

Al Rajhi Bank Investor Presentation

3Q 2023 Results



3Q 2023 Investor Presentation

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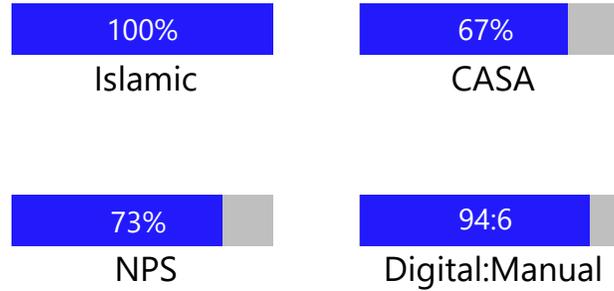
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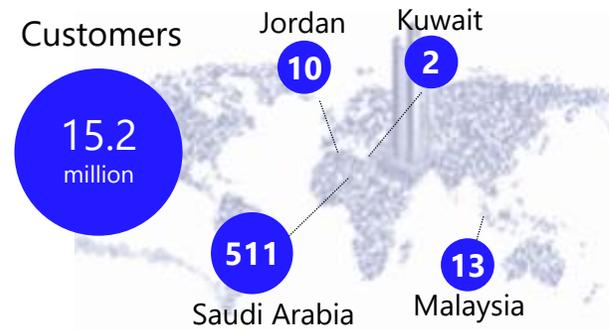


The World's Leading Islamic Bank

At a glance, 3Q 2023



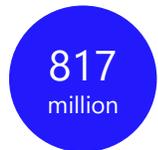
Presence & Branches, 3Q 2023



Largest network in Saudi Arabia

9M 2023 Strategic Highlights

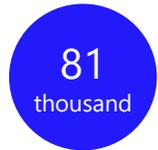
9M23 Avg Trans./mth



Active Digital Customers



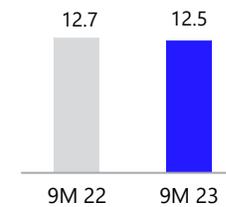
Training Days



Employee Engagement Index

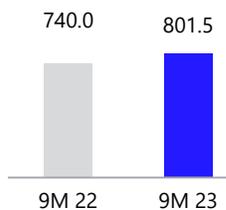


9M 2023 Financial Highlights

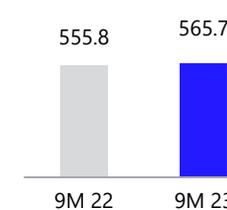


Group Net Income After Zakat
▼ -4.6%

- 5.9% YoY Net Financing Growth
- 20.8% Total Capital ratio
- 2.34% Cost of Funds



Total Assets
▲ +8%



Customer Deposits
▲ +2%



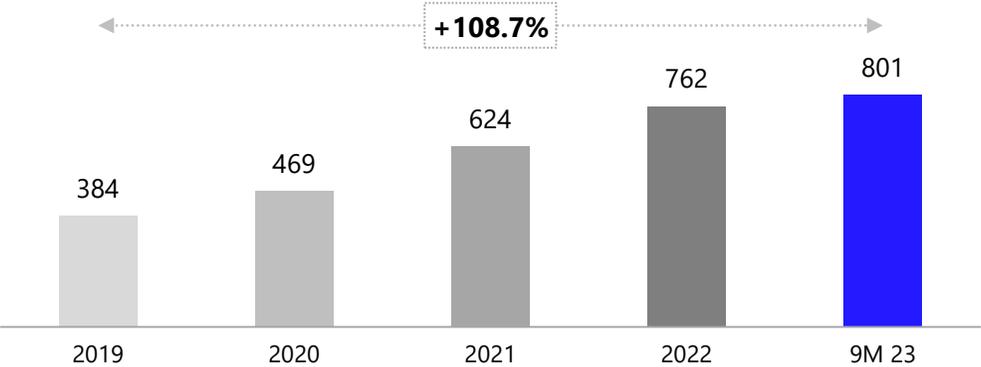
Top 10 Facts About Al Rajhi Bank

- 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
(67% Non-profit bearing deposits)
- 4** Bank capitalisation among the highest in GCC
(20.8% Total Capital ratio)
- 5** #1 NPS in KSA
(73% as on Sep 2023)
- 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
(817mn per month, average)
- 9** #1 Bank for remittances in Middle East
(by payment value)
- 10** #1 Bank brand in KSA
(Brand Power Score)

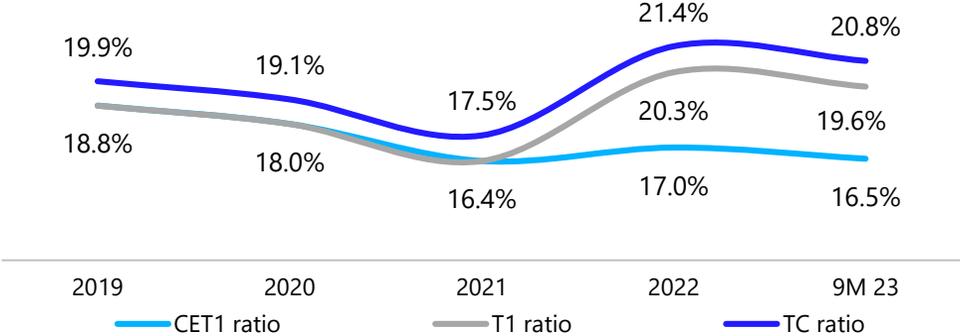


The World's Leading Islamic Bank | Robust balance sheet with 67% CASA deposits in 3Q 2023

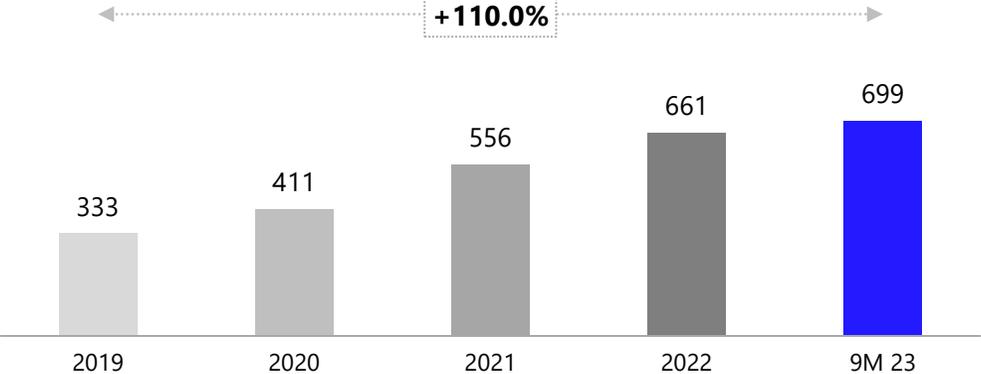
Total Assets (SARbn)



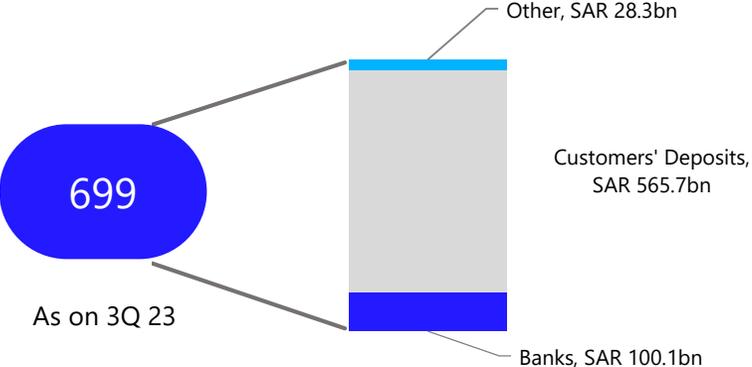
Capital Ratios (%)



Total Liabilities (SARbn)

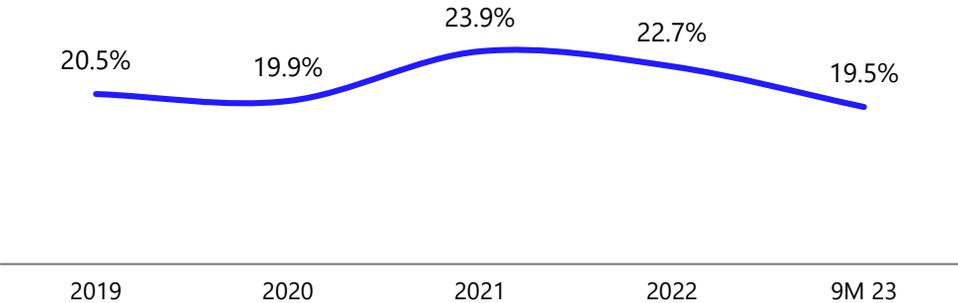


Total Liabilities Mix By Type (SARbn)

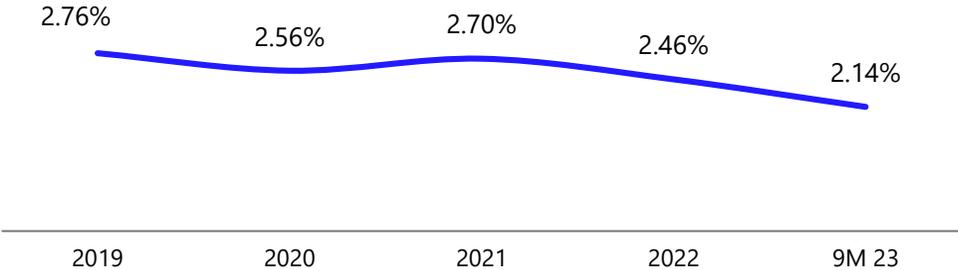


The World's Leading Islamic Bank | Outstanding foundation and strong returns

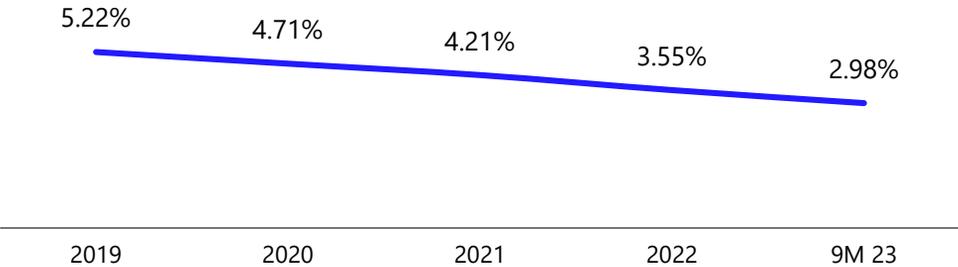
ROE (%)



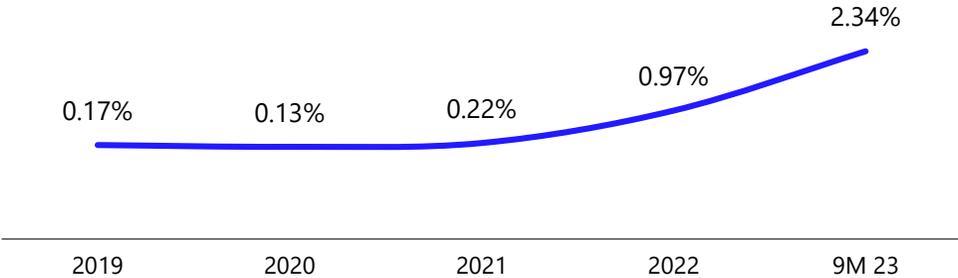
ROA (%)



Net Profit Margin (%)

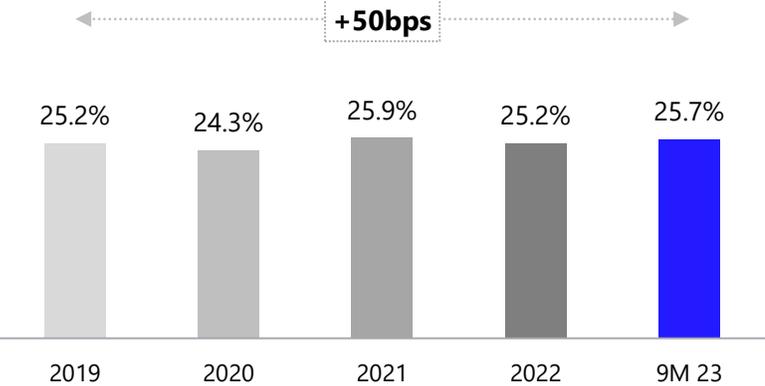


Cost of Funds (%)



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

Market Share - Demand Deposits

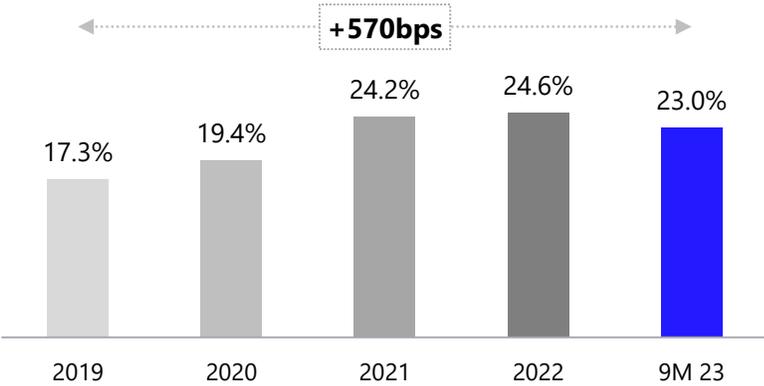


#2 in Saudi Arabia

15.2
Million
Active Customers

#1 in Saudi Arabia

Market Share - Deposits



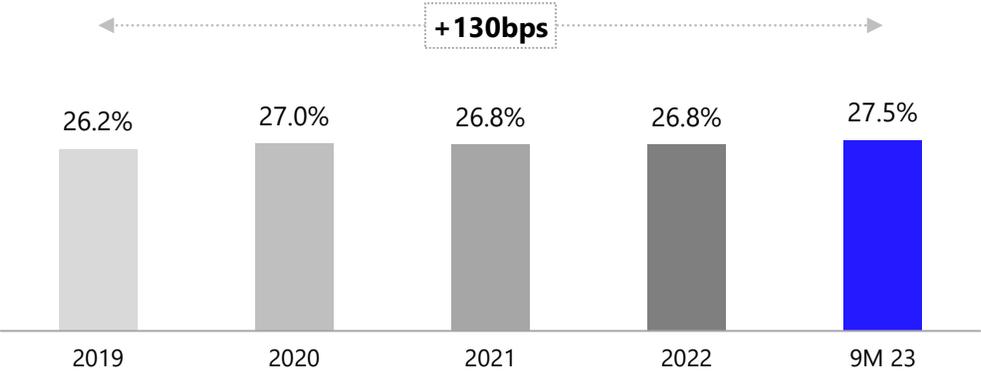
#2 in Saudi Arabia



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

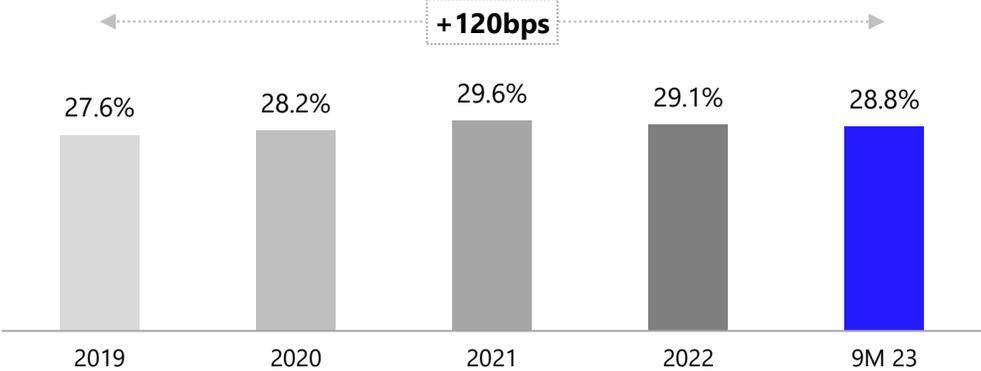
#1 in Branches

Market Share - Branches



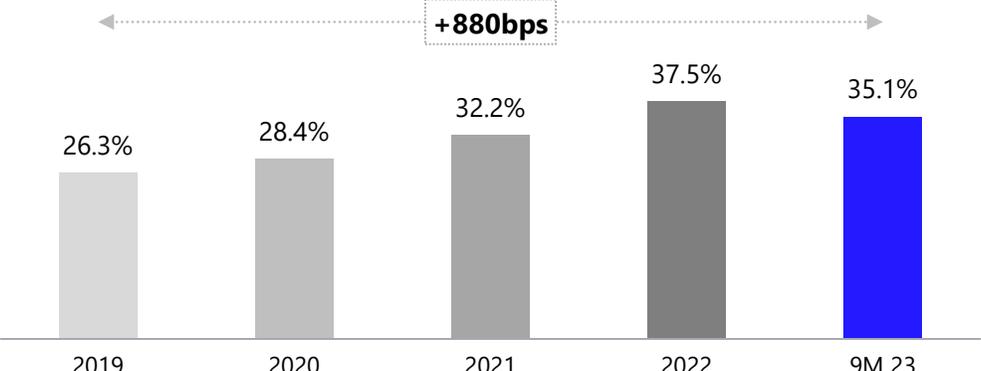
#1 in ATMs

Market Share - ATMs



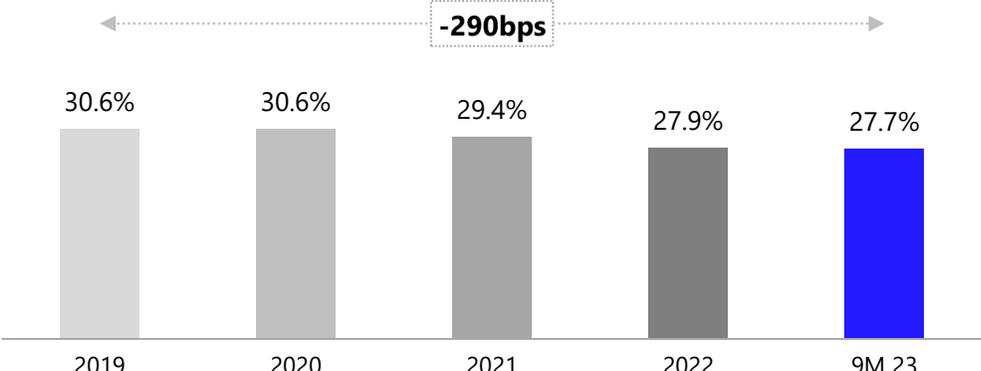
#1 in POS

Market Share - POS (Terminals)



#1 Remittance Centres

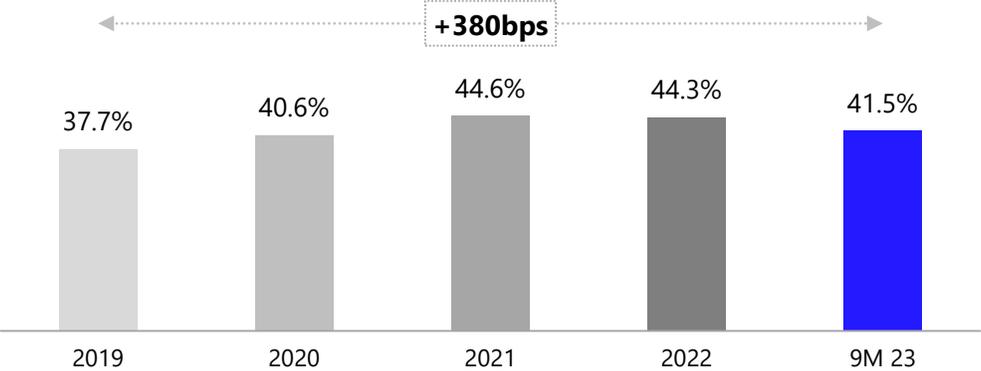
Market Share - Remittance Centers



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

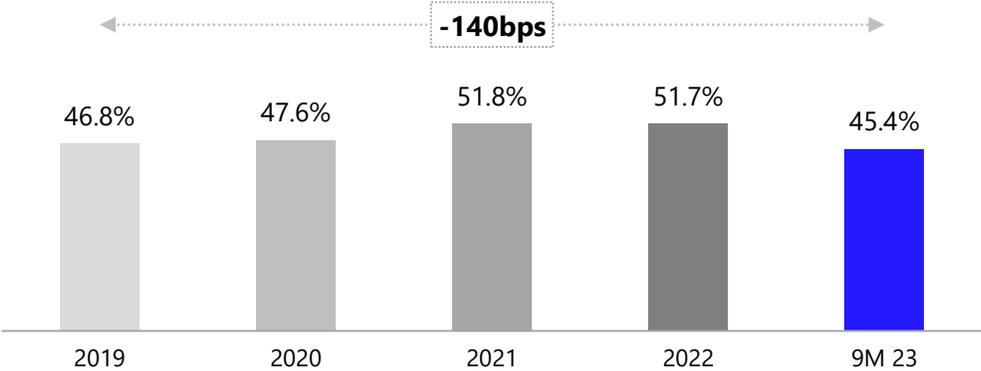
#1 in Personal Loans

Market Share - Personal Loans



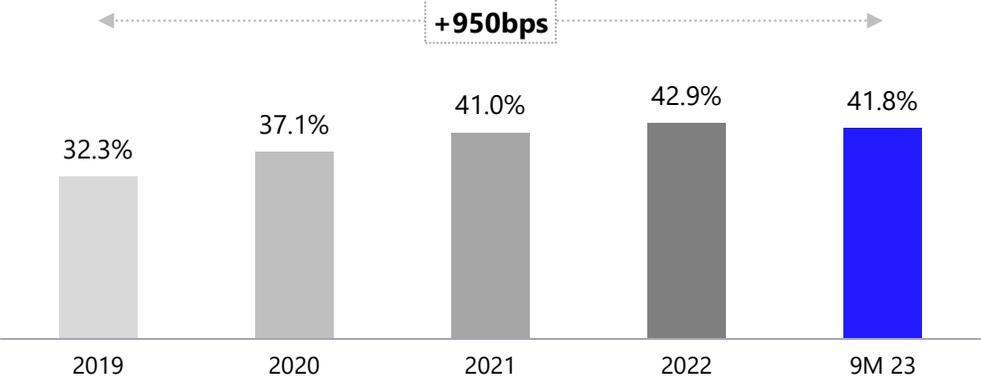
#1 in Auto Loans

Market Share - Auto Loans



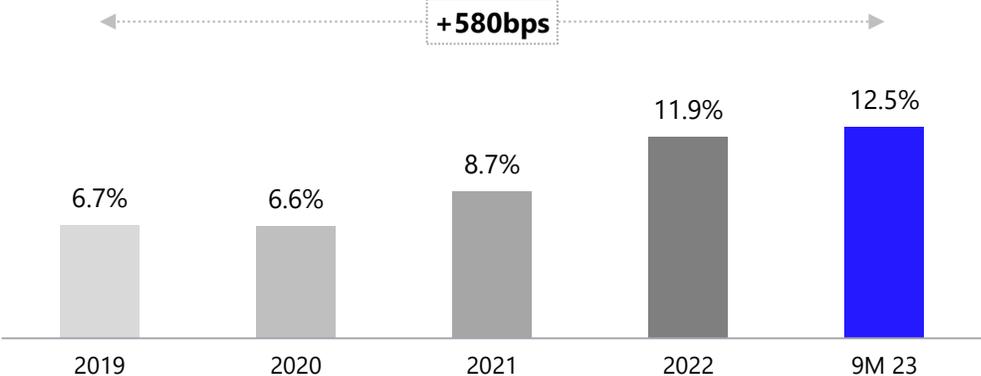
#1 in Mortgages

Market Share - Mortgages Loans



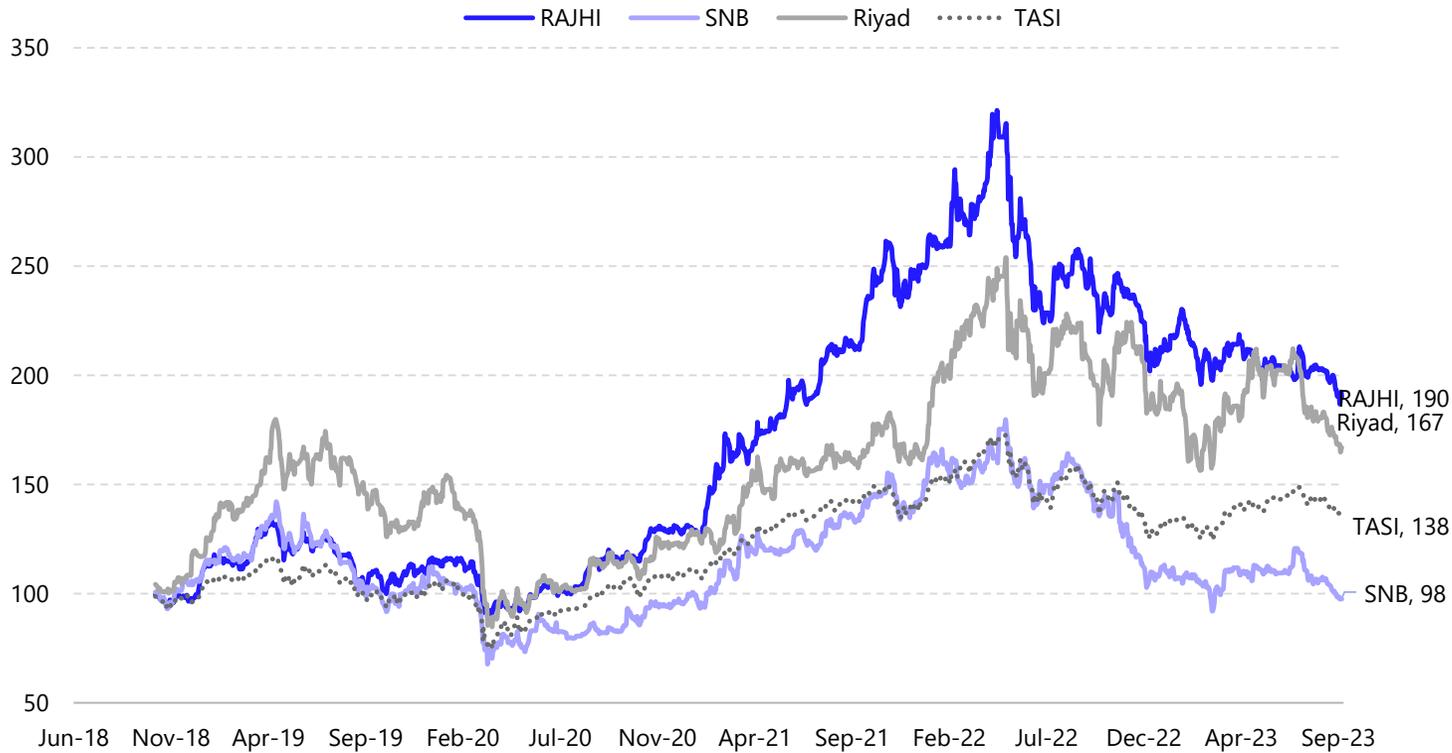
#3 in Corporate Loans

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 2023

Key Metrics

| | |
|-------------------------|--------------|
| Closing Price | SAR 67.9 |
| Market Cap | SAR 271.6 bn |
| Market Cap / % Industry | 32.2% |
| Market Cap / % Tadawul | 2.4% |
| Shares outstanding | 4.0 bn |
| 90D Volatility | 15.1 |
| Price / Earnings | 16.7 x |
| Price / Book | 3.2 x |

Sources: Bloomberg; Tadawul; RAJHI Financials

Ratings

| | |
|---------|----|
| Moody's | A1 |
| S&P | A- |
| Fitch | A- |

| | Al Rajhi Bank | SNB | Riyad Bank | Kuwait Finance House | First Abu Dhabi Bank | Qatar National Bank | Emirates NBD |
|--------------------------|---------------|----------|------------|----------------------|----------------------|---------------------|--------------|
| Rebased to 100 | 190 | 98 | 167 | 198 | 97 | 87 | 193 |
| As of 30 Sep 2023 | 73.0 SAR | 32.8 SAR | 27.8 SAR | 733 KWD | 13.6 AED | 15.4 QAR | 17.8 AED |



ESG Highlights | 3Q 2023

| | | | | | |
|---|--|--|---|---|---|
| | USD 2.6 bn Green syndicated loan | | Renovation Of children with disability Association clinic | ISO/DIS 37301:2020 Compliance | |
| | Started using solar energy system in 44 branches to reduce utilities consumption | SAR 41.6mn Donation in 2022 | 6 Key social projects delivered | ISO 22301:2019 Business Continuity Management | |
| SAR 801bn Total Assets | Around SAR 3bn of financing renewable energy projects | SAR 1.43bn Zakat paid | 91 kidney transplants through Shifaa platform | 1,448 Sharia Board Resolutions | 109% growth in female employees in 2022 |
| SAR 12.45bn Net Profit after Zakat | USD 1.0 bn Sustainable Sukuk | SAR 1,757mln in salaries and benefits paid | 10 batches of Graduate Development Program since 2015 | 137 Policies & Frameworks | 28% of female employees at the group level |
| 0% Financing exposure in Tobacco, Alcohol & Gambling | 94:6 Digital to Manual Ratio | SAR 29.6bn in financing for SMEs | 81,000+ total training days | 4 out of 11 Independent Board Directors | +100% growth in female customers since 2015 |
| Financial Sustainability | Environmental | Social | | Governance | Gender Diversity |

■ 3Q 2023 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

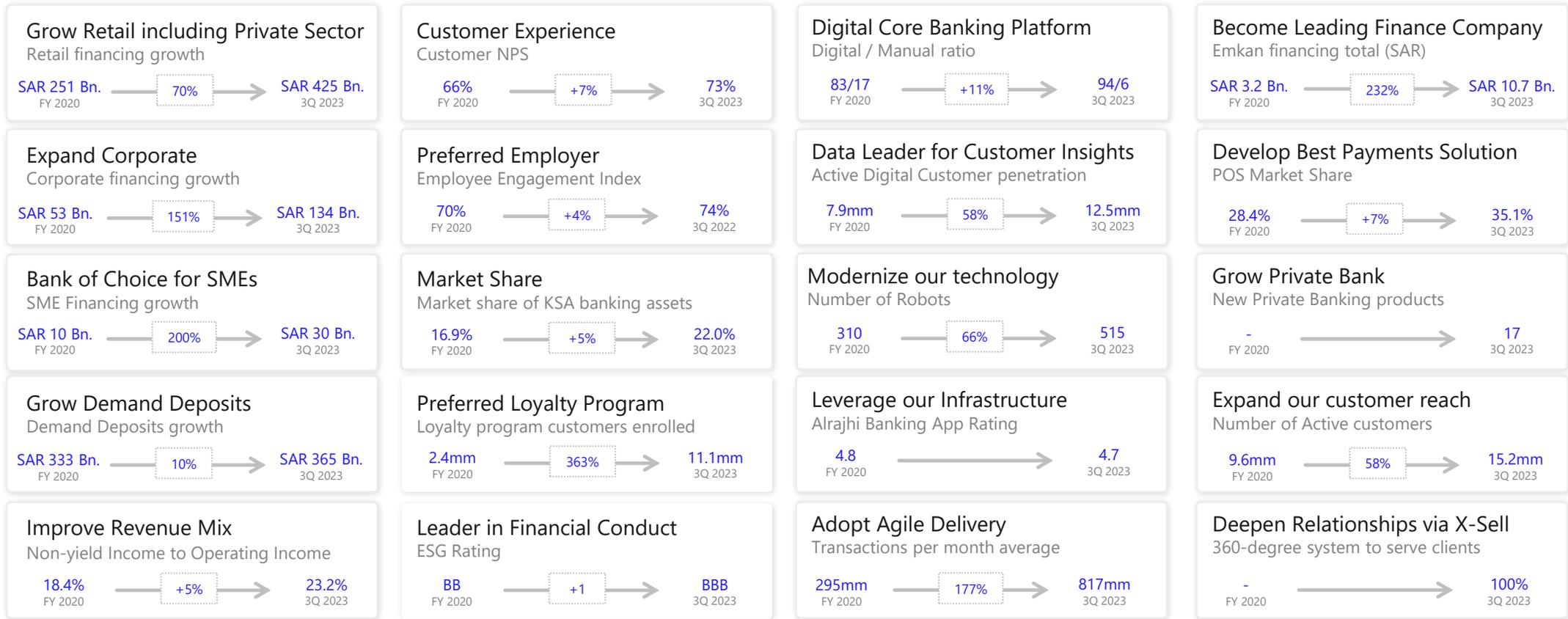
Outperform our competition

The

Transform technology

Future

Focus on new client needs

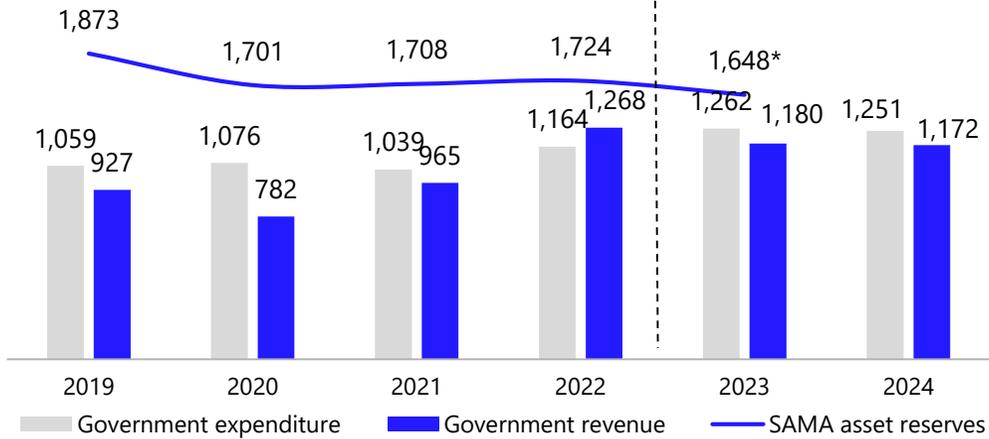


KSA's Macro-Economic Environment

Highlights

- GDP declined by 4.6% in 3Q 2023 driven by lower oil activities
- IMF revised down Saudi's GDP growth forecasts to 0.8% for 2023 and revised up 2024 to 4.0%
- Inflation eased to 1.7% in September 2023 and expected to normalize in 2024 to 2.2%

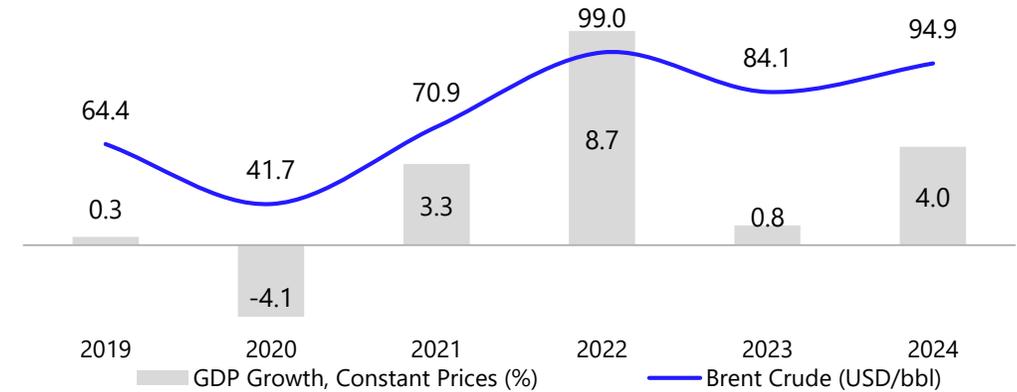
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

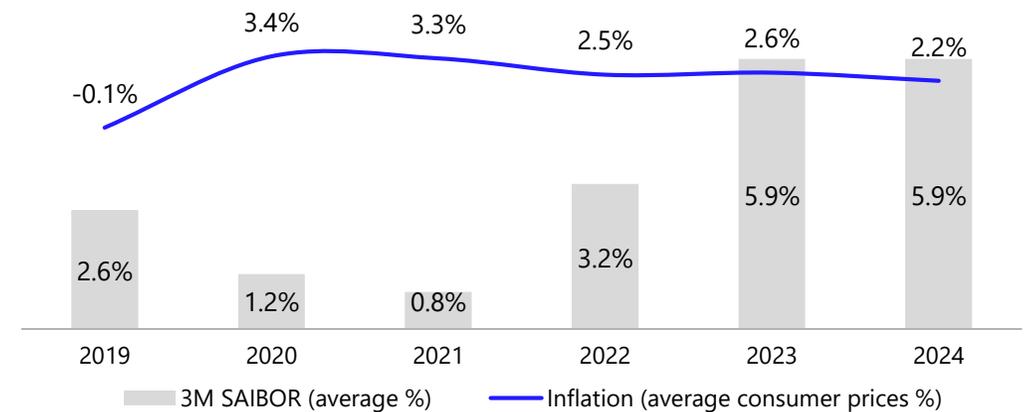
* September 2023 figure

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

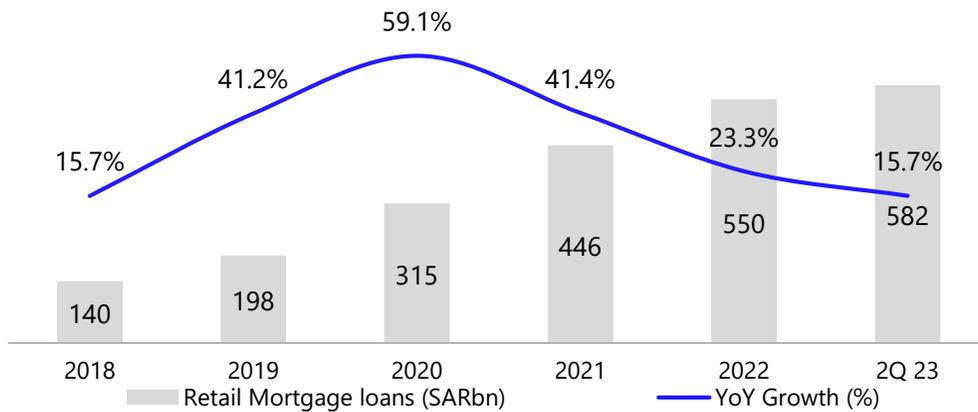


Banking Sector Highlights | Banking system deposits growth outpaced loans growth in 9M2023

Recent Developments

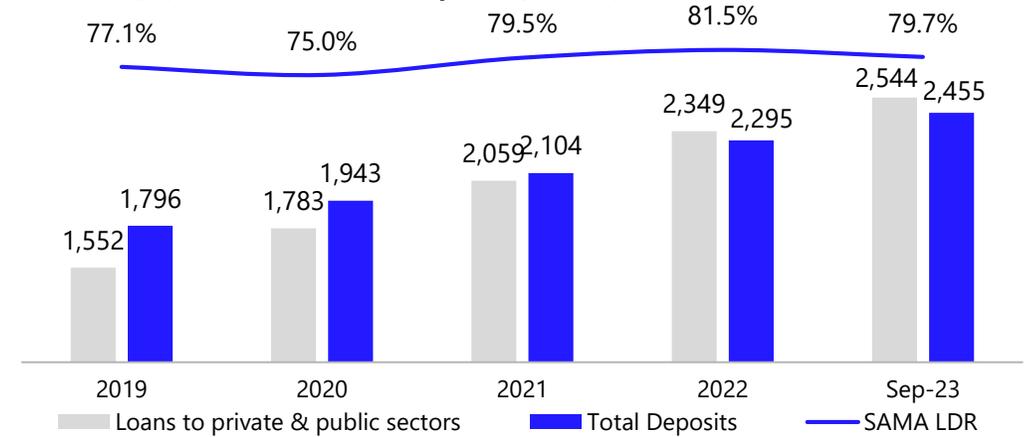
- Deposits growth in the banking system during first eight months is in line with loans growth
- SRC benchmark rate slightly increased in August 2023
- Consumer spending increased by 7.2% in 8M 2023 with continuous migration to cashless payment methods

Retail Mortgage (SARbn)



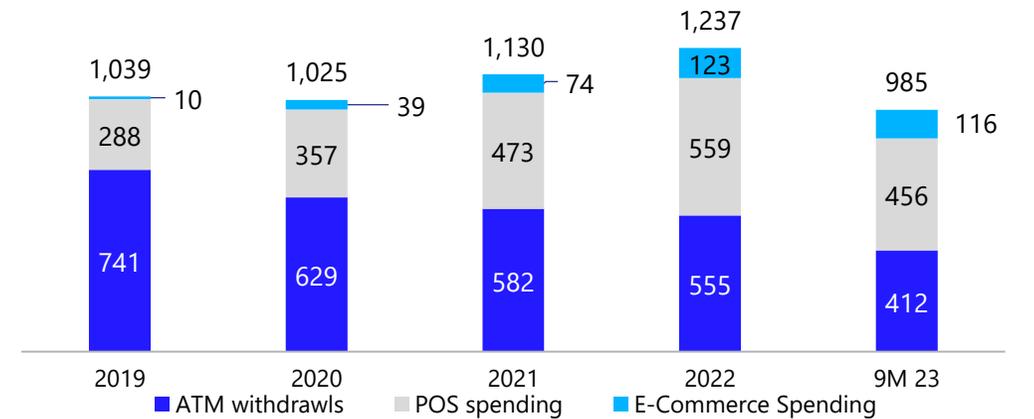
Source: SAMA

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



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA



3Q 2023 Financial Highlights

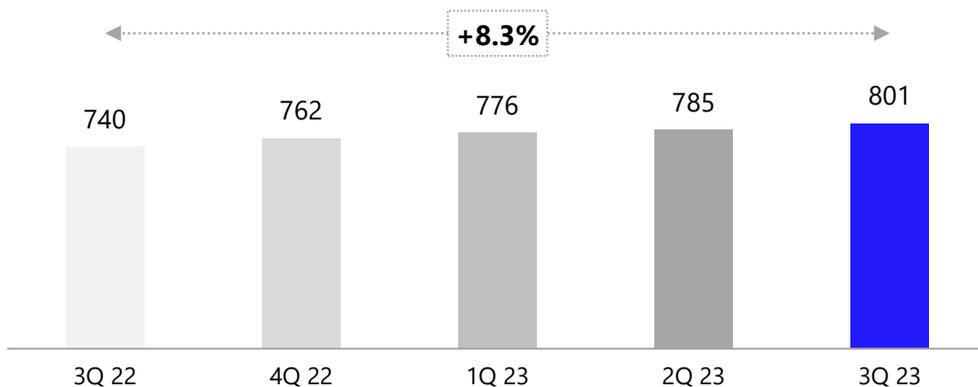
First Nine Months 2023 Results Summary | Results are in line with expectations

| | | | |
|-------------------------------|--|--|---|
| 5.2% YTD Balance Sheet Growth | 4.0% YTD Growth in financing portfolio | 5.7% Growth in liabilities | LDR below regulatory minima |
| | Net Financing 568.3bn $\xrightarrow{+4.0\%}$ 590.8bn FY 22 9M 23 | Total Liabilities 661.4bn $\xrightarrow{+5.7\%}$ 699.2bn FY 22 9M 23 | Loan to Deposit Ratio 85.9% $\xrightarrow{\text{down}}$ 81.0% FY 22 9M 23 |
| 2.3% lower net income YoY | 5.3% drop in net yield income, impacted by cost of funds | 0.9% Non yield income growth | 3.9% lower operating income |
| | Net Yield income 16,594mn $\xrightarrow{-5.3\%}$ 15,720mn 9M 22 9M 23 | Non Yield Income 4,717mn $\xrightarrow{+0.9\%}$ 4,761mn 9M 22 9M 23 | Operating Income 21,311mn $\xrightarrow{-3.9\%}$ 20,481mn 9M 22 9M 23 |
| Stable credit quality | 14 bps COR reduction | 2 bps lower in NPL ratio | NPL coverage remained strong |
| | Cost of risk 0.39% $\xrightarrow{\text{down}}$ 0.25% FY 22 9M 23 | NPL 0.62% $\xrightarrow{\text{down}}$ 0.60% FY 22 9M 23 | NPL Coverage 238% $\xrightarrow{\text{up}}$ 240% FY 22 9M 23 |
| Key Ratios | Operating efficiency remains solid | Improved capital position | Lower NPM |
| | Cost to income ratio 25.6% $\xrightarrow{\text{up}}$ 26.9% 9M 22 9M 23 | Total Capital Adequacy Ratio 19.4% $\xrightarrow{\text{up}}$ 20.8% 9M 22 9M 23 | NPM 3.66% $\xrightarrow{\text{down}}$ 2.98% 9M 22 9M 23 |

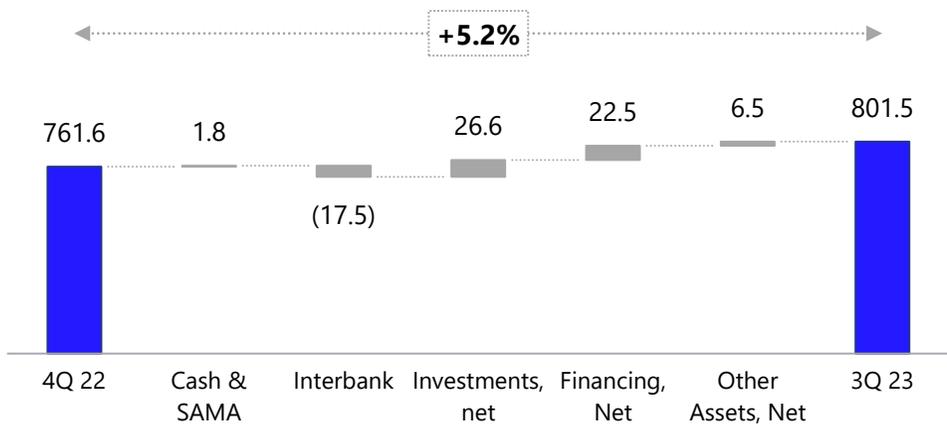


Balance Sheet Trends (1) | Balance sheet growth of 5% YTD driven by Financing and Investments

Total Assets (SARbn)



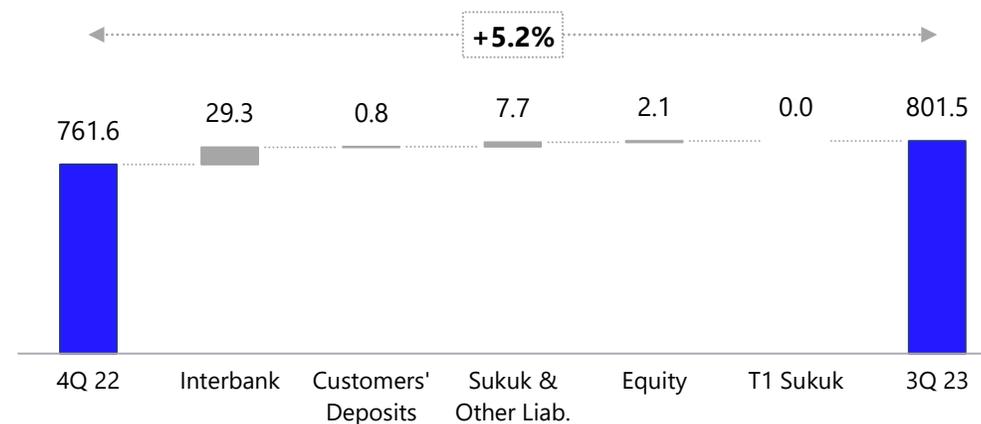
Movement in Assets (SARbn)



SAR (mn)

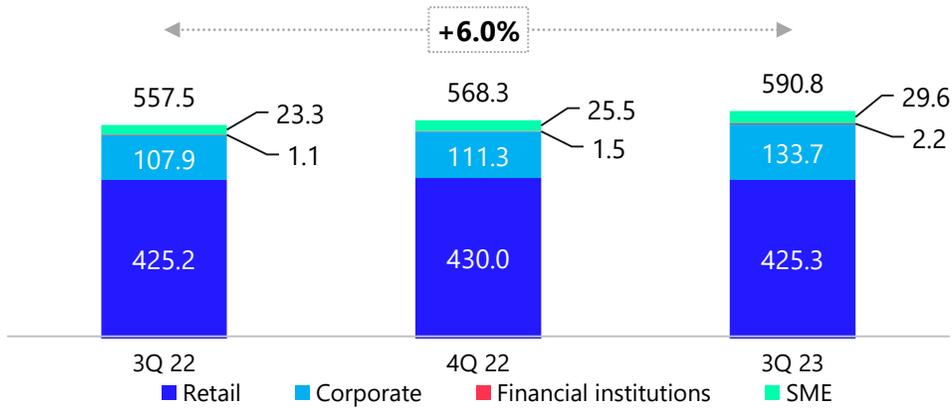
| | 3Q 23 | 2Q 23 | QoQ | 4Q 22 | YTD |
|---------------------------|----------------|----------------|------------|----------------|------------|
| Cash & balances with SAMA | 43,838 | 46,020 | -5% | 42,052 | +4% |
| Due from banks & other FI | 8,128 | 10,983 | -26% | 25,656 | -68% |
| Investments, net | 128,700 | 121,420 | +6% | 102,146 | +26% |
| Financing, net | 590,826 | 579,080 | +2% | 568,338 | +4% |
| Other assets, net | 29,991 | 27,017 | +11% | 23,456 | +28% |
| Total assets | 801,483 | 784,520 | +2% | 761,649 | +5% |
| Due to banks & other FI | 100,126 | 81,591 | +23% | 70,839 | +41% |
| Customers' deposits | 565,719 | 570,665 | -1% | 564,925 | +0% |
| Sukuk issued | 3,834 | 3,790 | | 0 | |
| Other liabilities | 29,525 | 25,287 | +17% | 25,660 | +15% |
| Total liabilities | 699,204 | 681,333 | +3% | 661,424 | +6% |
| Total equity | 102,280 | 103,187 | -1% | 100,225 | +2% |

Movement in Funding (SARbn)

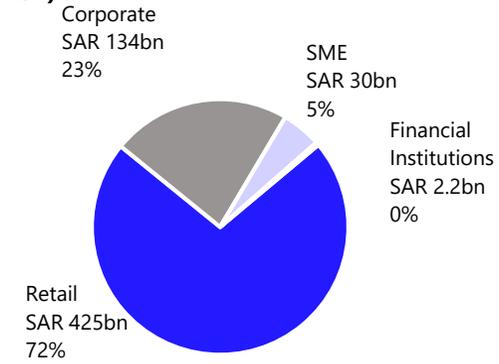


Balance Sheet Trends (2) | Financing growth driven by Mortgage and Corporate

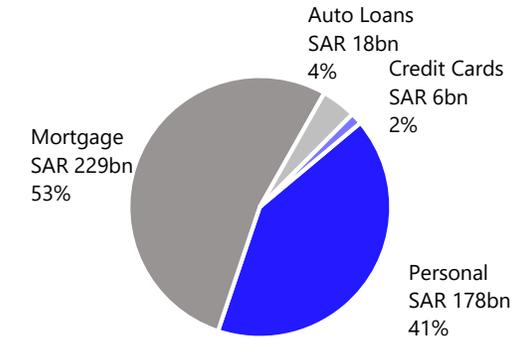
Financing, Net (SARbn)



Financing, Net Mix By Segment (SARbn)



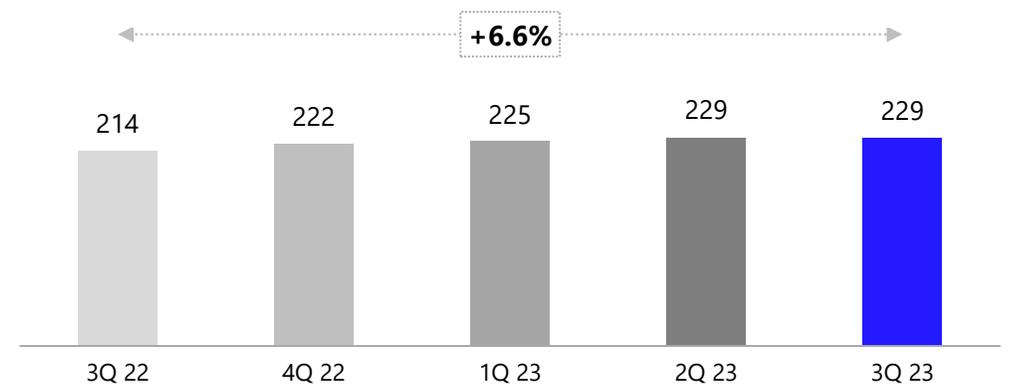
Retail Financing Mix By Segment (SARbn)



Movement in Financing (SARbn)

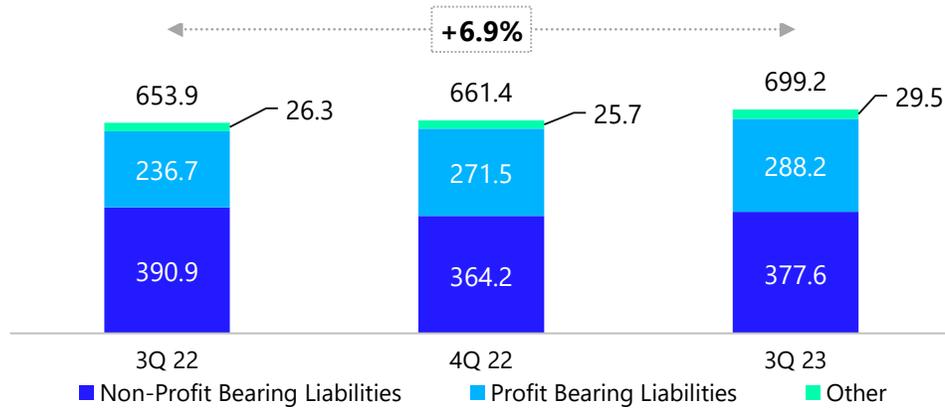


Mortgage Financing (SARbn)

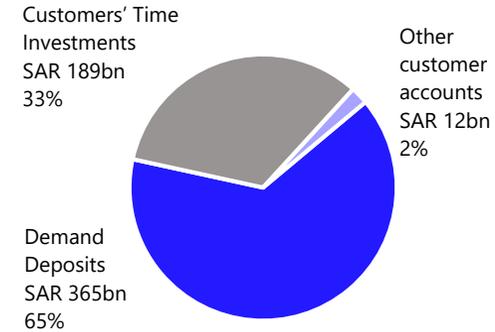


Balance Sheet Trends (3) | Balance sheet shows improving funding mix

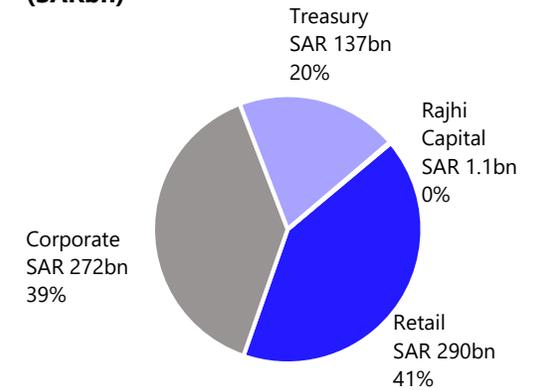
Total Liabilities (SARbn)



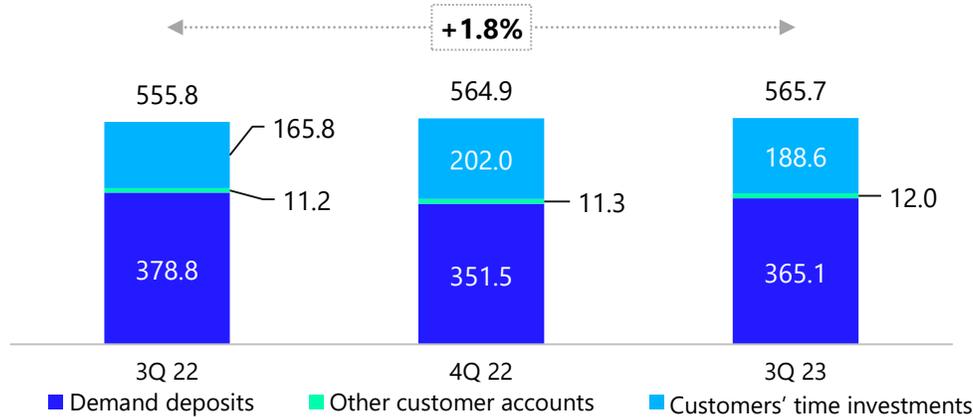
Total Customers' Deposits Mix By Type (SARbn)



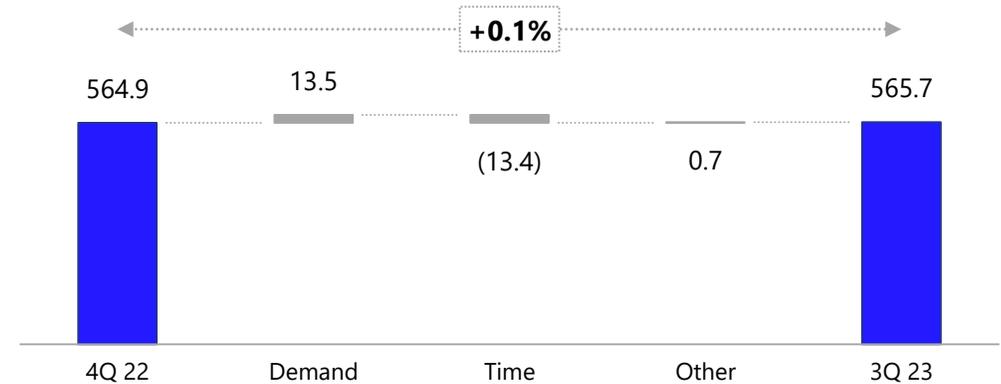
Total Liabilities Mix By Segment (SARbn)



Total Customers' Deposits (SARbn)

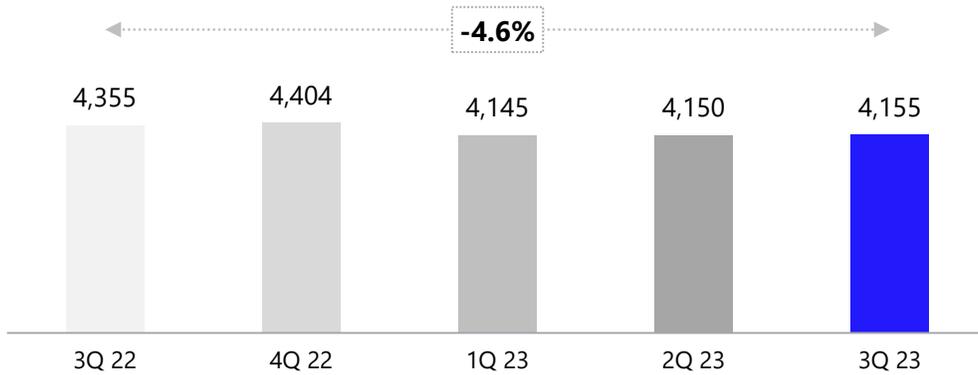


Movement in Total Customers' Deposits (SARbn)



Net Income Trends | net profit lower by 2% for the first nine months of 2023

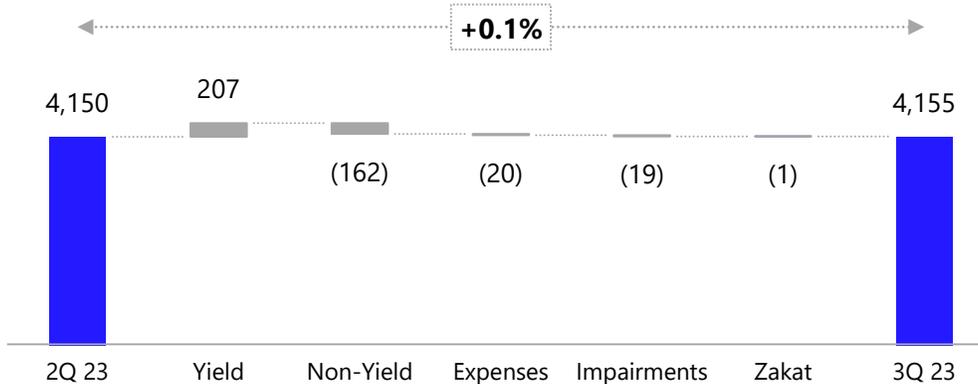
Net Income For The Period After Zakat (SARmn)



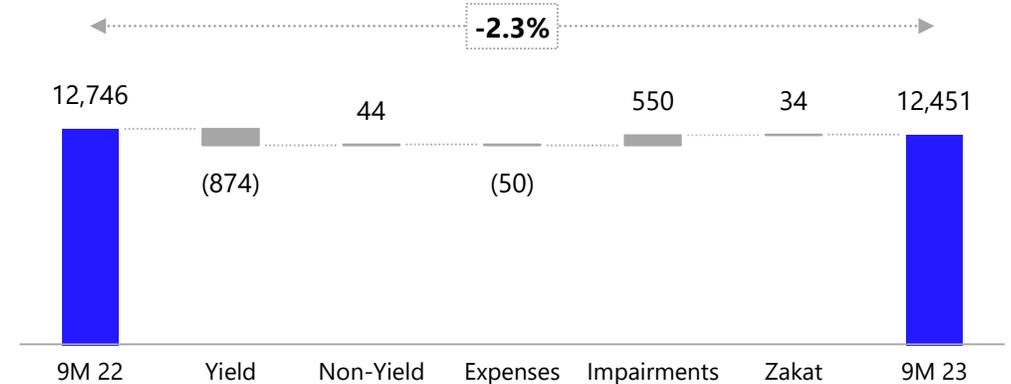
SAR (mn)

| | 9M 23 | 9M 22 | YoY | 3Q 23 | 3Q 22 | YoY |
|---|---------------|---------------|------------|--------------|--------------|------------|
| Net financing & investment income | 15,720 | 16,594 | -5% | 5,401 | 5,687 | -5% |
| Fee from banking services, net | 3,238 | 3,445 | -6% | 899 | 1,135 | -21% |
| Exchange Income, net | 925 | 864 | +7% | 336 | 320 | +5% |
| Other operating income, net | 599 | 407 | +47% | 237 | 65 | +265% |
| Fees and other income | 4,761 | 4,717 | +1% | 1,472 | 1,519 | -3% |
| Total operating income | 20,481 | 21,311 | -4% | 6,873 | 7,206 | -5% |
| Operating expenses | -5,500 | -5,450 | +1% | -1,860 | -1,861 | -0% |
| Pre-provision profit | 14,980 | 15,861 | -6% | 5,012 | 5,345 | -6% |
| Total impairment charge | -1,099 | -1,649 | -33% | -379 | -490 | -23% |
| Net income for the period before Zakat | 13,882 | 14,212 | -2% | 4,633 | 4,855 | -5% |
| Zakat | -1,431 | -1,466 | -2% | -478 | -501 | -5% |
| Net income for the period after Zakat | 12,451 | 12,746 | -2% | 4,155 | 4,355 | -5% |

Net Income After Zakat Growth Drivers By Type (SARmn)

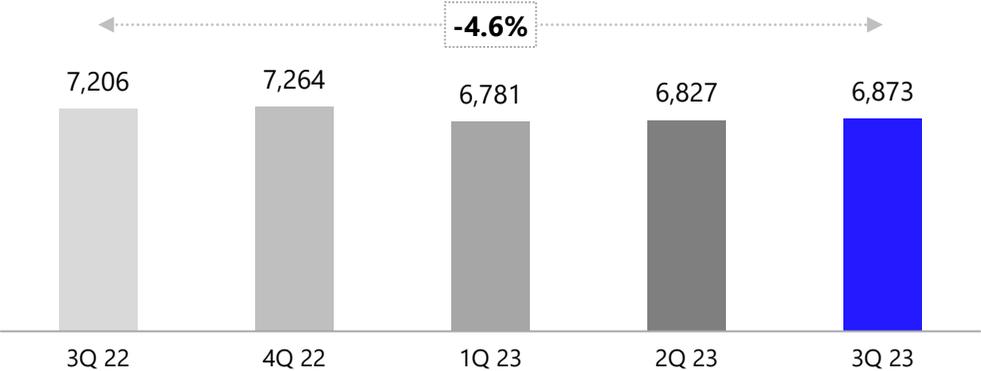


Net Income After Zakat Growth Drivers By Type (SARmn)

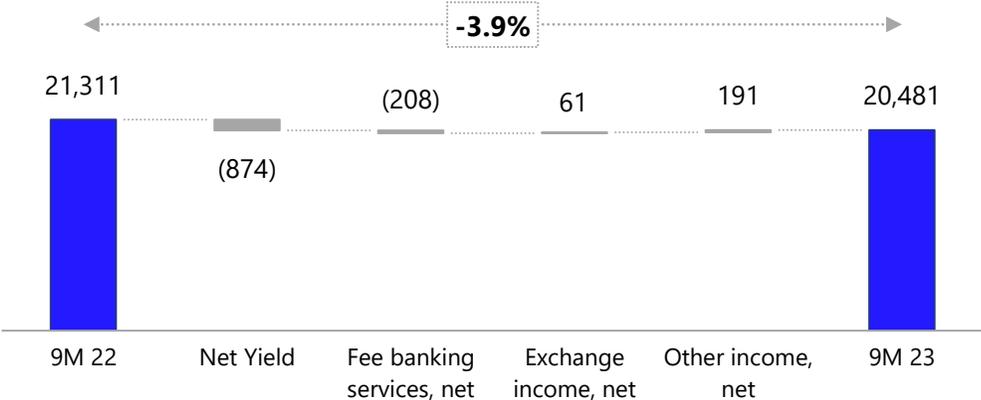


Operating Income Trends | Lower operating income driven by higher cost of funding

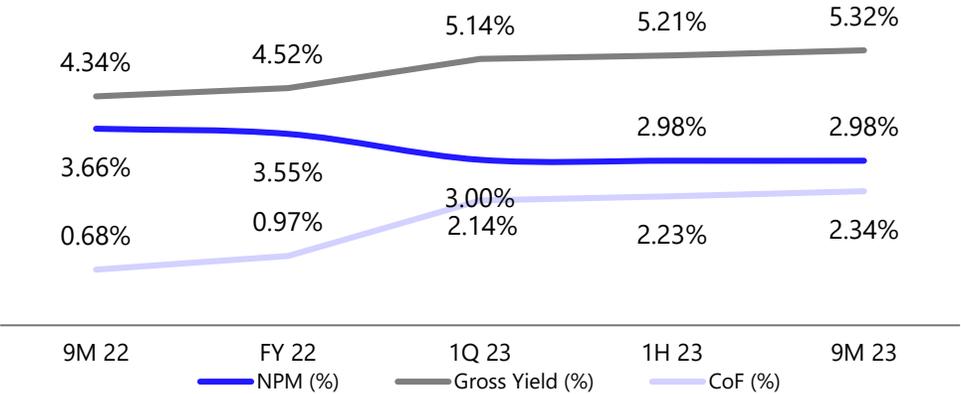
Total Operating Income (SARmn)



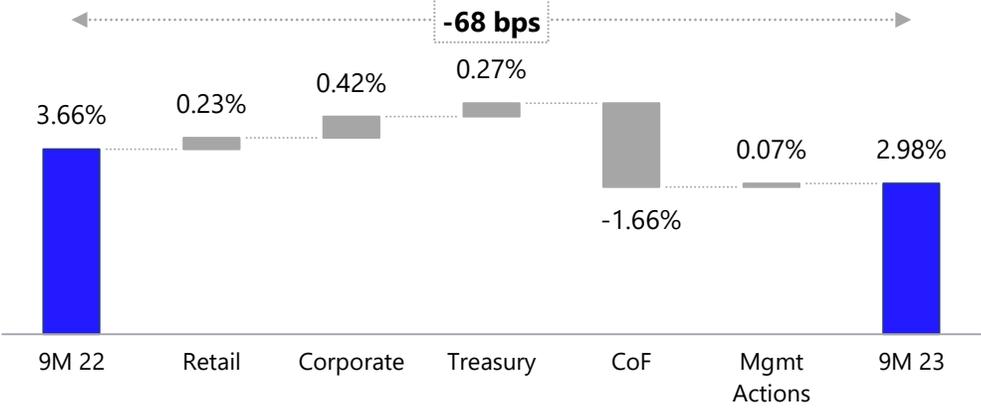
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

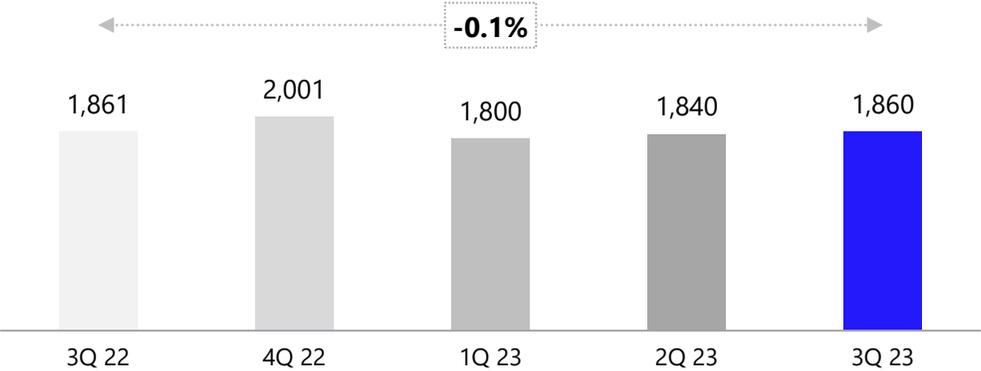


NPM Drivers (%)

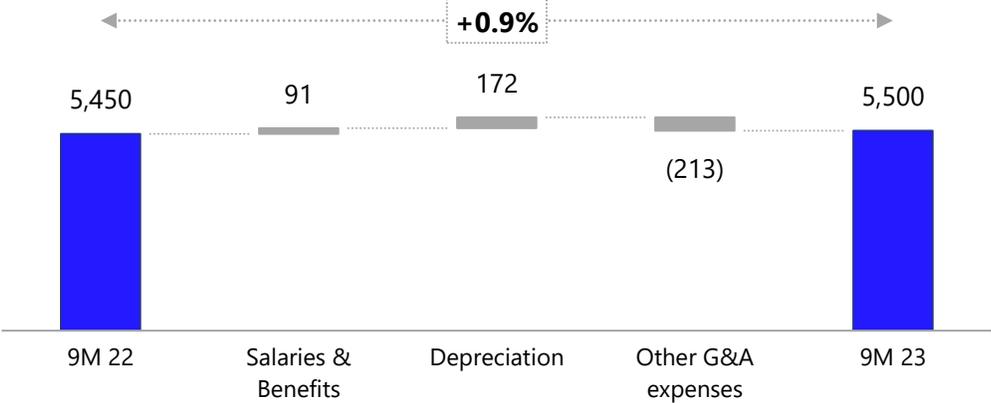


Expenses Trends | Cost efficiencies remains solid

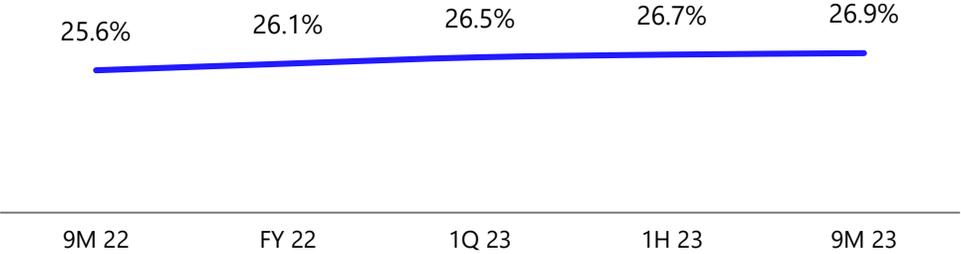
Operating Expenses (SARmn)



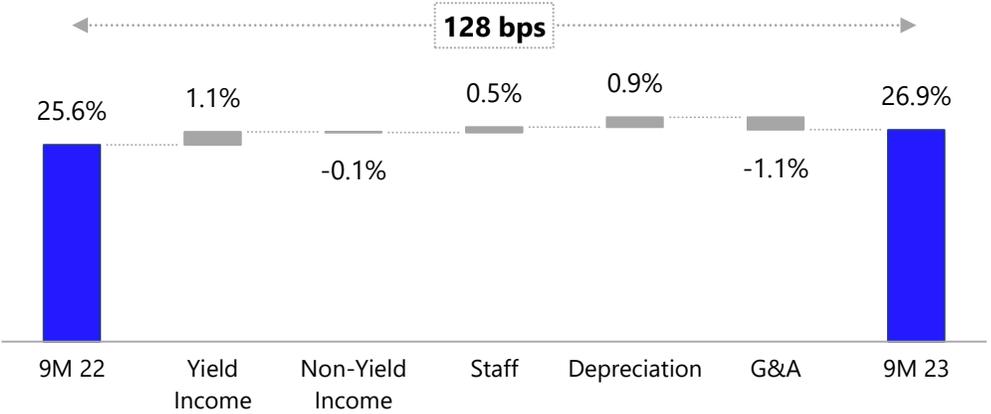
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

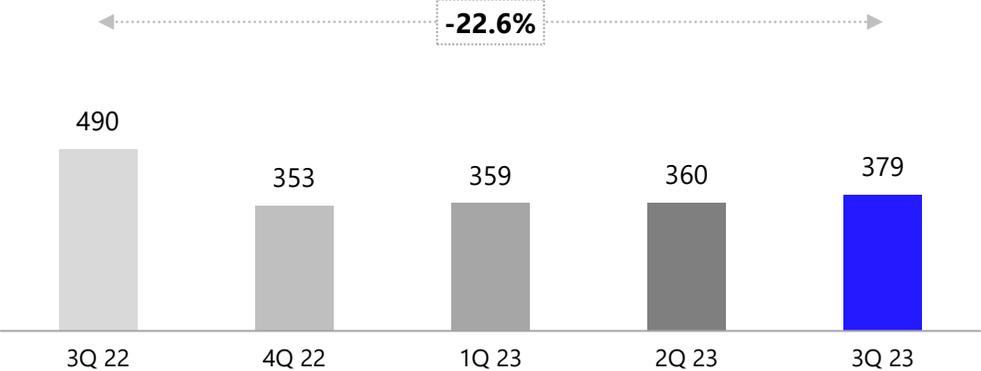


Cost to Income Ratio Drivers (%)

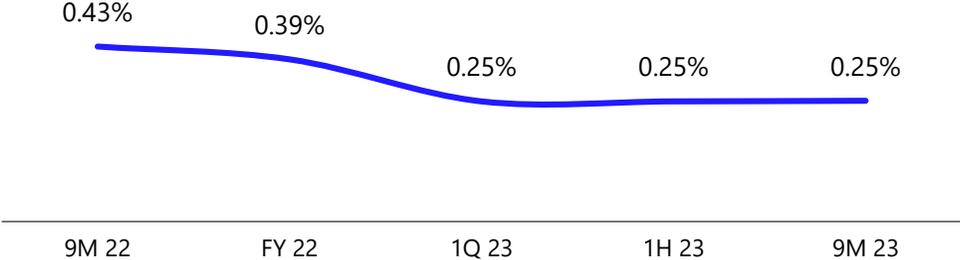


Net Impairment & Cost of Risk | Lower net impairment resulted in cost of risk improvement

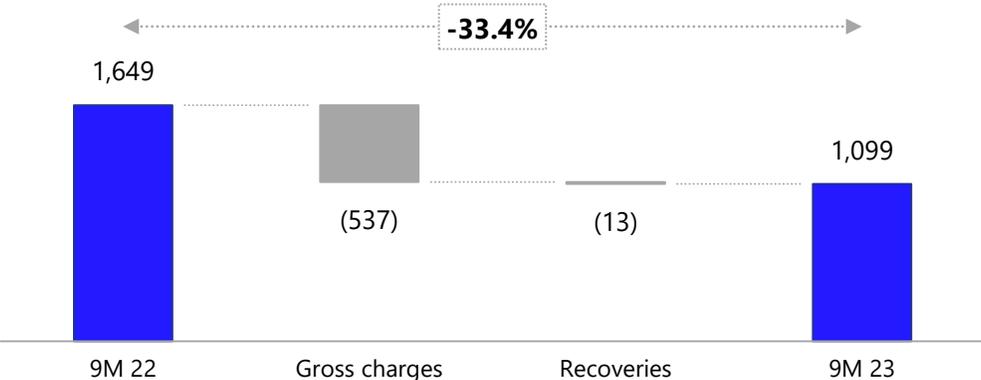
Net Impairment Charges (SARmn)



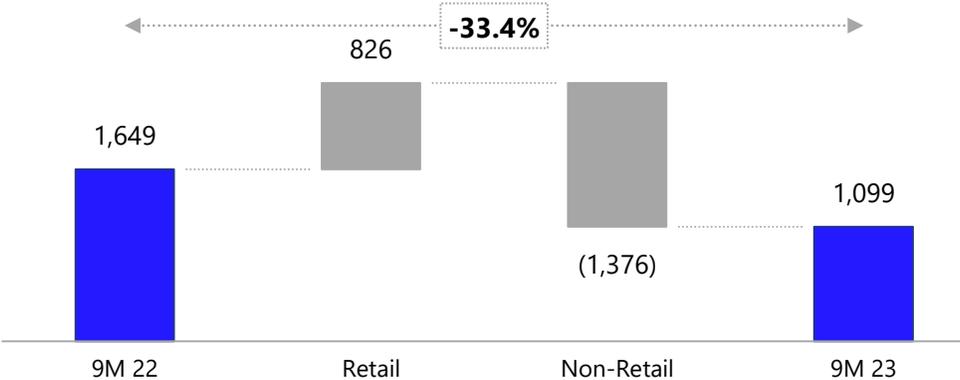
Cost of Risk (%)



Movement in Net Impairment (SARmn)

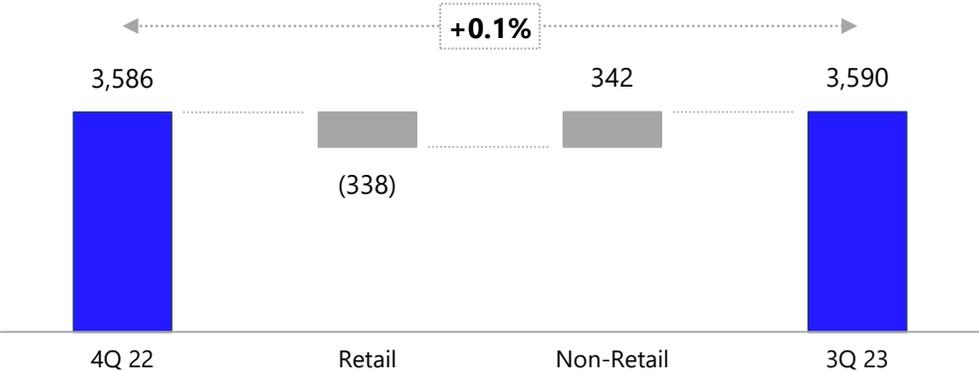


Movement in Net Impairment by Group (SARmn)

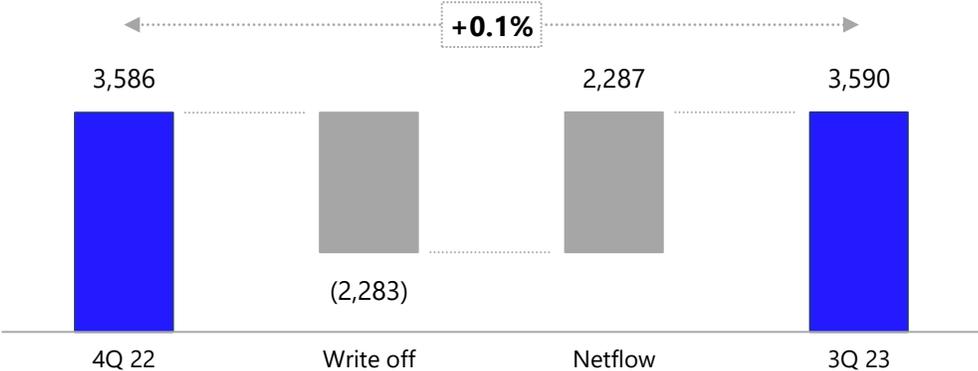


Asset Quality Trends (1) | Asset quality remains healthy with high NPL coverage

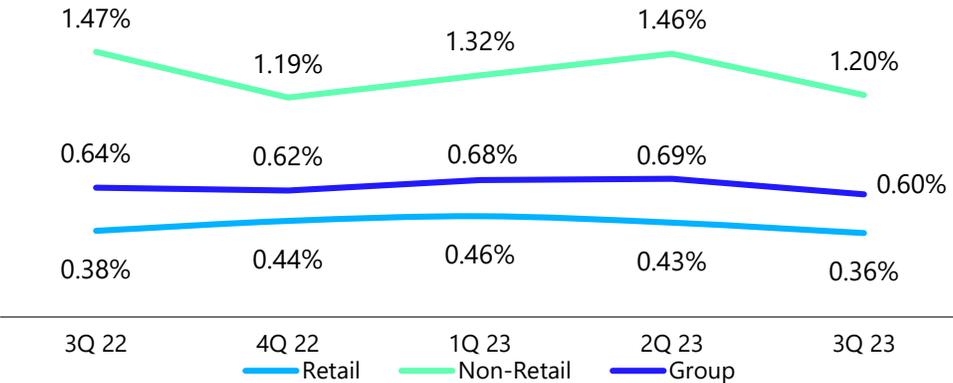
Movement in NPL (SARmn)



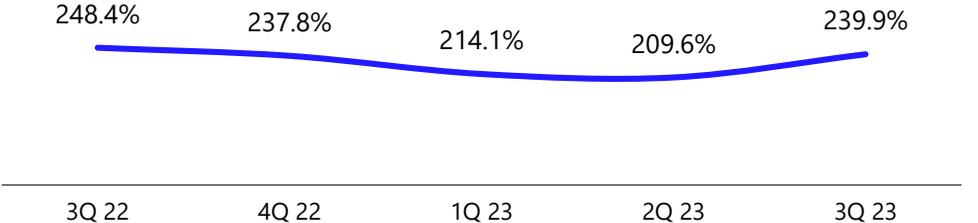
NPL Formation (SARmn)



NPL Ratio (%)

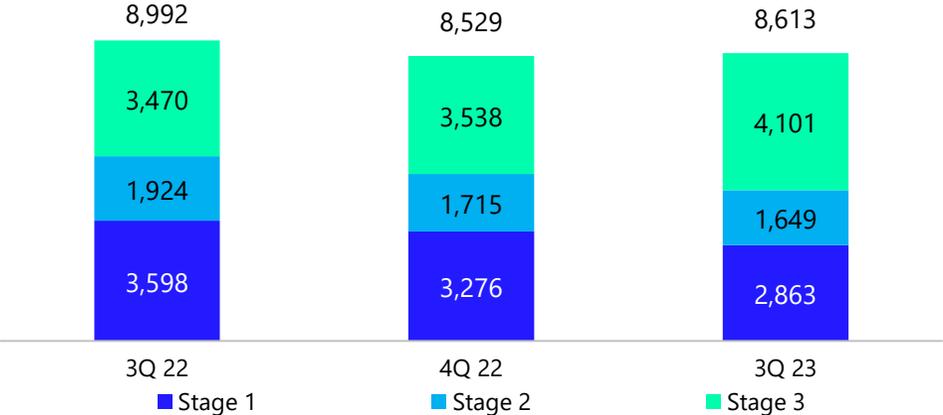


NPL coverage ratio (%)

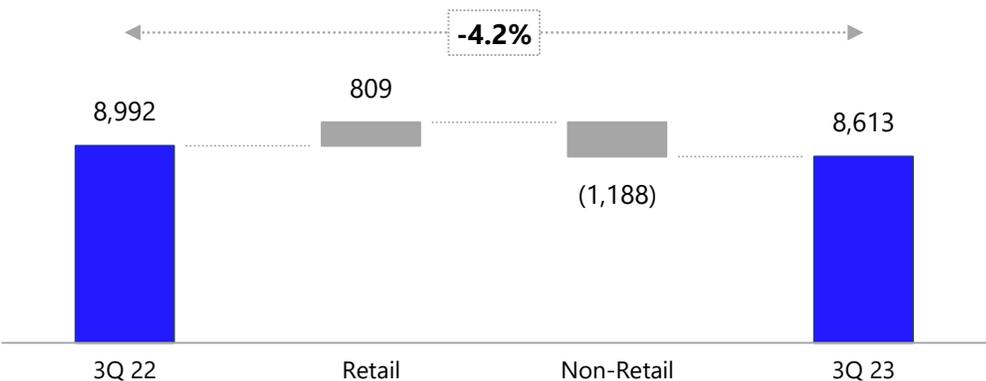


Asset Quality Trends (2) | Healthy stage coverage reflecting prudent risk management

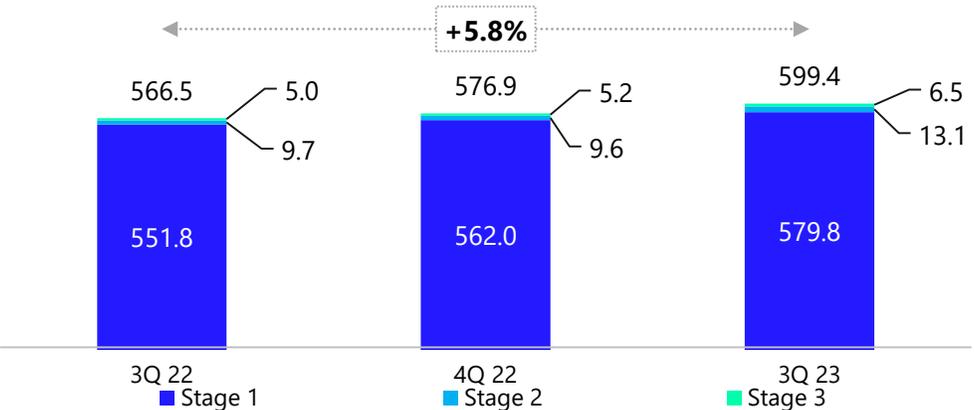
ECL by Stage (SARmn)



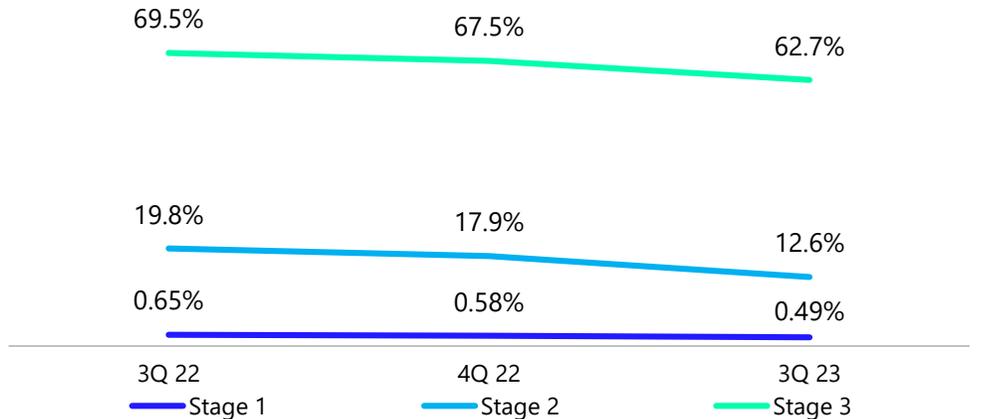
Movement in ECL by Group (SARmn)



Gross Loans by Stage (SARbn)

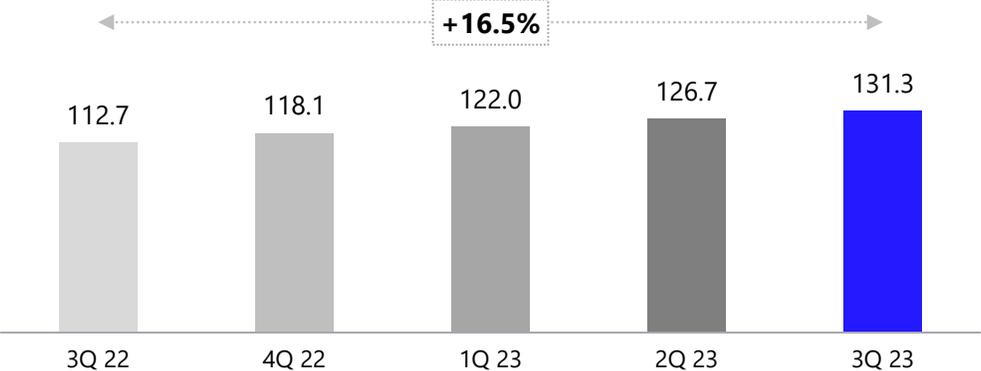


ECL Coverage (%)

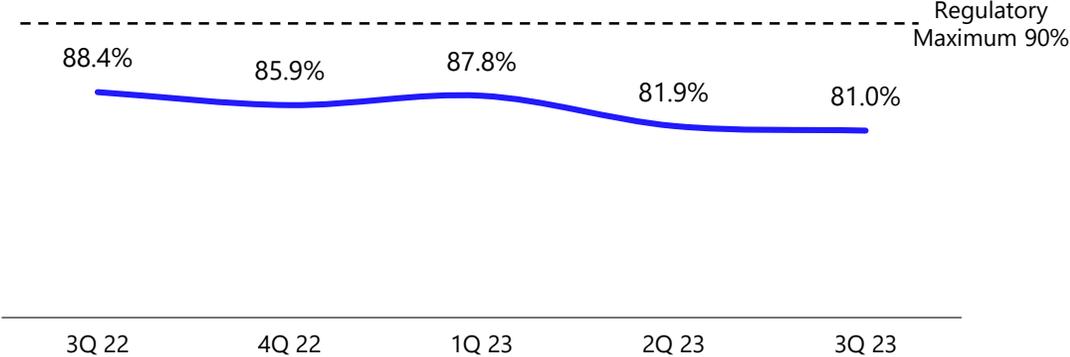


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

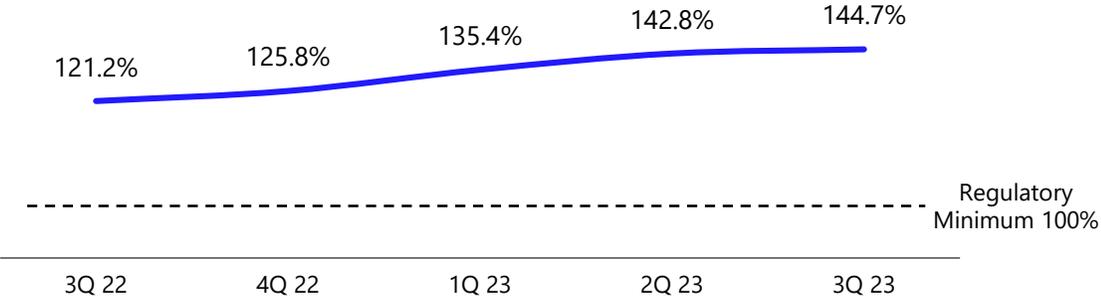
HQLA (SARbn)



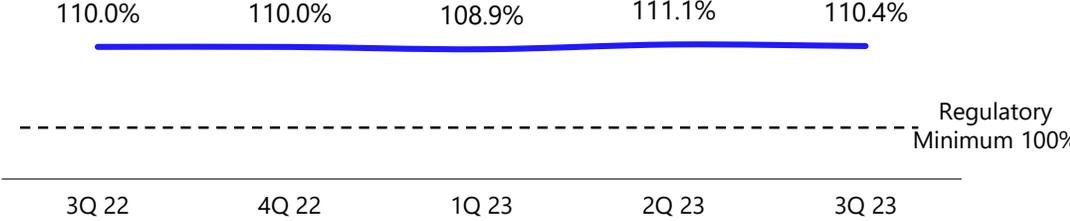
Loan to Deposits Ratio (SAMA) (%)



LCR (%)

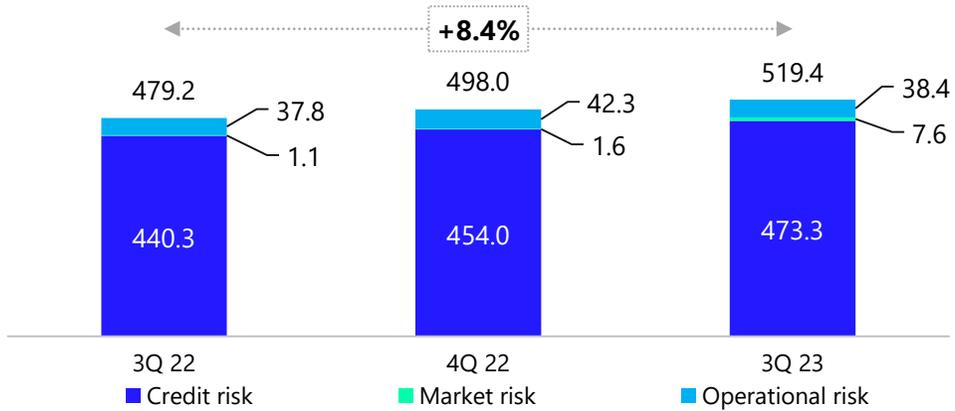


NSFR (%)

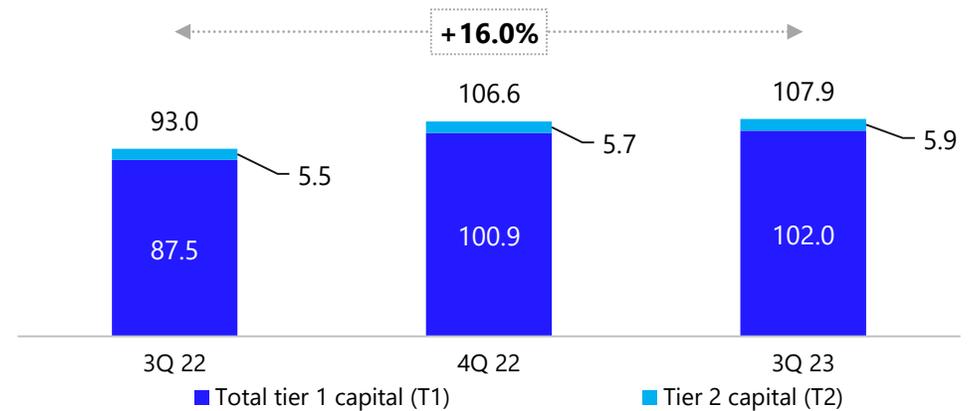


Capitalization Trends | Capital position well above regulatory minima

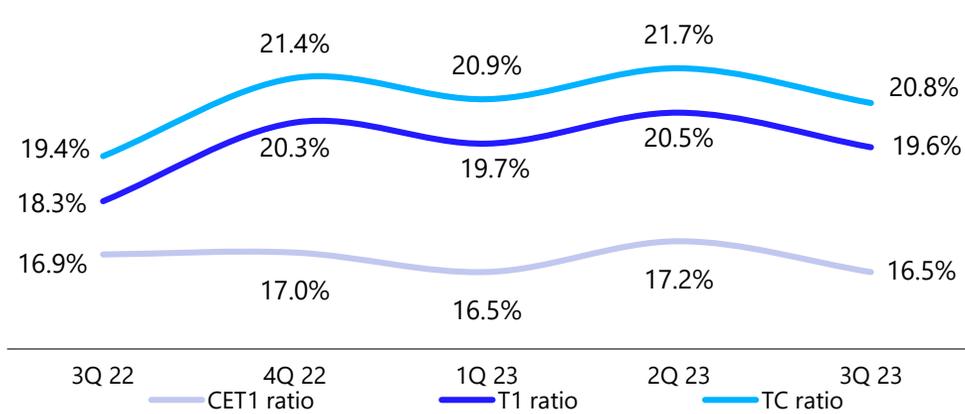
RWA (SARbn)



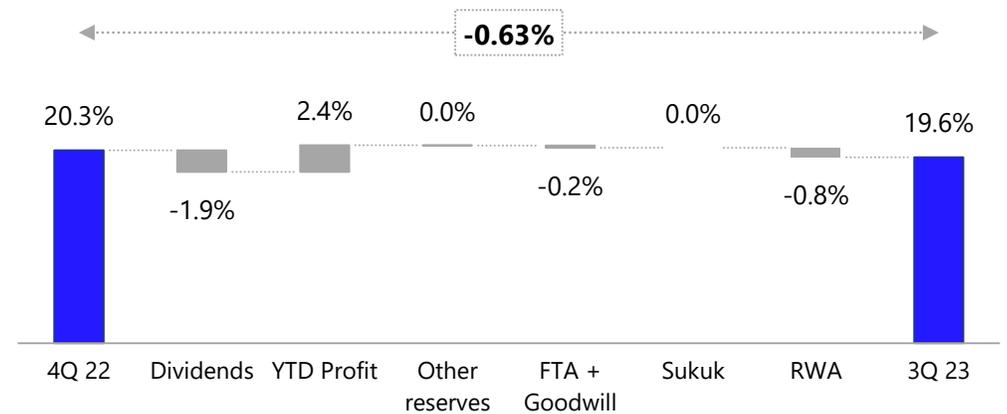
Total Capital (SARbn)



Capital Ratios (%)

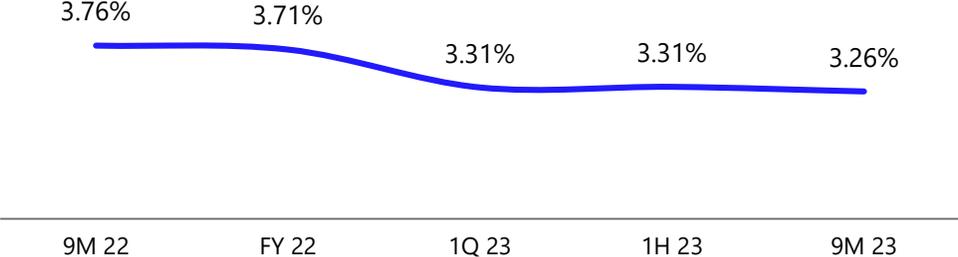


Tier 1 Drivers (%)

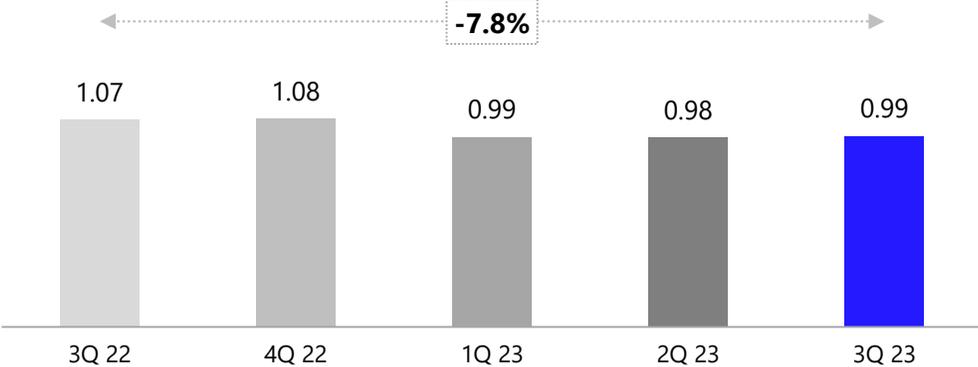


Return Metrics | Al Rajhi Bank's returns remain industry-leading

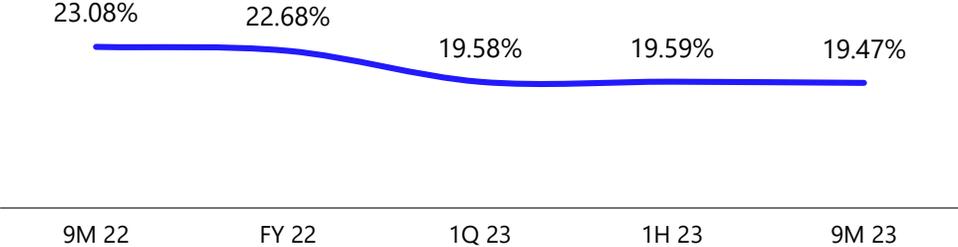
Return on RWA (%)



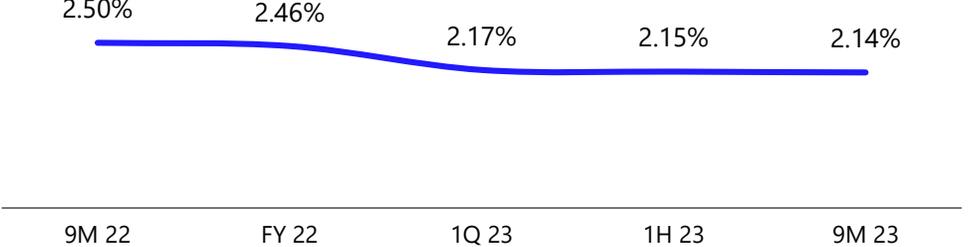
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2023 Guidance

FY 2023 Assumptions and Outlook | High interest rates is expected to weigh on credit demand

Economy



- IMF revised down Saudi GDP growth forecasts to 0.8% in 2023 and revised up 2024 to 4.0%
- Saudi economy declined by 4.6% in 3Q23, driven by 17.3% contraction in oil activities and 3.6% growth in non-oil activities
- Consumer spending increased by 7.2% in 9M 2023 on the back of improved economic activities
- Mortgage growth impacted due to the recent subsidy program changes while non-retail growth remains healthy

Interest Rates



- Interest rates are expected to stay flat for the remaining of the year
- Higher interest rates is expected to weigh on credit demand and deposits mix in 2023
- Gross yields trend is expected to continue improving during the year reducing cost of funding pressure
- SRC benchmark rate increased slightly in August 2023

Strategy & Execution



- "Bank of the Future" strategy delivery is in-line or ahead of expectations
- 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 2023 Guidance | Progressing in line with “Bank of The Future” strategy

| | | FY 2023 Guidance | 9M 2023 Actual | Guidance Revision |
|----------------------|----------------------|-------------------------|-----------------------|--------------------------|
| Balance Sheet | Financing | Mid single digit | +4.0% | — Mid single digit |
| | Net profit margin | -40 bps to -50 bps | -57 bps | ↓ -40 bps to -50 bps |
| Profitability | Cost to income ratio | Below 27.5% | 26.9% | — Below 27.5% |
| | ROE | Above 19% | 19.47% | — Above 19% |
| Asset Quality | Cost of risk | 0.20% - 0.30% | 0.25% | — 0.20% - 0.30% |
| Capital | Tier 1 ratio | Above 20% | 19.6% | — Above 20% |



IR Contact Information

Additional Information | Contact investor relations for more information

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Alrajhi Tadawul Mobile App



Emkan App



urpay App

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- Investor Presentation
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