

Al Rajhi Bank Results Presentation

3Q 2022 Earnings Conference Call and Webcast



3Q 2022 Earnings Call

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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	Total Liabilities	Loan to Deposit Ratio			
	452.8bn	+23.1%	557.5bn	556.4bn	+17.6%	654.5bn
	FY 21		9M 22	FY 21		9M 22
				82.3%		88.4%
				FY 21		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	Non Yield Income	Operating Income			
	15,037mn	+10.4%	16,594mn	3,824mn	+23.3%	4,717mn
	9M 21		9M 22	9M 21		9M 22
				18,862mn	+13.0%	21,311mn
				9M 21		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	NPL	NPL Coverage			
	0.60%		0.43%	0.65%		0.55%
	FY 21		9M 22	FY 21		9M 22
				306%		272%
				FY 21		9M 22
Key Ratios	1.6 ppt better operating efficiency		Improved capital position		Lower NPM	
	Cost to income ratio	Total Capital Adequacy Ratio	NPM			
	27.2%		25.6%	17.9%		19.6%
	9M 21		9M 22	9M 21		9M 22
				4.32%		3.66%
				9M 21		9M 22



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

Bank

Build on our core

OF

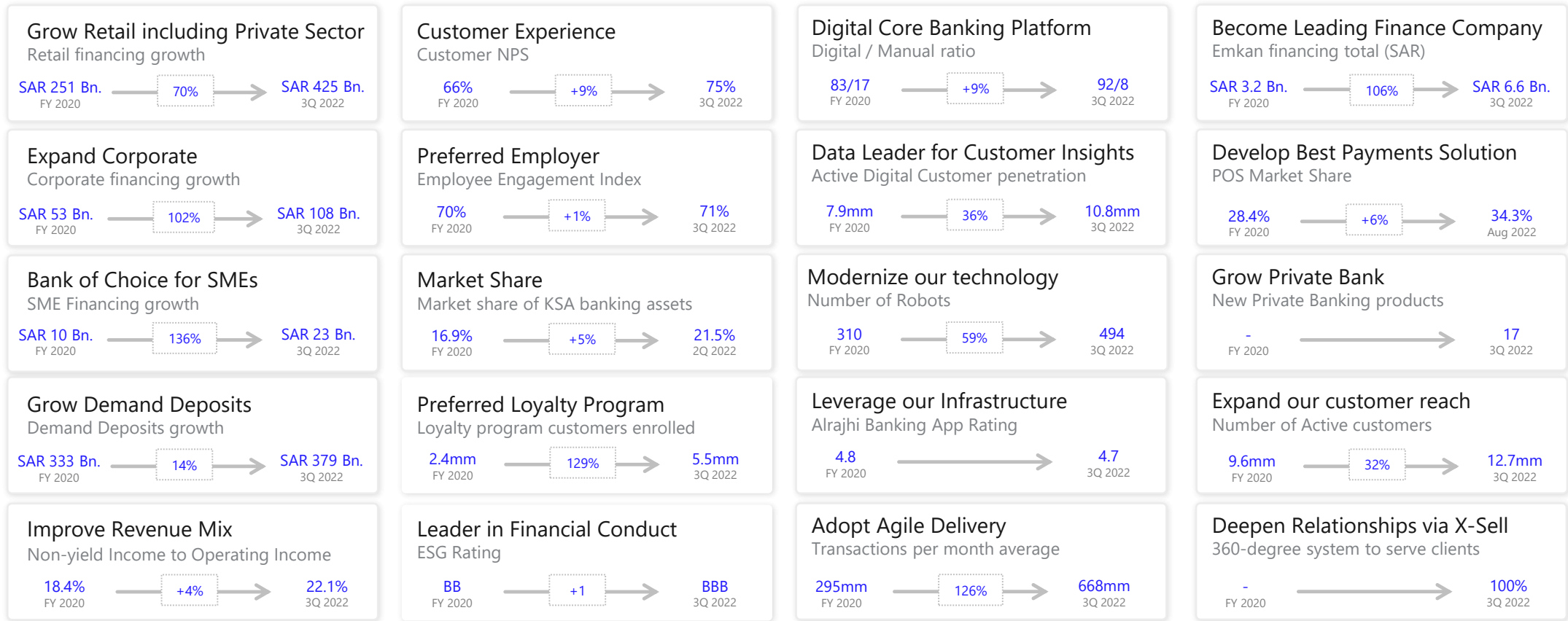
Outperform our competition

The

Transform technology

Future

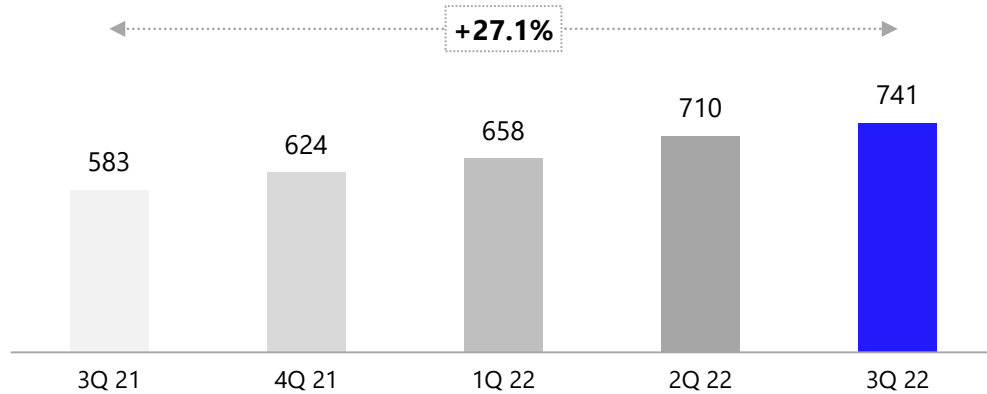
Focus on new client needs



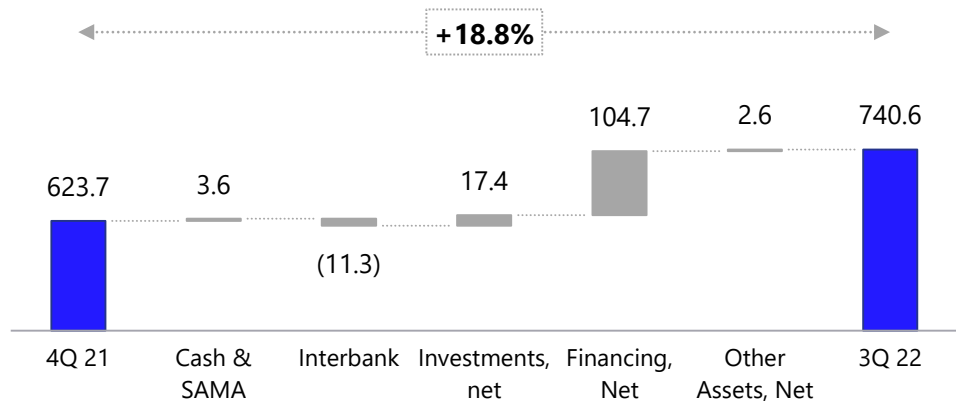
3Q 2022 Financial Highlights

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

Total Assets (SARbn)



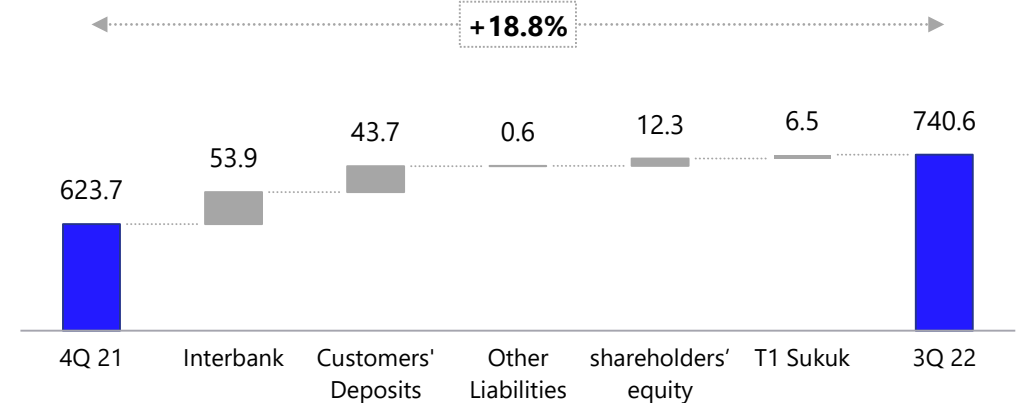
Movement in Assets (SARbn)



SAR (mn)

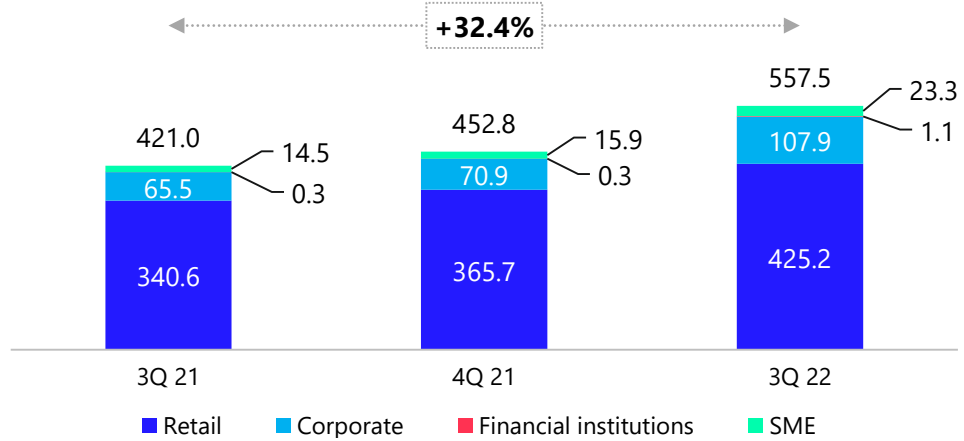
	3Q 22	2Q 22	QoQ	4Q 21	YTD
Cash & balances with SAMA	43,995	37,714	+17%	40,363	+9%
Due from banks & other FI	14,744	29,412	-50%	26,065	-43%
Investments, net	101,808	96,618	+5%	84,433	+21%
Financing, net	557,498	519,701	+7%	452,831	+23%
Other assets, net	22,583	26,334	-14%	19,979	+13%
Total assets	740,627	709,779	+4%	623,672	+19%
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%
Total liabilities	654,525	627,866	+4%	556,363	+18%
Total equity	86,101	81,913	+5%	67,309	+28%

Movement in Funding (SARbn)

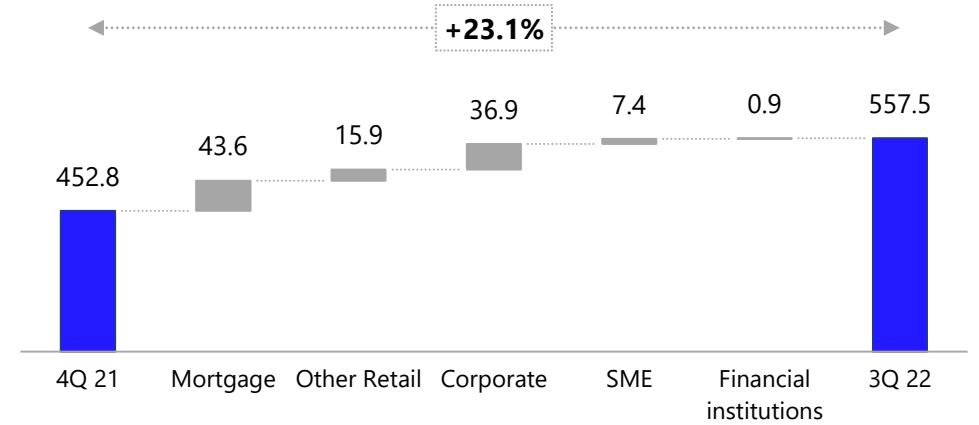


Balance Sheet Trends (2) | Financing growth across all lines of business

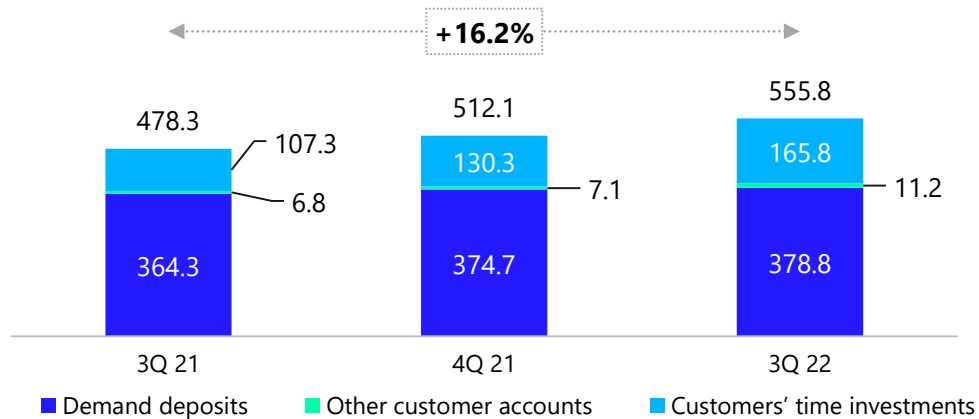
Financing, Net (SARbn)



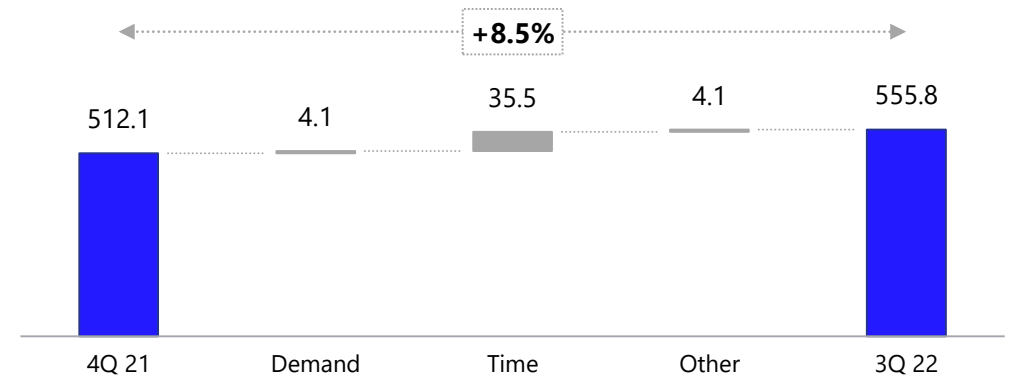
Movement in Financing (SARbn)



Total Customers' Deposits (SARbn)

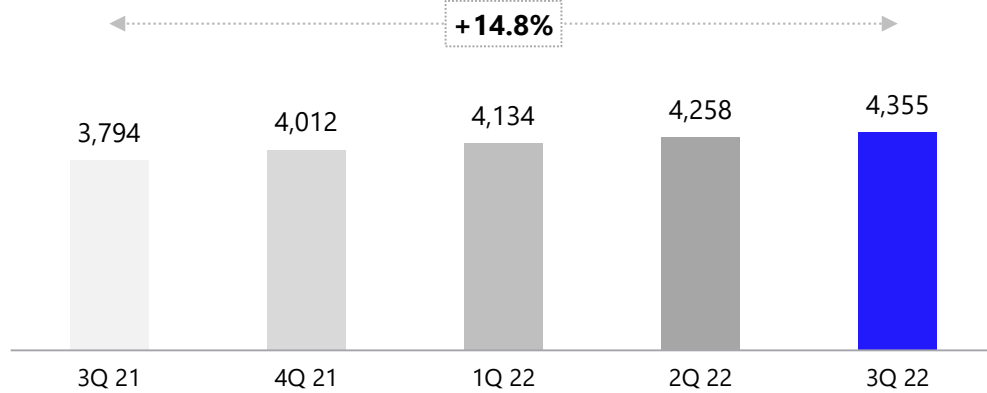


Movement in Total Customers' Deposits (SARbn)



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

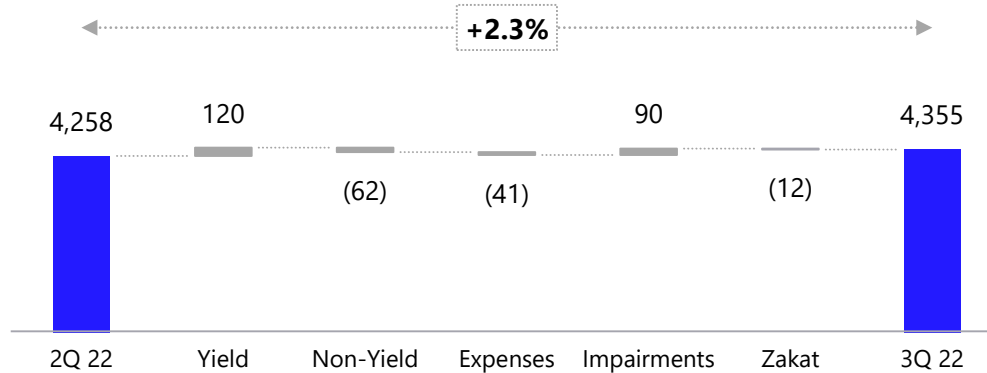
Net Income For The Period After Zakat (SARmn)



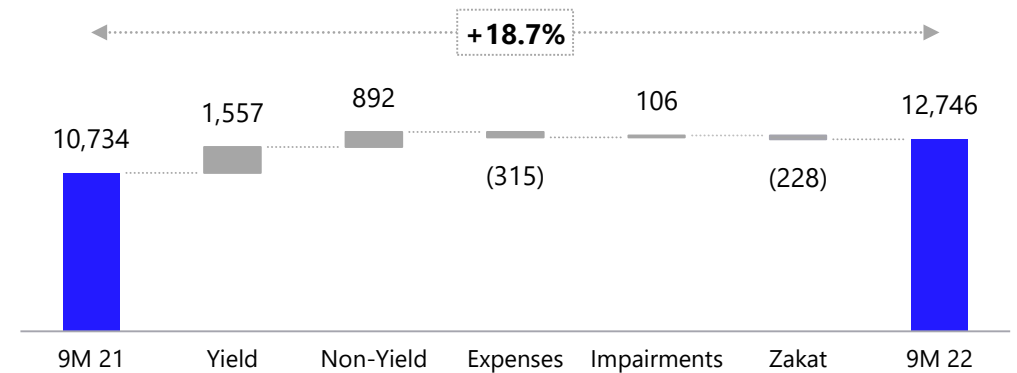
SAR (mn)

	9M 22	9M 21	YoY	3Q 22	3Q 21	YoY
Net financing & investment income	16,594	15,037	+10%	5,687	5,215	+9%
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%
Fees and other income	4,717	3,824	+23%	1,519	1,363	+11%
Total operating income	21,311	18,862	+13%	7,206	6,578	+10%
Operating expenses	-5,450	-5,136	+6%	-1,861	-1,754	+6%
Pre-provision profit	15,861	13,726	+16%	5,345	4,824	+11%
Total impairment charge	-1,649	-1,755	-6%	-490	-594	-17%
Net income for the period before Zakat	14,212	11,971	+19%	4,855	4,230	+15%
Zakat	-1,466	-1,237	+18%	-501	-436	+15%
Net income for the period after Zakat	12,746	10,734	+19%	4,355	3,794	+15%

Net Income After Zakat Growth Drivers By Type (SARmn)

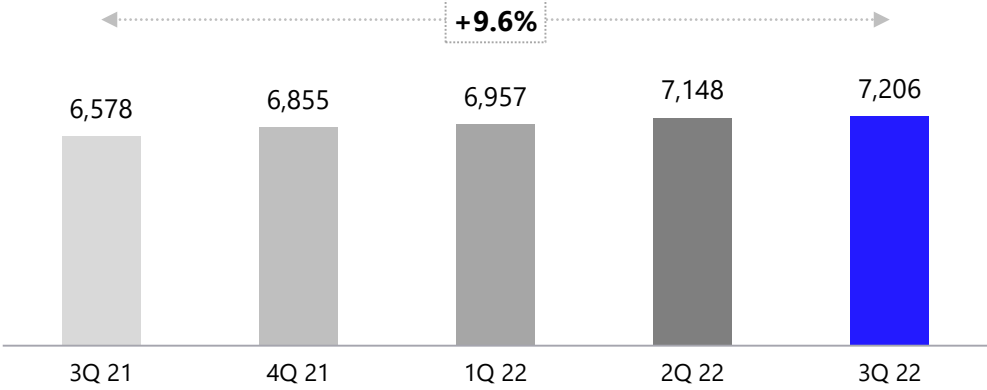


Net Income After Zakat Growth Drivers By Type (SARmn)

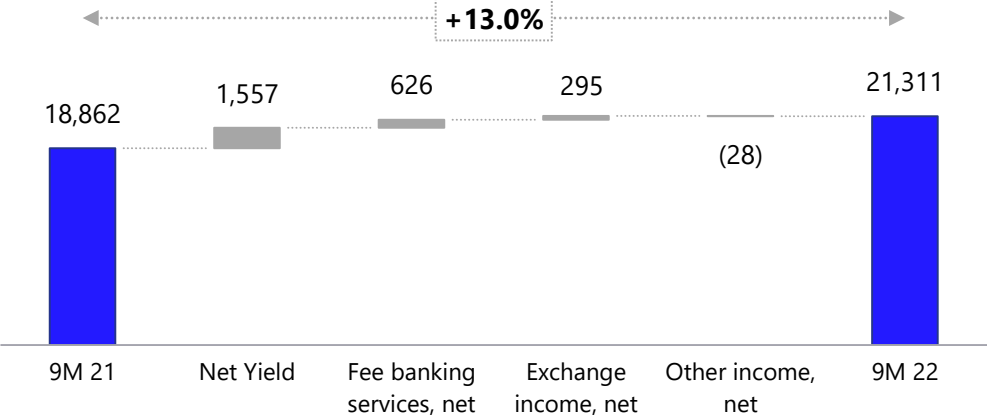


Operating Income Trends | Strong income growth reflecting successful strategy execution

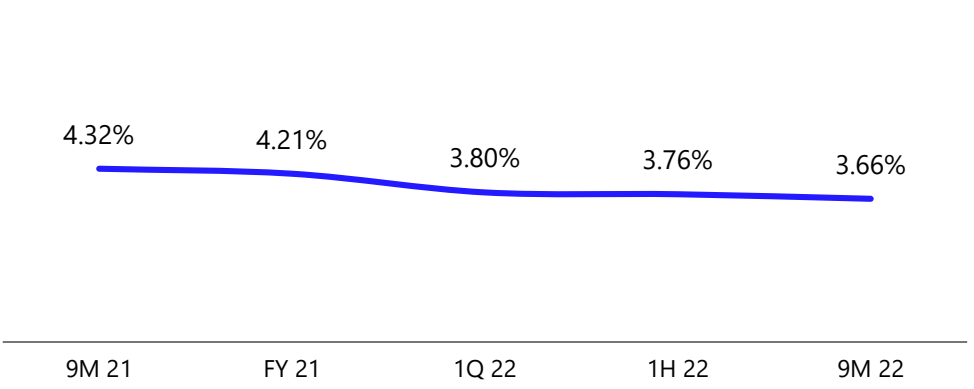
Total Operating Income (SARmn)



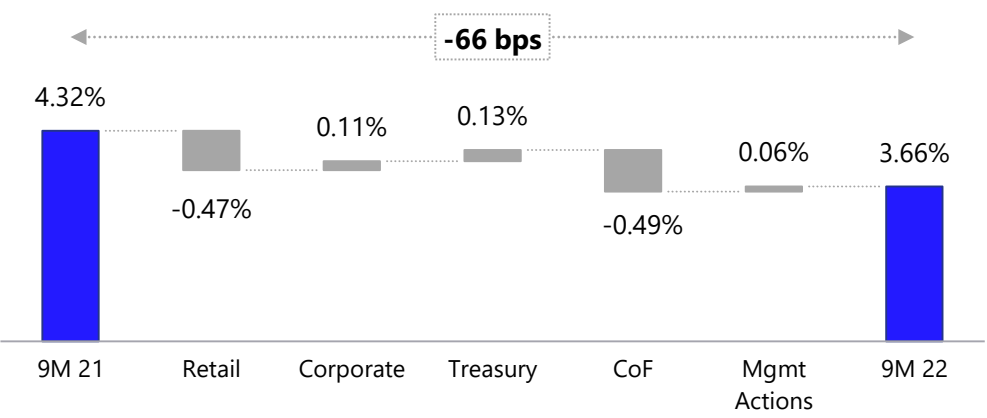
Total Operating Income Growth Drivers By Type (SARmn)



Net Profit Margin (%)

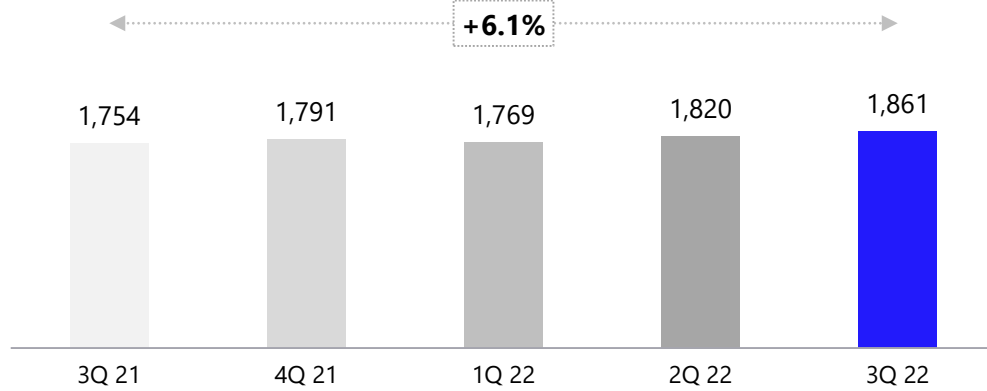


NPM Drivers (%)

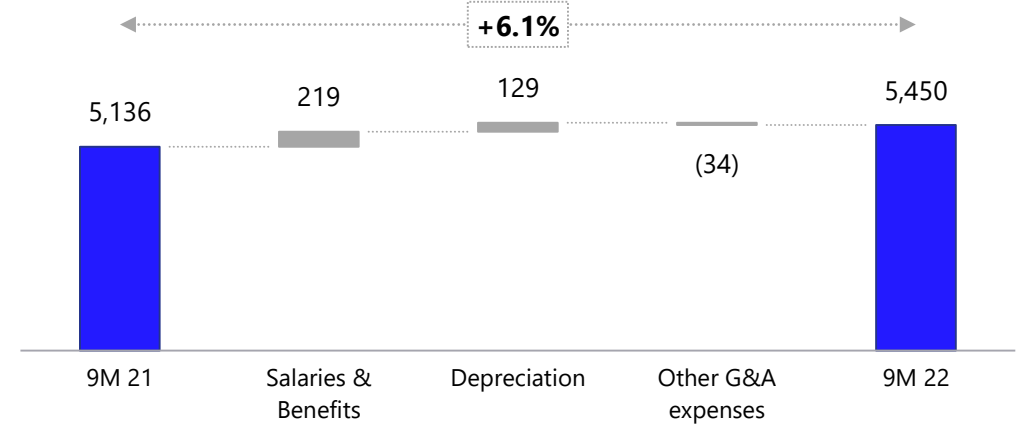


Expenses Trends | Cost efficiencies resulted in higher positive jaws

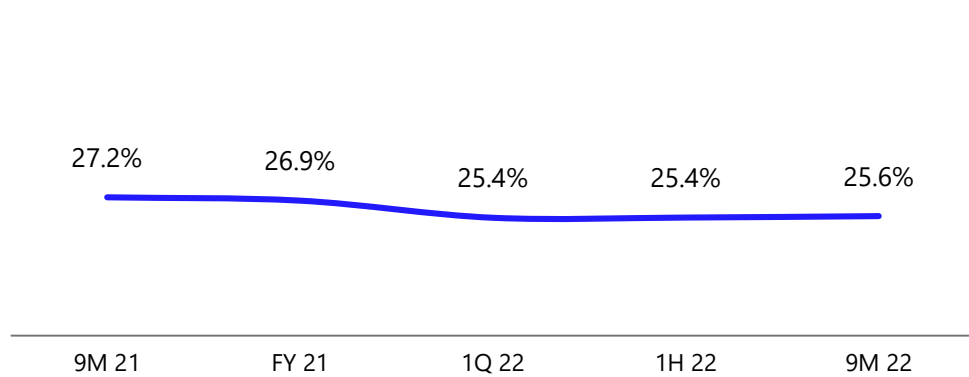
Operating Expenses (SARmn)



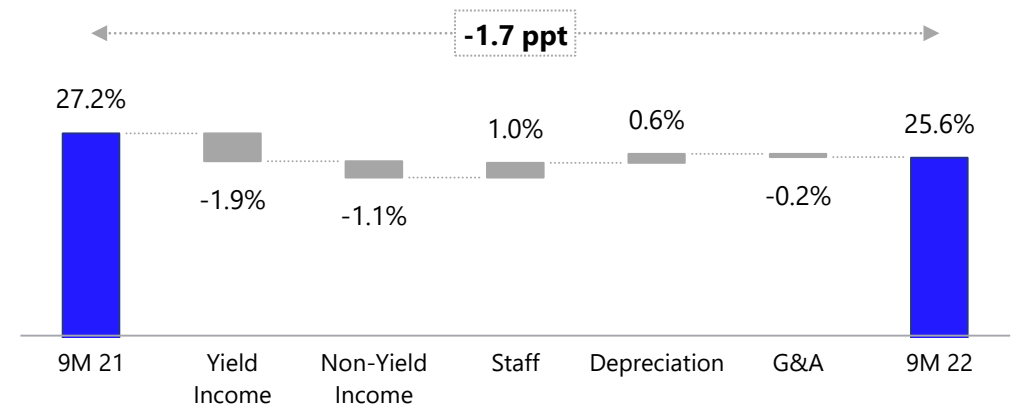
Operating Expenses Growth Drivers By Type (SARmn)



Cost To Income Ratio (%)

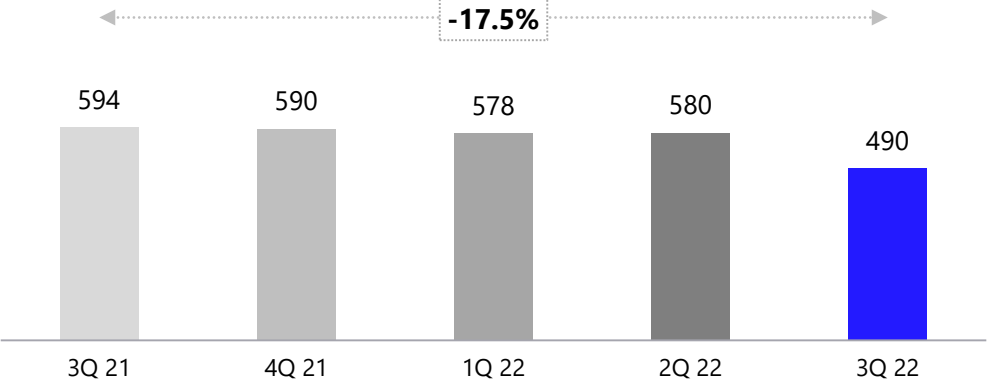


Cost to Income Ratio Drivers (%)

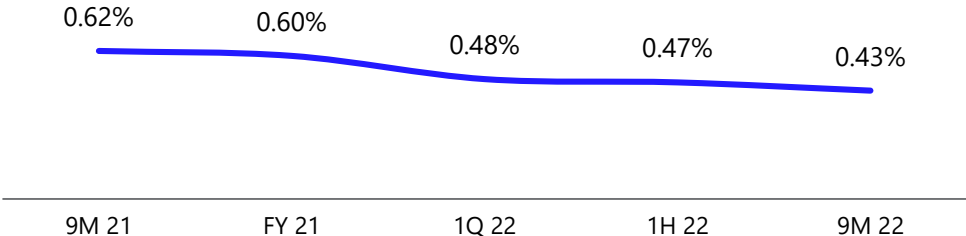


Net Impairment & Cost of Risk | Lower net impairment resulted in cost of risk improvement

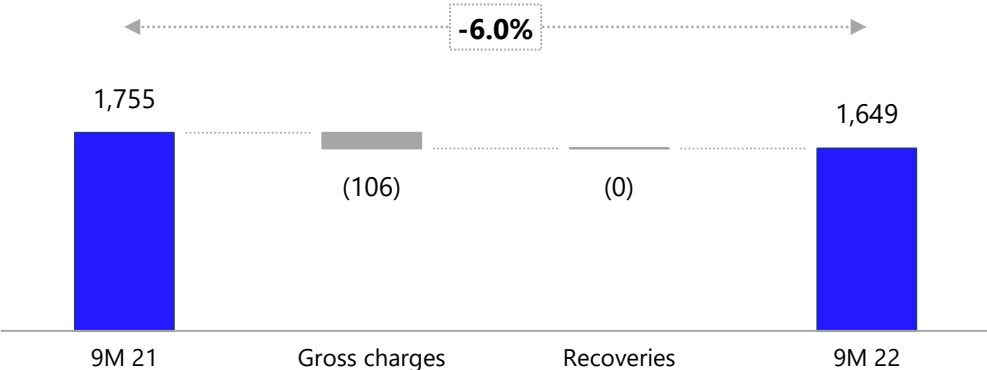
Net Impairment Charges (SARmn)



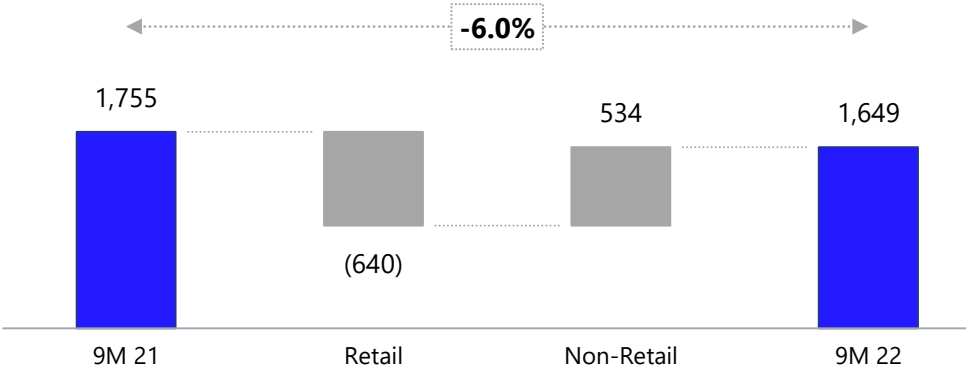
Cost of Risk (%)



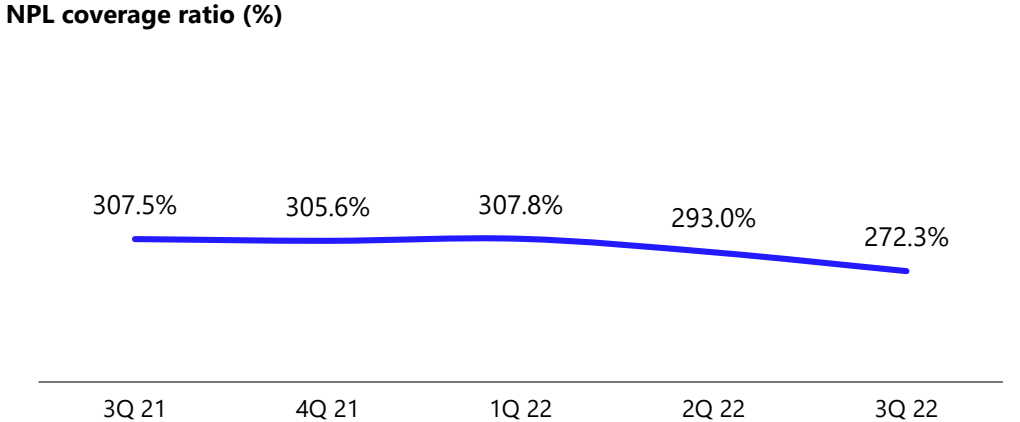
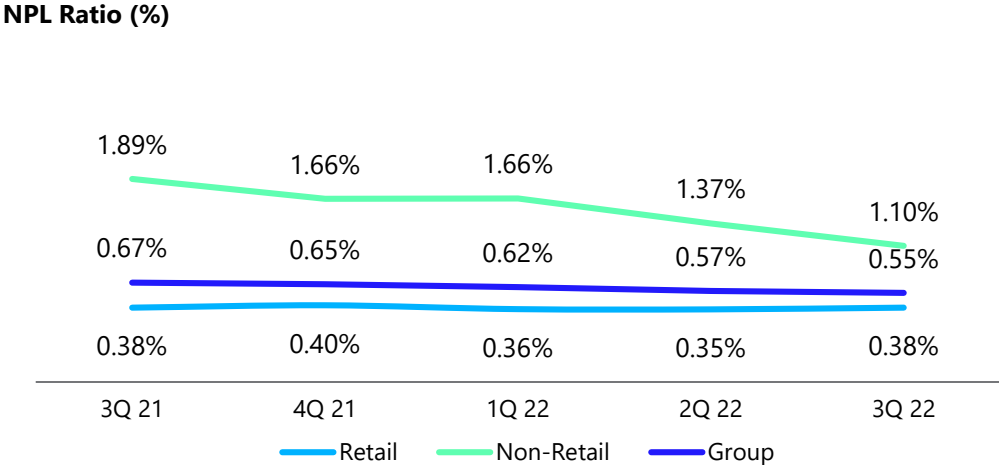
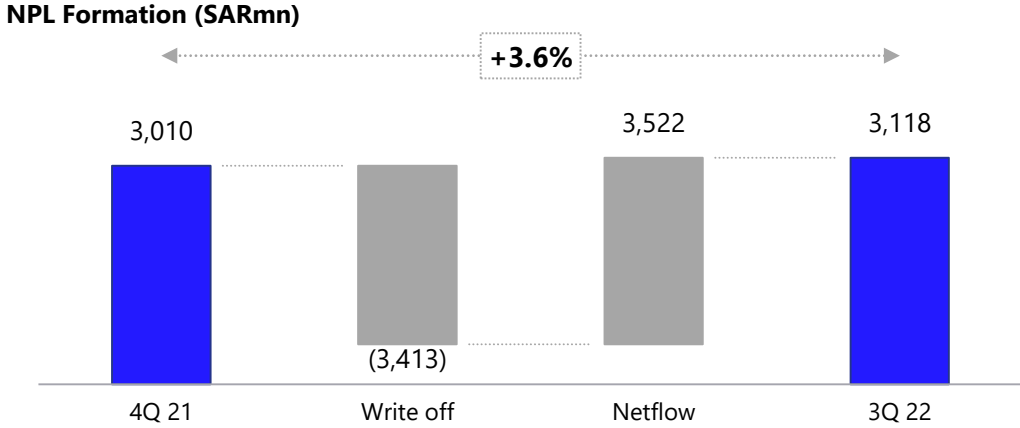
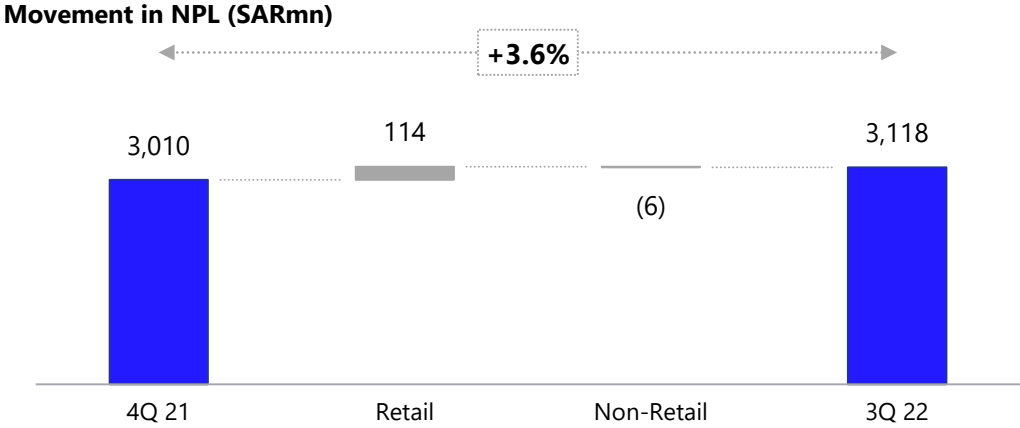
Movement in Net Impairment (SARmn)



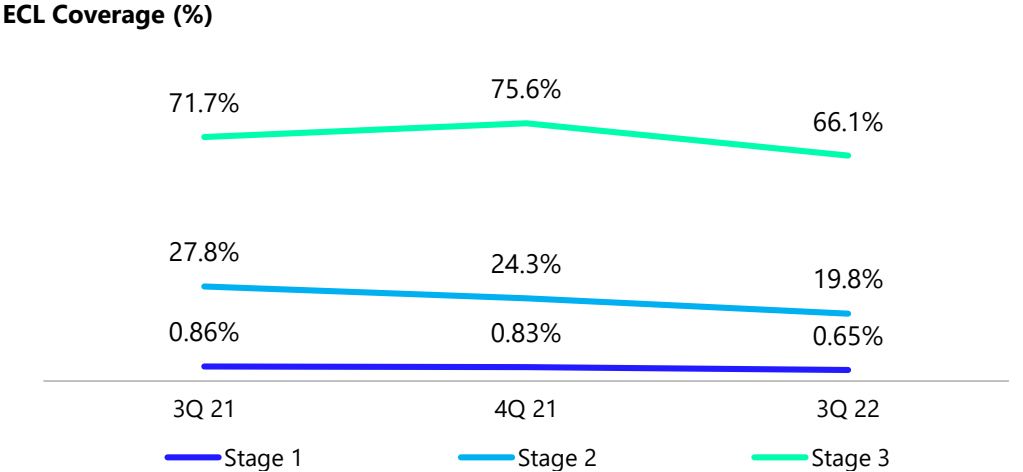
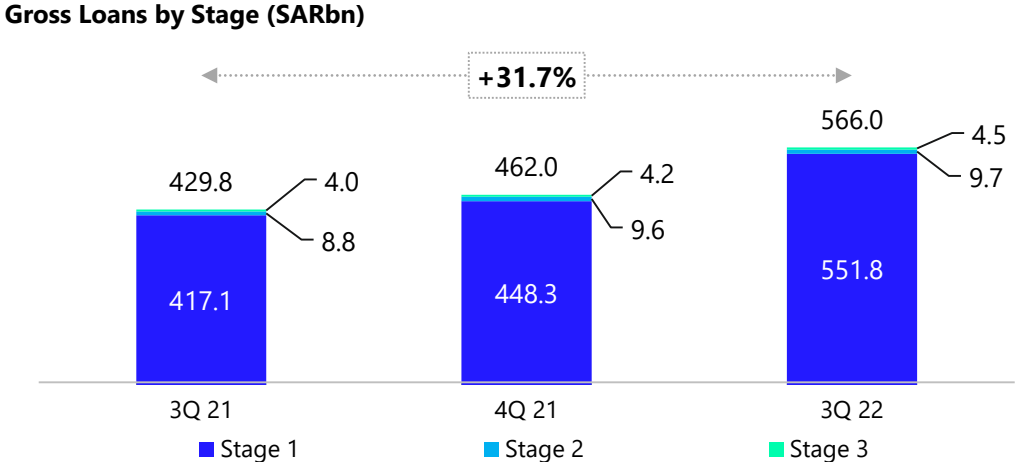
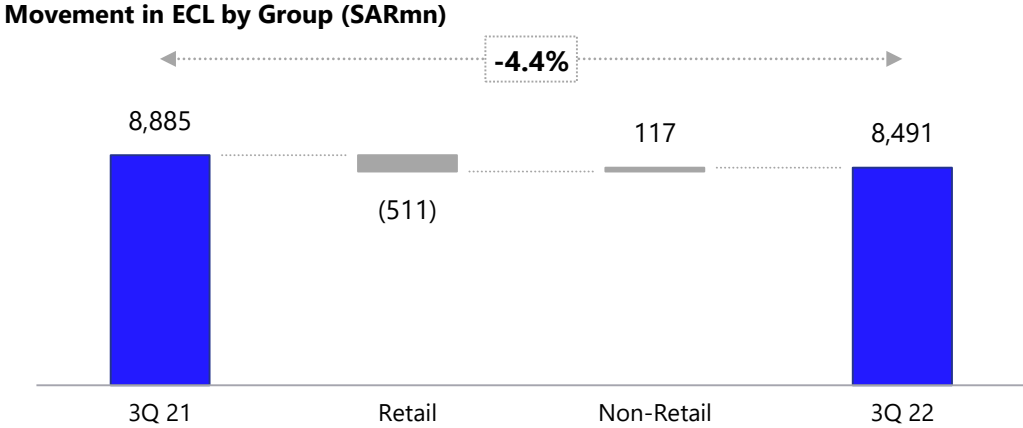
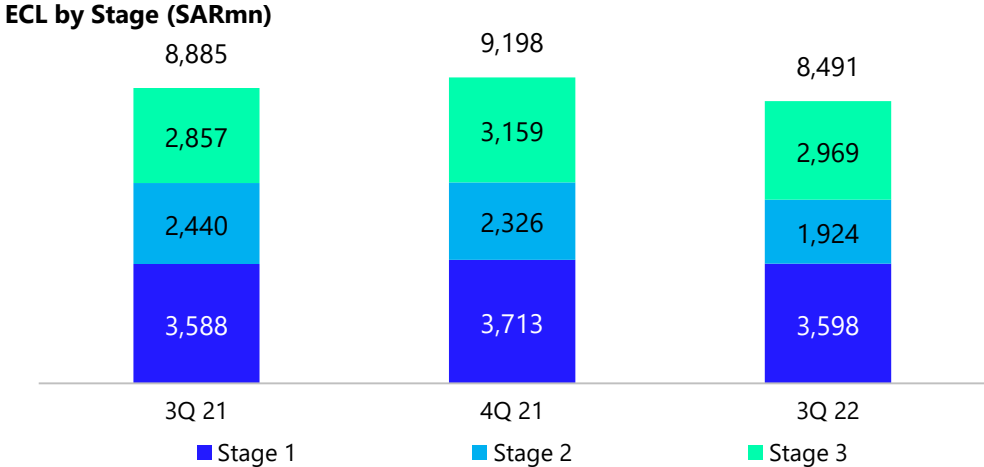
Movement in Net Impairment by Group (SARmn)



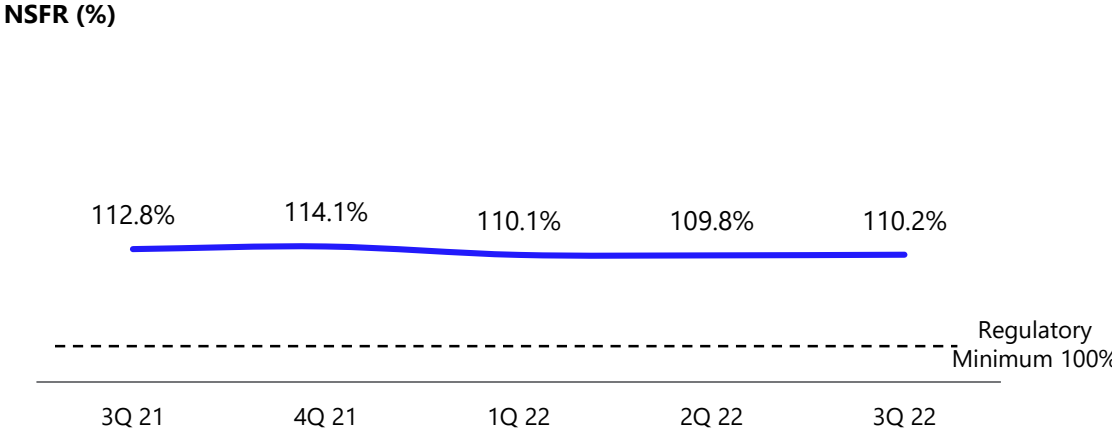
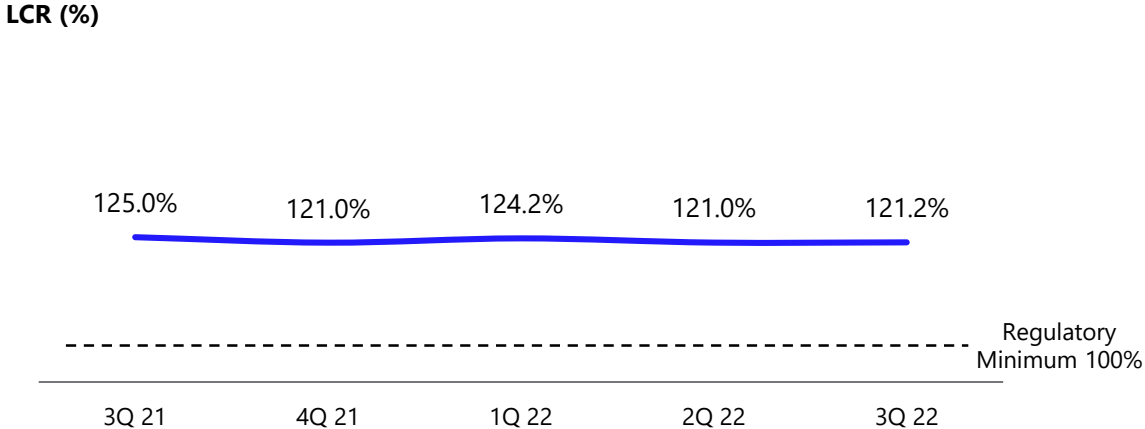
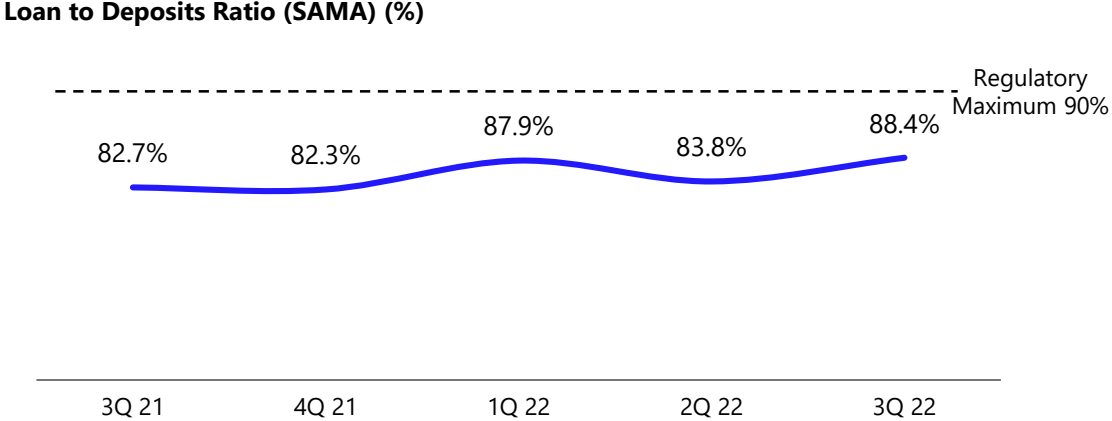
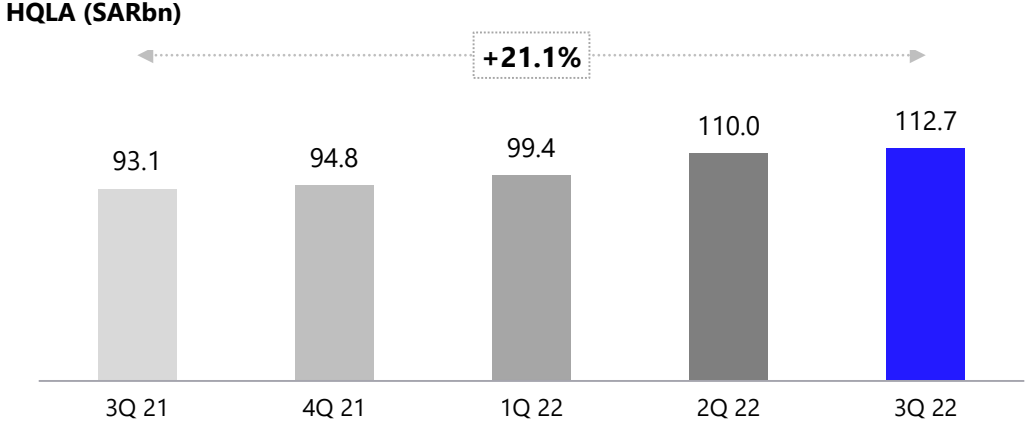
Asset Quality Trends (1) | Asset quality remains healthy and NPL coverage remains strong



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

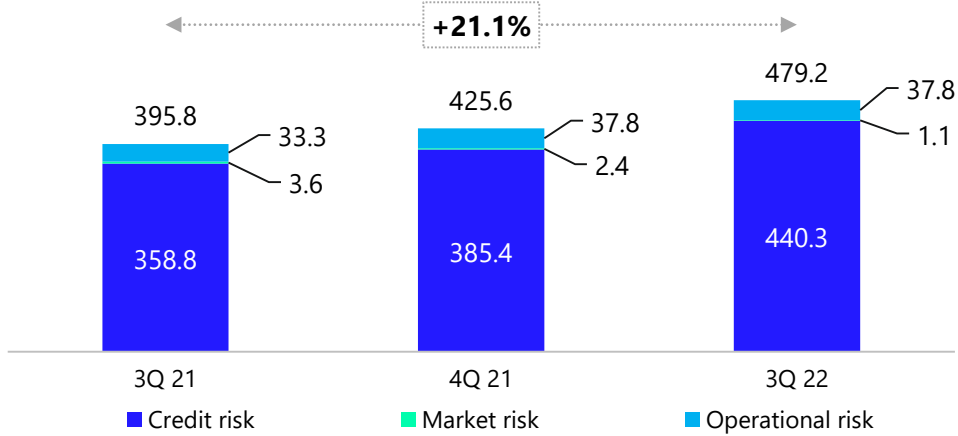


Liquidity Trends | Liquidity remains comfortably within regulatory requirements

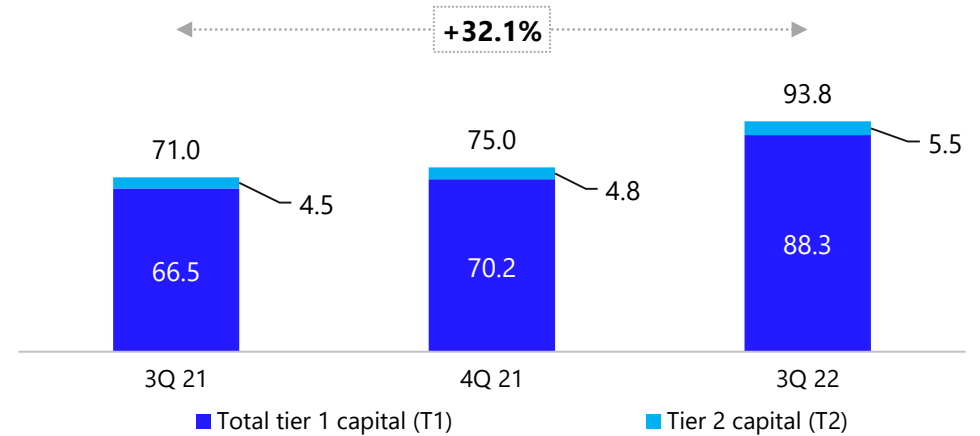


Capitalization Trends | Capital position well above regulatory minima

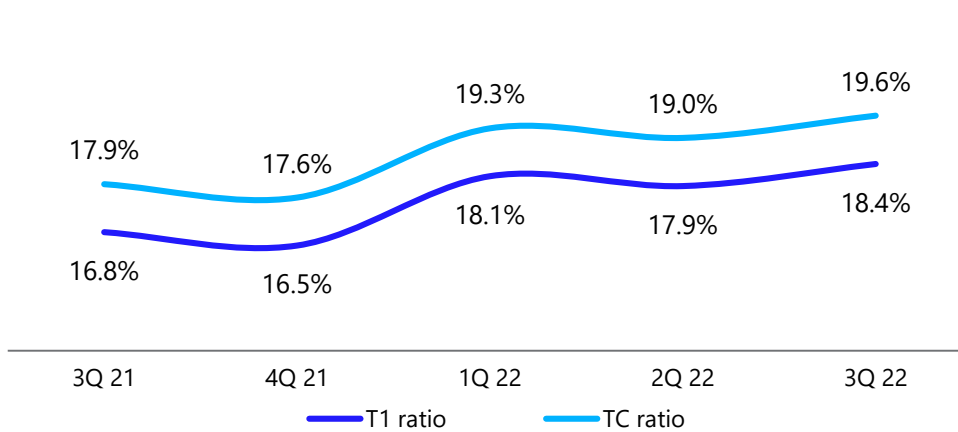
RWA (SARbn)



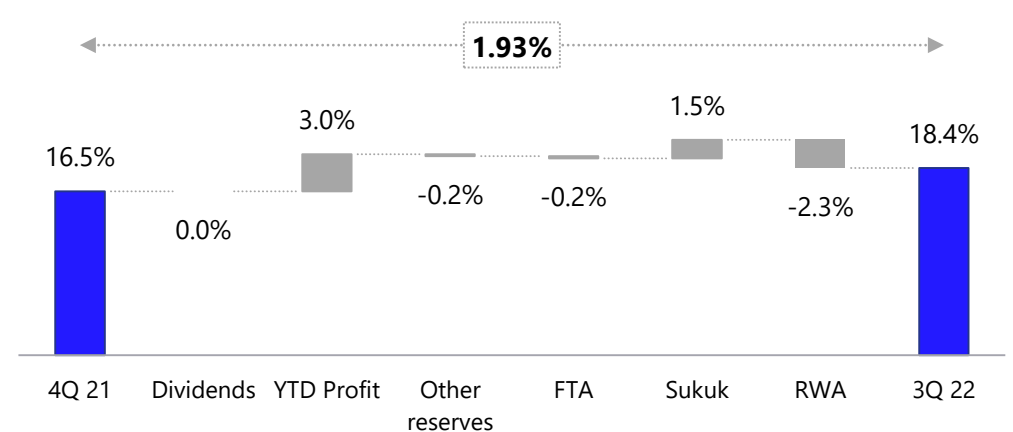
Total Capital (SARbn)



Capital Ratios (%)

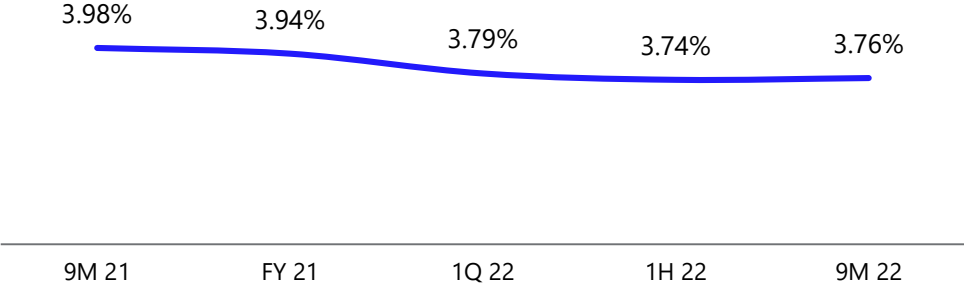


Tier 1 Drivers (%)

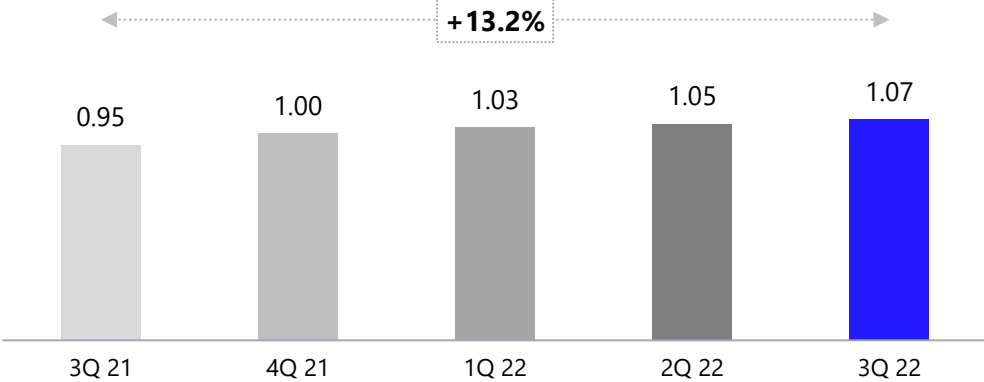


Return Metrics | Al Rajhi Bank's returns remain industry-leading

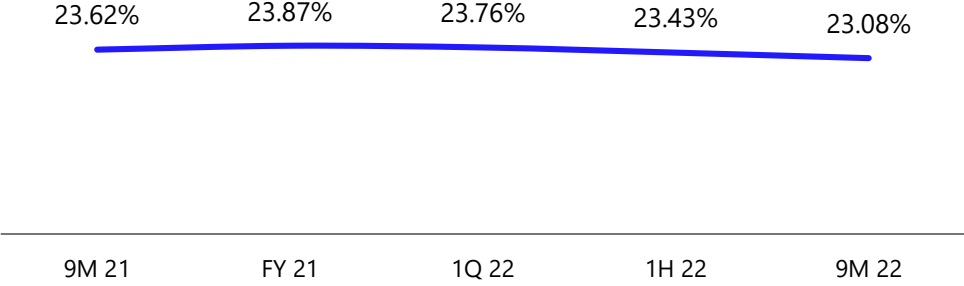
Return on RWA (%)



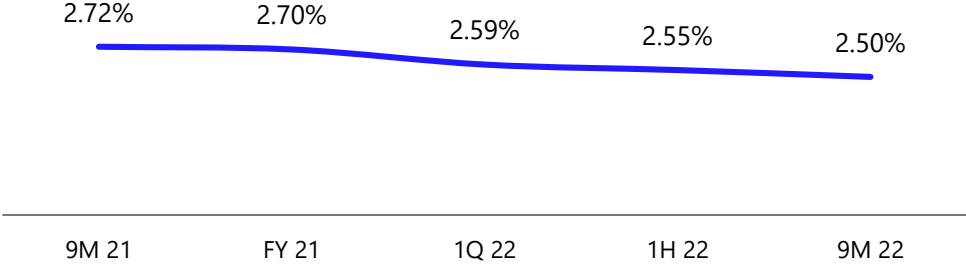
Earnings per Share (SAR)



Return on Equity (%)



Return on Assets (%)



FY 2022 Guidance

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 12.2% in 2Q 2022, recording the highest growth rate since 2011
- Consumer spending increased by 9.2% August 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

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



Q & A

ESG Highlights

ESG Highlights | 3Q 2022

	USD 1.2 bn Green syndicated loan		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 740bn Total Assets	Over USD1bn of financing renewable energy projects	SAR 1.5bn Zakat paid	3,663 Employees volunteered in social programs	1,209 Sharia Board Resolutions	69% growth in female employees since 2015
SAR 12.7bn Net Profit after Zakat	ISO Green Certification for the head office building	SAR 2.5bn 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	92:8 Digital to Manual Ratio	SAR 23.3bn in financing for SMEs	87,700+ total training days	5 out of 10 Independent Board Directors	93% growth in female customers since 2015
Financial Sustainability	Environmental	Social		Governance	Gender Diversity

■ 3Q 2022 figures

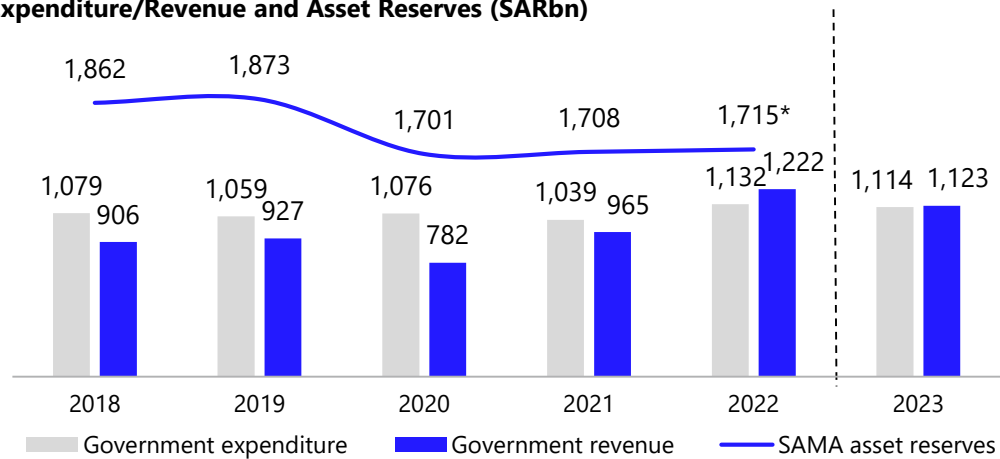


KSA's Macro-Economic Environment

Highlights

- IMF maintains a 7.6% and 3.7% GDP growth forecasts in 2022 and 2023, respectively
- GDP grew by 12.2% in 2Q 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%

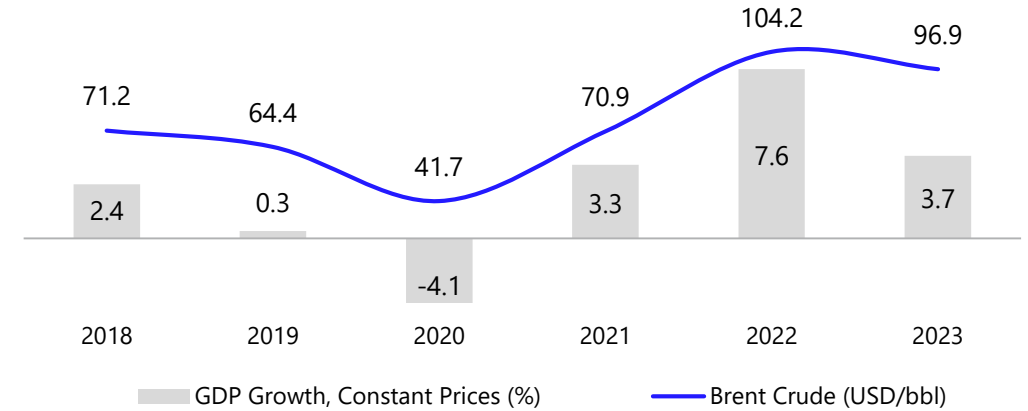
Expenditure/Revenue and Asset Reserves (SARbn)



Source: MoF, SAMA

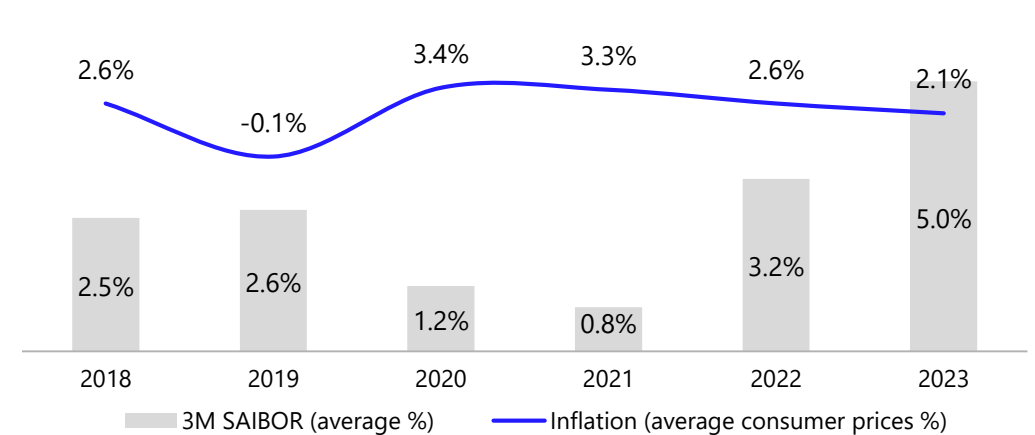
* August 2022 figure

GDP Growth/Brent Oil Price



Source: IMF, U.S. Energy Information

3M SAIBOR / Inflation



Source: SAMA, IMF, MoF

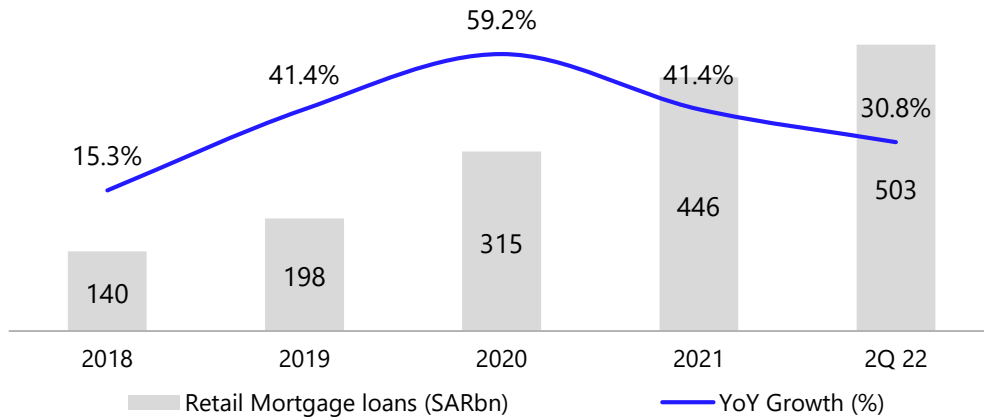


Banking Sector Highlights | Banking system loans growth was broad based

Recent Developments

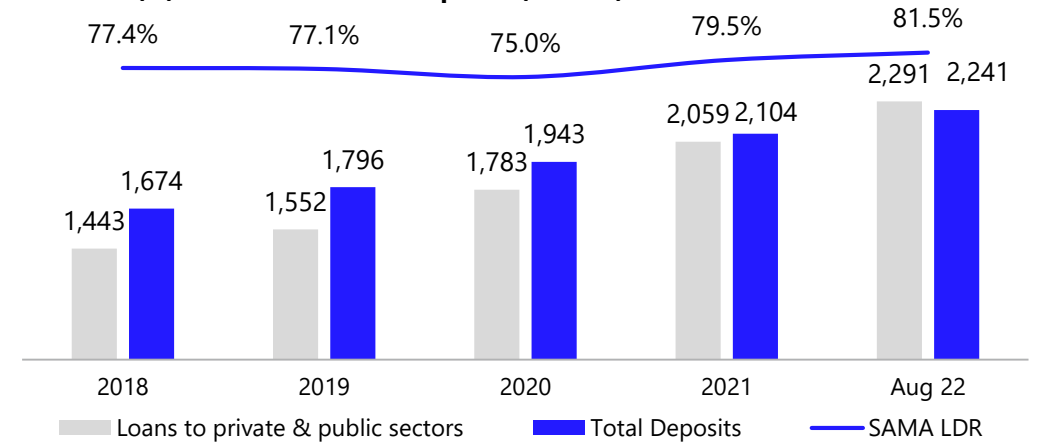
- Broad-based loan growth in the banking system during the nine months of 2022
- SRC has revised up the mortgage subsidies cap rate in early October 2022 for the third time this year and extended the benchmark tenor to 30 years
- Consumer spending increased by 9.2% August YoY with continuous migration to cashless payment methods

Retail Mortgage (SARbn)



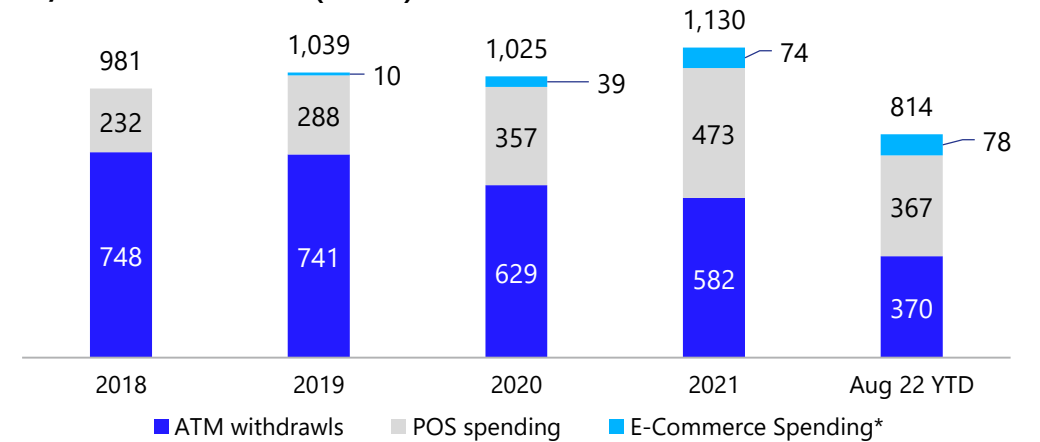
Source: SAMA

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



Source: SAMA

POS/ATM & E-Commerce (SARbn)



Source: SAMA

* 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 4Q 2022

Merrill Lynch KSA MENA Conference 2022 - Riyadh

31st October – 1st November



Alrajhi Mobile App



Alrajhi Business App



Alrajhi IR App



Alrajhi Tadawul Mobile App



Emkan App



urpay App



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