



Al Rajhi Bank Results Presentation

FY 2019 Earnings Conference Call and Webcast

The Blue Chip Islamic Bank



Management Summary

FY 2019 Highlights

Strategy

Strategy implementation is on track and continuing to deliver strong financial performance

- Growth in mortgages, customers loans, and net profit margin
- Improved customer service, digitization and new products all contributed to the bottom line
- Continued strong growth across all digital channels

Operating Result

FY 2019 growth of 11.7% in net income before Zakat to SAR 11.3 billion, mainly driven by

- Operating income growth from yield improvements
- Net profit growth across Retail, Corporate & Treasury
- FY 2019 strong operating income and net income

Balance Sheet

Balance sheet growth was driven by deposit growth

- Broad based loan growth
- Stability in non-profit bearing deposits continued
- Strong liquidity ratios, LDR at 80% and LCR at 175%

Asset Quality

Al Rajhi Bank remains well capitalized and maintains high coverage ratio

- Strong capitalization with Tier I at 18.8% and Tier II at 19.9%
- Cost of risk at 0.71%
- Stable NPL ratio of 0.9% and NPL coverage at 303%

Strategy Update

ABCDE 'Back to Basics' strategy delivered strong results in FY 2019



Accelerated Growth

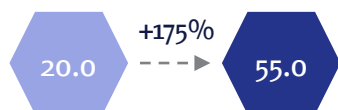
13% YoY operating income growth

63% YoY growth in mortgages

6% YoY growth in current accounts

47bps YoY net profit margin improvement to 5.22%

Mortgage Financing (SARbn)



2015 FY 2019

Exceed Industry



Become Employer of Choice

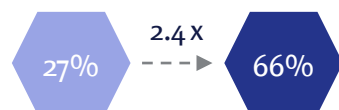
Al Rajhi Bank Academy

School of Banking

Graduate Program

71,399 training days delivered

Employee Engagement Index



2015 FY 2019

Higher Engagement



Customer Focus

13 new products launched to cater to customers' needs

Enhanced Distribution Network

Highest Rated Banking Mobile app

#1 Net Promoter Score in KSA

Net Promoter Score



2015 FY 2019

Most Recommended



Digital Leadership

115 K POS

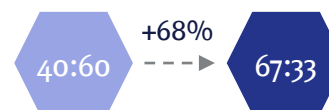
5K ATMs

28 ITMs

292 Self Service Kiosks

5.5mn active digital users

Digital : Manual Ratio



2015 FY 2019

Best-In-Class



Execution Excellence

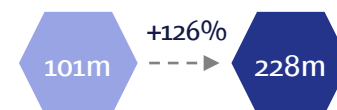
253 Bots

25.5K transactions per day

Migrating to Tier 4 Data Center

Further enhanced turnaround time

Transactions per month (Avg.)



2015 FY 2019

Deliver

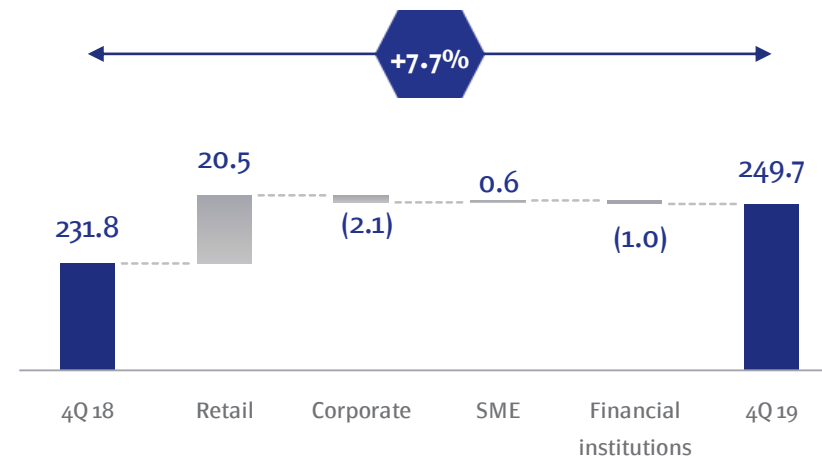
Balance Sheet Strength

Balance Sheet growth was driven by financing activities of 7.7% mainly mortgage growth

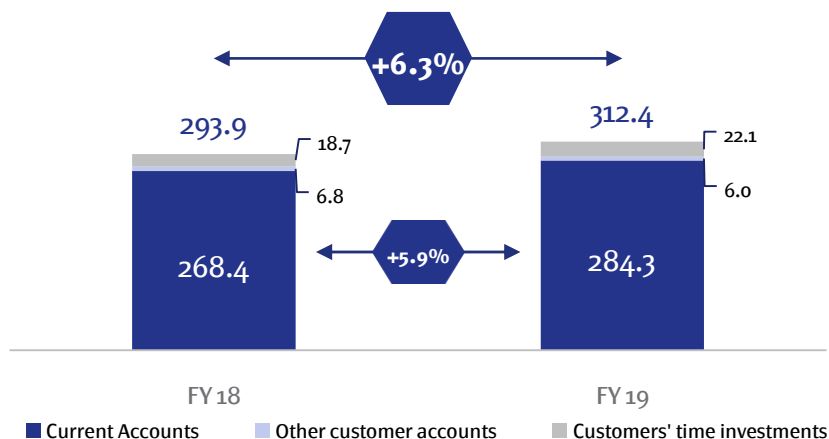
Highlights

- Current accounts growth of (+5.9%) a (91%) non-profit bearing deposits.
- Net financing grew by (+7.7%) in 2019 contributed by strong retail performance.
- Financing is dominated by retail (75%) followed by corporate (23%).

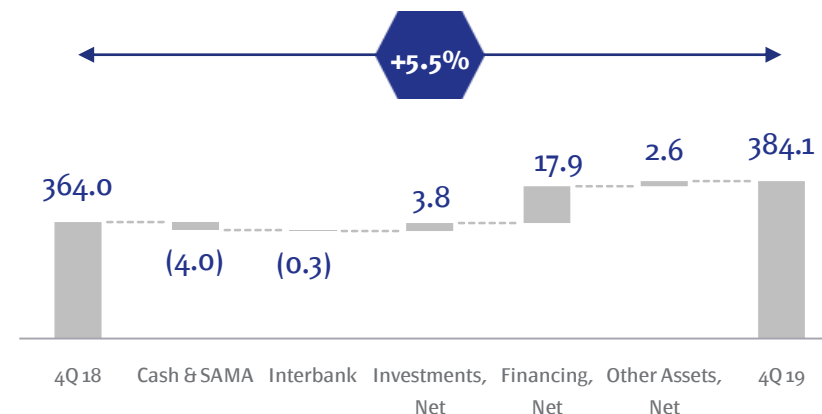
Financing, Net Drivers (SARmn)



Total Customers' Deposits (SARbn)



Asset Drivers By Type (SARmn)



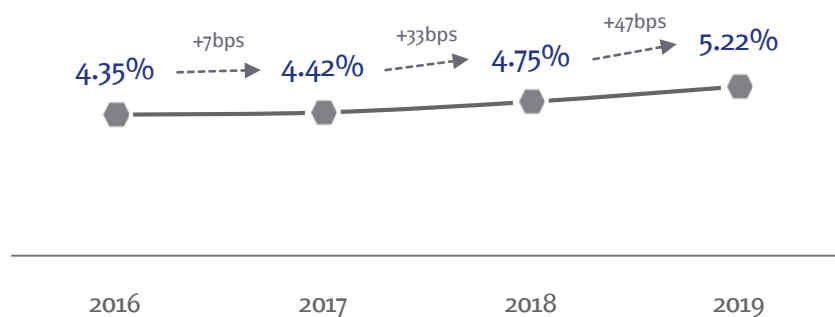
Strong financial performance in FY 2019

Strong operating income growth driven by yield expansion

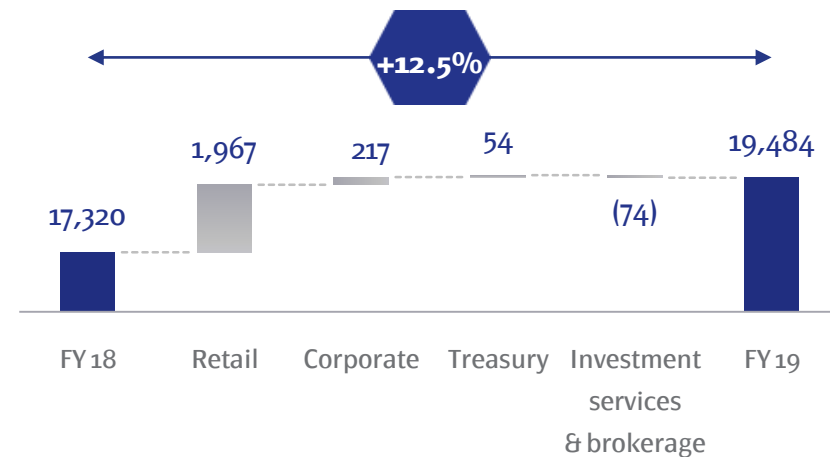
Highlights

- Solid growth of (+12.5%) YoY driven by yield income mainly from Retail Banking.
- On a segmental basis, growth was driven by (+16.9%) Retail Banking, (+9.4%) Corporate and (+1.9%) Treasury growth.
- Net profit margin growth of (+47bps) YoY reaching (+5.22%) at the end of year.

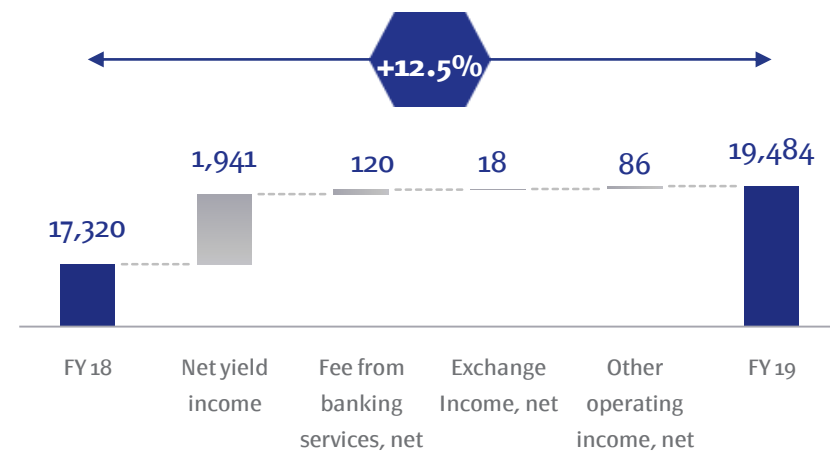
Net profit margin (%)



Total Operating Income Growth Drivers By Segment (SARmn)



Total Operating Income Growth Drivers By Type (SARmn)



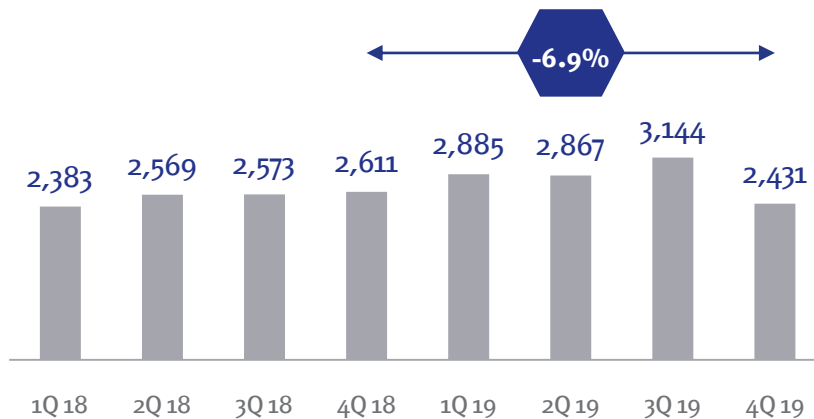
Net Income Trends

FY 2019 profit growth of 11.7% from solid yield income growth

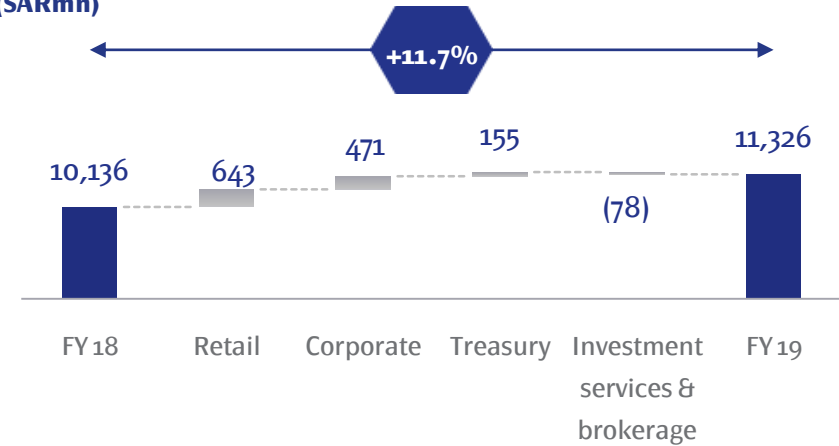
Highlights

- yield income growth of (+13.4%) mainly driven by mortgage book growth.
- Non-yield (+7.9%) related income improvements, partly offset by increased expenses (+13.0%) and Zakat decreased by (-81.7%).
- On a segmental basis, growth was driven by (+11.1%) Retail Banking, (+28.0%) Corporate and (+6.8%) Treasury growth.

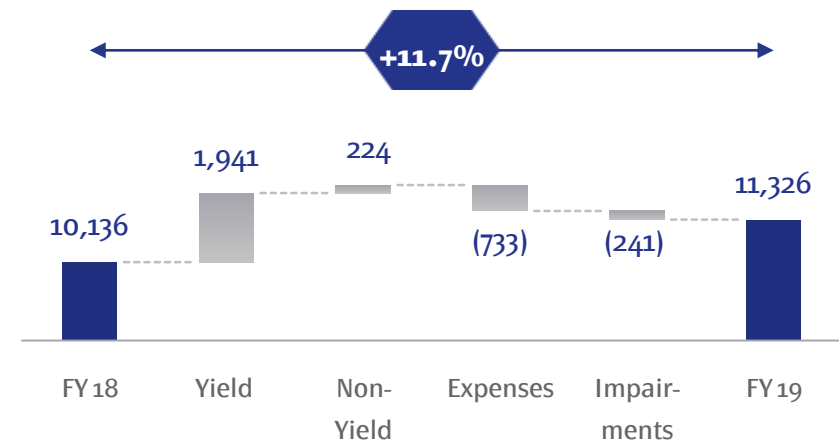
Net Income Before Zakat For The Period (SARmn)



Net Income Before Zakat Growth Drivers By Segment (SARmn)



Net Income Before Zakat Growth Drivers By Type (SARmn)



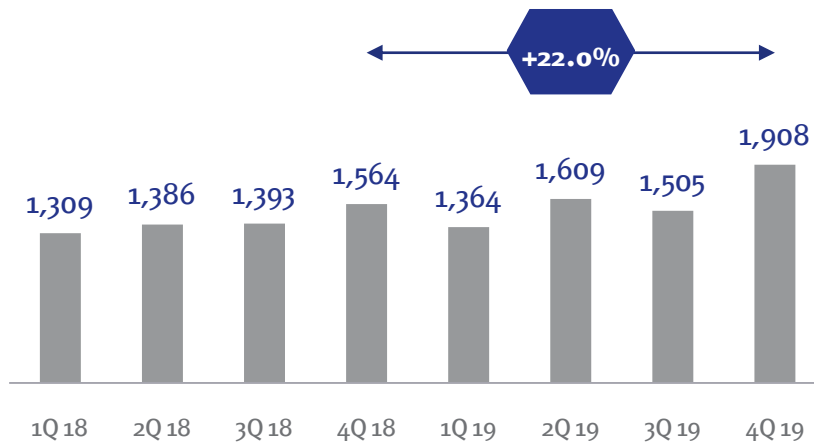
Expenses Trends

YoY expense growth of 13.0%, driven by upgrading IT & Digital platform

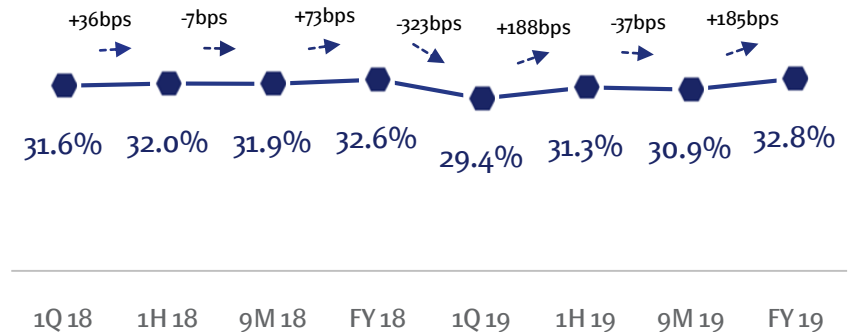
Highlights

- Operating expenses grew by (+13%) for the full year period; and (+22%) in Q4 YoY.
- Higher IT related expenses primarily due to digital infrastructure and upgrading.
- Higher Communication expense driven by increased number of transactions and regulatory changes in SMS formats.

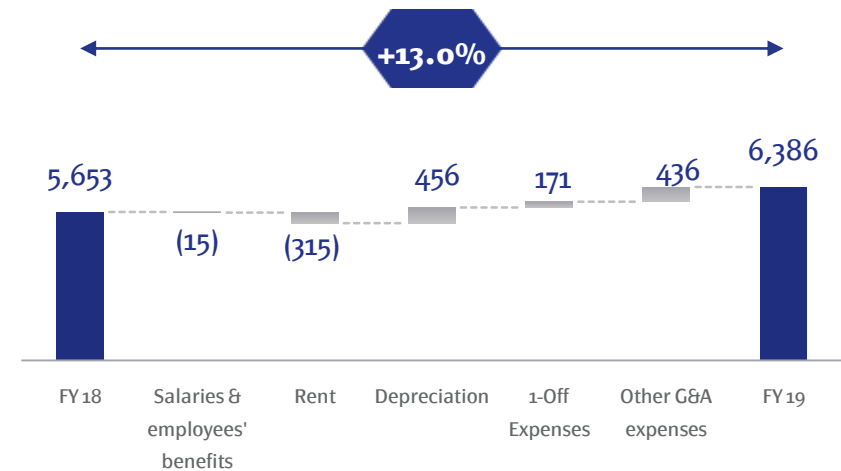
Operating Expenses (SARmn)



Cost to Income Ratio (C/I)



Operating Expenses Growth Drivers By Type (SARmn)



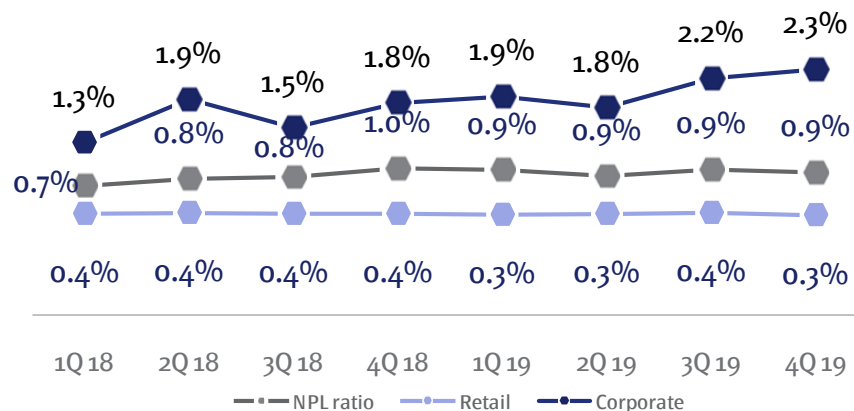
Asset Quality Stable

Asset quality remains solid

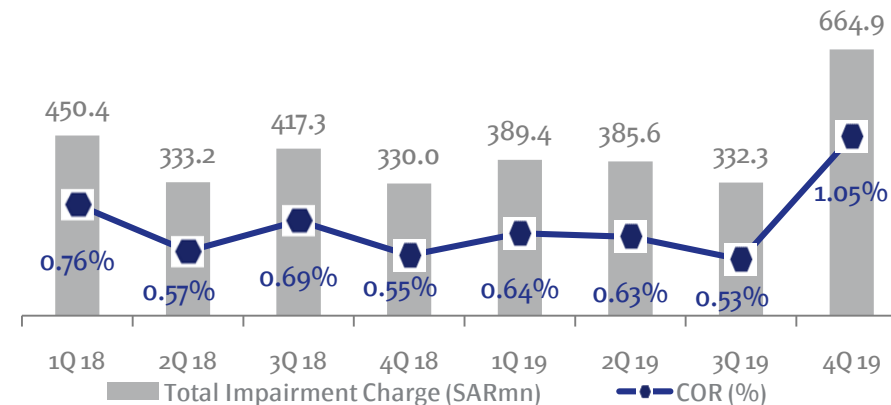
Highlights

- Provision increased by (SAR 331 mn) YoY in Q4, driven by enhanced provisioning for mortgage financing book, and higher provision level for select corporate clients.
- NPL ratio remains stable at (0.9%) despite slight increase in Corporate NPL ratio.
- Coverage ratio remains above (300%), well above the industry average.

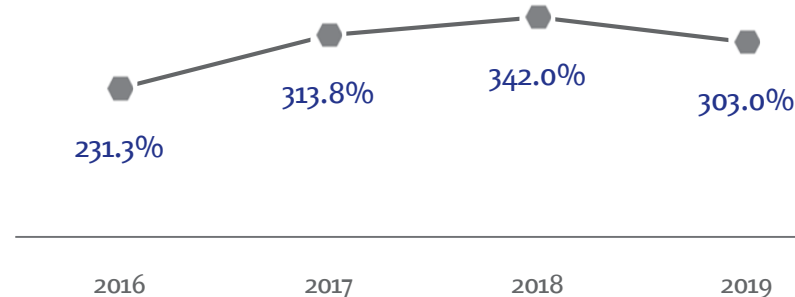
NPL Ratio Trends (%)



Total Impairment Charges (SARmn) and Cost of Risk (%)



NPL Coverage Ratio (%)



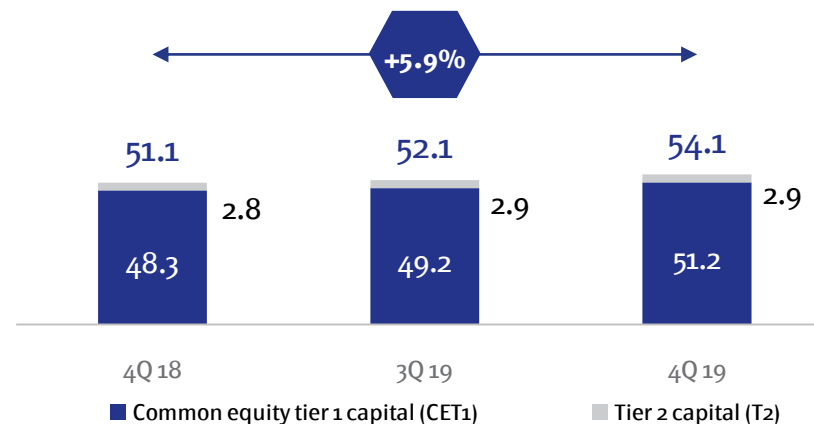
Capitalisation Trends

Rising profitability drives total capital higher

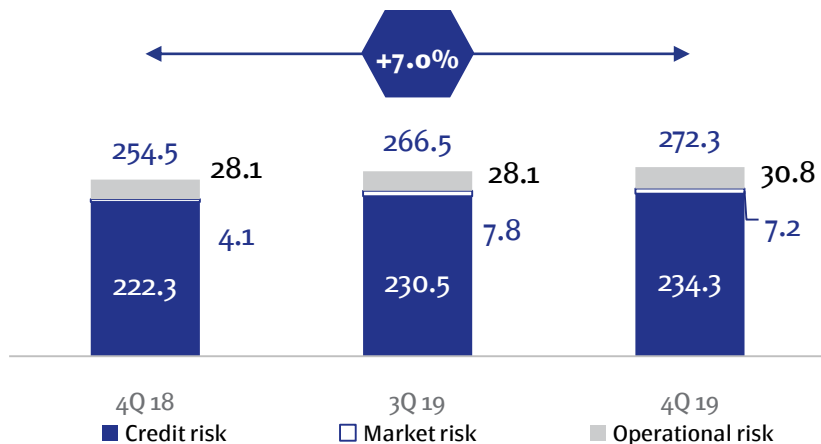
Highlights

- Total Capital increased by 5.9% on rising profitability.
- Capitalization remains strong with CAR of 19.9% and CET1 of 18.8% as at Full Year 2019.
- Risk weighted assets increased by 7.0% mainly driven by credit risk.

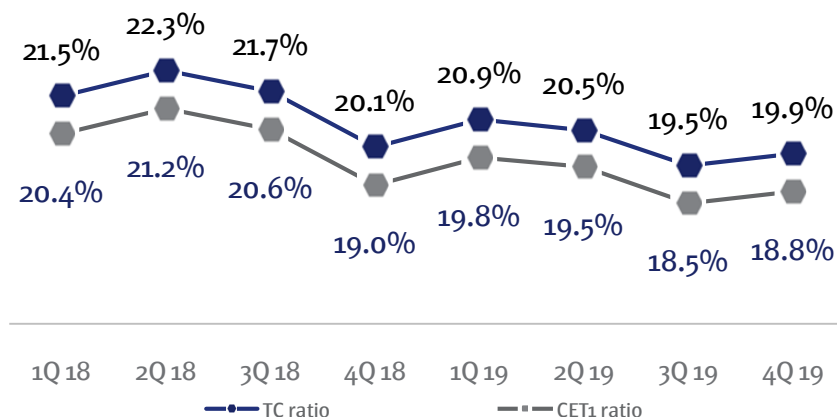
Total Capital (SARbn)



Risk Weighted Assets (SARbn)



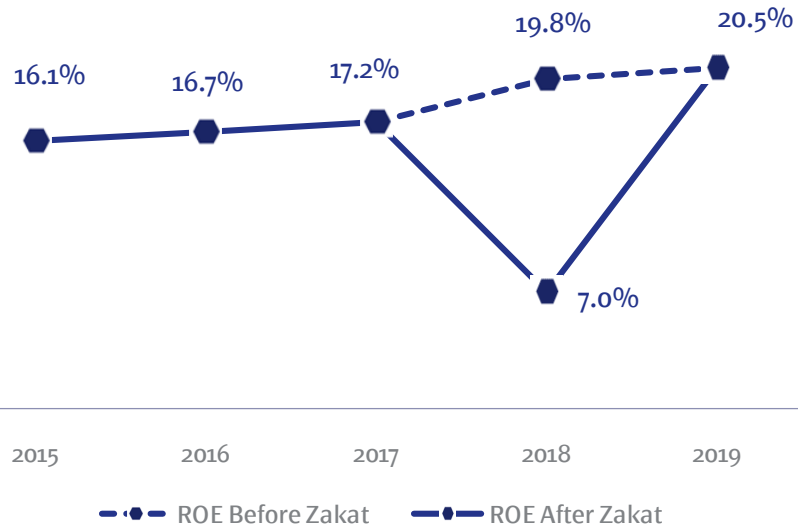
Capital Ratios (%)



Return Metrics

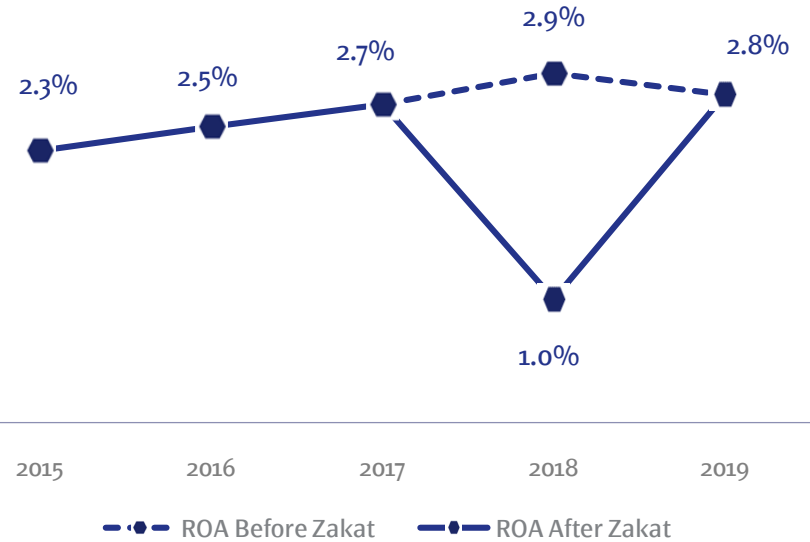
Full year, leading to further improvement of our return profile

Return on Equity (%)



Further increase of market-leading ROE

Return on Assets (%)



Stable ROA

Progress against guidance and outlook

Financing & income growth in line with FY 2019 guidance



		FY 2018 Actual	FY 2019 Guidance	FY 2019 Actual	FY 2020 Guidance
Balance Sheet	Financing, Net (SAR bn)	231.8	Mid single digit growth	249.7 (+7.7%)	Mid single digit growth
Profitability	Net Profit Margin	4.75%	+35 to +45 bps	5.22% (+47 bps)	0 to +10 bps
	Cost to Income Ratio	33.4%	~ 31%	32.8%	Below 31%
Asset Quality	Cost of Risk	0.64%	0.60% - 0.70%	0.71%	0.60% - 0.70%
Capital & Liquidity	CET1 Ratio	19.0%	19% to 20%	18.8%	18% - 19%
	ROE after Zakat	7.01%	Above 21%	20.49%	21% - 22%



Questions & Answers

The Blue Chip Islamic Bank





Appendix

Additional Information

The Blue Chip Islamic Bank



Additional Information

Contact investor relations for more information

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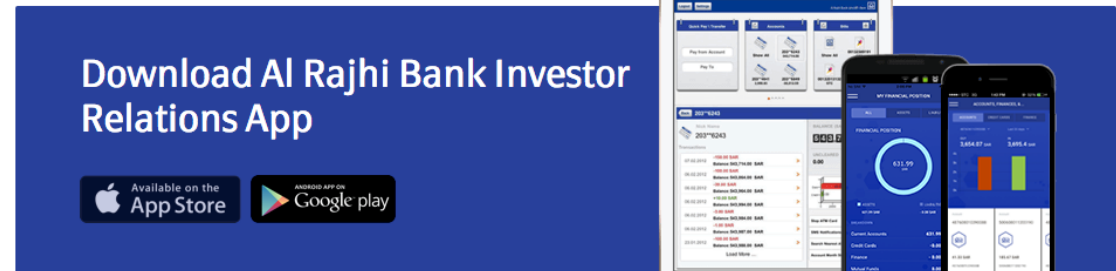
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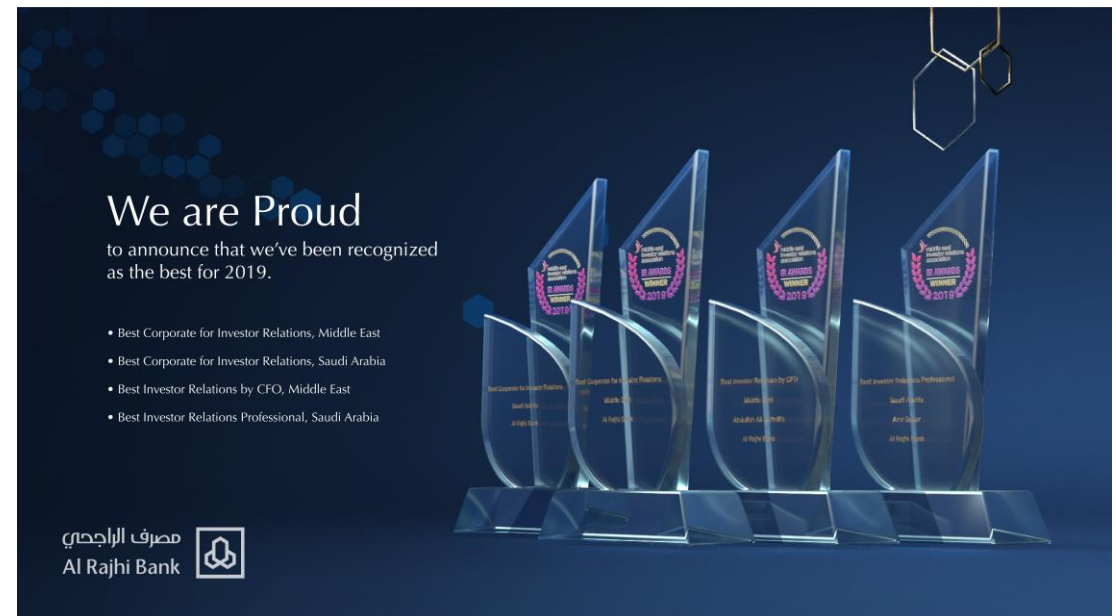
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