



# Al Rajhi Bank Investor Presentation

FY 2019 Results

The Blue Chip Islamic Bank



|          |  |    |
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# Al Rajhi Bank

The World's Leading Islamic Bank

The Blue Chip Islamic Bank



# Al Rajhi Bank

Islamic Banking, Everywhere

## At a glance



Islamic Banking



NPB Deposits  
% of Total Deposits

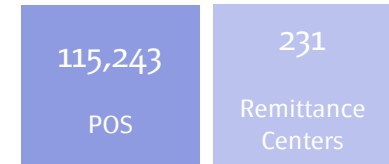
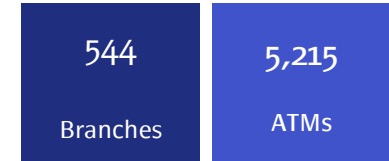
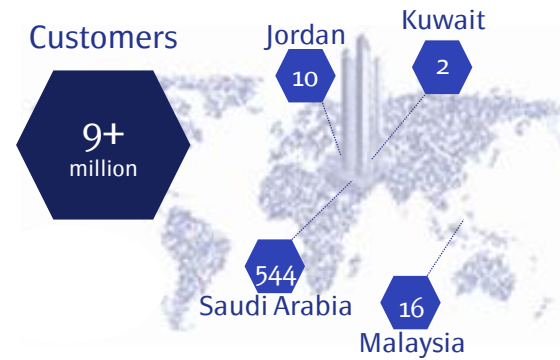


NPS Banking



Digital: Manual Ratio

## Presence & Branches



Largest network in Saudi Arabia

## FY2019 Strategic Highlights

Avg Transactions/mth



Digital Customers



Training Days



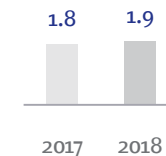
Volunteering Hrs



## FY2019 Financial Highlights



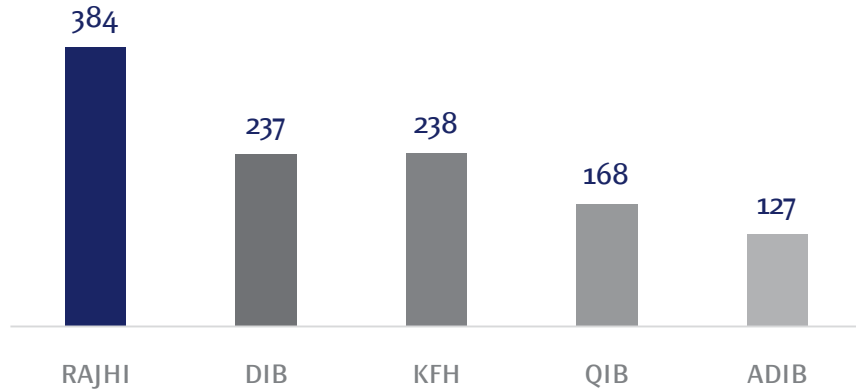
- 6.4% Gross Financing Growth
- 19.9% CAR
- 0.17% Cost of Funds



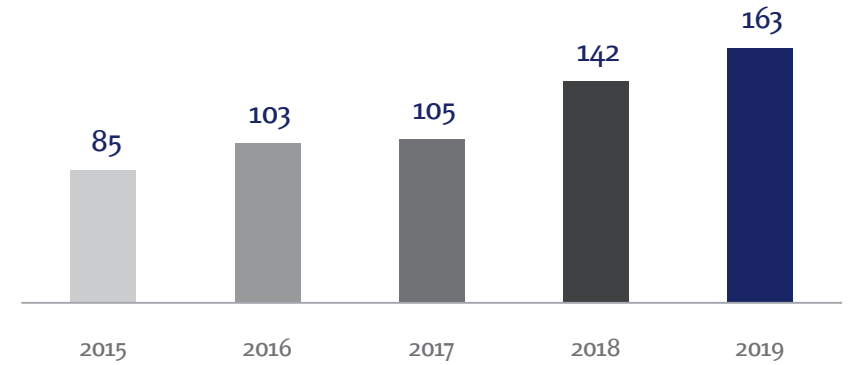
## What makes us "The Blue Chip Islamic Bank"

**Institutional Status - World's #1 Islamic Bank (by Assets; SAR bn)**

**Large and Growing Market Cap (in SAR bn)**



Source: Bank Financial Statements



Source: Tadawul

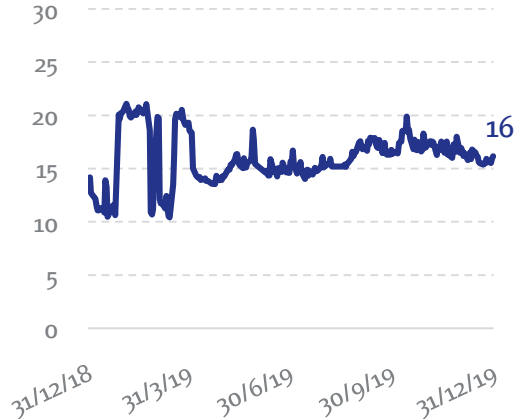
**Low Volatility (90D)**

**Low Bid / Ask Spread (bps)**

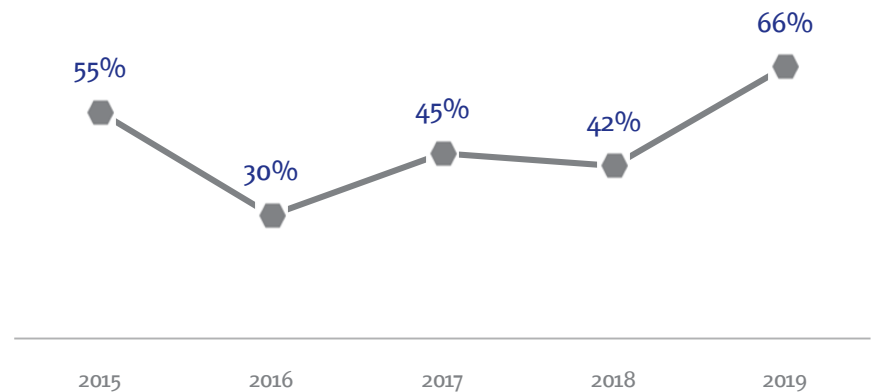
**High Stock Turnover Velocity (%)**



Source: Bloomberg



Source: Bloomberg

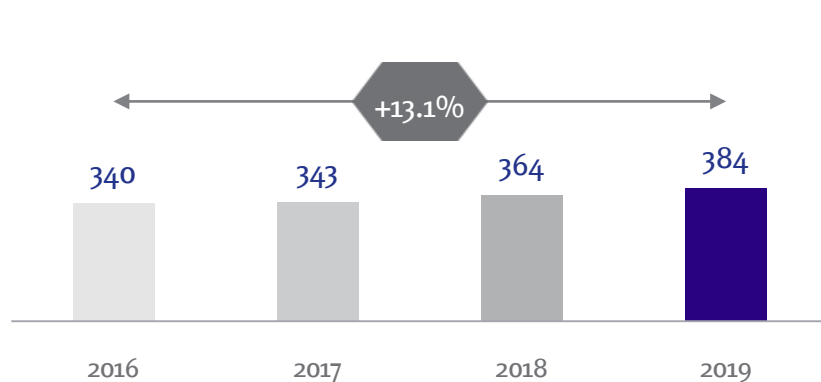


Source: Tadawul

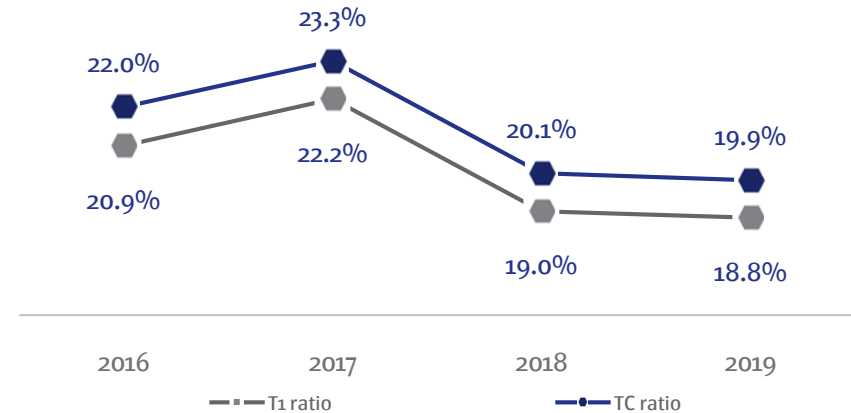
# Al Rajhi Bank, The Blue Chip Islamic Bank

Robust balance sheet with 93% non-profit-bearing deposits at 2019

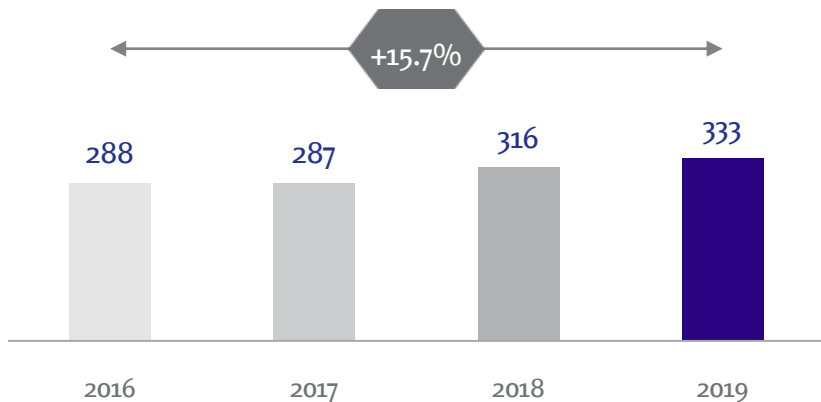
**Total Assets (SARbn)**



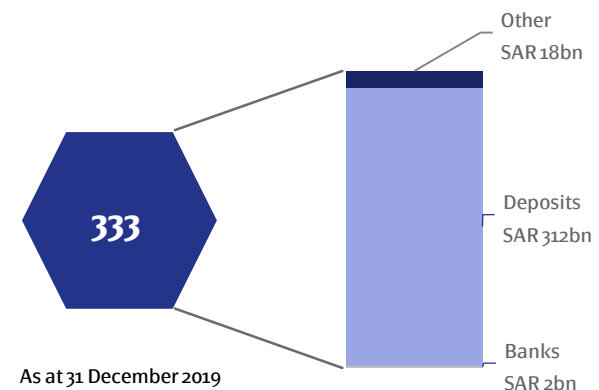
**Capital Ratios (%)**



**Total Liabilities (SARbn)**



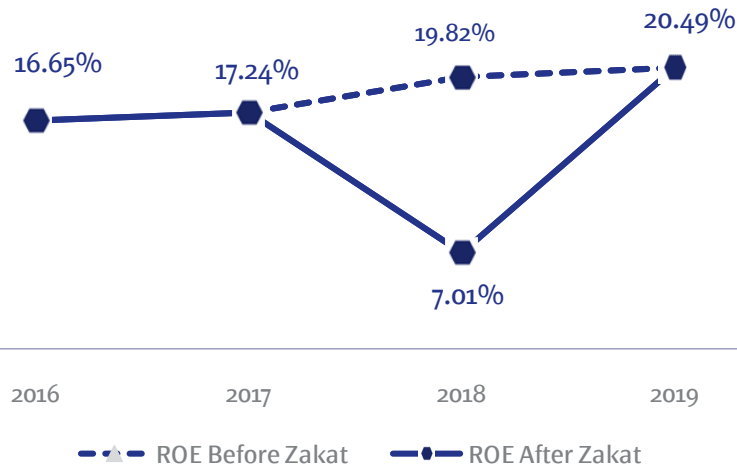
**Total Liabilities Mix By Type (SARbn)**



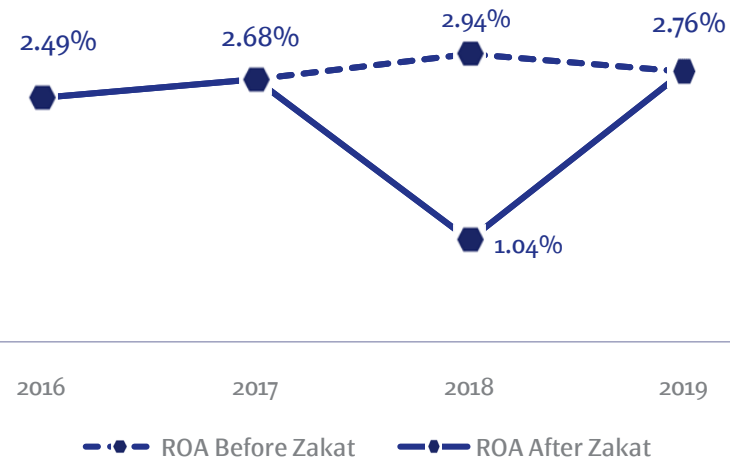
# Al Rajhi Bank, The Blue Chip Islamic Bank

Outstanding foundation and strong returns

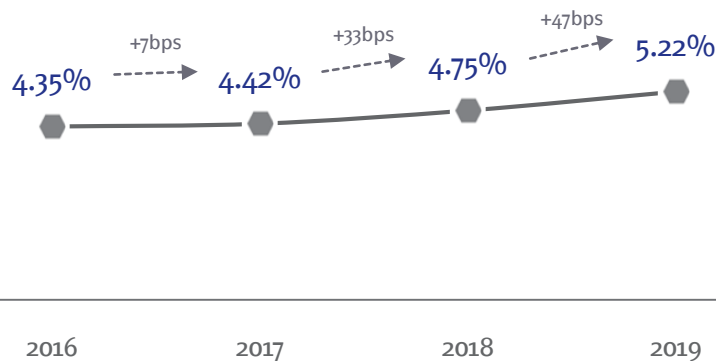
**Return on Equity (%)**



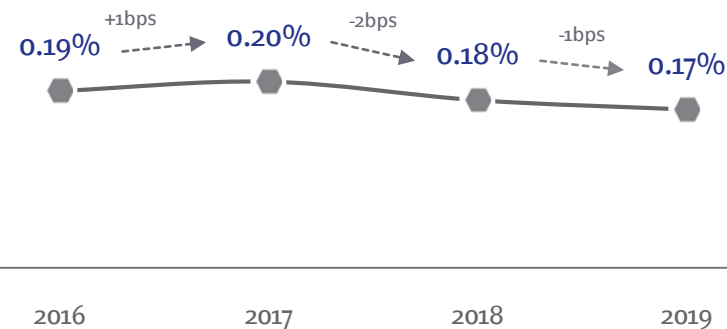
**Return on Assets (%)**



**Net Profit Margin (%)**



**Cost of Funds (%)**



# Top 10 Facts about Al Rajhi Bank

- 1 Largest Islamic Bank worldwide**  
(by Assets & Market Cap)
- #1 Retail Bank in Middle East**  
(Retail Deposits & Income)
- One of the highest NPB deposit ratios**  
(93% Non -profit bearing deposits)
- #1 Bank capitalisation in GCC**  
(19.9% Total Capital ratio)
- #1 NPS in KSA**  
(#1 out of 11 in KSA)
- #1 Bank in KSA**  
(by number of customers)
- #1 Distribution network in Middle East**  
(by # of Branches, POS, ATMs, Remittance Centers)
- #1 Banking transactions in KSA**  
(228mn per month, avg)
- #1 Bank for remittances in Middle East**  
(by payment value)
- #1 Bank brand in KSA**  
(Brand Power Score)



# What sets Al Rajhi Bank apart

ARB has the largest retail banking business in the Middle East

Market Share - Current Accounts

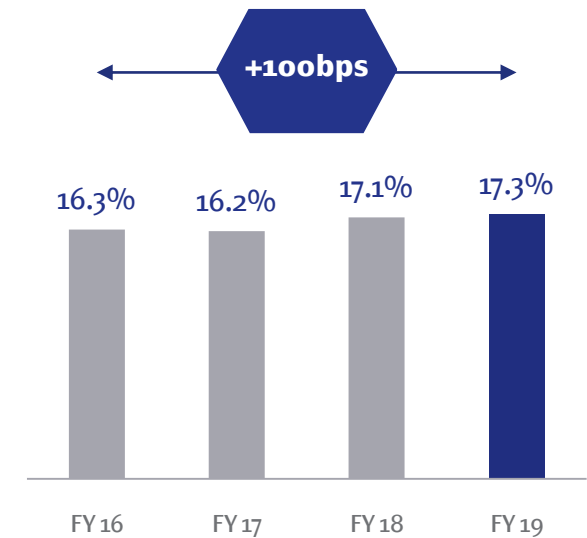


# 1 in Saudi Arabia

9+ Million  
Customers

#1 in Saudi Arabia

Market Share - Deposits



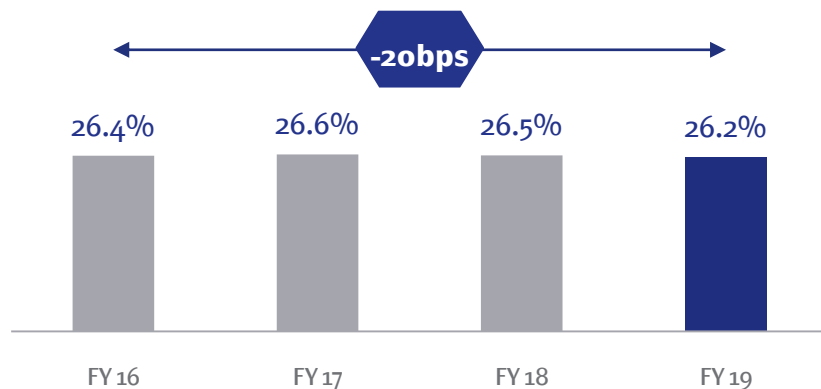
#2 in Saudi Arabia

# Al Rajhi Bank's Leading Network

The Bank has a large distribution network in Saudi Arabia...

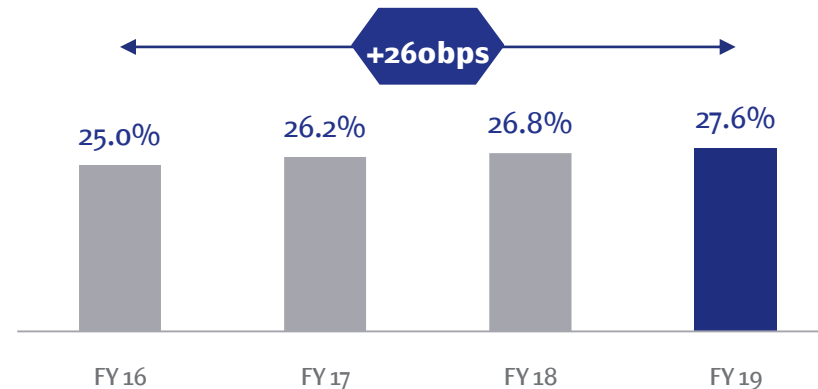
## #1 in Branches

Market Share - Branches



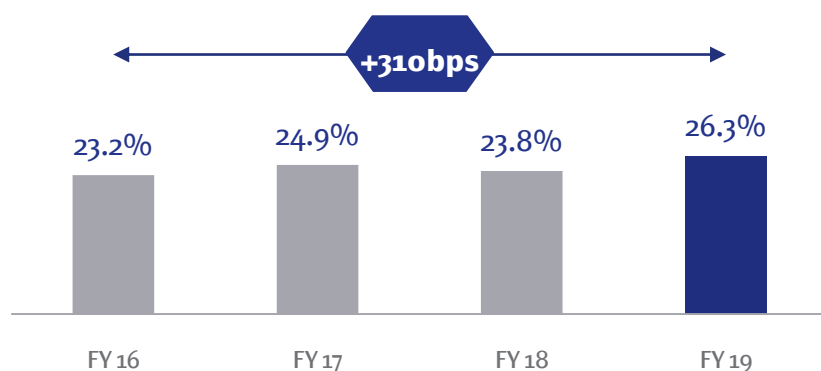
## #1 in ATMs

Market Share - ATMs



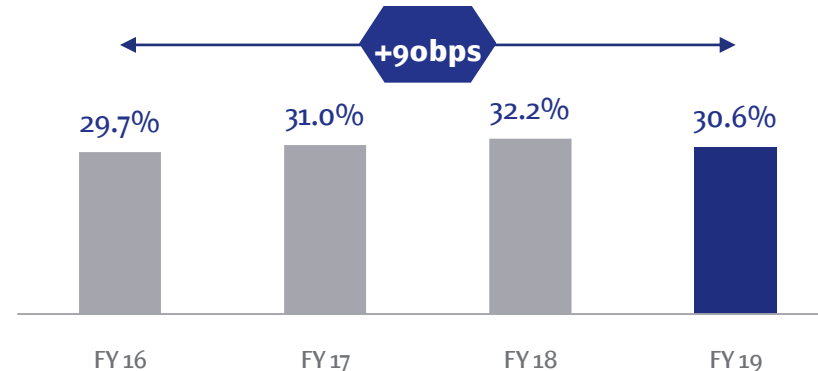
## #1 in POS

Market Share - POS (Terminals)



## #1 Remittance Centres

Market Share - Remittance Centers



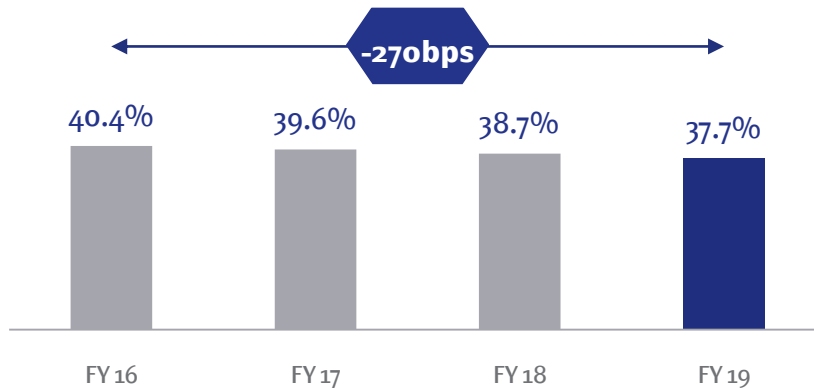
Source: SAMA

# ARB has a unique franchise

We capture high market share across key products

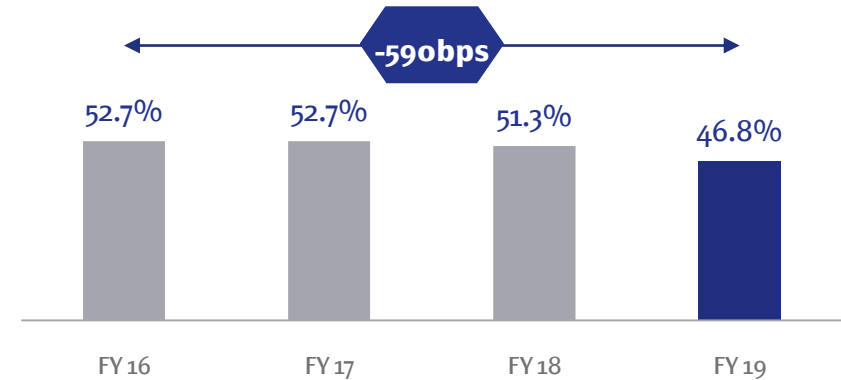
## #1 in Personal Loans

Market Share - Personal Loans



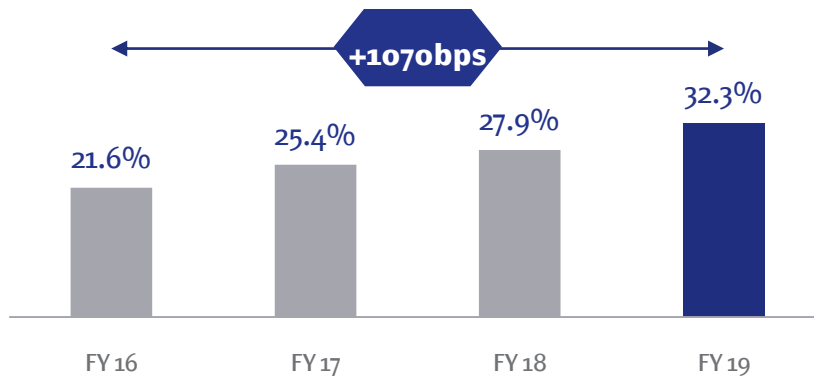
## #1 in Auto Loans

Market Share - Auto Loans



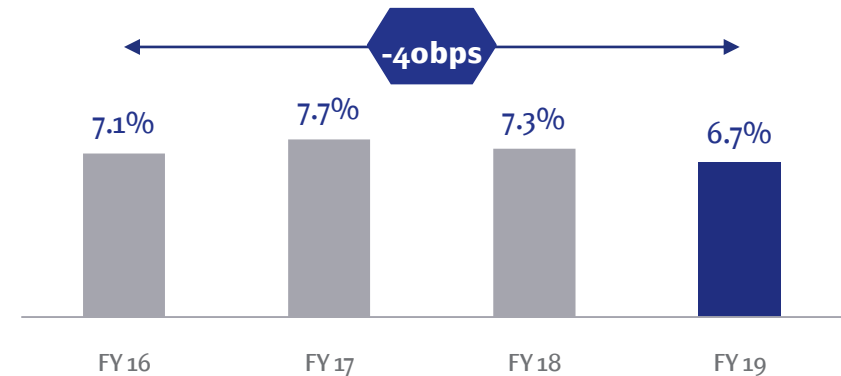
## #1 in Mortgages

Market Share - Mortgages



## Challenger Position in Corporate Loans

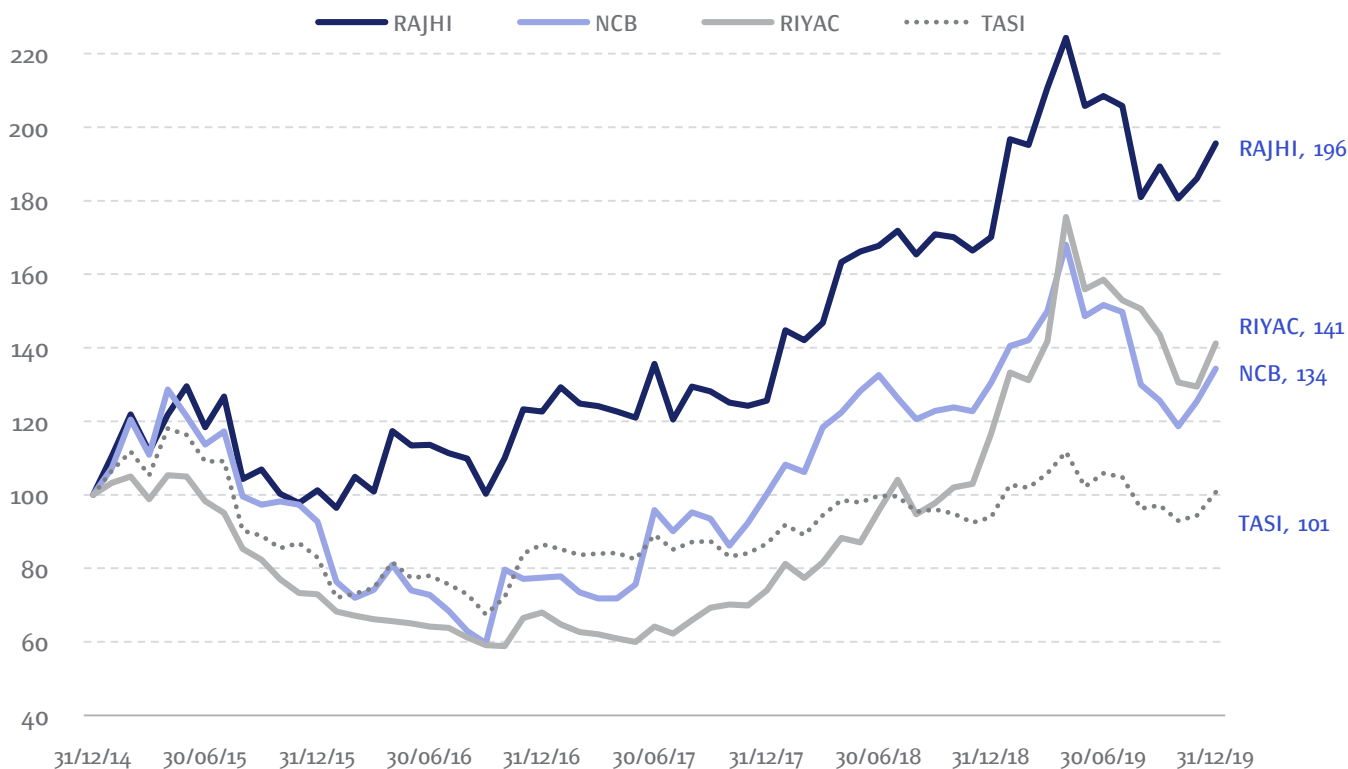
Market Share - Corporate Loans



# ARB Market Performance

Al Rajhi Bank maintained its momentum and outperformed its peer group

## Share Price Performance Top 3 KSA Banks (Monthly; Rebased to 100)



31 Dec 19

### Key Metrics

|                         |              |
|-------------------------|--------------|
| Closing Price           | SAR 65.4     |
| Market Cap              | SAR 163.5 bn |
| Market Cap / % Industry | 23.69%       |
| Market Cap / % Tadawul  | 1.81%        |
| Shares outstanding      | 2,500 bn     |
| 90D Volatility          | 22.611       |
| Price / Earnings        | 15.34 x      |
| Price / Book            | 3.32 x       |
| Dividend Yield          | 4.59%        |
| Return on Equity        | 20.49%       |
| Return on Assets        | 2.76%        |
| <b>per share</b>        |              |
| Operating Income        | 7.79%        |
| Earnings                | 4.53%        |
| Total Return            | 20.19%       |

Sources: Bloomberg; Tadawul; RAJHI Financials

### Ratings

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

|  | Al Rajhi Bank | NCB | Riyad Bank | Kuwait Finance House | Dubai Islamic Bank | Qatar Islamic Bank | Abu Dhabi Islamic Bank |
|--|---------------|-----|------------|----------------------|--------------------|--------------------|------------------------|
|--|---------------|-----|------------|----------------------|--------------------|--------------------|------------------------|

|                       |     |     |     |     |    |     |    |
|-----------------------|-----|-----|-----|-----|----|-----|----|
| <b>Rebased to 100</b> | 196 | 134 | 141 | 181 | 98 | 150 | 97 |
|-----------------------|-----|-----|-----|-----|----|-----|----|

|                          |           |           |           |         |          |           |          |
|--------------------------|-----------|-----------|-----------|---------|----------|-----------|----------|
| <b>As of 31 Dec 2019</b> | 65.40 SAR | 49.25 SAR | 24.00 SAR | 811 KWD | 5.51 AED | 15.33 QAR | 5.39 AED |
|--------------------------|-----------|-----------|-----------|---------|----------|-----------|----------|

Source: Stock Exchanges

# Market Performance

Market cap and liquidity ensures high index weighting

## Highlights

- In 2019, Alrajhi is the highest weight in TASI (12.4%).
- Most active stock by number of transaction (4.2% of the market).
- Most active stock by value traded (12.4% of the market).
- Recommended dividends pay-out ratio of 74%

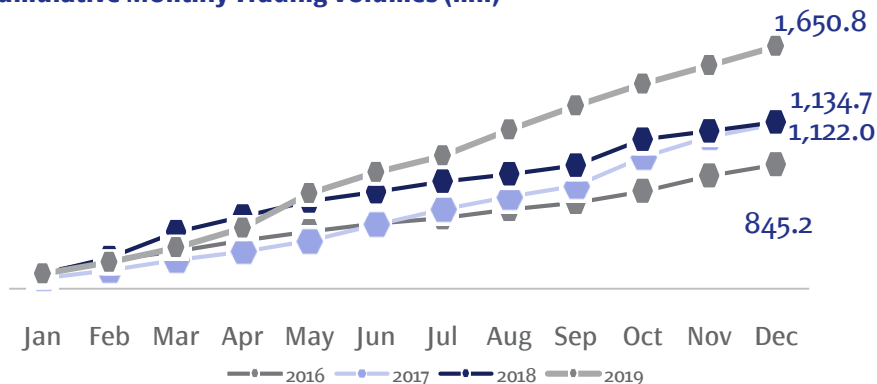
## ARB has the highest weight in the MSCI GCC Index...

| #  | Top 10 Constituents     | Country    | Float Adj Mkt Cap | Index Weight (%) | Sector            |
|----|-------------------------|------------|-------------------|------------------|-------------------|
| 1  | <b>Al Rajhi Bank</b>    | <b>KSA</b> | <b>37.05</b>      | <b>10.92%</b>    | <b>Financials</b> |
| 2  | Qatar National Bank     | QAT        | 25.59             | 7.54%            | Financials        |
| 3  | National Bank of Kuwait | KW         | 21.86             | 6.44%            | Financials        |
| 4  | Saudi Basic IND CORB    | KSA        | 18.77             | 5.53%            | Materials         |
| 5  | National COMM Bank      | KSA        | 15.75             | 4.64%            | Financials        |
| 6  | First Abu Dhabi Bank    | UAE        | 11.27             | 3.32%            | Financials        |
| 7  | Saudi Telecom CO        | KSA        | 10.85             | 3.20%            | Comm srvc         |
| 8  | Kuwait Finance House    | KUW        | 10.26             | 3.02%            | Financials        |
| 9  | Samba Financial Group   | KSA        | 9.52              | 2.80%            | Financials        |
| 10 | Saudi ARAMCO            | KSA        | 9.40              | 2.77%            | Energy            |
|    |                         |            | <b>170.33</b>     | <b>50.20%</b>    |                   |

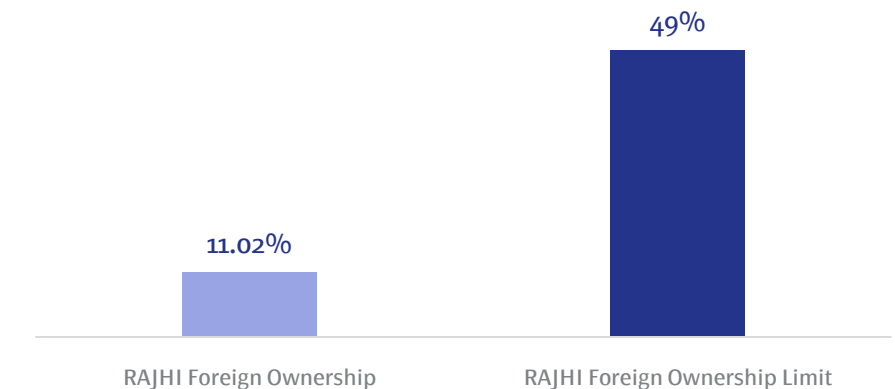
Source: MSCI FactSheet; 31 Dec 2019

## ARB has consistently strong trading volumes...

### Cumulative Monthly Trading Volumes (mn)



## ...and room for foreign ownership



Source: Tadawul, 31 Dec 2019

# Awards

## Recent international recognition

### Global Awards



**Best Bank in Saudi Arabia**  
(3 consecutive years 2016, 2017, 2018)



**Best Financial Institution in Saudi Arabia**

**The Banker**

**Largest Bank in the world in terms of Sharia Assets**



**Best Bank in Saudi Arabia**  
(2 consecutive years 2017 & 2018)

### Regional Awards



- **Best Bank in GCC**
- **Fastest Growing Bank in KSA**
- **Most Innovative Bank in KSA**
- **Best Retail Bank in KSA**



- **Strongest Islamic Retail Bank in the World**
- **Strongest Islamic Retail Bank in the GCC**
- **Strongest Islamic Retail Bank in the MEA**



**GCC Best Employer Brand Award**

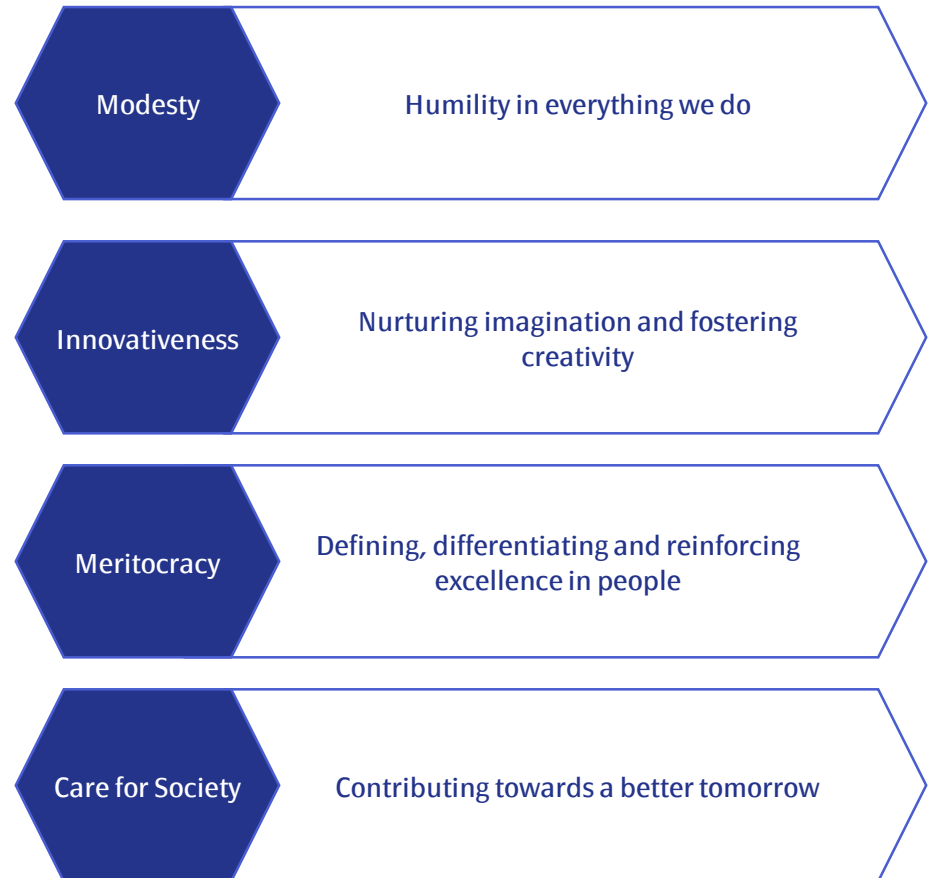


- **Most Improved Investor Relations Team – Blue-Chip (2018)**
- **Best Investor Relations in the Middle East (2019)**
- **Best Investor Relations in KSA (2019)**
- **Best CFO in the Middle East (2019)**
- **Best Investor Relations Professional (2019)**

# Our Values

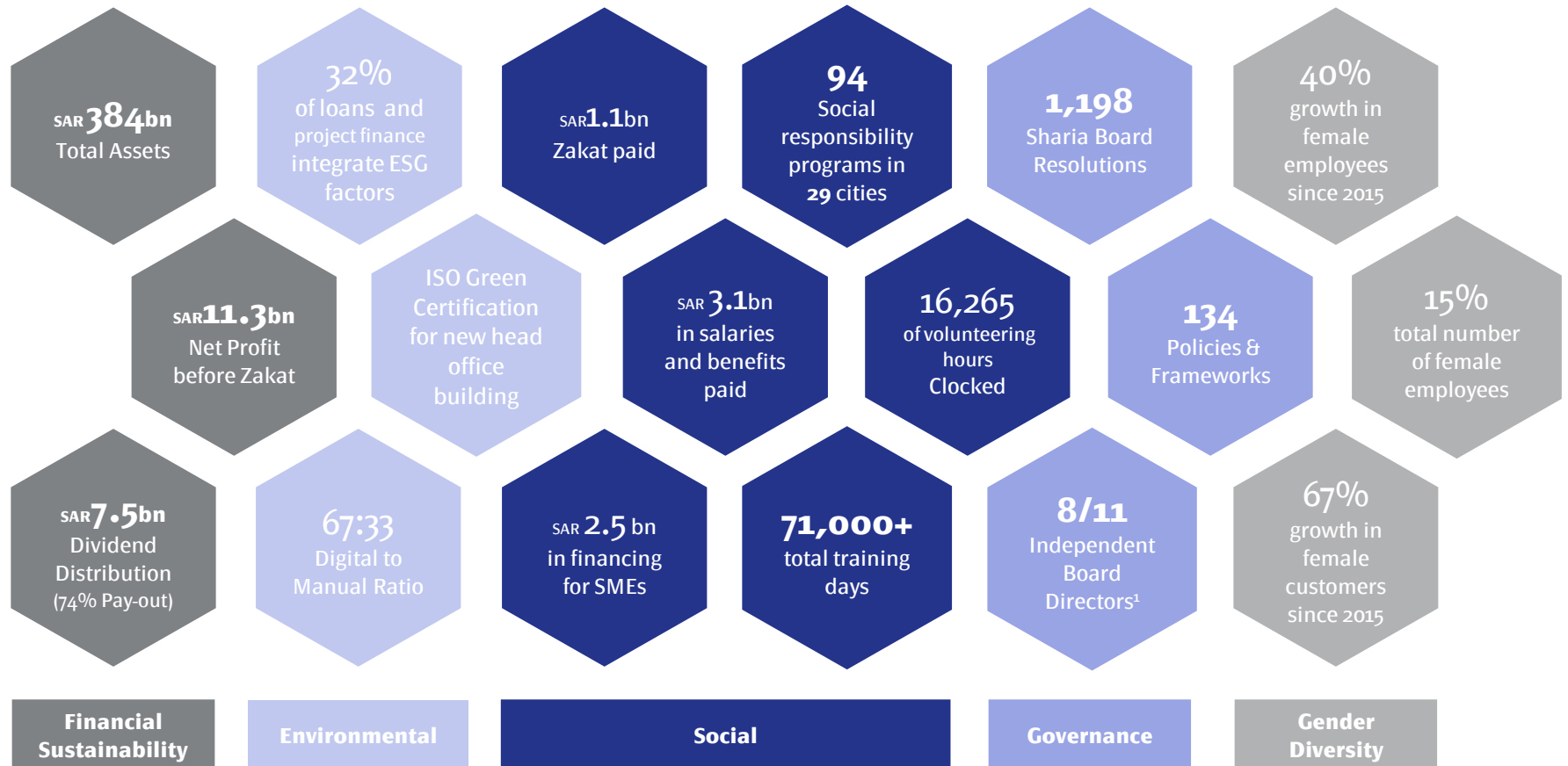


نعيش قيمنا  
Living the Values



# ESG Highlights

As of 2019







# Saudi Arabia's Macro-Economic Environment

Supportive of Growth

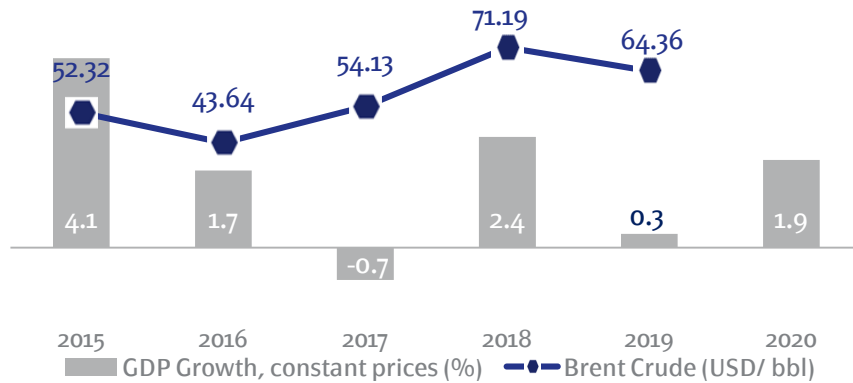
The Blue Chip Islamic Bank



# Macro Environment

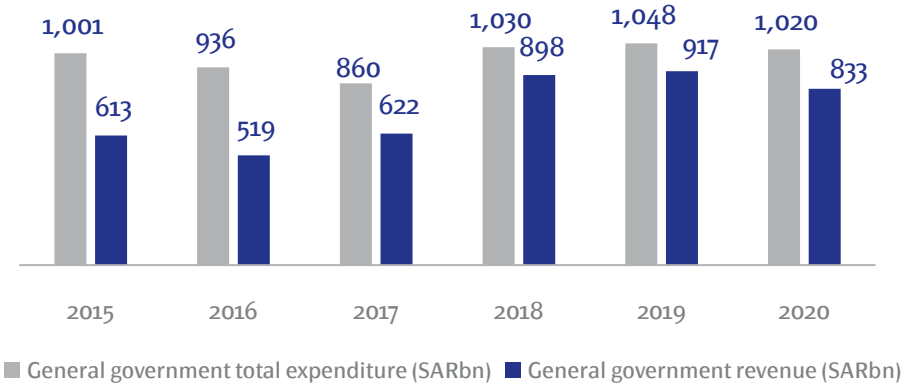
Expected continued improvement in economic growth

The declining demand of oil from China and the negative impact of Covid19 are expected to weigh on the GDP growth...



Source: IMF, U.S. Energy Information Administration

...which, as a result, would carry out additional government support

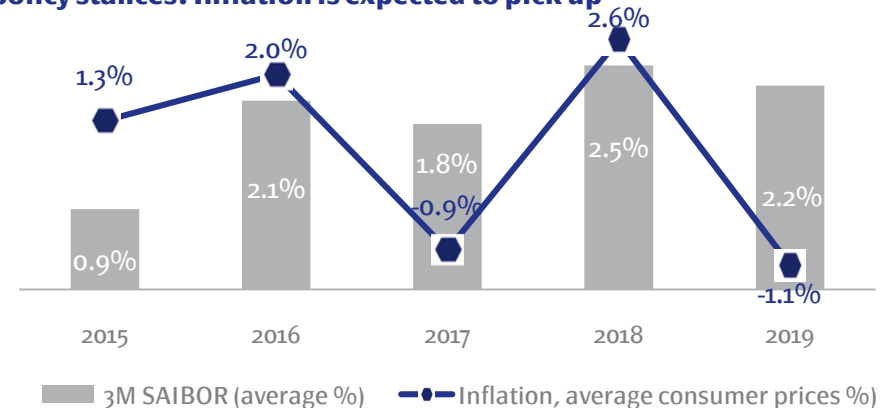


Source: IMF

...underpinned by acceleration of Vision 2030 initiatives



Growth will be driven by the central bank softening the monetary policy stances. Inflation is expected to pick up

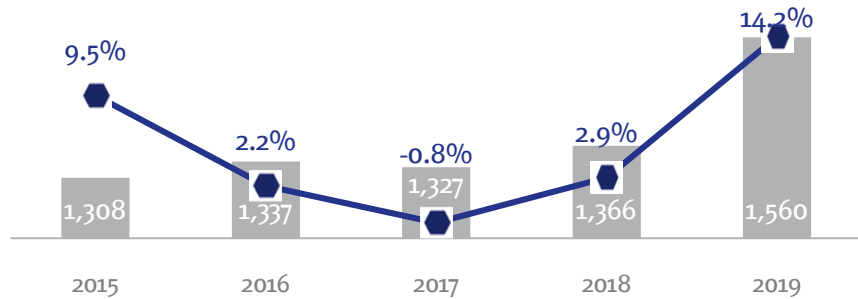


Source: SAMA

# Macro Environment

## Supportive of Banking Sector

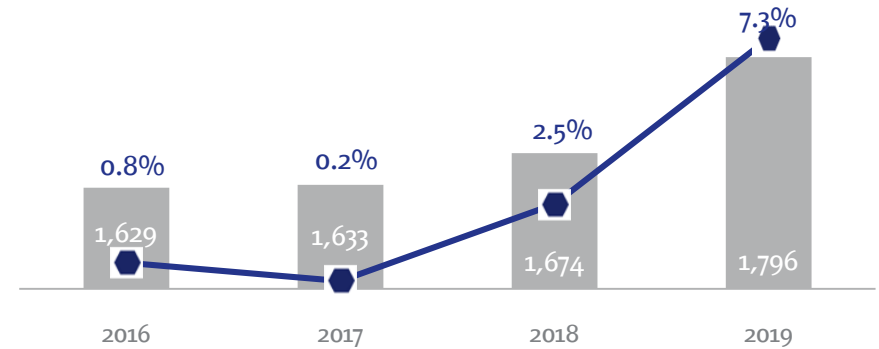
### Moderate pickup in sector loan growth...



Bank Credit: Loans, Advances & Overdrafts (SARbn) — YoY Growth (%)

Source: SAMA

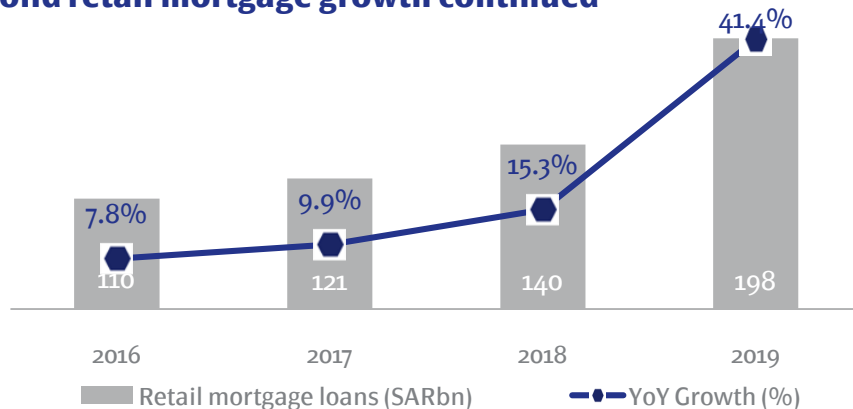
### ...and moderate pick up in bank deposits amid balance sheet optimisation in rising rate environment



Bank Deposits (SARbn) — YoY Growth (%)

Source: SAMA

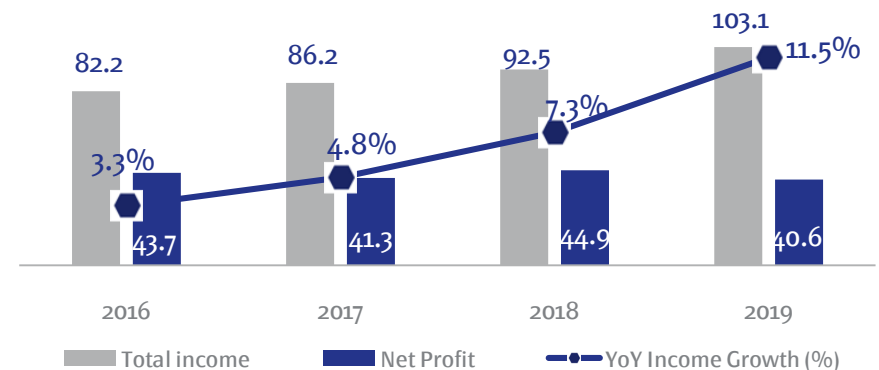
### Solid retail mortgage growth continued



Retail mortgage loans (SARbn) — YoY Growth (%)

Source: SAMA

### Which in combination drove top line growth



Total income — Net Profit — YoY Income Growth (%)

Source: Bloomberg



# Al Rajhi Bank Strategy 2020

The Blue Chip Islamic Bank



# Saudi Arabia Vision 2030

## Key objectives



### A Vibrant Society

- Increase Umrah capacity from 8 to 30M
- Double the number of UNESCO World Heritage sites
- Have 3 Saudi cities in top 100 globally
- Increase household entertainment spending from 2.9% to 6%
- Increase ratio of individuals exercising from 13% to 40% of population
- Raise position from 26 to 10 in Social Capital Index
- Increase avg. life expect. from 74 to 80
- Increase home ownership from 47% to 60% (2015-20), 850k new housing units
- Increase RE financing contribution to non-oil GDP from 8% to 15% (2015-20)



### A Thriving Economy

- Lower unemployment from 11.6% to 7%
- Increase SME contribution to GDP from 20% to 35%
- Increase women's participation in workforce from 22% to 30%
- Move from 19th largest economy to top 15 globally
- Increase oil & gas localization from 40% to 75%
- Increase PIF's assets from SAR 600B to SAR 7T
- Rise in Global Competitiveness Index from 25 to top 10
- Increase FDI from 3.8% to 5.7%
- Increase private sector contribution to GDP from 40% to 65%
- Rise in Logistics Performance Index from 49 to 25
- Raise non-oil exports from 16% of GDP to 50%



### An Ambitious Nation

- Increase non-oil government revenue from SAR 163B to 1T
- Rise in Government Effectiveness Index from 80 to 20
- Rise in E-Government Survey Index from 36 to top 5
- Raise in household savings from 6% to 10% of total income
- Raise non-profit's contribution to GDP from 1% to 5%
- Rally 1M volunteers p.a. from 11K now

# Financial Sector Development Program

Creating a thriving financial sector that serves as key enabler for Vision 2030 objectives

2020 metrics & targets

## Enable financial institutions to support private sector growth

- Increase total GWP to non-oil GDP from 2.1% to 2.9%
- Increase # of Fintech players to 3
- Increase SME loans as % of bank loans from 2% to 5%
- Increase value of SME funding through PE/VC vehicles to SAR 23 Bn
- Increase life GWP per capita from SAR 33 to 40
- Increase coverage ratio of insurance schemes to 45% (health) & 75% (motor)
- Increase share of non-cash transactions from 18% to 28%
- Increase outstanding real estate mortgages from SAR 290 Bn to SAR 502 Bn

## Ensure the formation of an advanced capital market

- Increase total market capitalization (shares and debt) as % of GDP from 78% to >=85%
- Increase assets under management as % of GDP from 12% to >=22%
- Align market concentration of top 10 companies by market cap from 57% to 55%
- Increase institutional investors' share of value traded from 18% to >=20%
- Increase foreign investor ownership of the equity market cap from 4% to >=15%
- Increase # of micro and small cap companies listed, as % of total number of companies listed from 34% to >= 40%
- Increase share of investment accounts opened through eKYC to 10%
- Align minimum free float of equity market cap, in % of total outstanding shares from 46% to >=45%

## Promote and enable financial planning

- Increase total amount of savings held in savings products from SAR 315 Bn to SAR 400Bn
- Increase number of available types of savings products from 4 to 9
- Increase % of households savings on a regular basis from 19% to 29%
- Increase share of A/C opened through eKYC to 10%
- Increase household savings ratio as % of disposable income from 6.2% to 7.5%



\*from 2016 to 2020

# Strategy Update

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



## Accelerated Growth

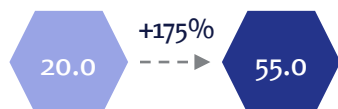
13% YoY operating income growth

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

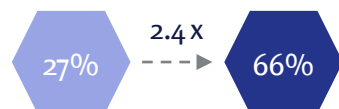
Al Rajhi Bank Academy

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

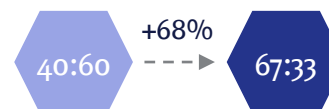
5K ATMs

28 ITMs

292 Self Service Kiosks

5.5mn active digital users

### Digital : Manual Ratio



2015 FY 2019

*Best-In-Class*



## Execution Excellence

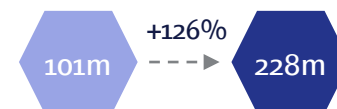
253 Bots

25.5K transactions per day

Migrating to Tier 4 Data Center

Further enhanced turnaround time

### Transactions per month (Avg.)



2015 FY 2019

*Deliver*



# Financial Results

## Overview & Trends

The Blue Chip Islamic Bank

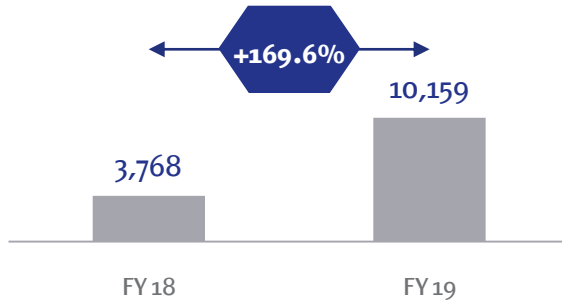




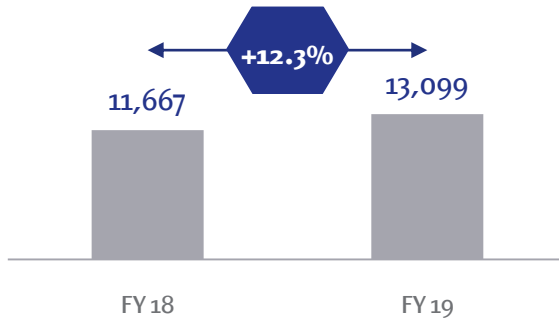
# Key Messages

## Solid FY 2019 Performance

### Net Income after Zakat up 169.6% YoY Net Income (SARmn)

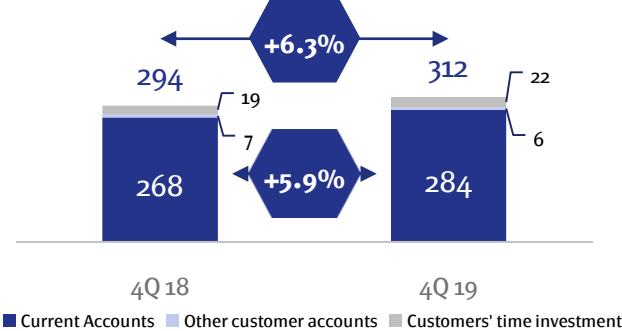


### Pre-Provision Profit (SARmn)

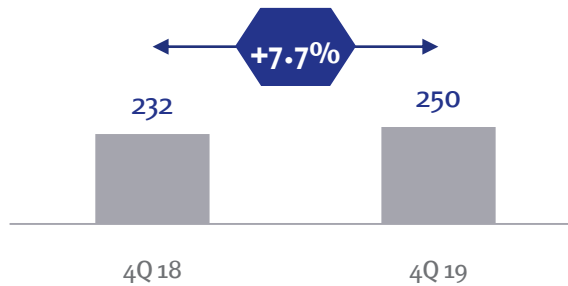


### Deposits up 6.3%, Financing up by 7.7%

#### Total Customers' Deposits (SARbn)

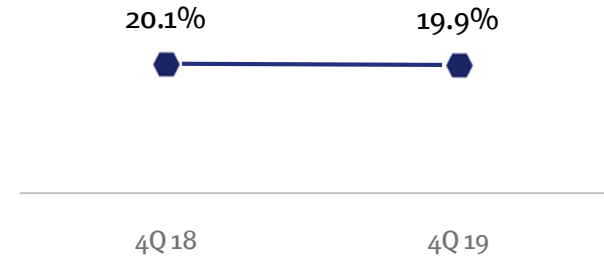


#### Financing, Net (SARbn)

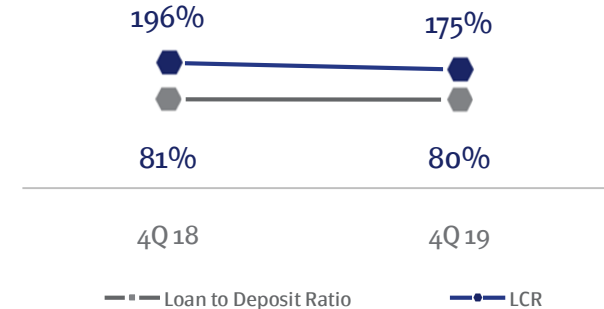


### Liquidity remained healthy

#### Capital Adequacy Ratio (%)



#### Liquidity Ratios (%)



- 169.6% Profit growth from solid 12.5% income growth.
- Profit growth driven by improvement in the product mix

- 6.3% deposit growth from non-profit bearing deposits which now account for 93% of total deposits
- Net financing grew by 7.7% driven by Mortgage financing

- CAR decreased by 100 bps caused by dividends pay-out
- Liquidity remained healthy

# 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%               |

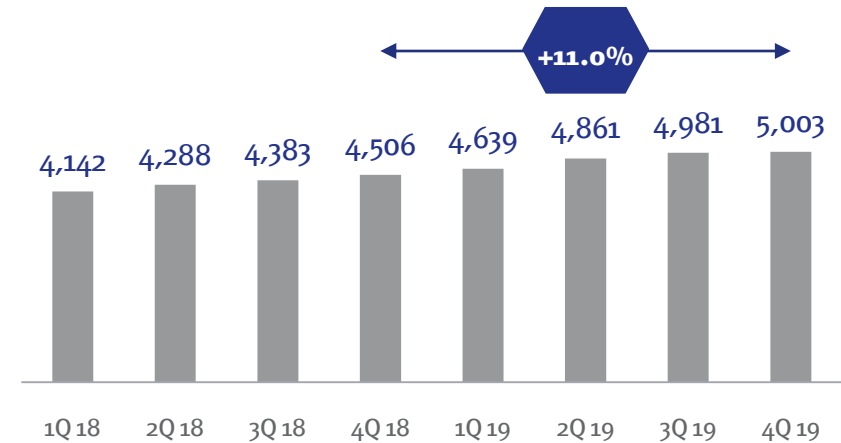
# Operating Income Trends (1)

FY2019 income growth of 12.5% from financing & investment income (+13.1%)

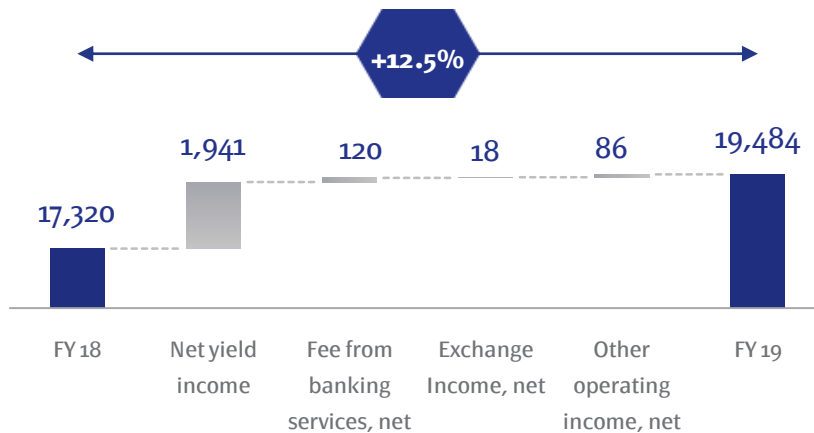
## Highlights

- 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.

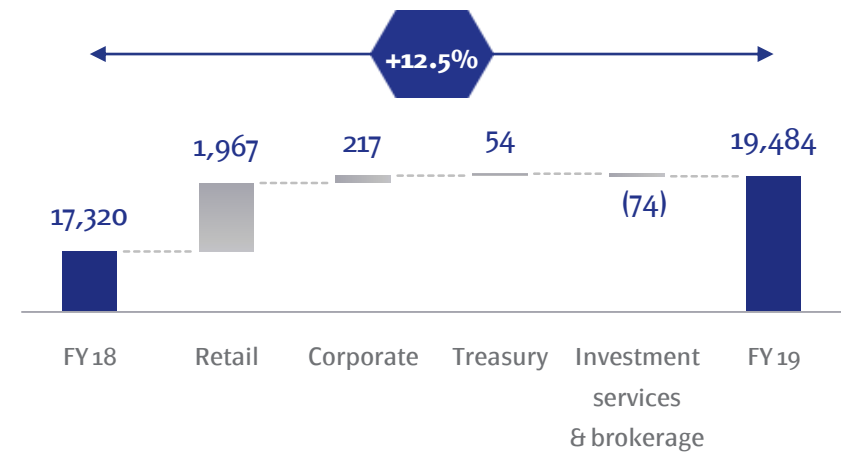
## Total Operating Income (SARmn)



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



## Total Operating Income Growth Drivers By Segment (SARmn)



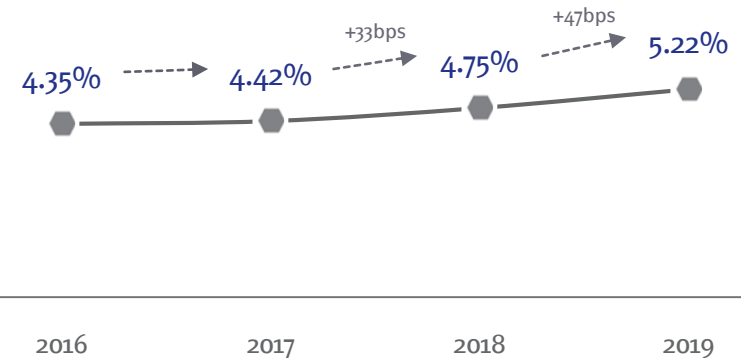
# Operating Income Trends (2)

Stronger YoY financing margin & good banking fee income growth

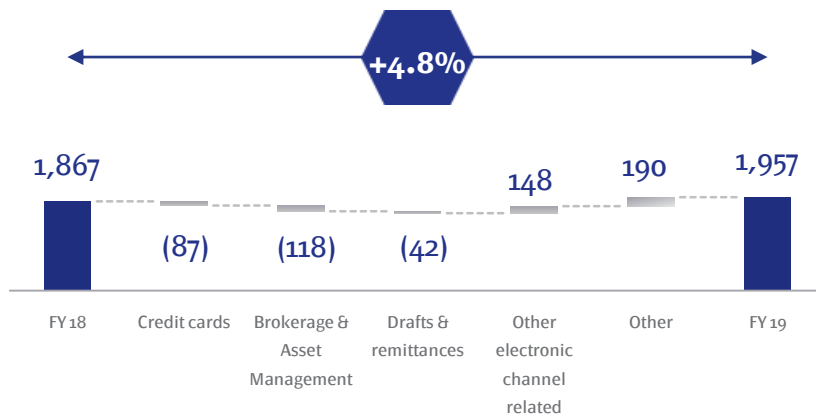
## Highlights

- Net profit margin growth of (+47bps) YoY reaching (+5.22%) at the end of year.
- Fees growth of (+4.8%) driven by Digital channels.

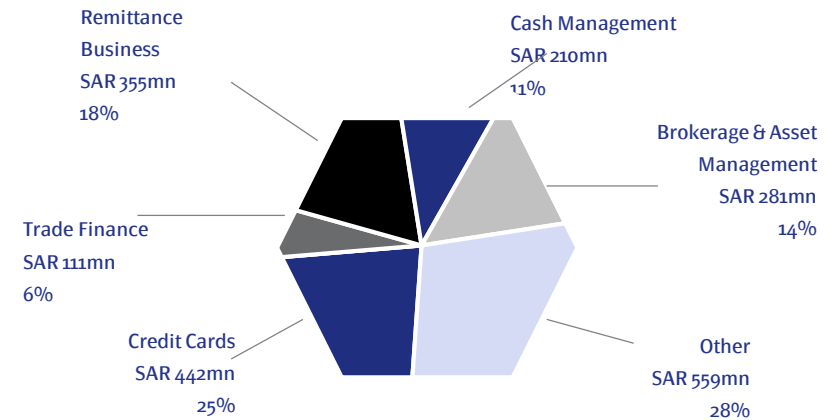
## Net profit margin (%)



## Fee From Banking Services Growth Drivers By Type (SARmn)



## Fee From Banking Services, Net Mix By Type (SARmn)



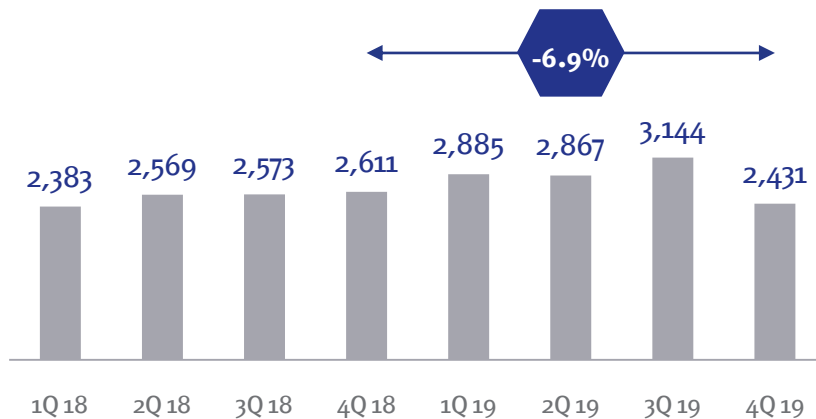
# Net Income Trends

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

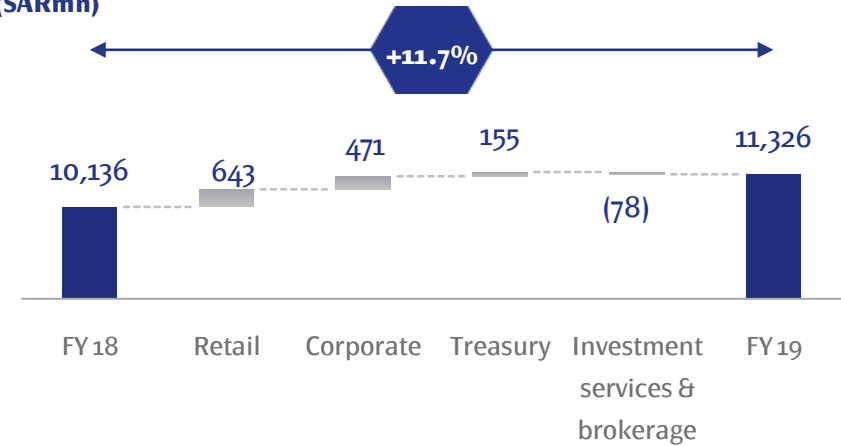
## Highlights

- 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.

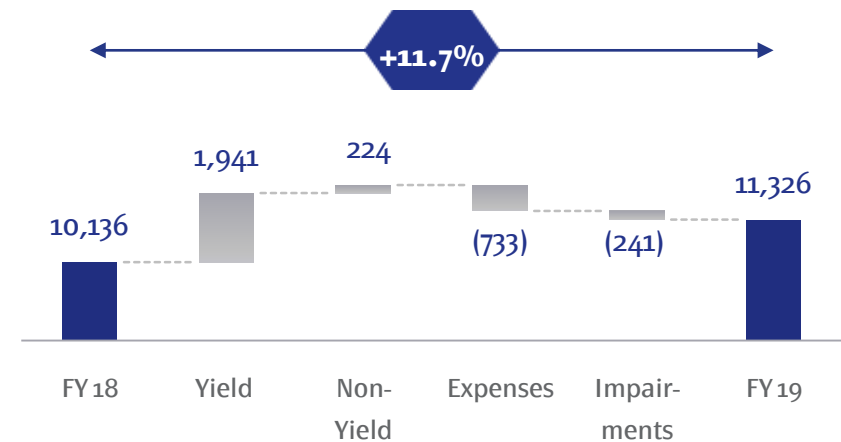
## Net Income Before Zakat For The Period (SARmn)



## Net Income Before Zakat Growth Drivers By Segment (SARmn)



## Net Income Before Zakat Growth Drivers By Type (SARmn)



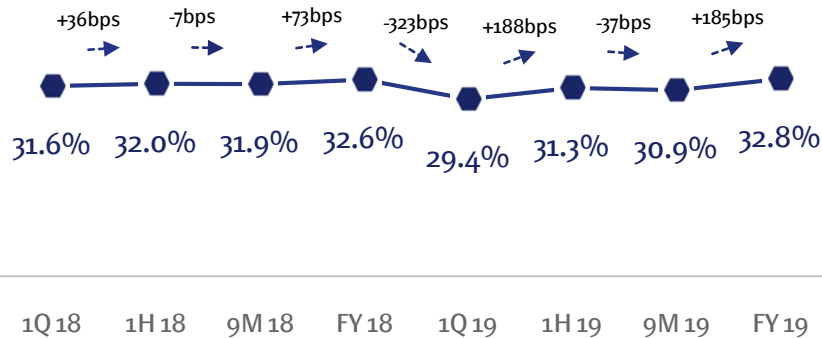
# Expenses Trends

YoY expense growth of 13% driven by IT & Digital projects

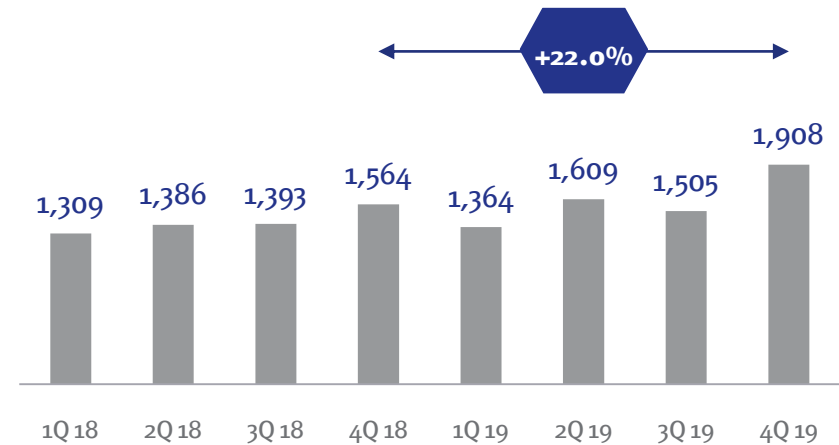
## Highlights

- 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.

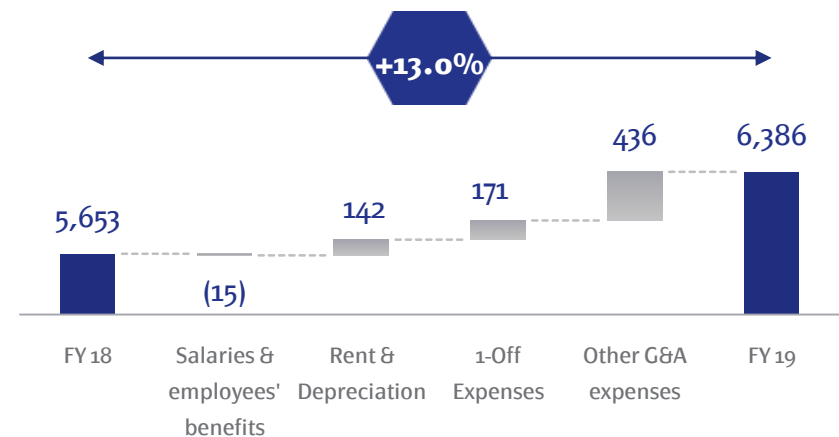
## Cost To Income Ratio Trend (%)



## Operating Expenses (SARmn)



## Operating Expenses Growth Drivers By Type (SARmn)



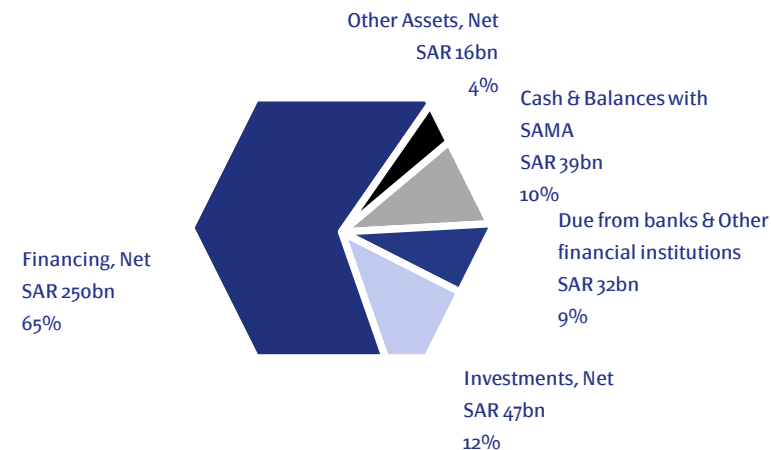
# Assets

Total assets increased by 5.5% YTD

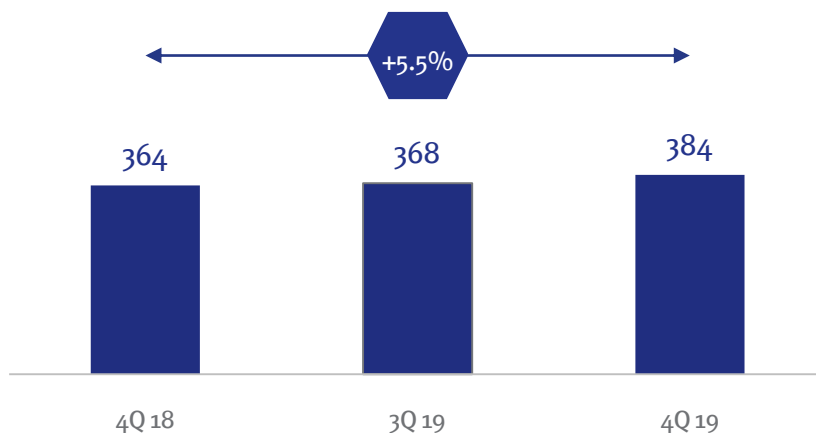
## Highlights

- Total assets increased by 5.5% YTD as an increase in financing (+7.7%), investments (+8.8%).
- Net financing grew by (+7.7%) in 2019 contributed by strong retail performance.
- However it was offset by lower cash and balances with SAMA and other central banks (-9.1%).

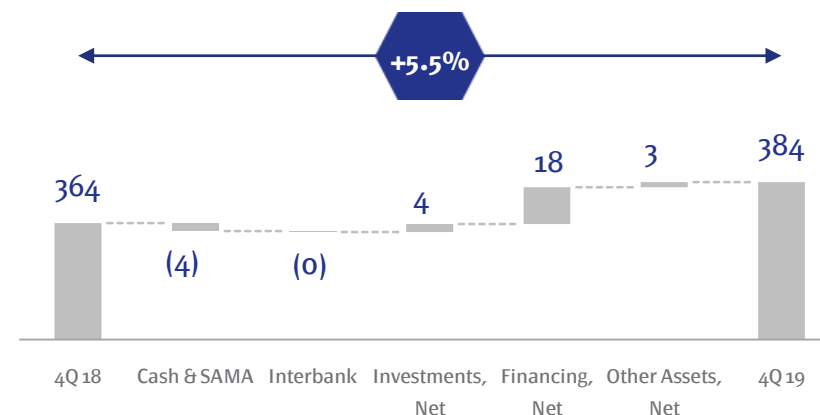
## Total Assets Mix By Type (SARbn)



## Total Assets (SARbn)



## Asset Drivers By Type (SARmn)



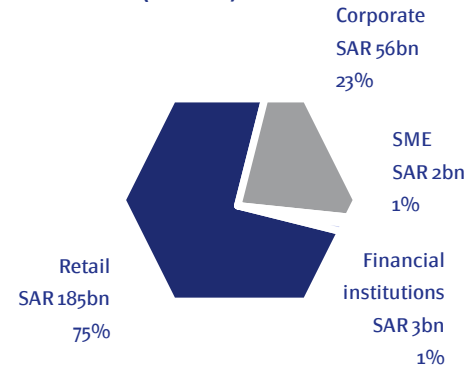
# Financing

Financing (+7.7%) YoY dominated by retail, Mortgage is the champion

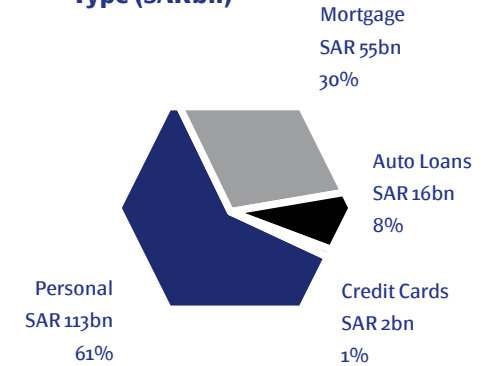
## Highlights

- Financing is dominated by retail (75%) followed by corporate (23%).
- Retail financing is primarily comprised of personal (61%) and mortgage financing (29.5%).

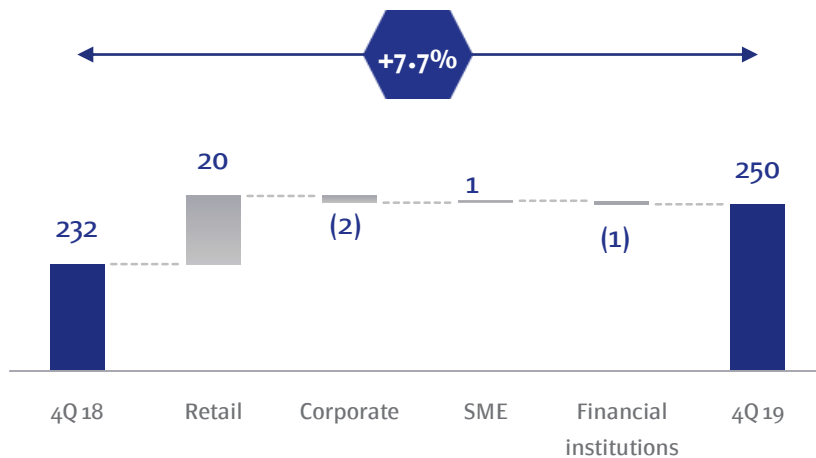
Financing, Net Mix By Segment (SARbn)



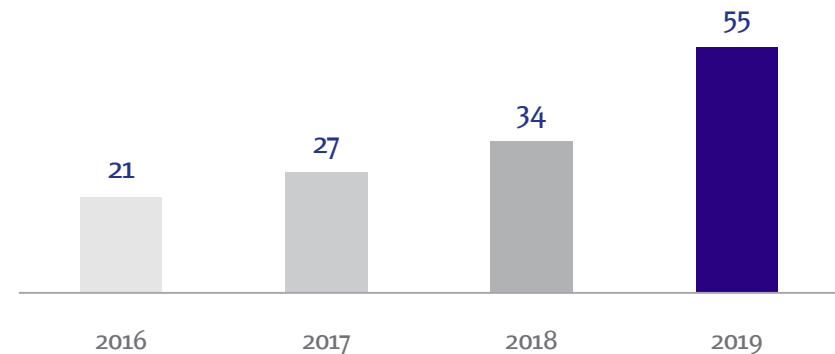
Retail Financing, Net Mix By Type (SARbn)



Financing, Net Drivers (SARmn)



Mortgage Financing, Gross (SARbn)





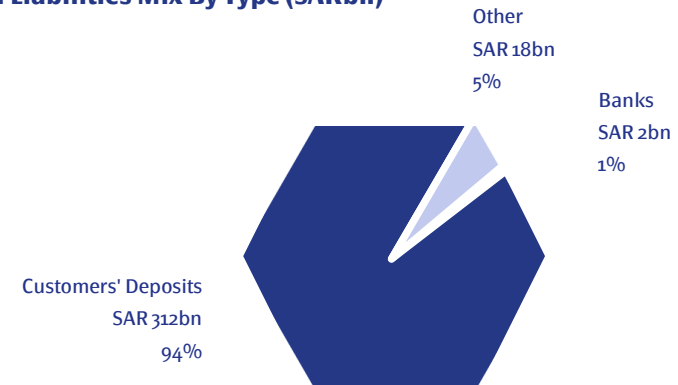
# Funding & Liquidity Trends (1)

Liquidity and funding remain comfortably within regulatory requirements

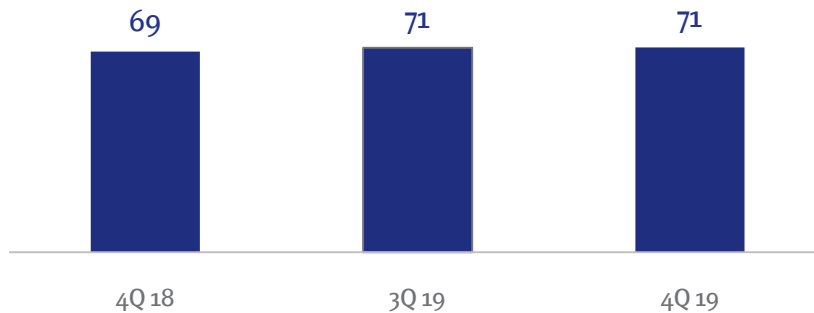
## Highlights

- Liquidity remained healthy during 2019 and comfortably within regulatory guidelines
- HQLA increased by 2% during 2019 and LCR declined to 175%
- The loan to deposit ratio remained stable YoY at 80% as deposit growth tracked net financing growth

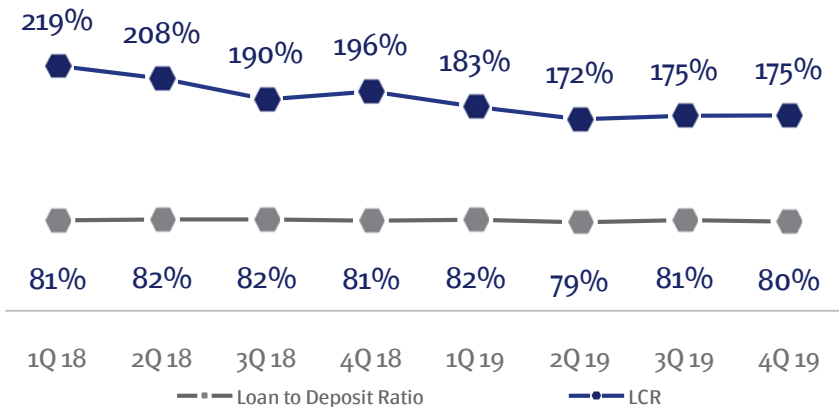
Total Liabilities Mix By Type (SARbn)



HQLA (SARbn)



Liquidity Ratios (%)



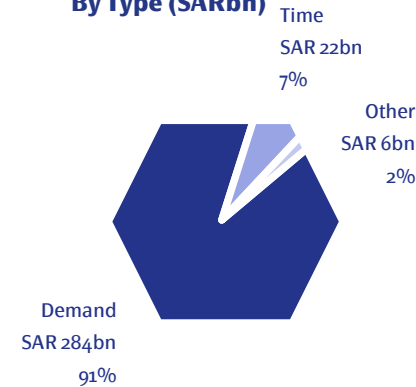
# Funding & Liquidity Trends (2)

## Continued growth in non-profit bearing deposits

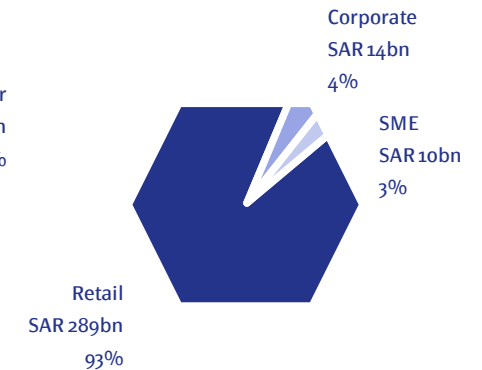
### Highlights

- Strong stable funding with 91% of liabilities sourced from customers' deposits, of which 93% are non-profit bearing.
- Customers' deposits grew 6.3% YoY, principally from non-profit bearing demand deposits.

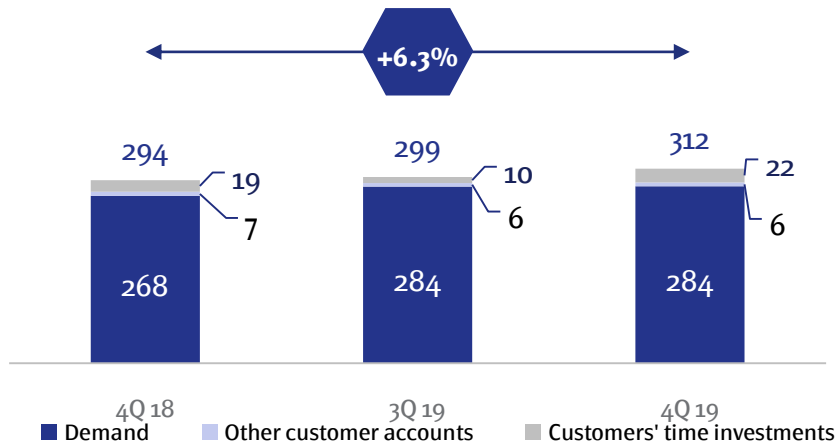
Total Customers' Deposits Mix  
By Type (SARbn)



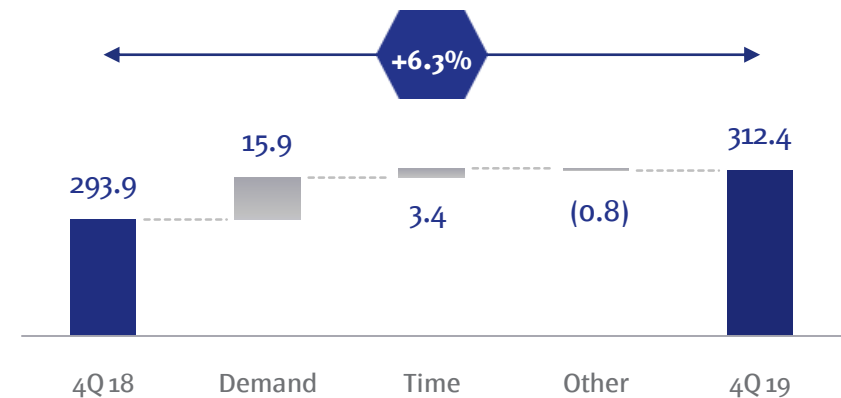
Total Customers' Deposits Mix  
By Segment (SARbn)



Total Customers' Deposits (SARbn)



Total Customers' Deposits Drivers (SARmn)



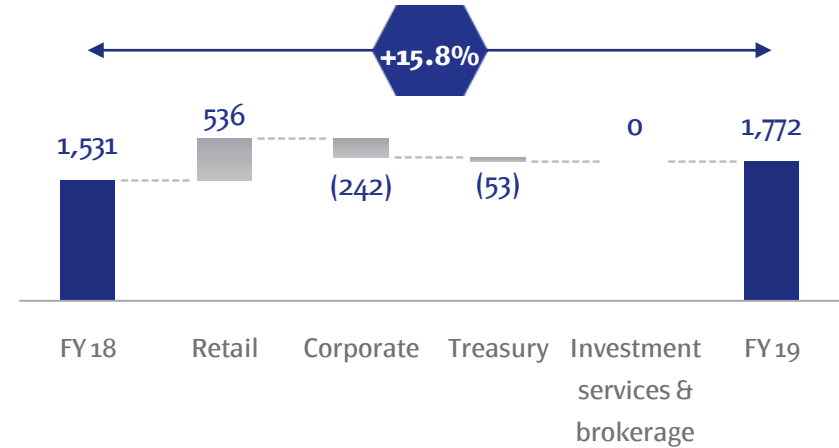
# Asset Quality Trends (1)

## Cost of Risk remains stable

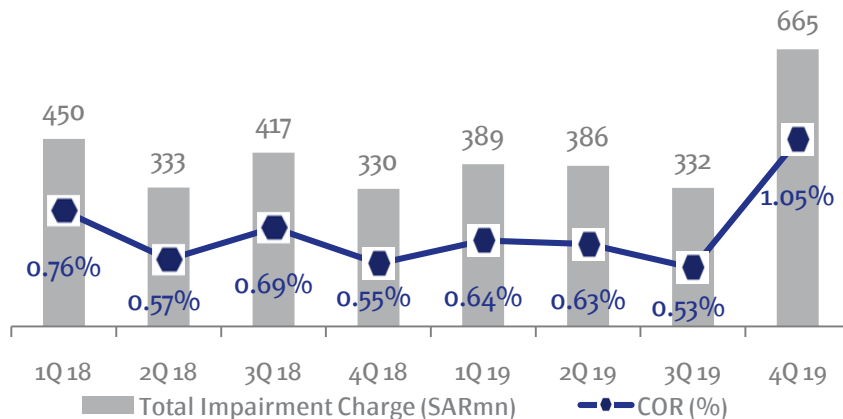
### Highlights

- 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.
- Cost of Risk at 0.71% for 2019 and 1.05% for Q4 driven by increase in Retail segment.

### Impairment Charge Drivers By Segment (SARmn)

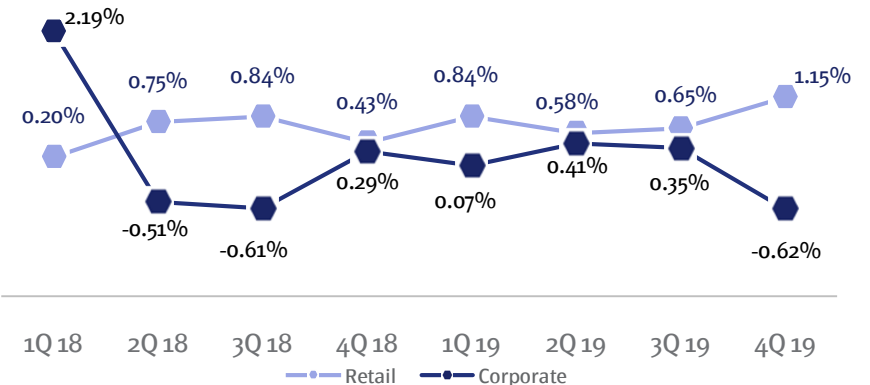


### Total Impairment Charges (SARmn) and Cost of Risk (%)



### Cost of Risk Trends (%)

For KSA Only



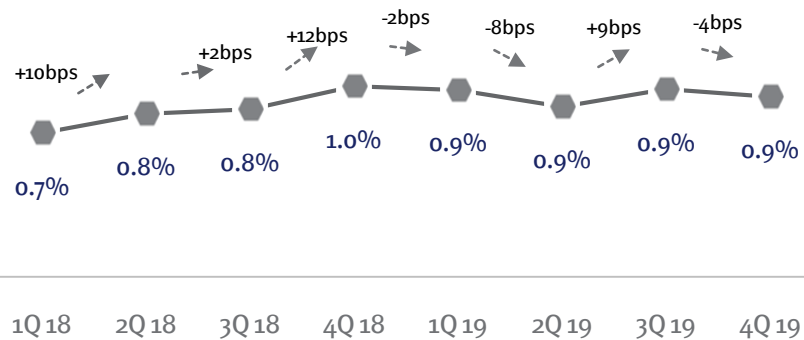
# Asset Quality Trends (2)

## Asset quality remains solid

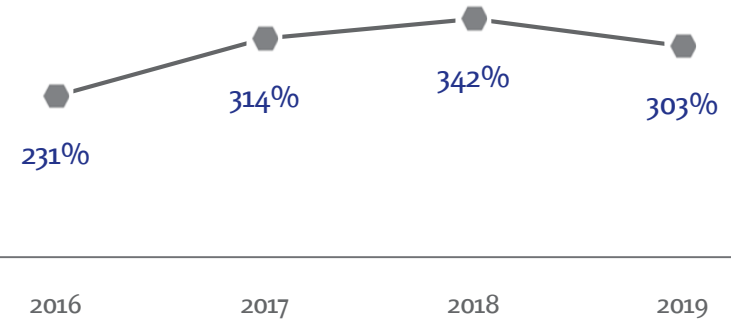
### Highlights

- NPL ratio remains stable at (0.9%) despite slight increase in Corporate NPL ratio.
- Coverage ratio remains above (300%), well above the industry average.

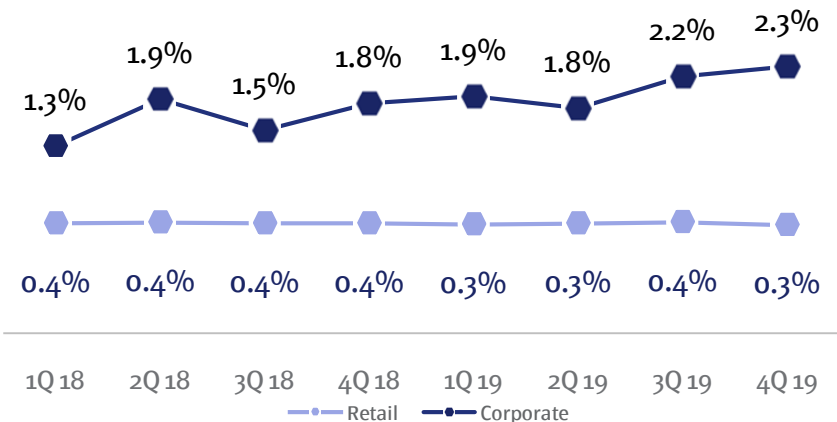
### NPL Ratio Trend (%)



### NPL coverage ratio



### NPL Ratio Trends (%)



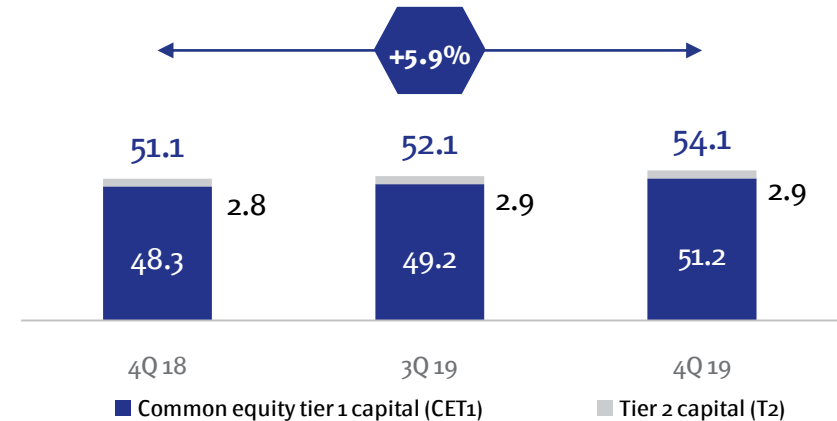
# Capitalisation Trends

Rising profitability drives total capital higher

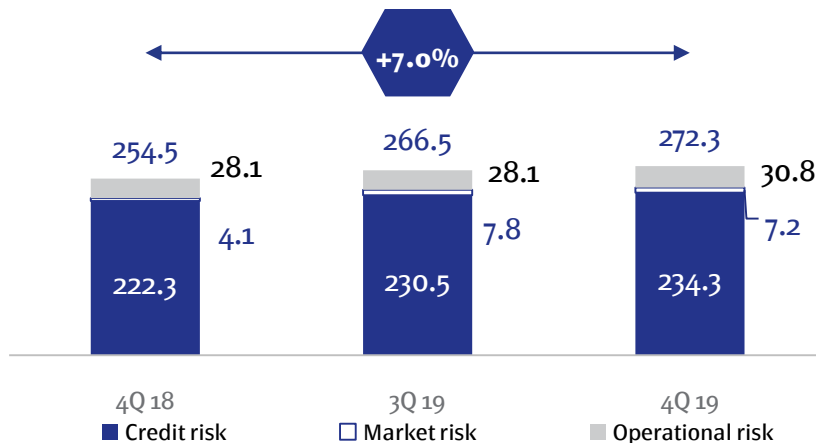
## Highlights

- 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.

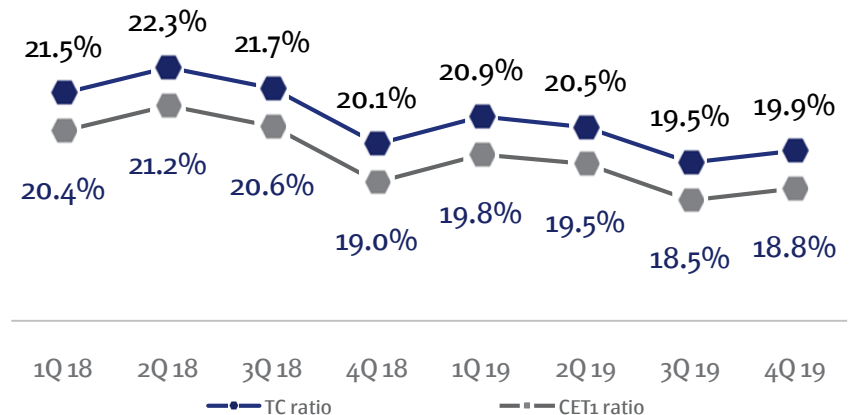
## Total Capital (SARbn)



## Risk Weighted Assets (SARbn)



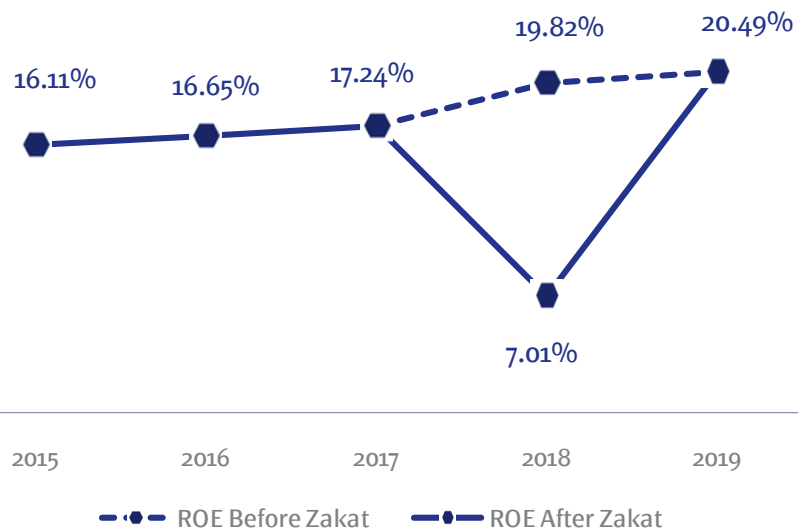
## Capital Ratios (%)



# Return Metrics

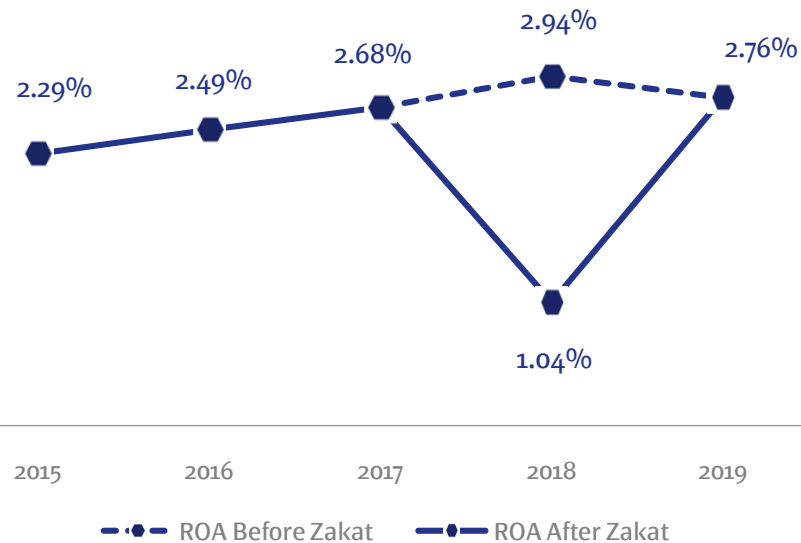
Full year, leading to further improvement of our return profile

### Return on Equity (%)



Further increase of market-leading ROE

### Return on Assets (%)



Stable ROA



# Operating Results

FY 2019 Performance

The Blue Chip Islamic Bank



# Retail Banking

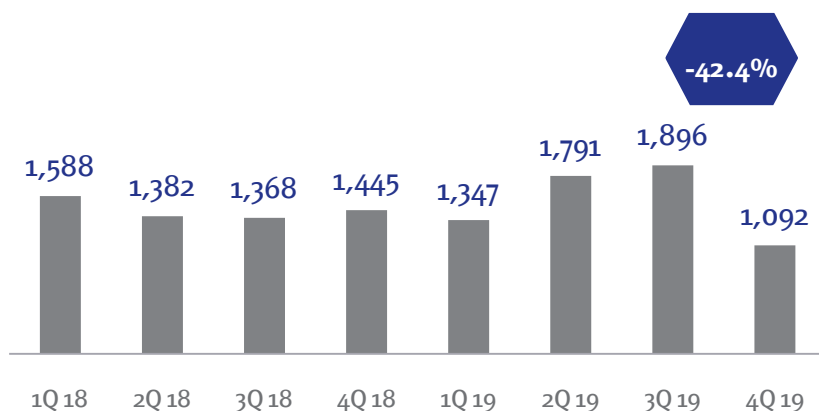
11% increase in profit on strong operating income performance

## Highlights

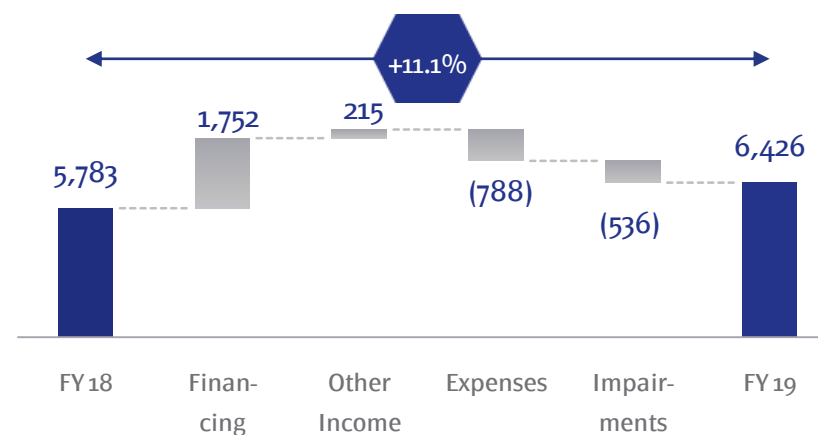
- Retail Banking FY2019 net income increased by 11% YoY, reflecting strong operating income performance.
- Total operating income grew 16.9% YoY mainly from Fees & other income, driven by better product mix in financing portfolio, continued growth in assets (+11.8%) and liabilities (+6.0% mainly from non-profit bearing deposit growth).

|                                   | SAR (mn) | FY 2019       | FY 2018       | YoY %         |
|-----------------------------------|----------|---------------|---------------|---------------|
| Net financing & investment income |          | 12,326        | 10,574        | +16.6%        |
| Fee and other income              |          | 1,265         | 1,049         | +20.5%        |
| <b>Total Operating Income</b>     |          | <b>13,591</b> | <b>11,623</b> | <b>+16.9%</b> |
| Operating expenses                |          | 5,451         | 4,663         | +16.9%        |
| Impairment charge                 |          | 1,713         | 1,177         | +45.5%        |
| <b>Net income</b>                 |          | <b>6,426</b>  | <b>5,783</b>  | <b>+11.1%</b> |
| Total assets                      |          | 208,946       | 186,925       | +11.8%        |
| Total liabilities                 |          | 289,628       | 273,115       | +6.0%         |

## Net Income (SARmn)



## Net Income Growth Drivers By Type (SARmn)





# Corporate Banking

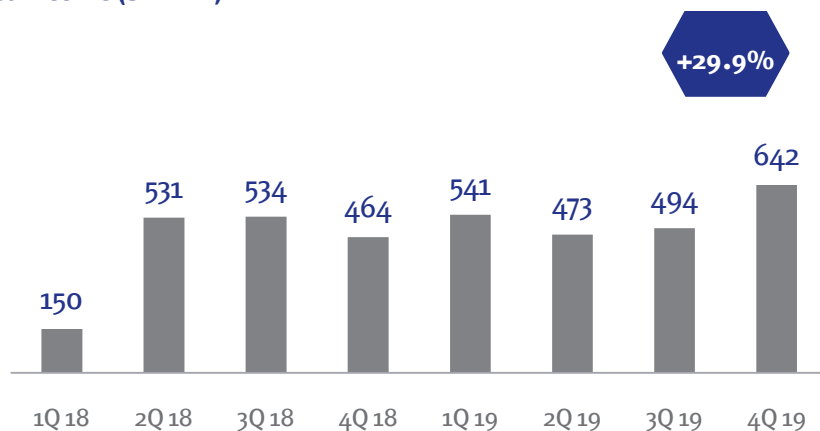
Strong top line and lower impairment charge lead to 28% profit growth

## Highlights

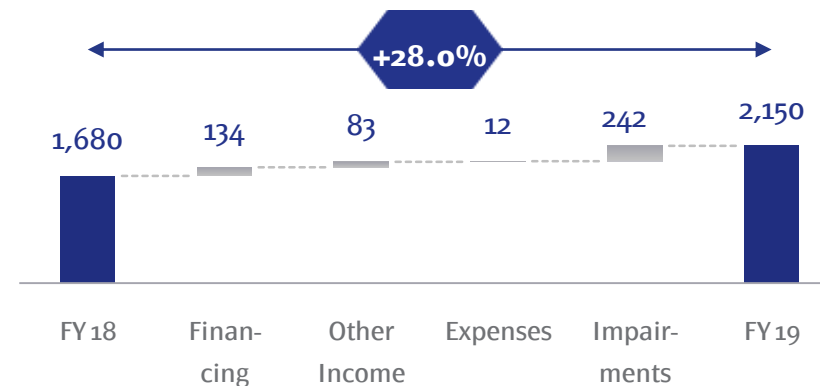
- Corporate Banking FY2019 net income grew 28% YoY as a result of higher income & fees, improved operating efficiency and a drop in the impairment charge.
- Total operating income increased 9.4% YoY as financing income increased 6.9% and fee and other income increased 22.6% YoY.

|                                   | SAR (mn) | FY 2019      | FY 2018      | YoY %         |
|-----------------------------------|----------|--------------|--------------|---------------|
| Net financing & investment income |          | 2,085        | 1,950        | +6.9%         |
| Fee and other income              |          | 447          | 365          | +22.6%        |
| <b>Total Operating Income</b>     |          | <b>2,532</b> | <b>2,315</b> | <b>+9.4%</b>  |
| Operating expenses                |          | 320          | 332          | -3.7%         |
| Impairment charge                 |          | 61           | 303          | -79.7%        |
| <b>Net income</b>                 |          | <b>2,150</b> | <b>1,680</b> | <b>+28.0%</b> |
| Total assets                      |          | 59,407       | 62,102       | -4.3%         |
| Total liabilities                 |          | 34,753       | 28,763       | +20.8%        |

## Net Income (SARmn)



## Net Income Growth Drivers By Type (SARmn)



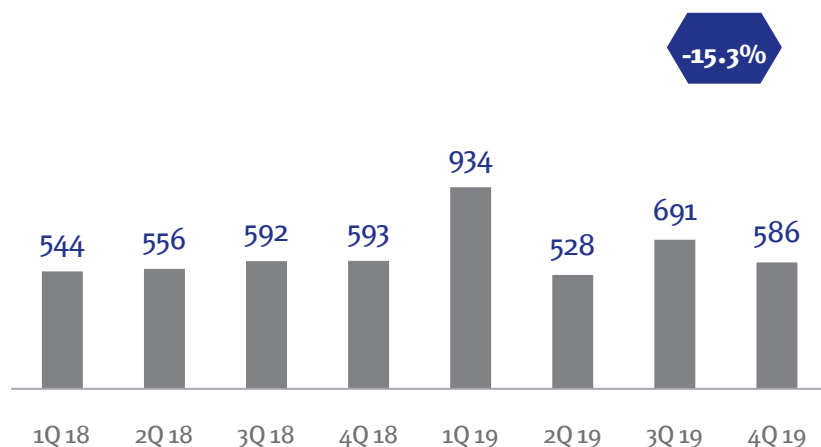
# Treasury

## Strong profit growth from increased investment portfolio

### Highlights

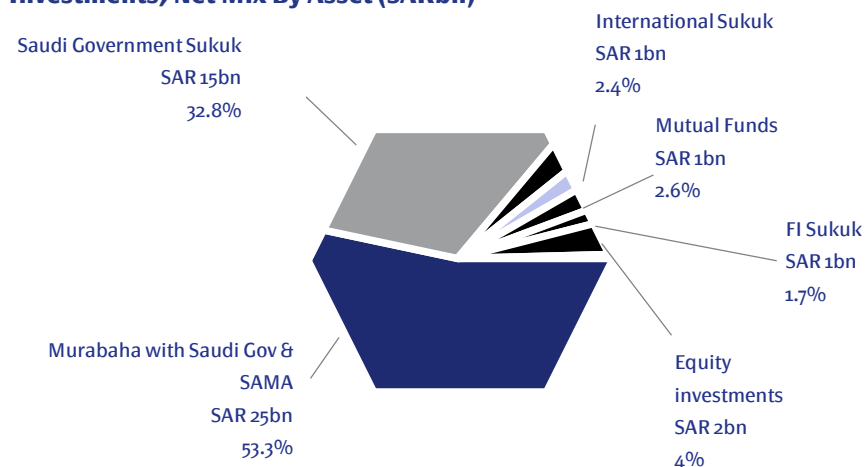
- Treasury FY2019 net income rose 6.8% YoY driven by inverse impairment charge of 2 mln, and 1.9% total operating income growth.
- Tahweel Alrajhi (remittances) market share reached 30.6% as of 31 Dec 2019.

### Net Income (SARmn)



|                                   | SAR (mn) | FY 2019      | FY 2018      | YoY %        |
|-----------------------------------|----------|--------------|--------------|--------------|
| Net financing & investment income |          | 1,993        | 1,946        | +2.4%        |
| Fee and other income              |          | 906          | 898          | +0.9%        |
| <b>Total Operating Income</b>     |          | <b>2,898</b> | <b>2,844</b> | <b>+1.9%</b> |
| Operating expenses                |          | 462          | 509          | -9.3%        |
| Impairment charge                 |          | (2)          | 51           | -104.9%      |
| <b>Net income</b>                 |          | <b>2,439</b> | <b>2,284</b> | <b>+6.8%</b> |
| Total assets                      |          | 112,969      | 111,970      | +0.9%        |
| Total liabilities                 |          | 8,376        | 13,716       | -38.9%       |

### Investments, Net Mix By Asset (SARbn)



# Investment Services & Brokerage

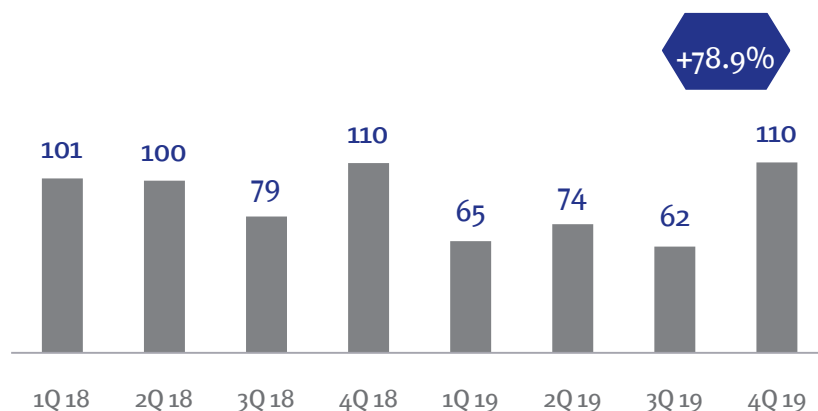
20.1% drop in profit on lower fees

## Highlights

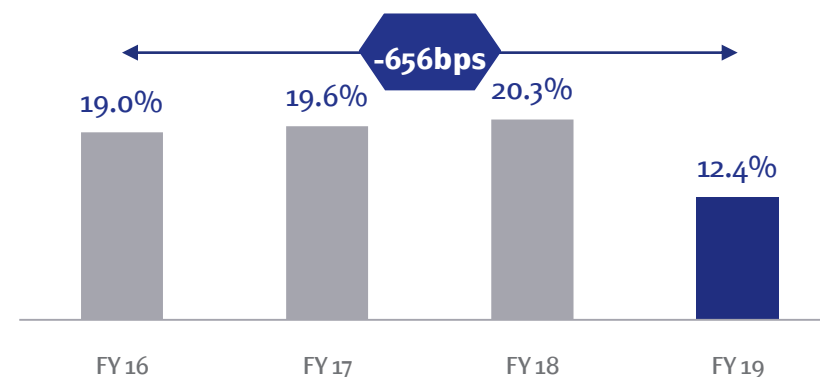
- FY 2019 Net income for Investment Services & Brokerage declined by 20.1% YoY to SAR 311 million principally from 13.7% operating income drop.
- Total operating income drop was due to lower volumes of trading during 2019.

|                                   | SAR (mn) | FY 2019    | FY 2018    | YoY %         |
|-----------------------------------|----------|------------|------------|---------------|
| Net financing & investment income |          | 24         | 16         | +49.7%        |
| Fee and other income              |          | 439        | 521        | -15.7%        |
| <b>Total Operating Income</b>     |          | <b>463</b> | <b>537</b> | <b>-13.7%</b> |
| Operating expenses                |          | 152        | 148        | +3.3%         |
| <b>Net income</b>                 |          | <b>311</b> | <b>389</b> | <b>-20.1%</b> |
| Total assets                      |          | 2,765      | 3,033      | -8.8%         |
| Total liabilities                 |          | 137        | 130        | +5.3%         |

## Net Income (SARmn)



## Market Share - Al Rajhi Capital Brokerage





# Appendix

## Additional Information

The Blue Chip Islamic Bank



# Board of Directors

## Members



**Chairman**  
Abdullah bin Sulaiman Al Rajhi  
Non-Executive



Salah bin Ali AbalKhail  
Non-Executive



**Vice Chairman**  
Alaa bin Shakib Al Jabiri  
Independent



Bader bin Mohammed Al Rajhi  
Non-Executive



Khaled bin Abdulrahman Al Qoaz  
Non-Executive



Abdulaziz bin Khaled Al Ghefaily  
Non-Executive



Ibrahim F. Al-Ghofaily  
Independent



Ameen F. Al Shiddi  
Non-Executive



Hamza O. Khushaim  
Non-Executive



Raed A. Al-Tamimi  
Independent



Abdulfatif A. Alseif  
Independent

# Management Team

International expertise combined with deep roots in Saudi Arabia



**Chief Executive Officer**  
Waleed Al-Mogbel  
Banking experience: 21 years



**Chief Financial Officer**  
Abdulrahman Al Fadda  
Banking experience: 22 years



**Chief Operating Officer**  
Robin Jones  
Banking experience: 30 years



**Chief Risk Officer**  
Abdulaziz Alresais  
Banking experience: 18 years



**Chief Compliance Officer**  
Abdullah Sulaiman Alnami  
Banking experience: 24 years



**Chief Human Resources Officer**  
Ahmed Alsudais  
Banking experience: 16 years



**General Manager Retail**  
Saleh Alzumaie  
Banking experience: 28 years



**General Manager Corporate**  
Majid Algwaiz  
Banking experience: 24 years



**Chief Marketing & UX Officer**  
Turki Aldhfayan  
Banking experience: 12 years



**General Manager Sharia**  
Saleh Al-Haidan  
Banking experience: 16 years



**Chief Internal Audit Officer**  
Abdulaziz Alshushan  
Banking experience: 3 years



**Chief Governance & Legal Officer**  
Omar Almudarra  
Banking experience: 19 years



# Al Rajhi Bank ESG Investor Presentation

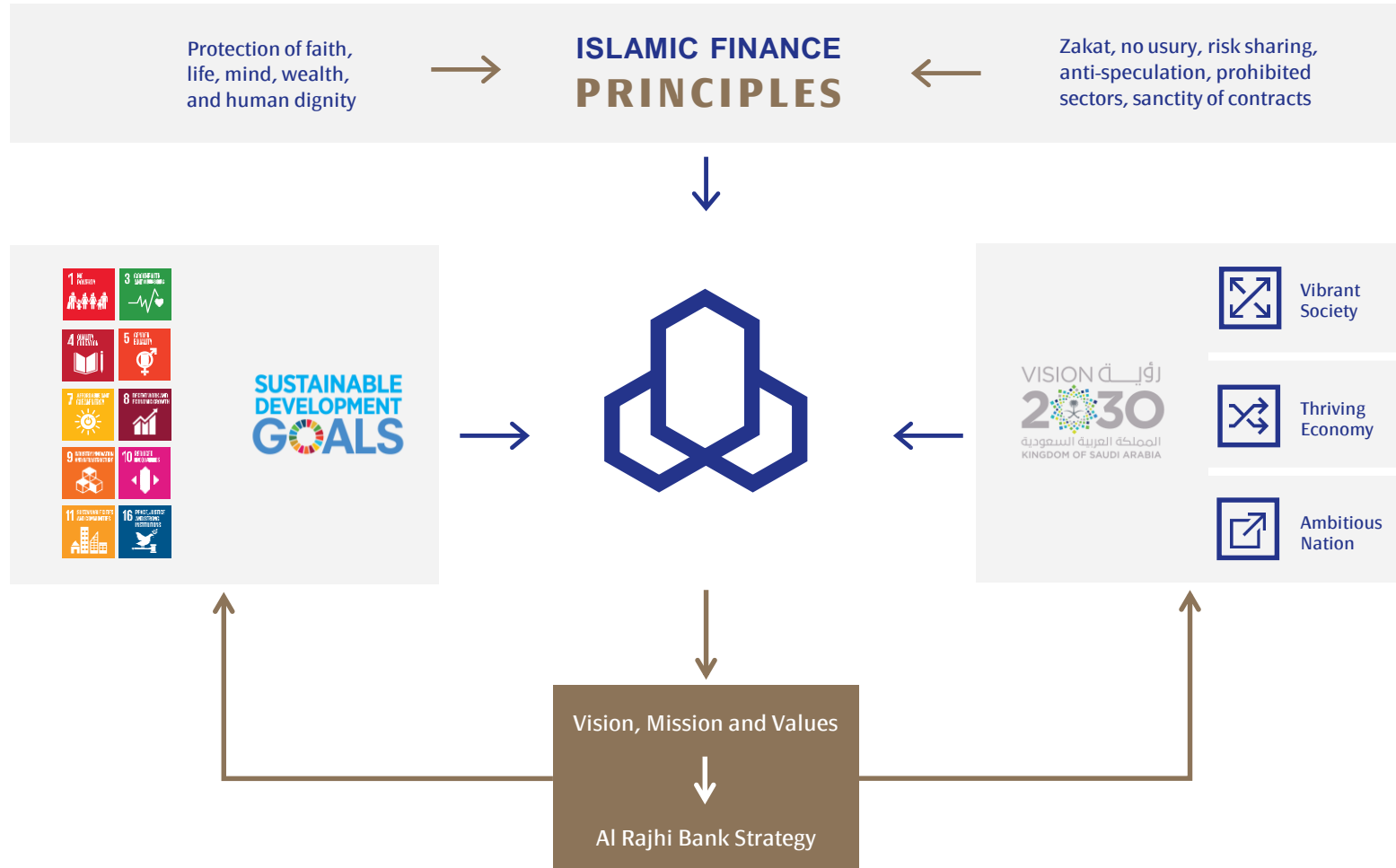
FY 2019

The Blue Chip Islamic Bank



# ESG is part of Al Rajhi Bank's DNA

Ethical values are central to Islamic Finance, UN SDGs and KSA Vision 2030

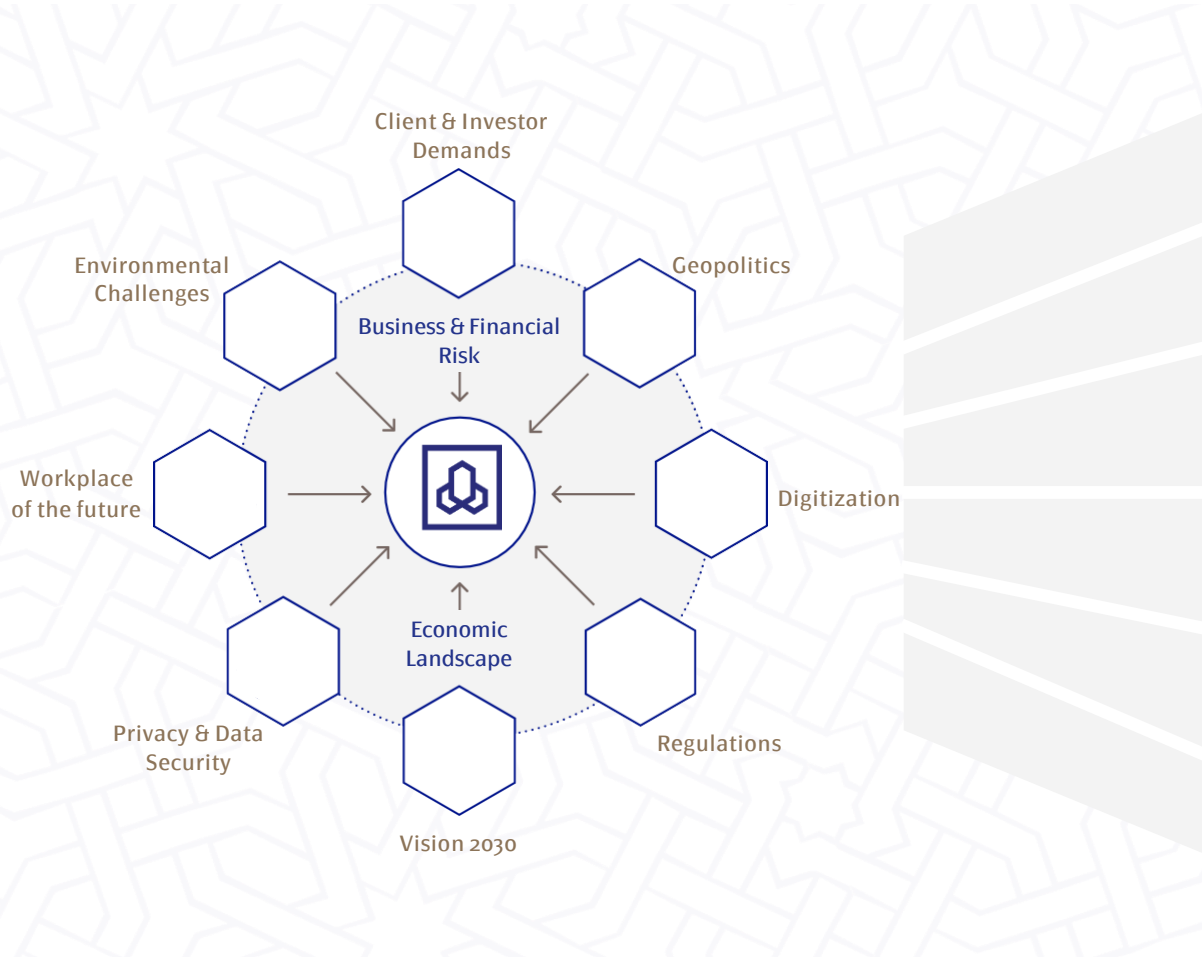




# Developments impacting Al Rajhi Bank's operating environment

Major factors integrated into our approach to ESG and our value creation model

## Major Factors



## 'ABCDE' Strategy



**Accelerate growth**  
Improve portfolios in key customer segments



**Become Employer of choice**  
Create a performance-driven culture where the customer comes first



**Customer focus**  
Provide greater convenience and security in customer offering



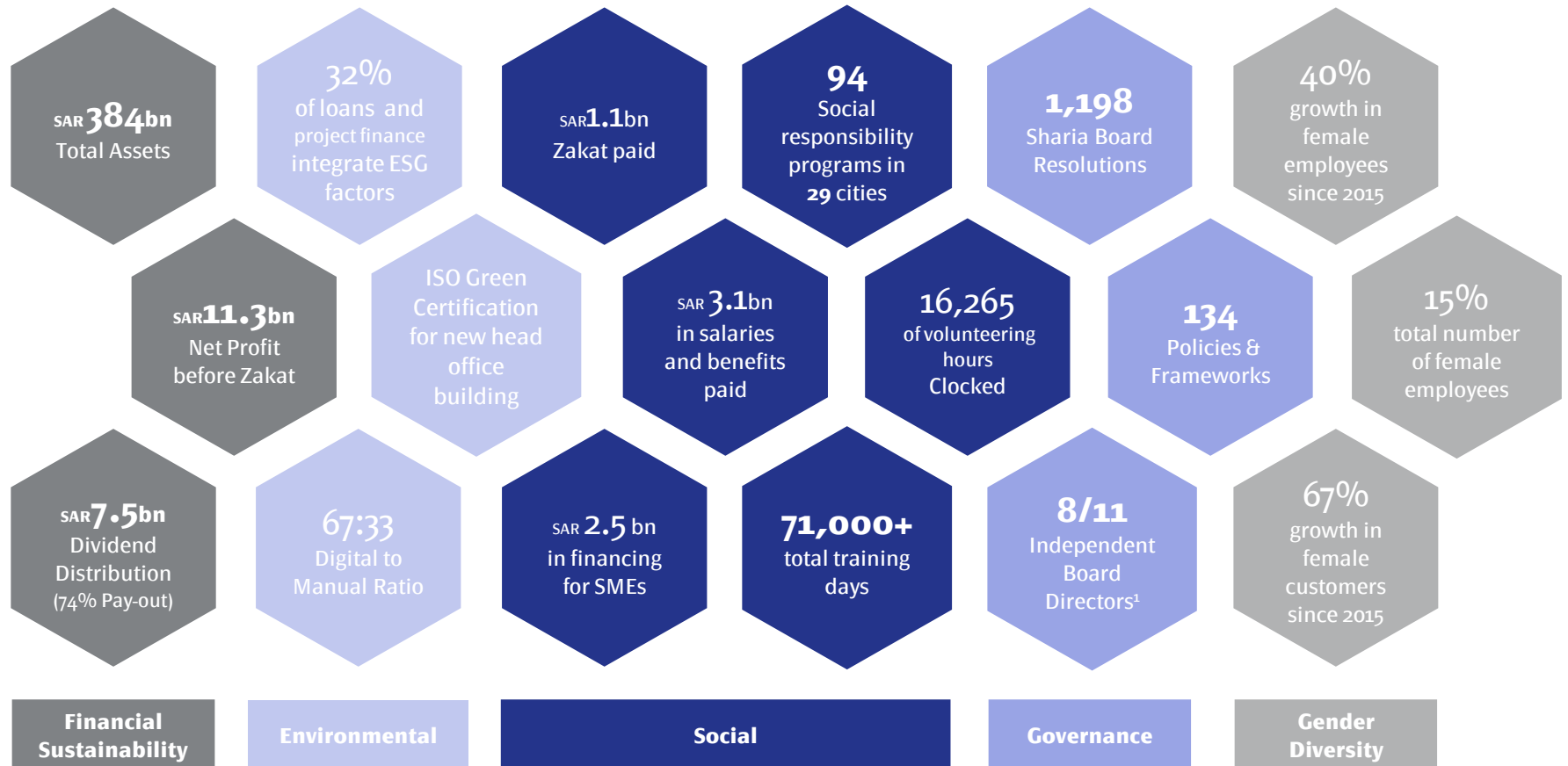
**Digital leadership**  
Expand digital channels and migrate customers to self-service banking



**Execution excellence**  
Explore and execute measures to improve operations

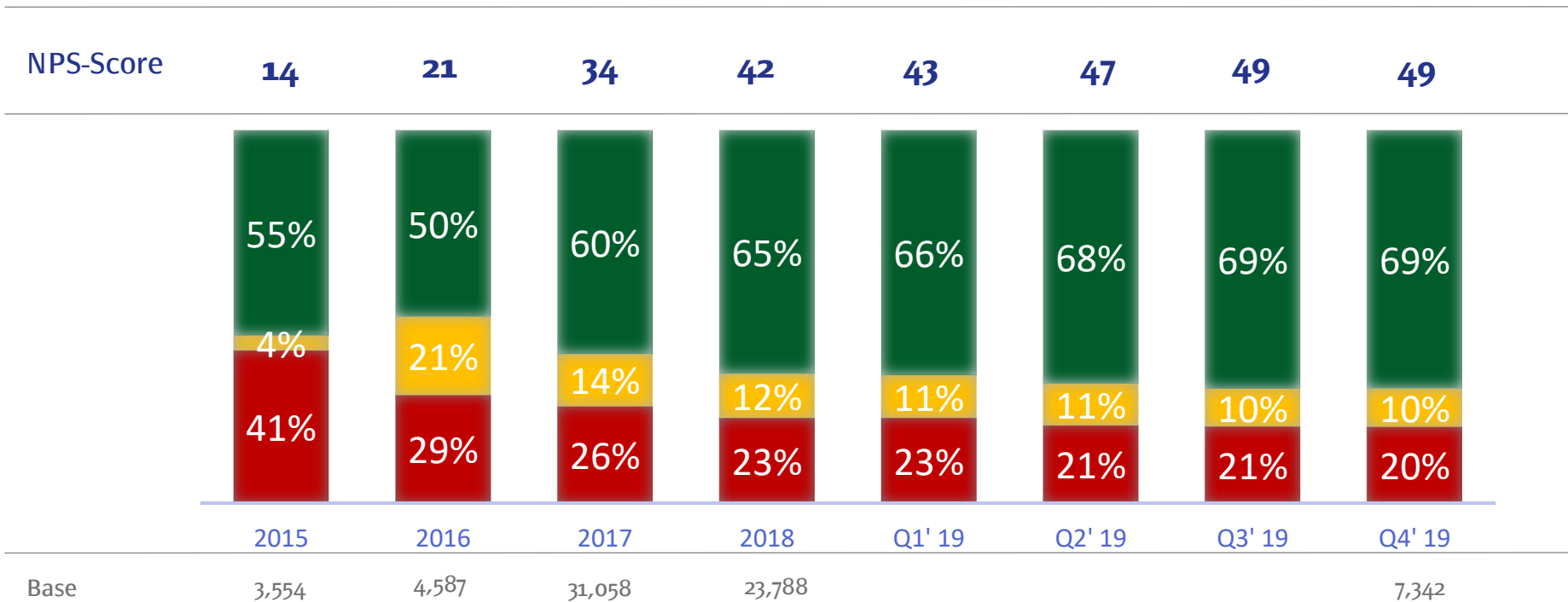
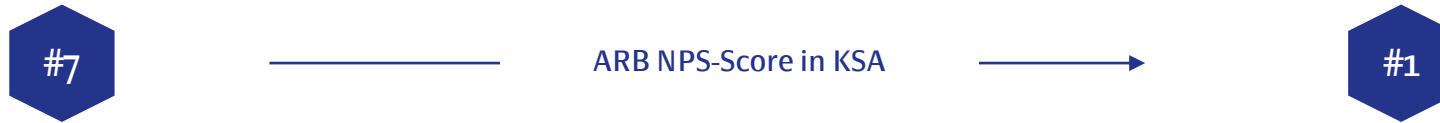
# ESG Highlights

As of 2019



# Placing customer relationships at the heart of ARB

We achieved our target of becoming the most recommended bank in KSA



## We ask customers:

Based on your experience with your main bank, how likely are you to recommend it to a friend, relative or colleague, on a scale from 0 to 10?

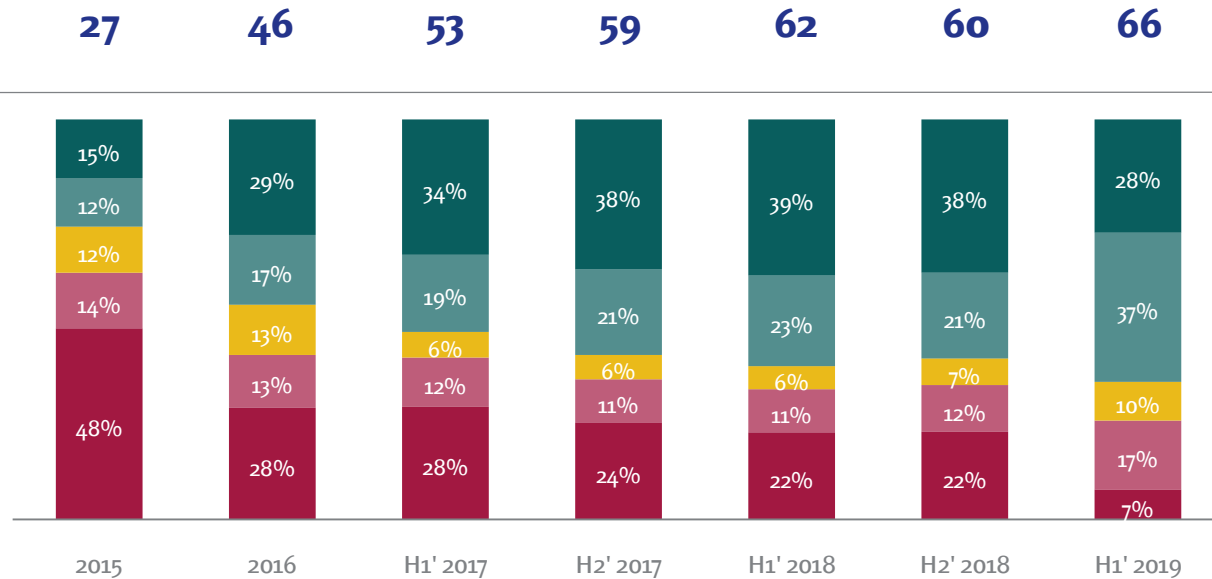


# Ensuring ARB staff are proud, valued and energized

The ARB employee engagement index (EEI) score is at its peak



EEI Score = Highly Engaged + Engaged



Base

3,934

4,398

3,003

3,435

2,598

2,407

2,723

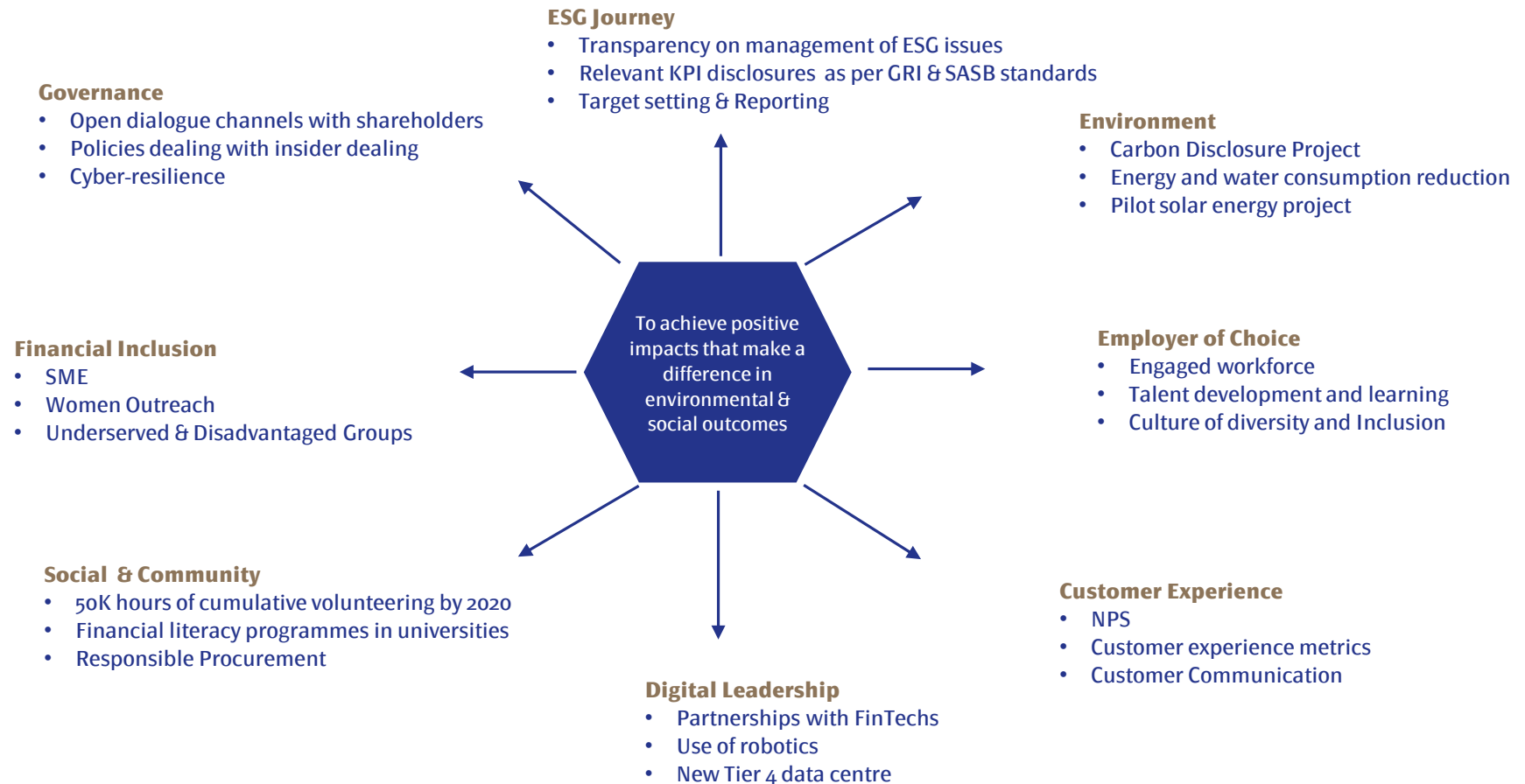
**We ask employees three equal-weighted questions to calculate the Employee Engagement Index score:**

1. I am proud to work for Al Rajhi Bank
2. I feel valued
3. I am energized by work I do



# Conclusion and the way forward

"We believe our future success is interlinked with the well-being of our stakeholders and the world around us."



# Additional Information

Contact investor relations for more information

Mr. Amr M. Sager

Head of Investor Relations

Tel: +966 (11) 828 3536

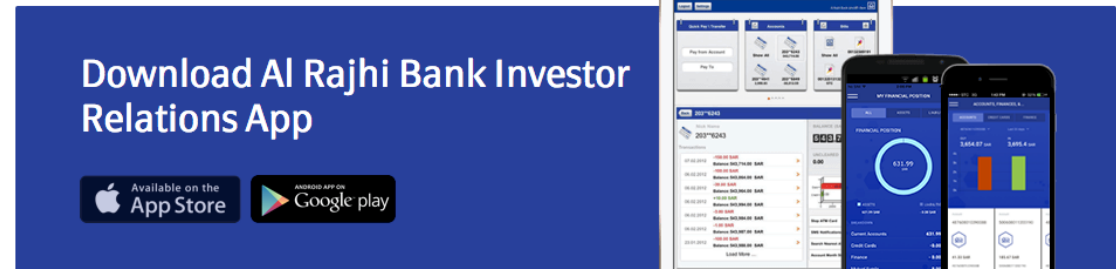
Email: [sagera@alrajhibank.com.sa](mailto:sagera@alrajhibank.com.sa)

Mr. Faisal F. Altimyat

Senior Investor Relations Officer

Tel: +966 (11) 828 1457

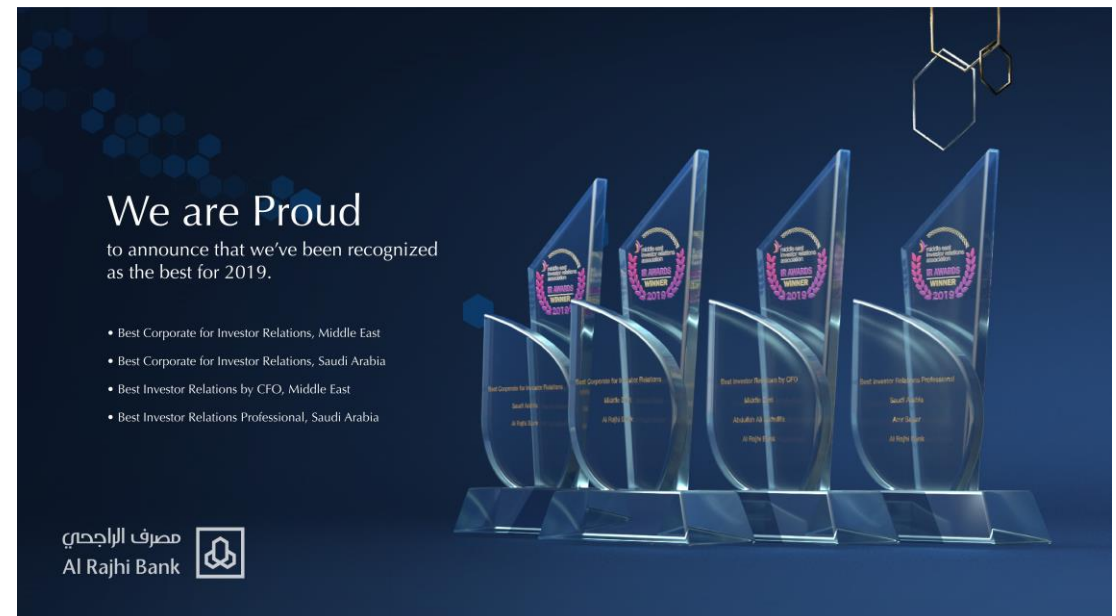
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ANDROID APP ON Google play



We are Proud to announce that we've been recognized as the best for 2019.

- Best Corporate for Investor Relations, Middle East
- Best Corporate for Investor Relations, Saudi Arabia
- Best Investor Relations by CFO, Middle East
- Best Investor Relations Professional, Saudi Arabia

مصرف الراجحي  
Al Rajhi Bank 

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