</b> batches of Graduate Development Program since 2015	ISO 22301:2019 Business Continuity Management	<b>101</b> women-owned suppliers engaged
SAR <b>740bn</b> Total Assets	<b>Over USD1bn</b> of financing renewable energy projects	SAR <b>1.5bn</b> Zakat paid	<b>3,663</b> Employees volunteered in social programs	<b>1,209</b> Sharia Board Resolutions	<b>69%</b> growth in female employees since 2015
SAR <b>12.7bn</b> Net Profit after Zakat	ISO Green Certification for the head office building	SAR <b>2.5bn</b> in salaries and benefits paid	<b>18,300+</b> of volunteering hours Clocked	<b>137</b> Policies & Frameworks	<b>17%</b> of female employees
<b>0%</b> Financing exposure in Tobacco, Alcohol & Gambling	<b>92:8</b> Digital to Manual Ratio	SAR <b>23.3bn</b> in financing for SMEs	<b>87,700+</b> total training days	<b>5 out of 10</b> Independent Board Directors	<b>93%</b> growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

■ 3Q 2022 figures



## Awards | Recent international and local recognitions



### The Global Economics

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



### Global Finance:

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



### International Finance Awards:

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



### World Finance:

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



### Seamless Awards:

- Digital Banking Experience of the Year



### Saudi Capital Market Awards :

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



### Sakani Program:

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



### Global Banking and Finance:

- Best Digital Bank KSA 2021



We are building the  
**“Bank of the Future”**

# Bank

**Build** on our core

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

# OF

**Outperform** our competition

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

# The

**Transform** technology

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

# Future

**Focus** on new client needs

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



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

## Bank

**Build** on our core

## OF

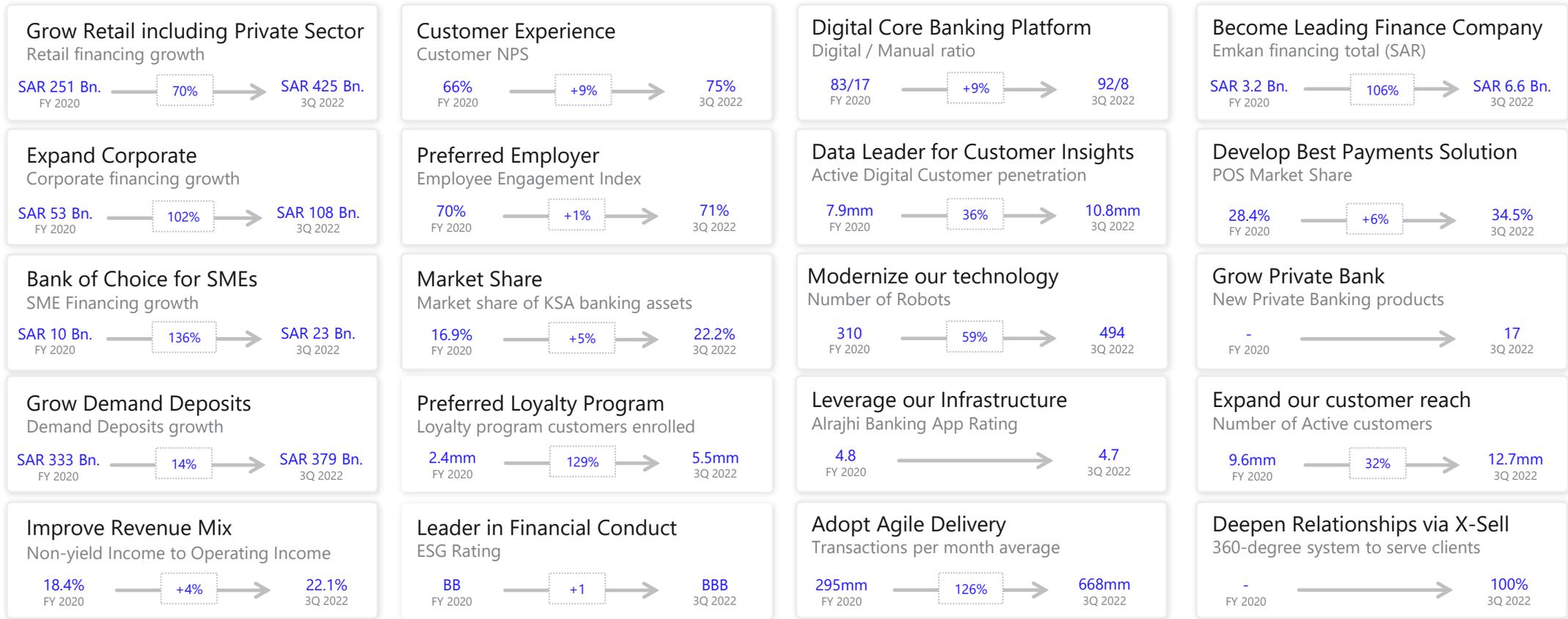
**Outperform** our competition

## The

**Transform** technology

## Future

**Focus** on new client needs



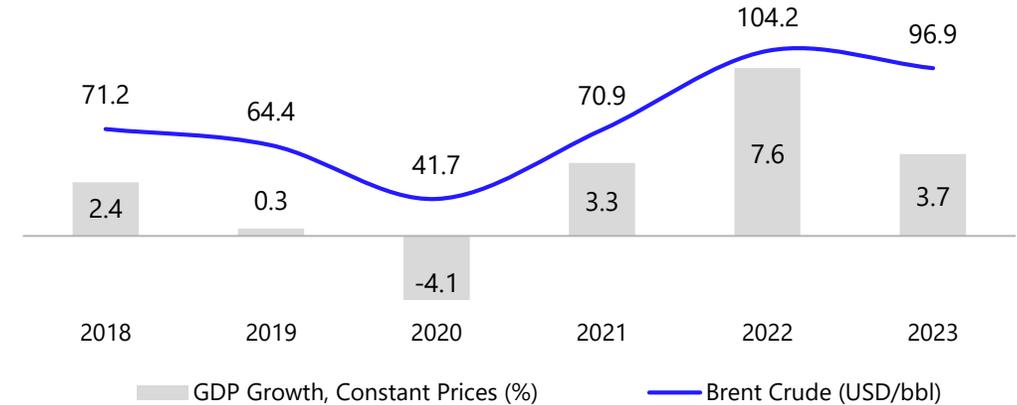
# KSA's Macro-Economic Environment

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## Highlights

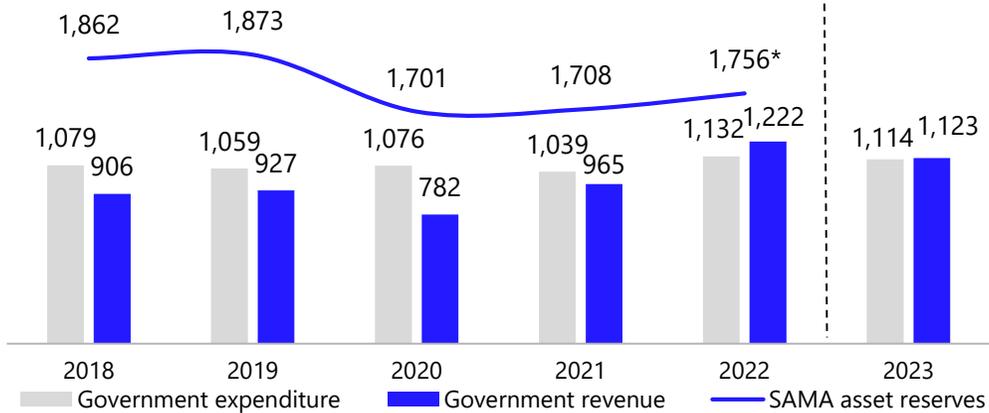
- IMF maintains a 7.6% and 3.7% GDP growth forecasts in 2022 and 2023, respectively
- GDP grew by 8.6% in 3Q 2022 driven by higher oil prices and recovery in non-oil activities
- Average inflation estimated to be 2.6% in 2022 and expected to normalize in 2023 to 2.1%

### GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

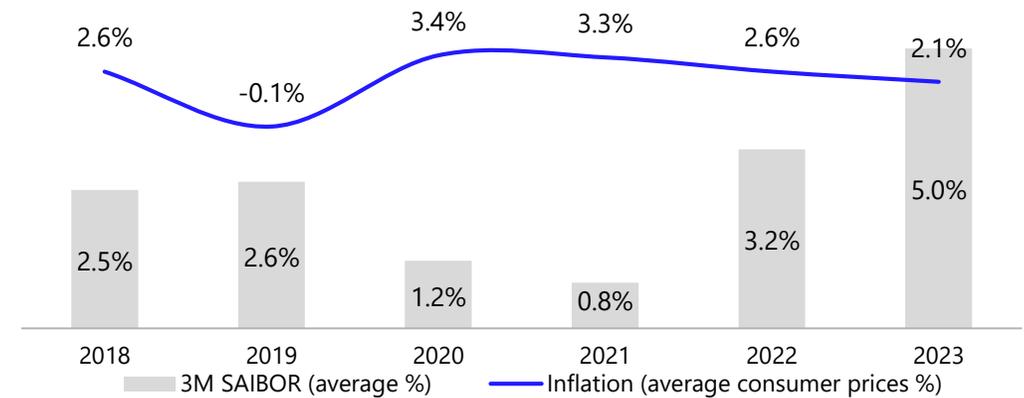
### Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

\* September 2022 figure

### 3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

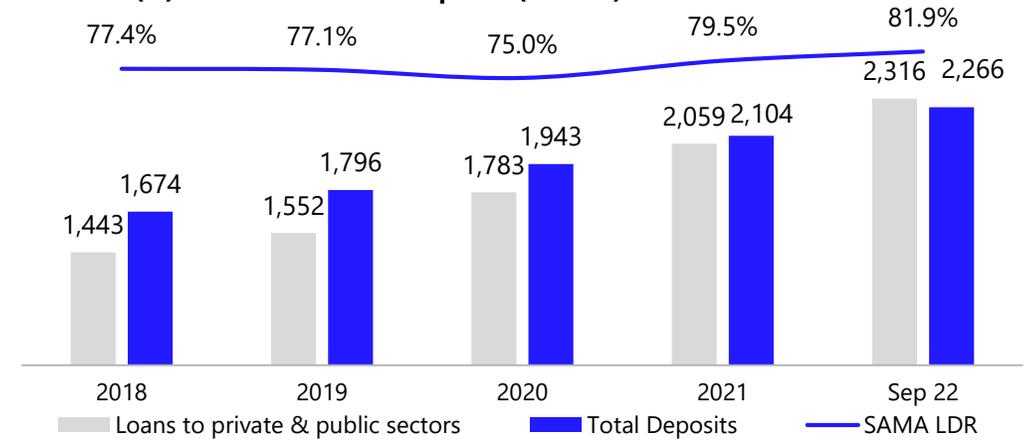


# Banking Sector Highlights | Banking system loans growth was broad based

## Recent Developments

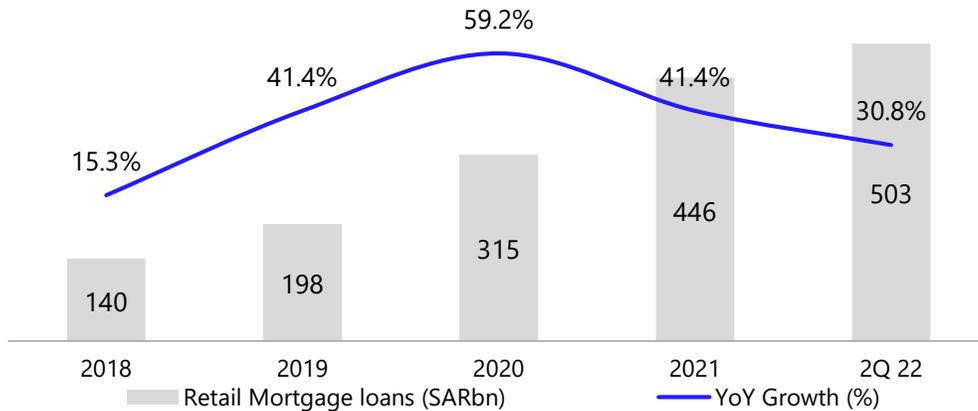
- Broad-based loan growth in the banking system during the nine months of 2022
- SRC has revised up the mortgage subsidies cap rate in early October 2022 for the third time this year and extended the benchmark tenor to 30 years
- Consumer spending increased by 9.5% September YoY with continuous migration to cashless payment methods

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



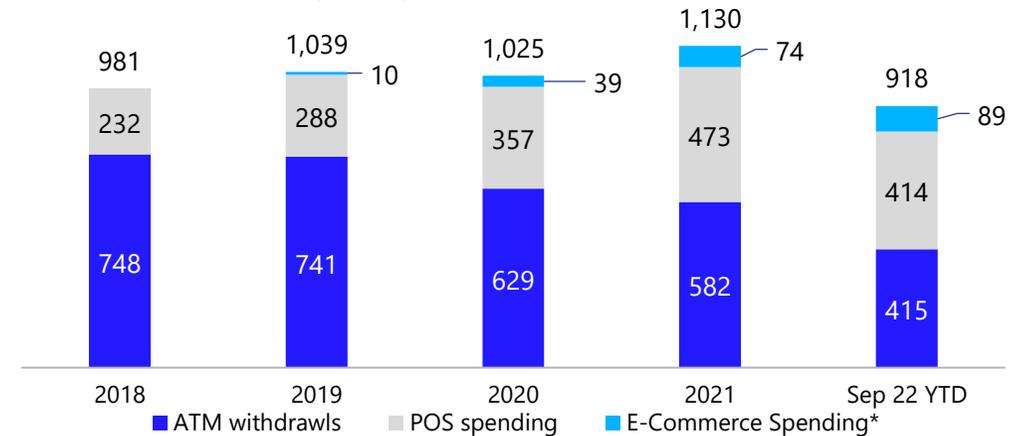
Source: SAMA

Retail Mortgage (SARbn)



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

\* E-Commerce started in 2019



# 3Q 2021 Financial Highlights

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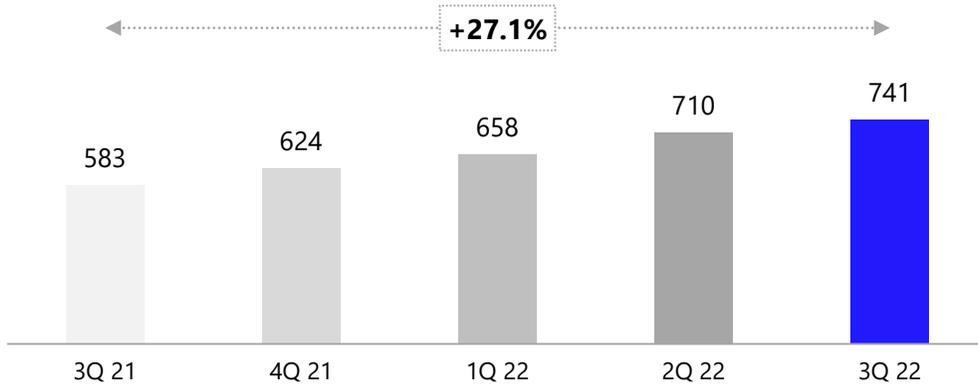
# ARB had a strong set of results in the first nine months of 2022 | Results are in line with or ahead of expectations

19% YTD Balance Sheet Growth	23.1% Growth in financing driven by all lines of business		17.6% Growth in liabilities		LDR below regulatory minima	
	Net Financing 452.8bn FY 21	+23.1% → 557.5bn 9M 22	Total Liabilities 556.4bn FY 21	+17.6% → 654.5bn 9M 22	Loan to Deposit Ratio 82.3% FY 21	88.4% 9M 22
Solid 19% net income growth YoY	10.4% Net yield income growth, impacted by lower NPM		23.3% Non yield income growth		13.0% Operating income growth	
	Net Yield income 15,037mn 9M 21	+10.4% → 16,594mn 9M 22	Non Yield Income 3,824mn 9M 21	+23.3% → 4,717mn 9M 22	Operating Income 18,862mn 9M 21	+13.0% → 21,311mn 9M 22
Stable credit quality	17 bps COR reduction		10 bps improvement in NPL ratio from strong loan growth		NPL coverage remained strong	
	Cost of risk 0.60% FY 21	0.43% 9M 22	NPL 0.65% FY 21	0.55% 9M 22	NPL Coverage 306% FY 21	272% 9M 22
Key Ratios	1.6 ppt better operating efficiency		Improved capital position		Lower NPM	
	Cost to income ratio 27.2% 9M 21	25.6% 9M 22	Total Capital Adequacy Ratio 17.9% 9M 21	19.6% 9M 22	NPM 4.32% 9M 21	3.66% 9M 22

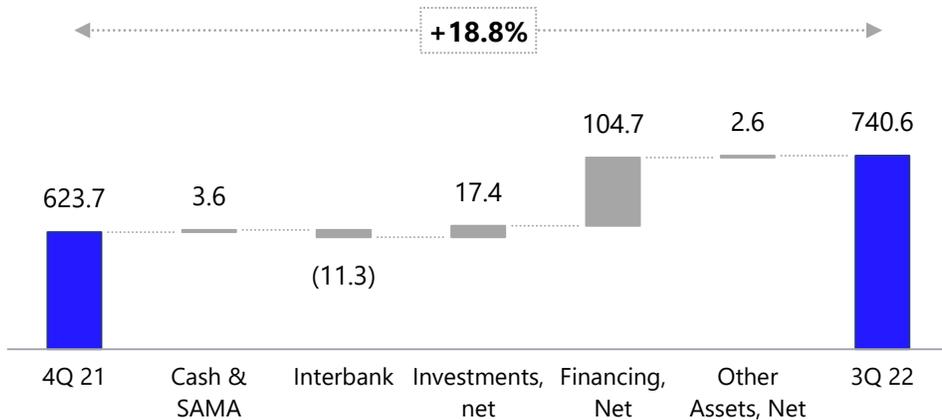


# Balance Sheet Trends (1) | Strong 19% YTD balance sheet growth driven by Financing and Investments

**Total Assets (SARbn)**



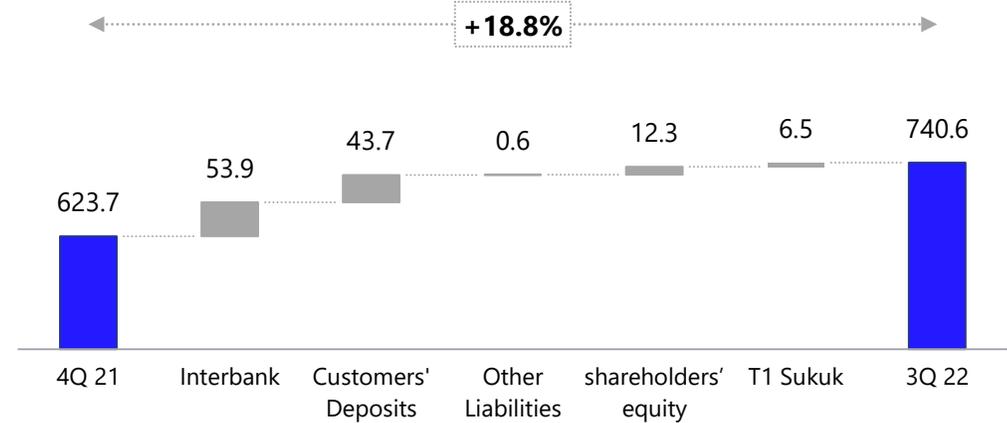
**Movement in Assets (SARbn)**



**SAR (mn)**

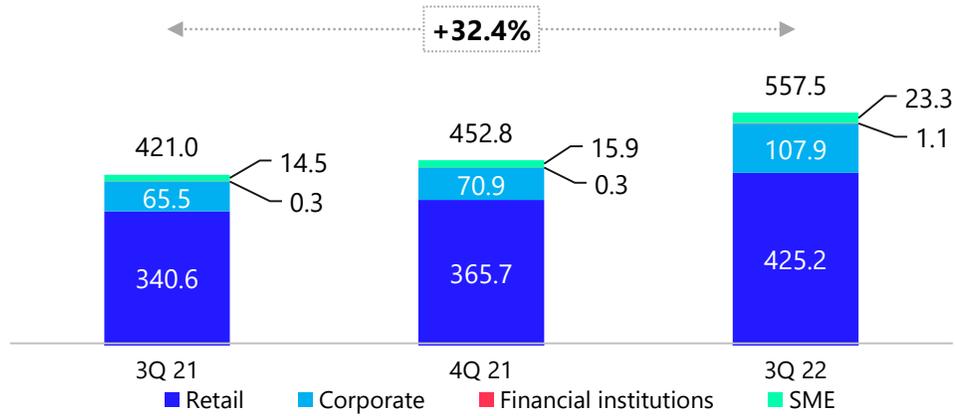
	3Q 22	2Q 22	QoQ	4Q 21	YTD
Cash & balances with SAMA	43,995	37,714	+17%	40,363	+9%
Due from banks & other FI	14,744	29,412	-50%	26,065	-43%
Investments, net	101,808	96,618	+5%	84,433	+21%
Financing, net	557,498	519,701	+7%	452,831	+23%
Other assets, net	22,583	26,334	-14%	19,979	+13%
<b>Total assets</b>	<b>740,627</b>	<b>709,779</b>	<b>+4%</b>	<b>623,672</b>	<b>+19%</b>
Due to banks & other FI	71,828	42,532	+69%	17,952	+300%
Customers' deposits	555,767	552,957	+1%	512,072	+9%
Other liabilities	26,930	32,377	-17%	26,339	+2%
<b>Total liabilities</b>	<b>654,525</b>	<b>627,866</b>	<b>+4%</b>	<b>556,363</b>	<b>+18%</b>
<b>Total equity</b>	<b>86,101</b>	<b>81,913</b>	<b>+5%</b>	<b>67,309</b>	<b>+28%</b>

**Movement in Funding (SARbn)**

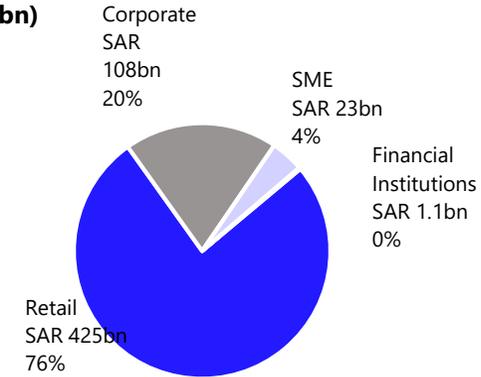


# Balance Sheet Trends (2) | Financing growth driven by all lines of business

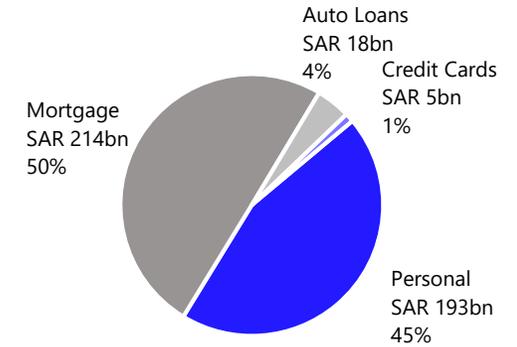
**Financing, Net (SARbn)**



**Financing, Net Mix By Segment (SARbn)**



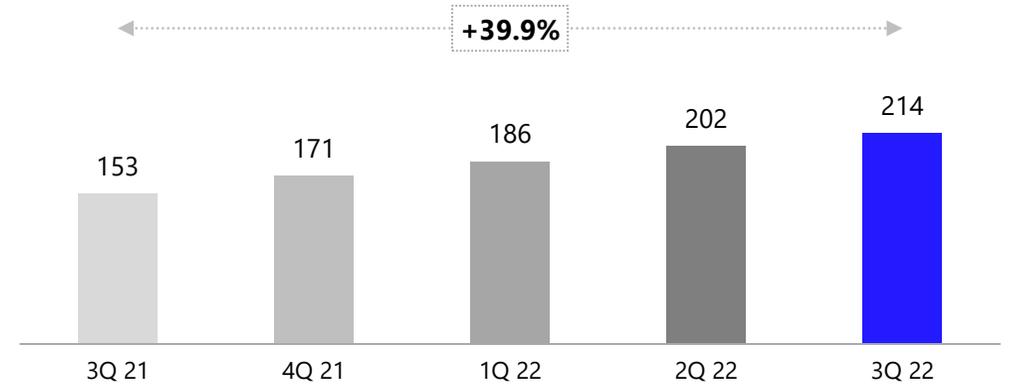
**Retail Financing Mix By Segment (SARbn)**



**Movement in Financing (SARbn)**

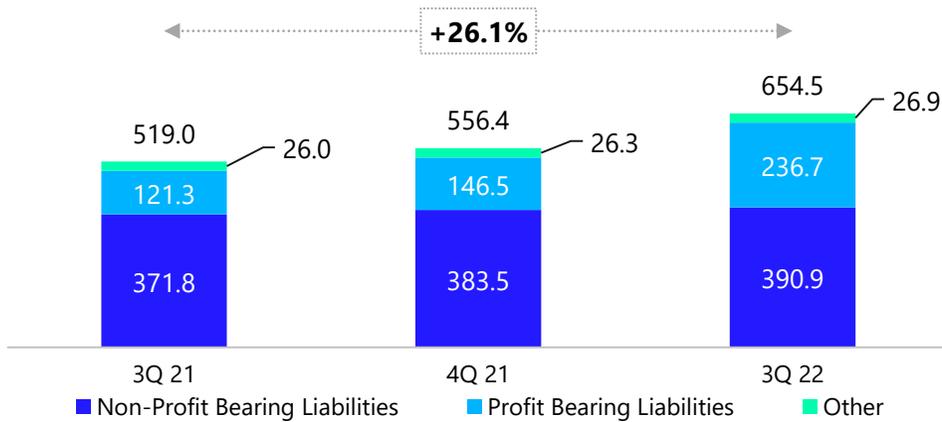


**Mortgage Financing (SARbn)**

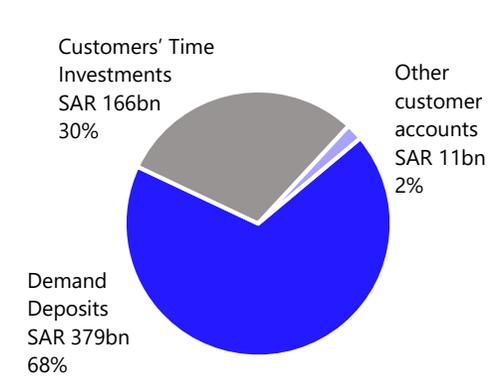


# Balance Sheet Trends (3) | Balance sheet shows improving funding mix

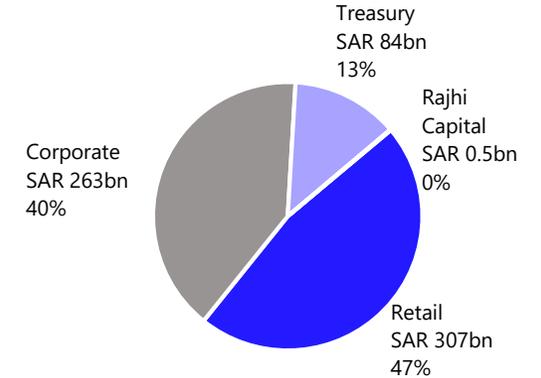
**Total Liabilities (SARbn)**



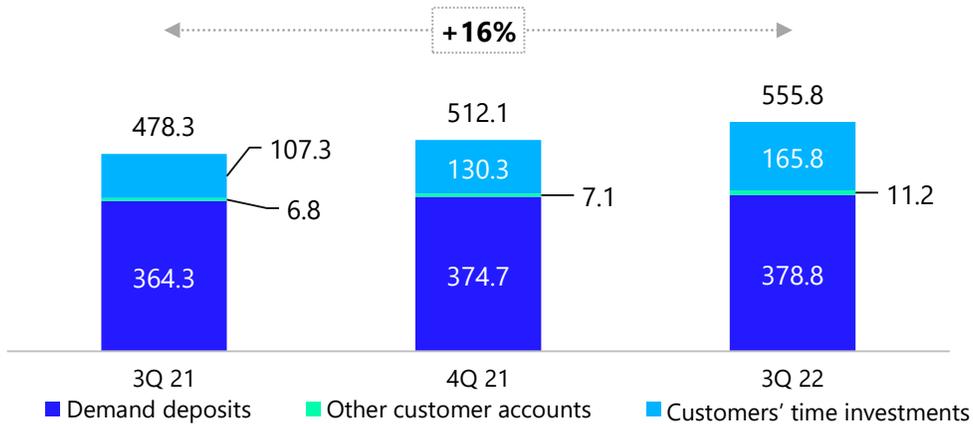
**Total Customers' Deposits Mix By Type (SARbn)**



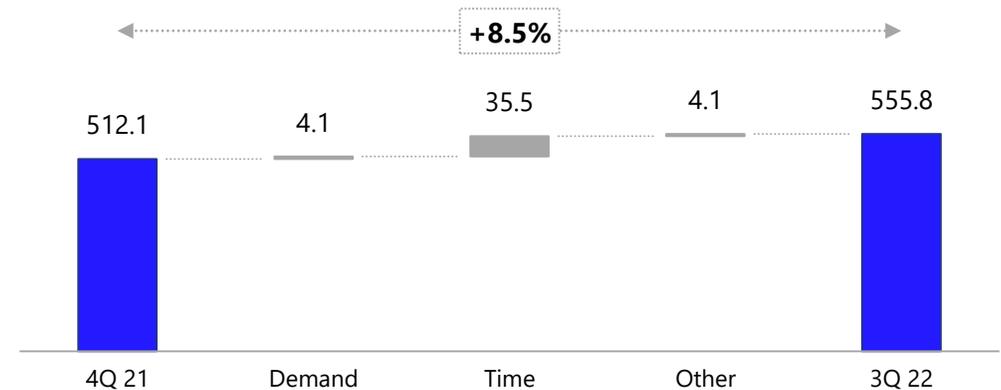
**Total Liabilities Mix By Segment (SARbn)**



**Total Customers' Deposits (SARbn)**

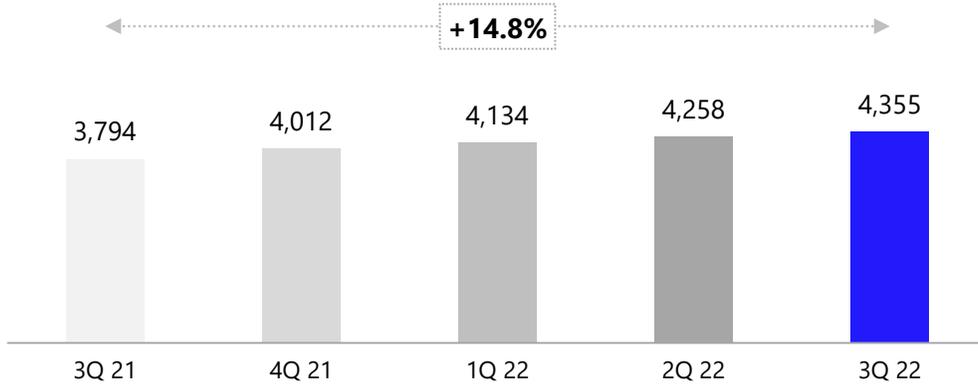


**Movement in Total Customers' Deposits (SARbn)**

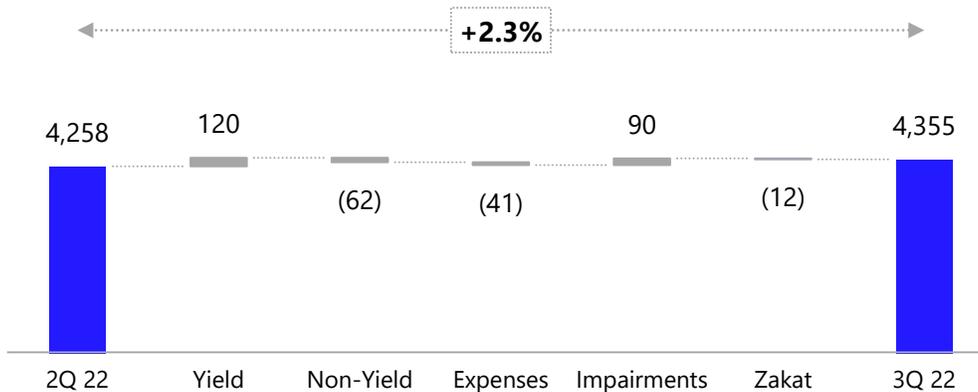


# Net Income Trends | Solid net profit growth of 19% YoY for the first nine months

Net Income For The Period After Zakat (SARmn)



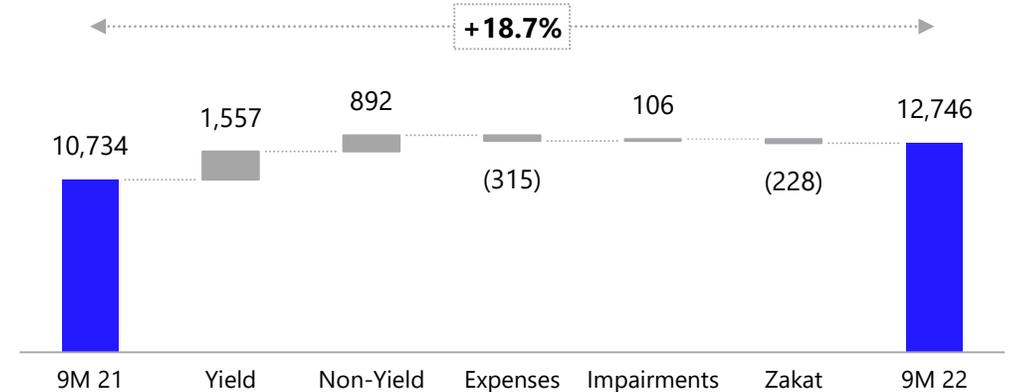
Net Income After Zakat Growth Drivers By Type (SARmn)



SAR (mn)

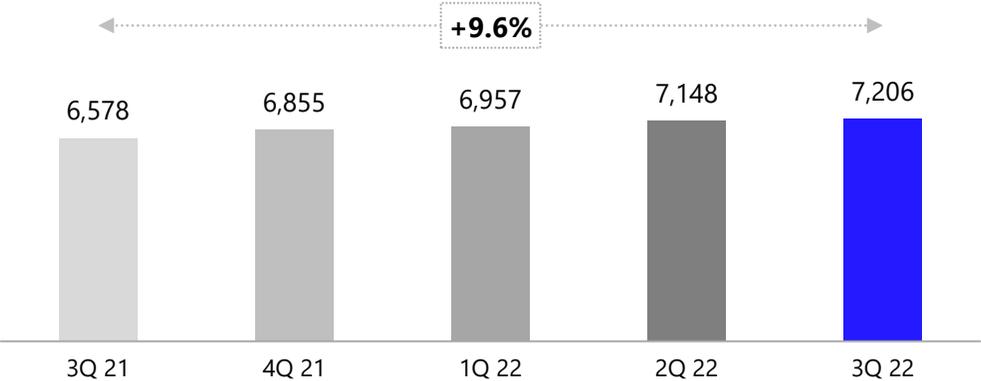
	9M 22	9M 21	YoY	3Q 22	3Q 21	YoY
<b>Net financing &amp; investment income</b>	<b>16,594</b>	<b>15,037</b>	<b>+10%</b>	<b>5,687</b>	<b>5,215</b>	<b>+9%</b>
Fee from banking services, net	3,445	2,819	+22%	1,135	976	+16%
Exchange Income, net	864	570	+52%	320	210	+52%
Other operating income, net	407	436	-7%	65	177	-63%
<b>Fees and other income</b>	<b>4,717</b>	<b>3,824</b>	<b>+23%</b>	<b>1,519</b>	<b>1,363</b>	<b>+11%</b>
<b>Total operating income</b>	<b>21,311</b>	<b>18,862</b>	<b>+13%</b>	<b>7,206</b>	<b>6,578</b>	<b>+10%</b>
Operating expenses	-5,450	-5,136	+6%	-1,861	-1,754	+6%
<b>Pre-provision profit</b>	<b>15,861</b>	<b>13,726</b>	<b>+16%</b>	<b>5,345</b>	<b>4,824</b>	<b>+11%</b>
Total impairment charge	-1,649	-1,755	-6%	-490	-594	-17%
<b>Net income for the period before Zakat</b>	<b>14,212</b>	<b>11,971</b>	<b>+19%</b>	<b>4,855</b>	<b>4,230</b>	<b>+15%</b>
Zakat	-1,466	-1,237	+18%	-501	-436	+15%
<b>Net income for the period after Zakat</b>	<b>12,746</b>	<b>10,734</b>	<b>+19%</b>	<b>4,355</b>	<b>3,794</b>	<b>+15%</b>

Net Income After Zakat Growth Drivers By Type (SARmn)

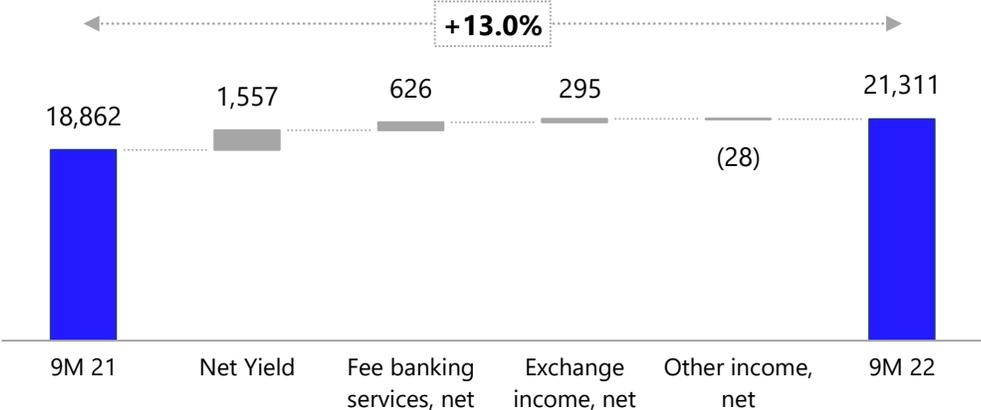


# Operating Income Trends | Strong income growth reflecting successful strategy execution

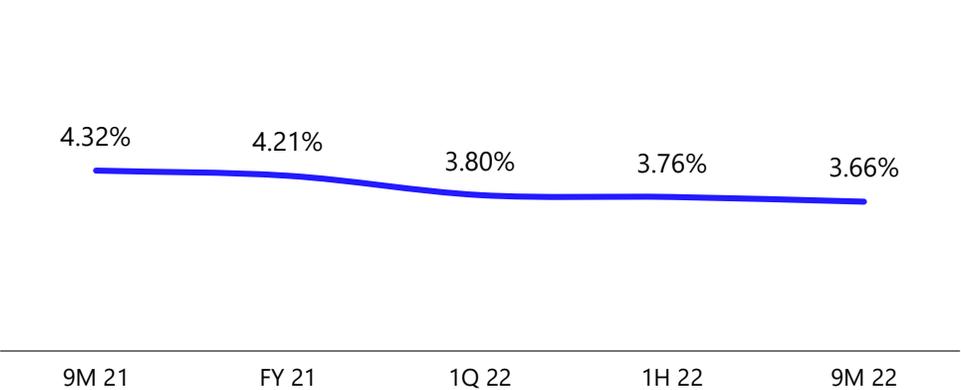
**Total Operating Income (SARmn)**



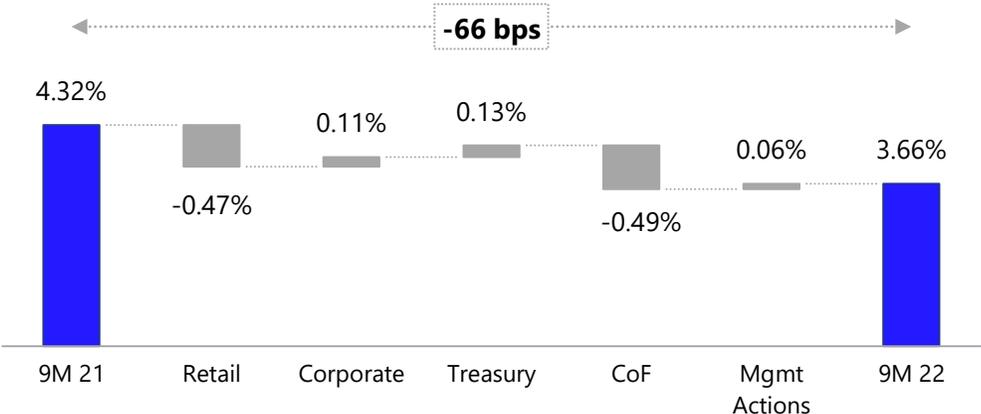
**Total Operating Income Growth Drivers By Type (SARmn)**



**Net Profit Margin (%)**

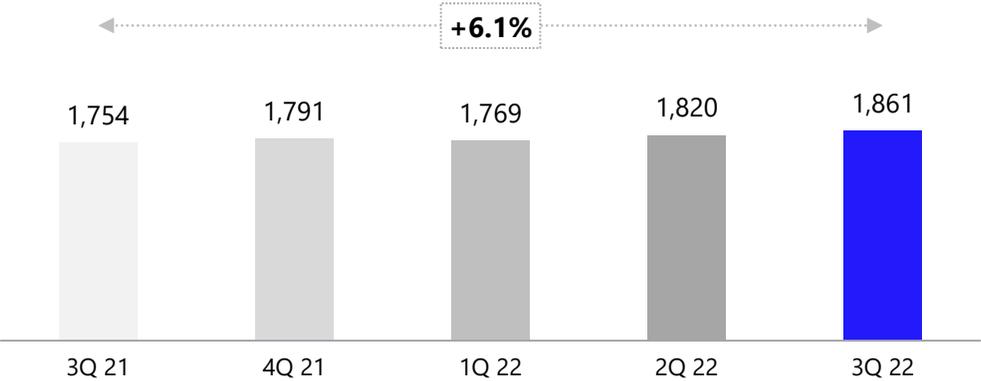


**NPM Drivers (%)**

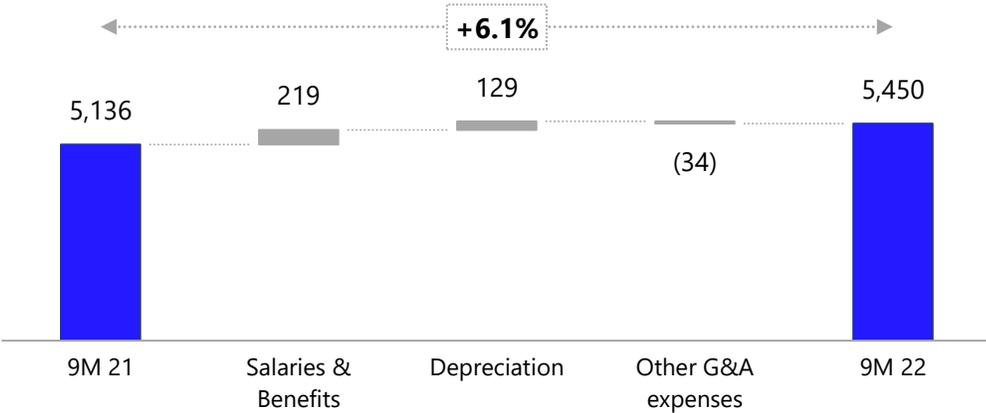


# Expenses Trends | Cost efficiencies resulted in higher positive jaws

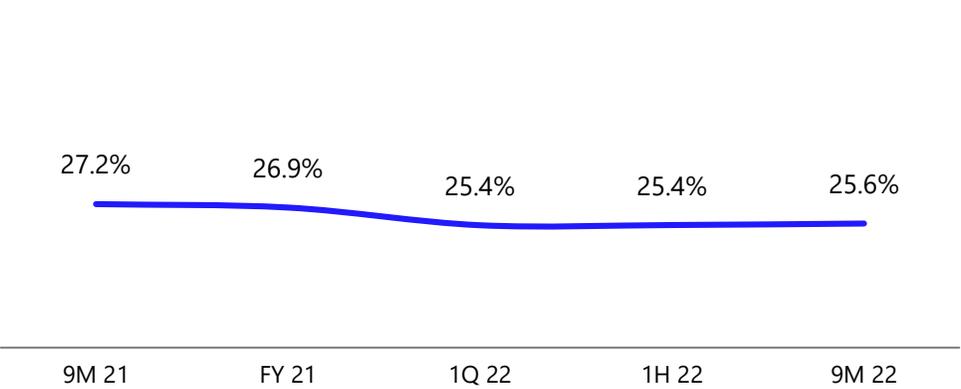
Operating Expenses (SARmn)



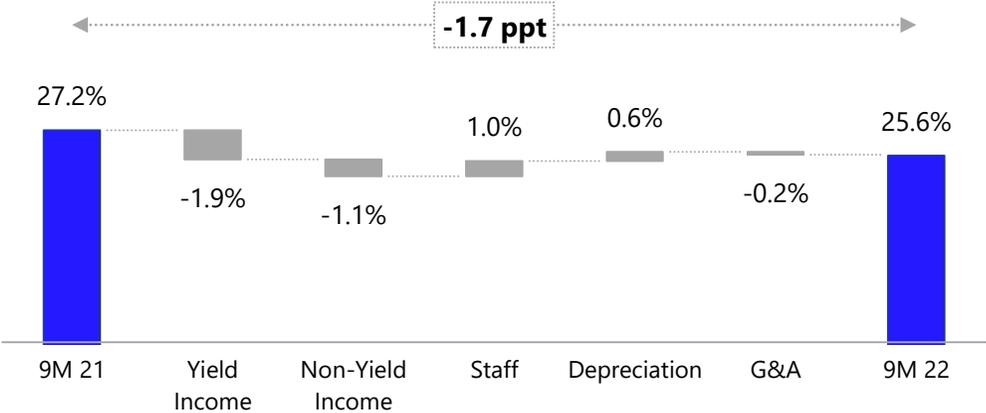
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

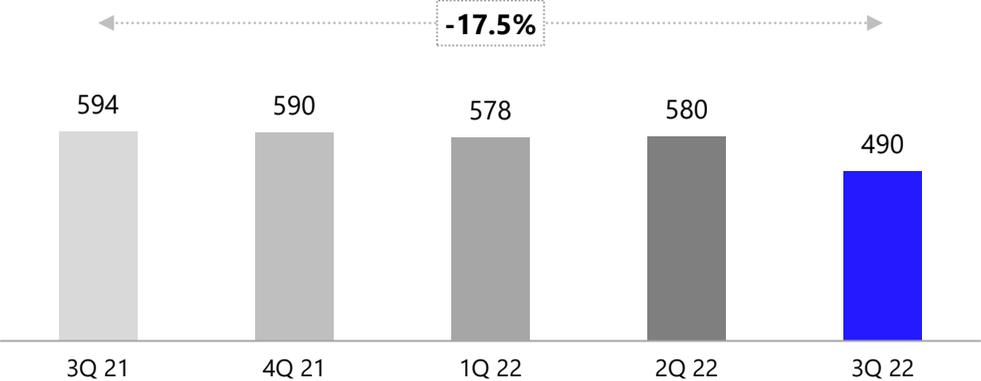


Cost to Income Ratio Drivers (%)

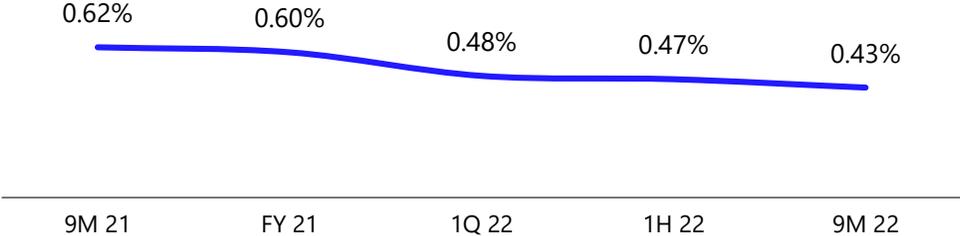


# Net Impairment & Cost of Risk | Lower net impairment resulted in cost of risk improvement

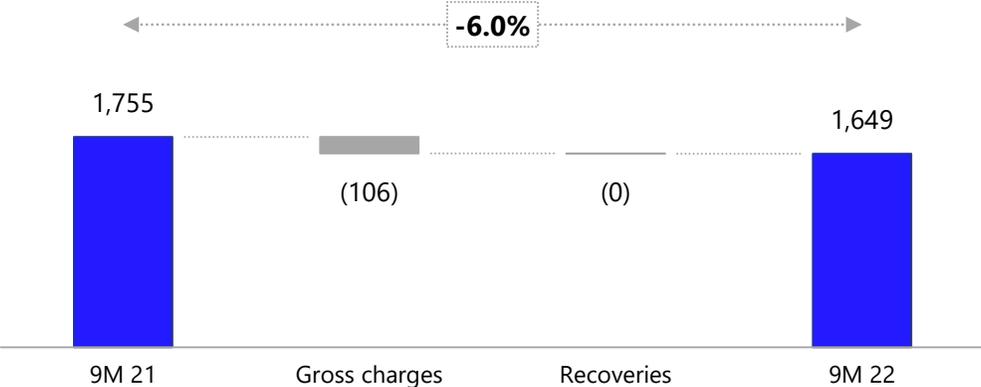
**Net Impairment Charges (SARmn)**



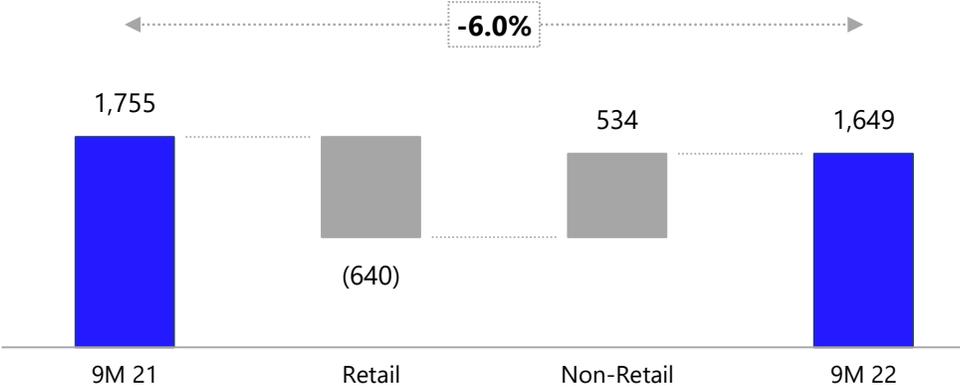
**Cost of Risk (%)**



**Movement in Net Impairment (SARmn)**

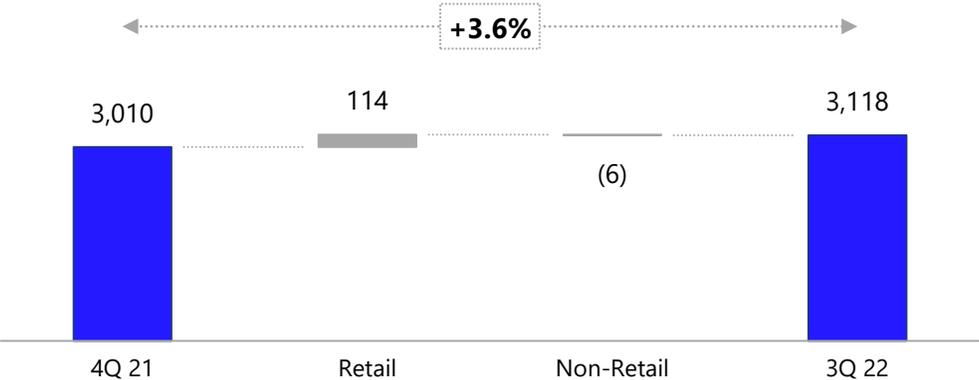


**Movement in Net Impairment by Group (SARmn)**

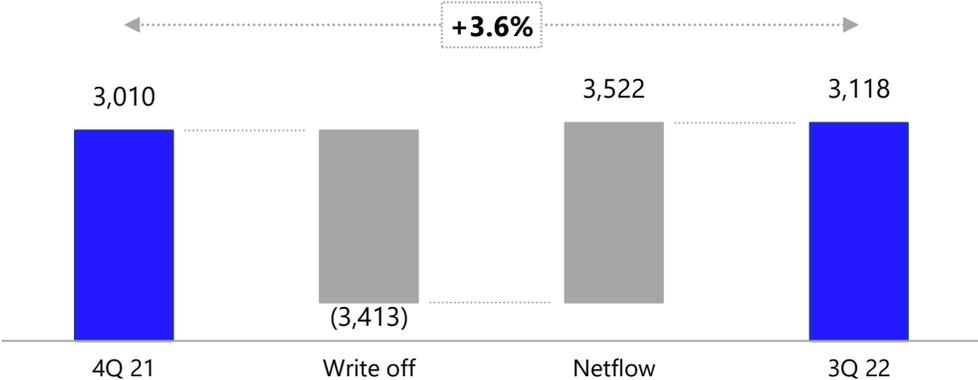


# Asset Quality Trends (1) | Asset quality remains healthy and NPL coverage remains strong

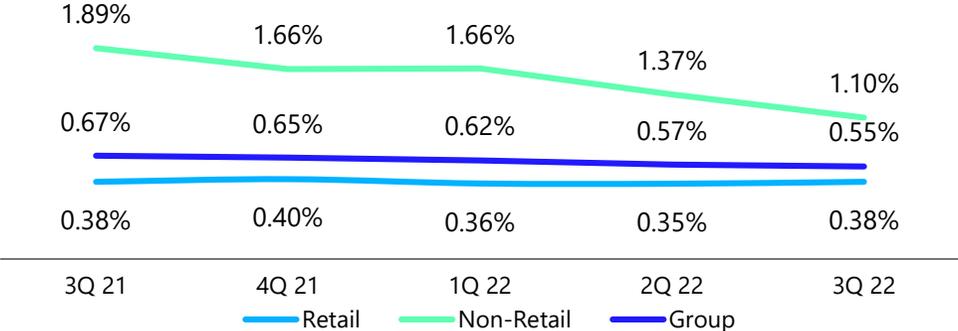
**Movement in NPL (SARmn)**



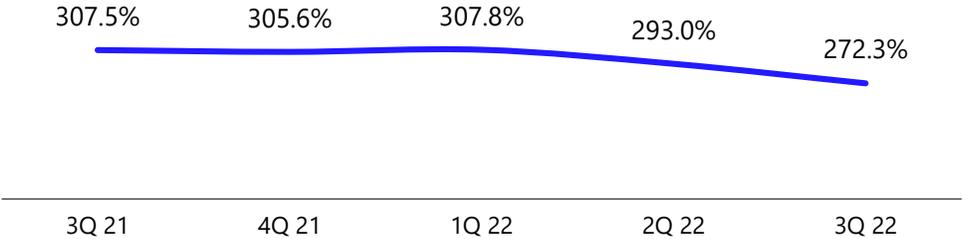
**NPL Formation (SARmn)**



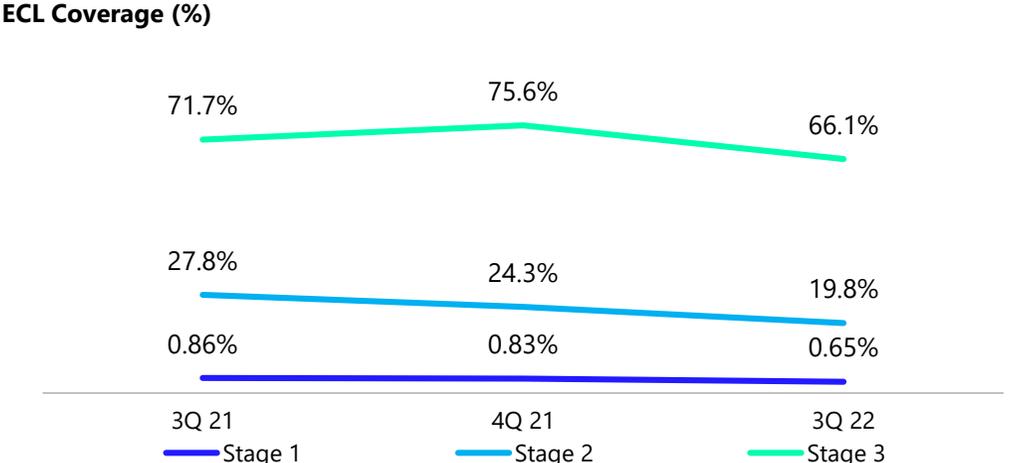
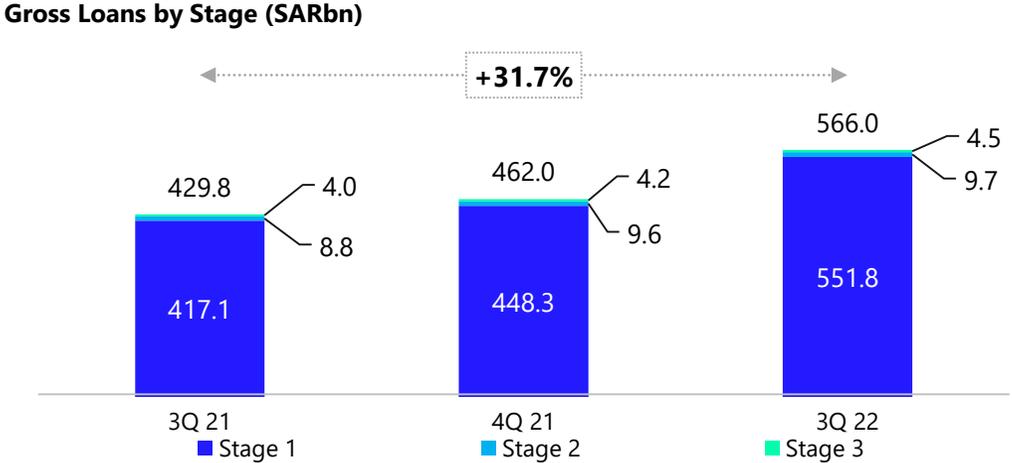
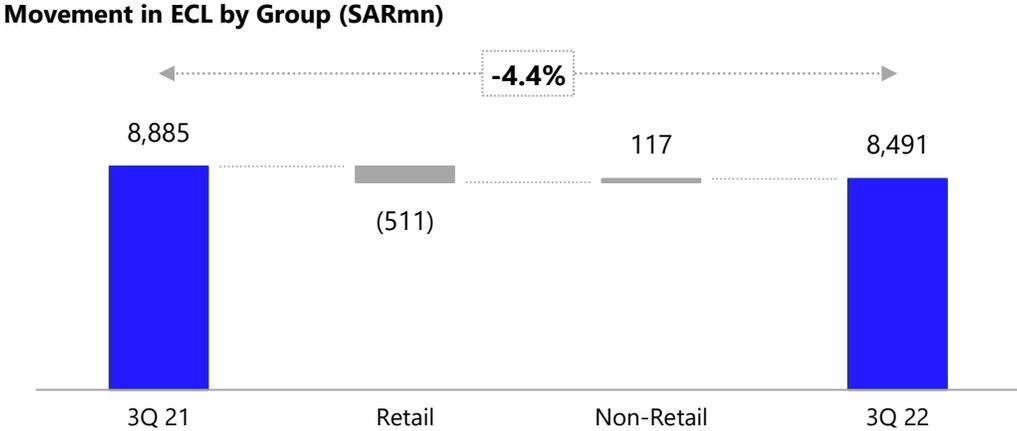
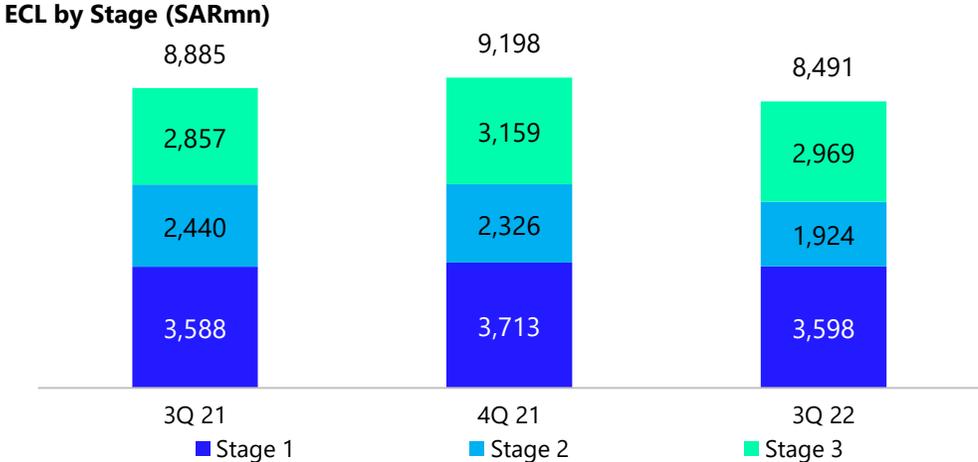
**NPL Ratio (%)**



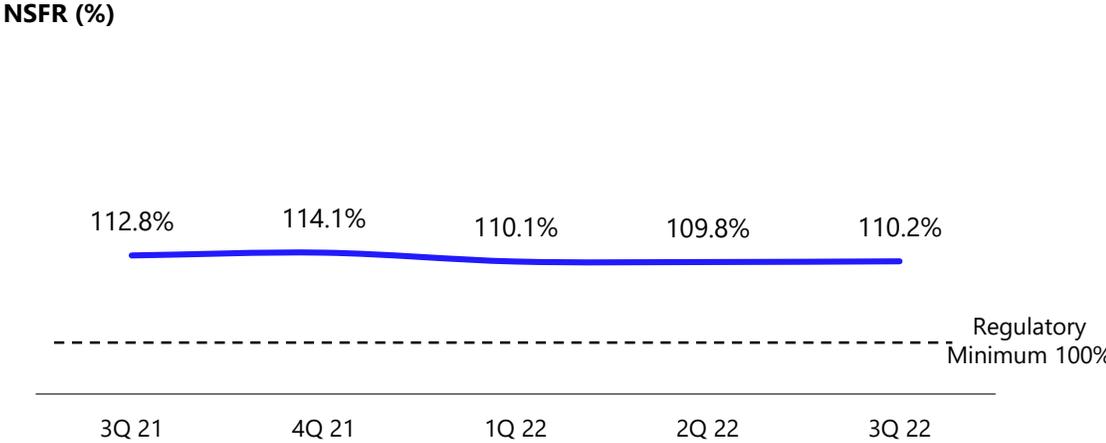
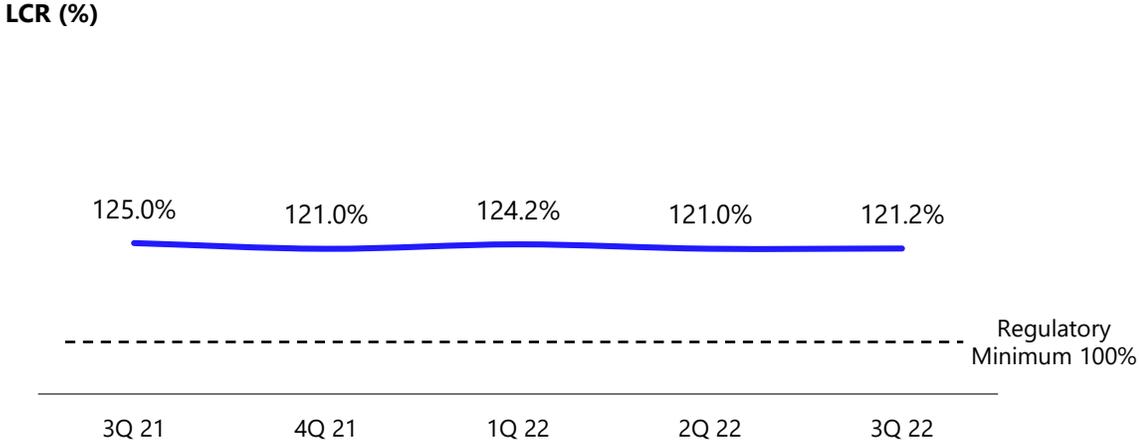
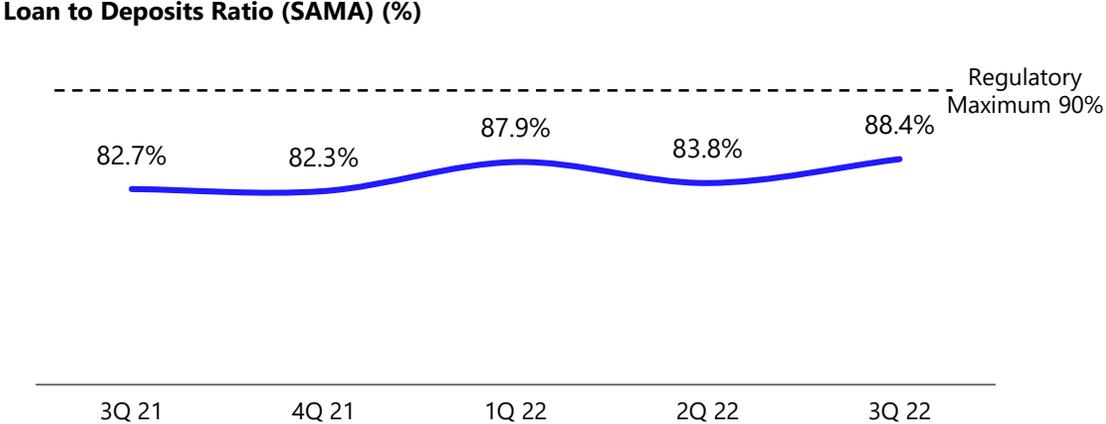
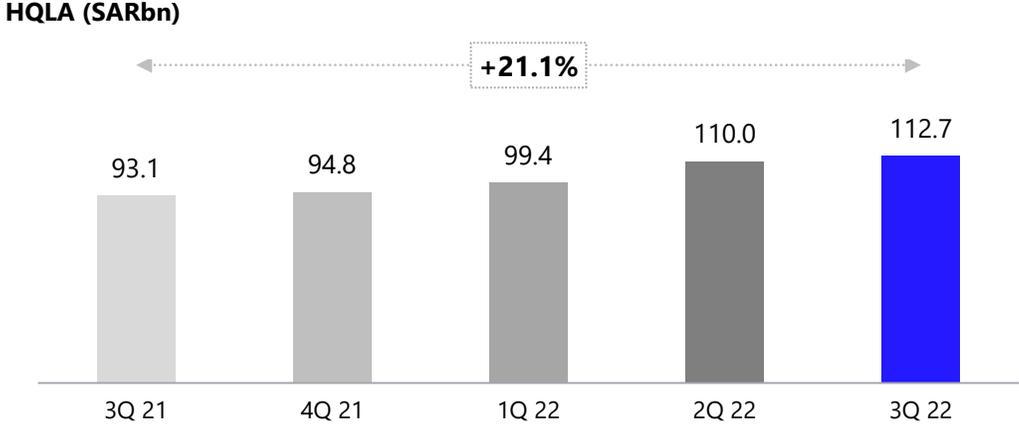
**NPL coverage ratio (%)**



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

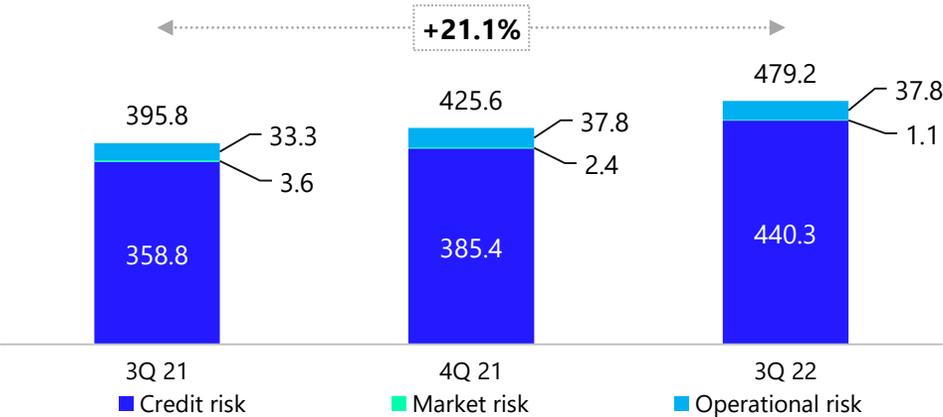


# Liquidity Trends | Liquidity remains comfortably within regulatory requirements

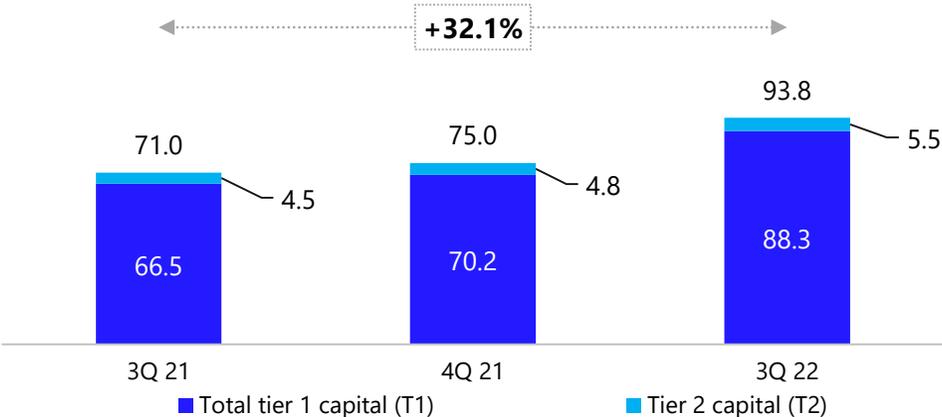


# Capitalization Trends | Capital position well above regulatory minima

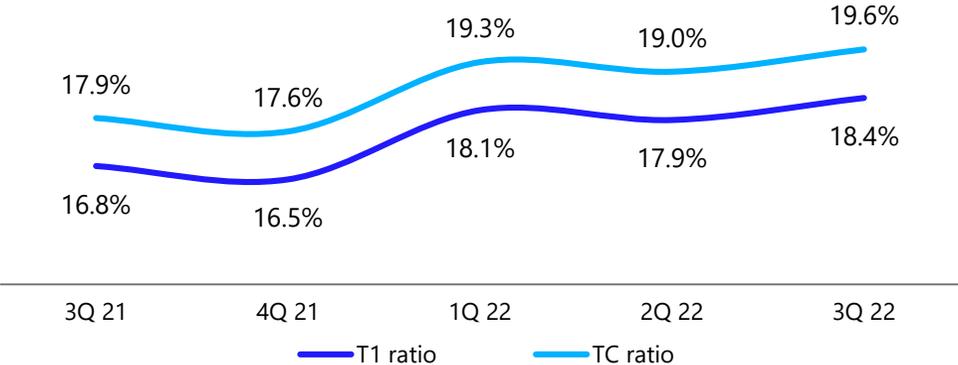
RWA (SARbn)



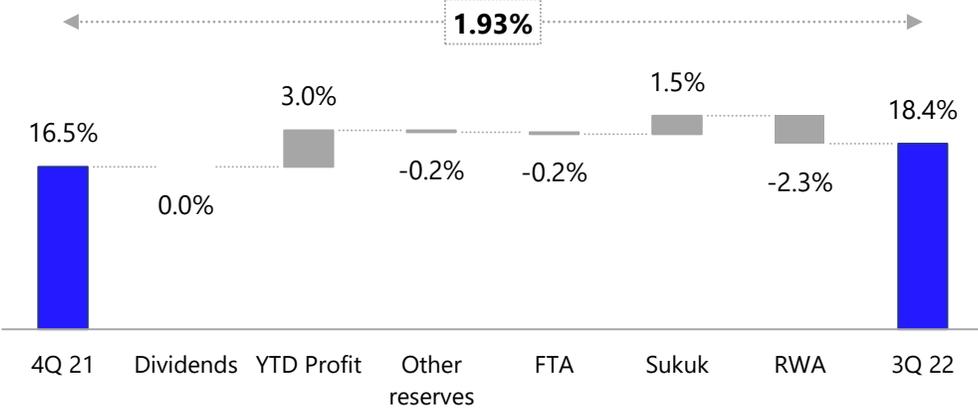
Total Capital (SARbn)



Capital Ratios (%)

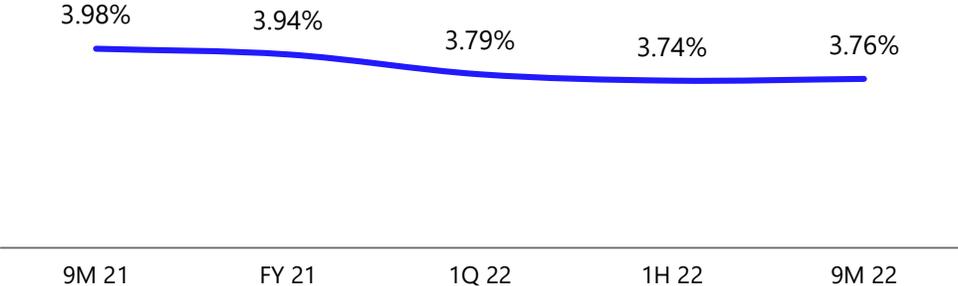


Tier 1 Drivers (%)

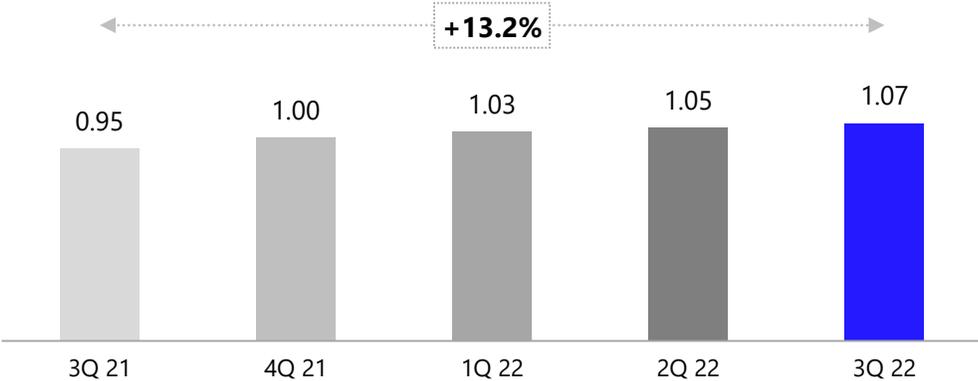


# Return Metrics | Al Rajhi Bank's returns remain industry-leading

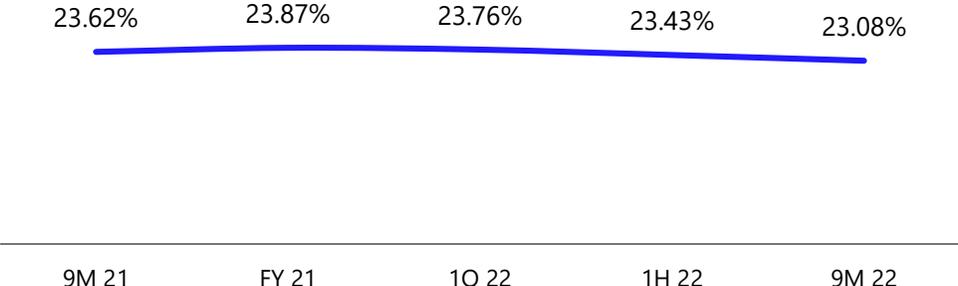
**Return on RWA (%)**



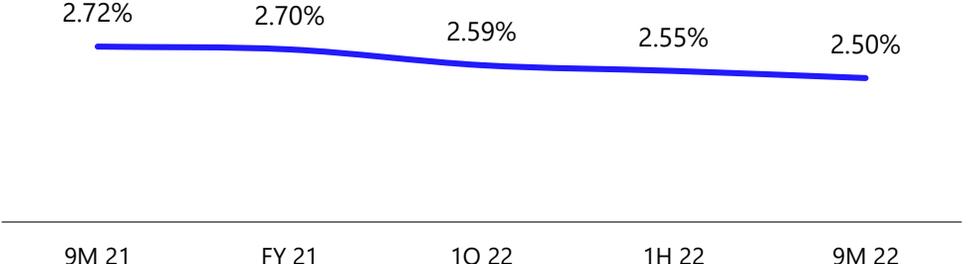
**Earnings per Share (SAR)**



**Return on Equity (%)**



**Return on Assets (%)**



# FY 2022 Guidance

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## FY 2022 Assumptions and Outlook | Driven by positive economic outlook with focus in delivering efficiencies

### Economy



- IMF maintains a 7.6% and 3.7% GDP growth forecasts in 2022 and 2023, respectively
- Saudi economy grew by 8.6% in 3Q 2022, following the 12.2% growth recorded in 2Q 2022
- Consumer spending increased by 9.5% September YTD 2022 on the back of improved economic activities
- 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
- Higher interest rates will continue to add pressure on funding costs
- Retail ex-mortgage assets re-pricing is expected to occur in the range of 1-3 years
- SRC has revised up the mortgage subsidies cap rate in early October for the third time this year and extended the benchmark tenor to 30 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

		<b>FY 2022 Guidance</b>	<b>9M 2022 Actual</b>	<b>Guidance Revision</b>	
<b>Balance Sheet</b>	Financing	Low twenties	+23.1%	↑	<b>High twenties</b>
<b>Profitability</b>	Net profit margin	-55 bps to -65 bps	-55 bps	—	<b>No change</b>
	Cost to income ratio	Below 26.5%	25.6%	↑	<b>Below 26.0%</b>
	ROE	23% – 24%	23.08%	↓	<b>22.5% – 23.5%</b>
<b>Asset Quality</b>	Cost of risk	0.40% - 0.50%	0.43%	—	<b>No change</b>
<b>Capital</b>	Tier 1 ratio	17% - 18%	18.4%	—	<b>No change</b>



# IR Contact Information

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## 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 4Q 2022

Merrill Lynch KSA MENA Conference 2022 - Riyadh

31<sup>st</sup> October – 1<sup>st</sup> November



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul Mobile App



Emkan App



urpay App



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