



Al Rajhi Bank Results Presentation

1Q 2019 Earnings Conference Call and Webcast

The Blue Chip Islamic Bank



Management Summary

1Q 2019 Highlights

Strategy

'ABCDE' 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
- Delivery on our strategy is on plan and we expect to see continued growth across our businesses

Operating Result

1Q 2019 net income growth of 21.1% YoY to SAR 2.9 billion, mainly driven by

- Operating income growth from yield improvements
- Improving operating efficiency
- Stable cost of risk
- Net profit growth across Retail, Corporate & Treasury
- 1Q 2019 record operating income and net income

Leading to a further increase to our market-leading ROE of 23.1%

Balance Sheet Strength

Balance sheet growth was driven by deposit growth

- Growth in non-profit bearing deposits continued
- Al Rajhi Bank remains well capitalized and maintains high coverage ratio
- Broad based loan growth

Strategy Overview

Pillars of the ABCDE 'Back to Basics' Strategy

Key initiatives 2017-2020



Accelerate Growth



Grow mortgage, private sector, affluent, ladies & Tahweel

Enhance SME & Corporate capabilities

Enhance International presence

Improve yields

Exceed Industry



Become Employer of Choice



Engaged workforce

Expand development & training programs

Strengthen diversity

Enhance employee value proposition

Higher Engagement



Customer Focus



Update value propositions

Empower frontline

Align organization to customer advocacy

Install and embed NPS across the bank

Most Recommended



Digital Leadership



Smartly expand channels & formats

Digitize customer journeys

Migrate customers to self service channels

Innovate in payments

Best-In-Class



Execution Excellence



World-class compliance

Enhance IT infrastructure

Centralize and automate operations

Strengthen risk infrastructure

Deliver

Strategy Update

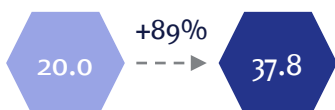
ABCDE 'Back to Basics' strategy delivered strong results in 1Q 2019



Accelerate Growth

12% YoY operating income growth
42% YoY growth in mortgages
5.1% YoY growth in current accounts
63bps YoY net profit margin improvement to 4.80%

Mortgage Financing (SARbn)



2015 1Q 2019

Exceed Industry



Become Employer of Choice

Al Rajhi Bank Academy
School of Banking
Graduate Program
8,069 training days delivered

Number of Female Employees



2015 1Q 2019

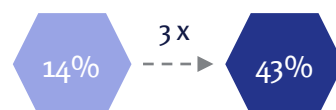
Higher Engagement



Customer Focus

12 new products launched to cater to customers' needs
Enhanced Distribution Network
#1 Bank brand in KSA (BrandPower Score 2018)
2 Net Promoter Score in KSA

Net Promoter Score



2015 1Q 2019

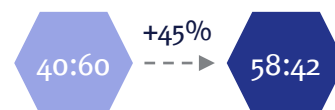
Most Recommended



Digital Leadership

90K POS	
5K ATMs	27 ITMs
265 Self Service Kiosks	
4.3mn active digital users	

Digital : Manual Ratio



2015 1Q 2019

Best-In-Class



Execution Excellence

253 Bots
24K transactions per day
New head office and data center
Further enhanced turnaround time

Transactions per month (Avg.)



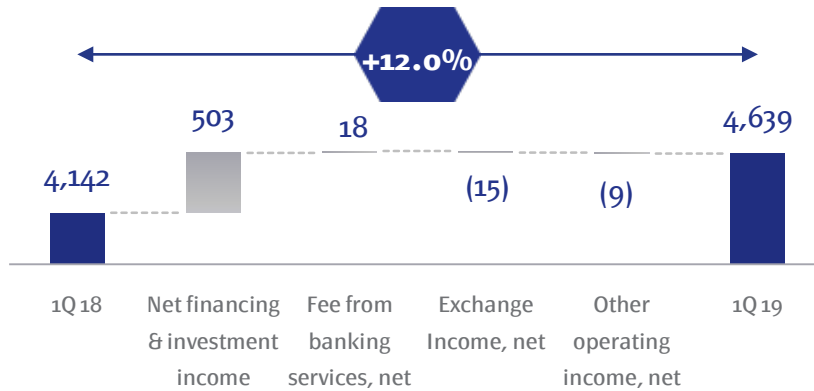
2015 1Q 2019

Deliver

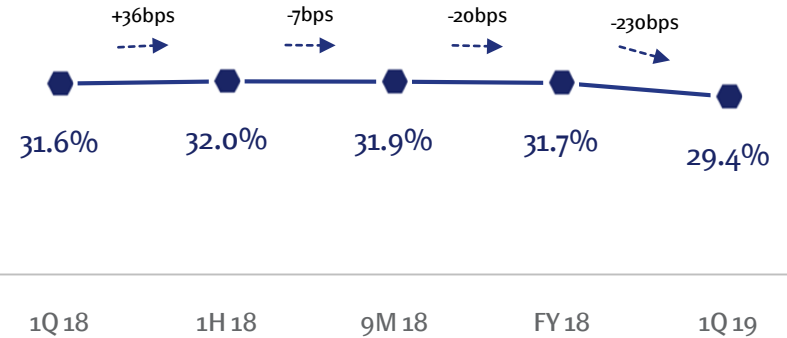
Strong financial performance in 1Q 2019

Key drivers of 1Q 2019 net income growth of 21.1% YoY to SAR 2.9bn

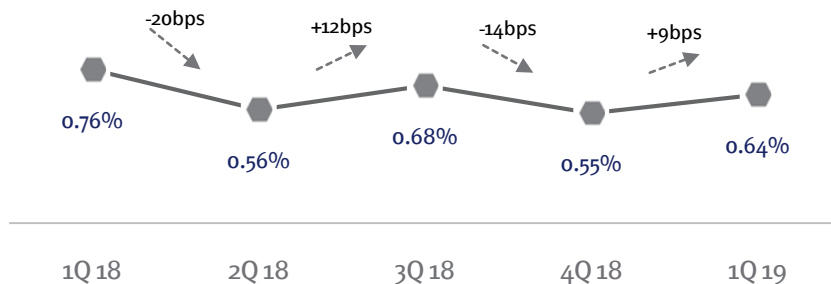
12.0% total operating income growth from financing & investment income (+14.6%) improvement (SARmn)



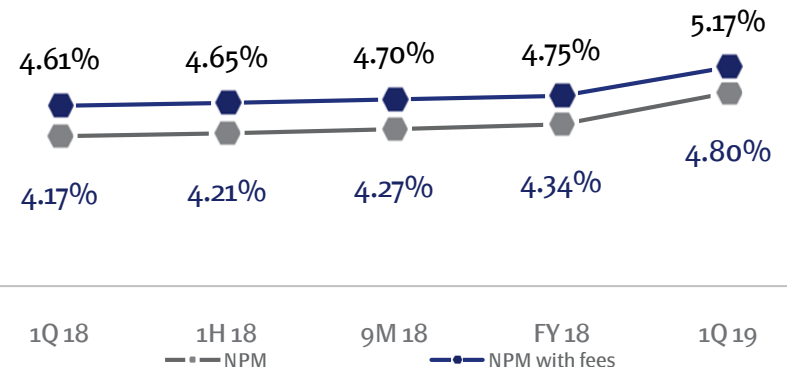
Improved operating efficiency by 220bps year-on-year to 29.4% (C/I ratio)



Stable cost of risk at 0.64%



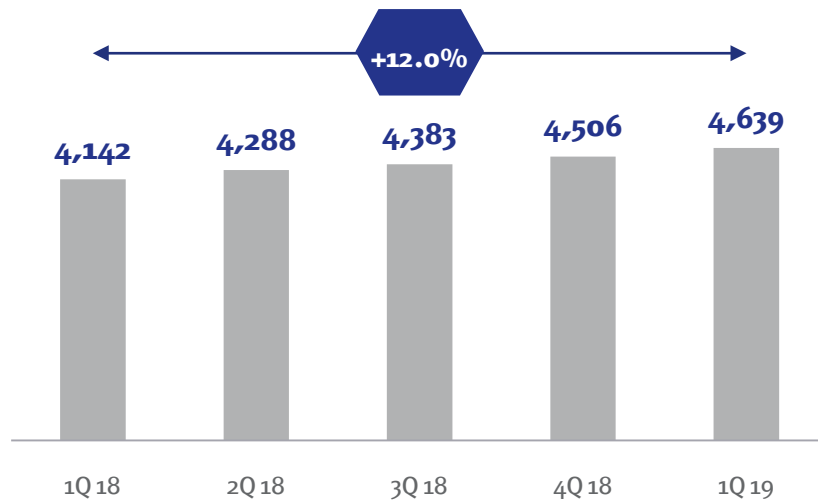
Net profit margin (%)



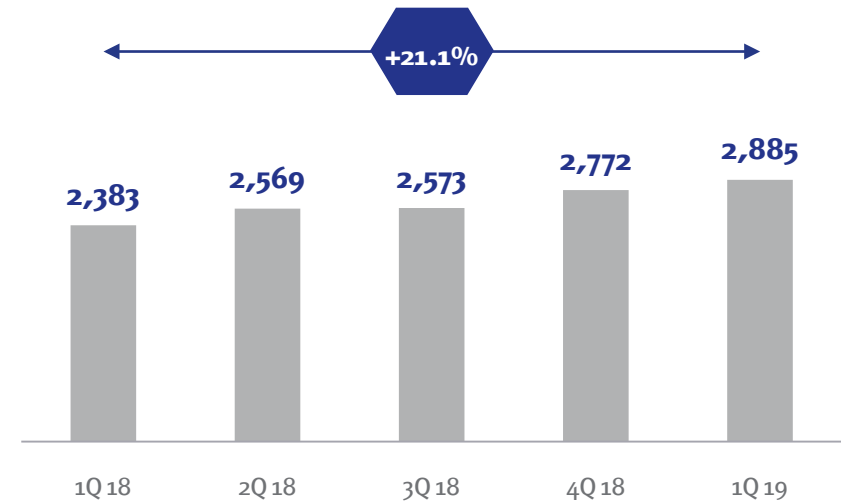
Record 1Q 2019

1Q 2019 operating income of SAR 4.64bn and net income of SAR 2.89 bn

Total Operating Income (SARmn)



Net income for the period (SARmn)



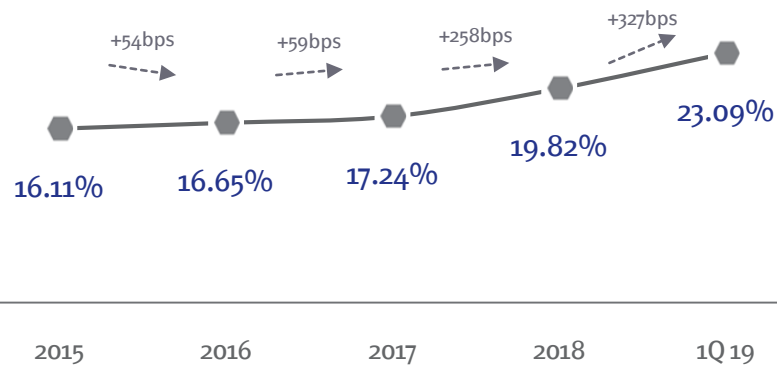
Continuous rise in operating income

Record net income

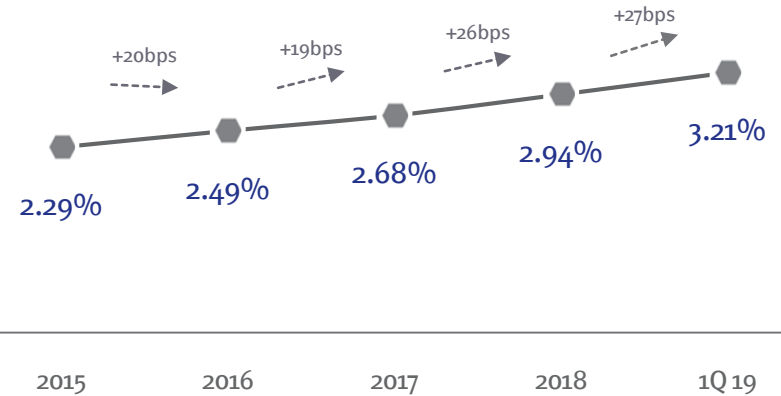
Return Metrics

1Q 2019 was an excellent year, leading to further improvement of our return profile

Return on Equity (%)



Return on Assets (%)



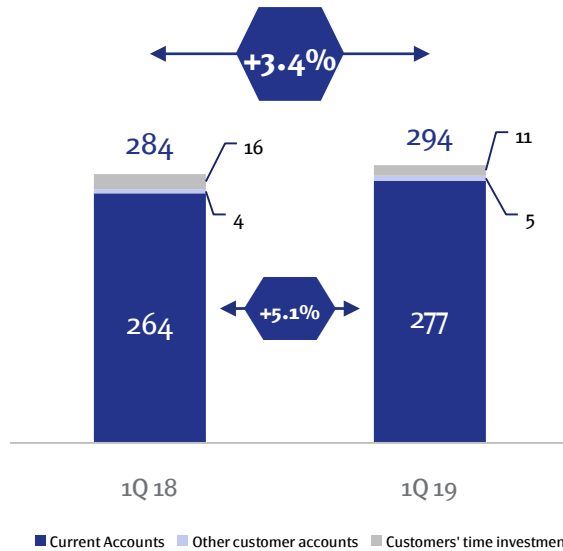
Further increase of market-leading ROE

+27bps increase of ROA

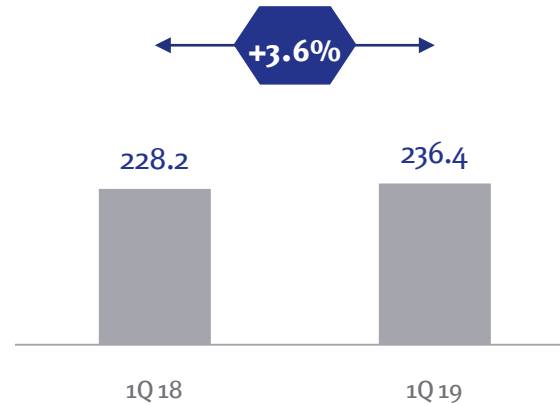
Balance Sheet Strength

Balance Sheet growth was driven by 3.4% deposit growth

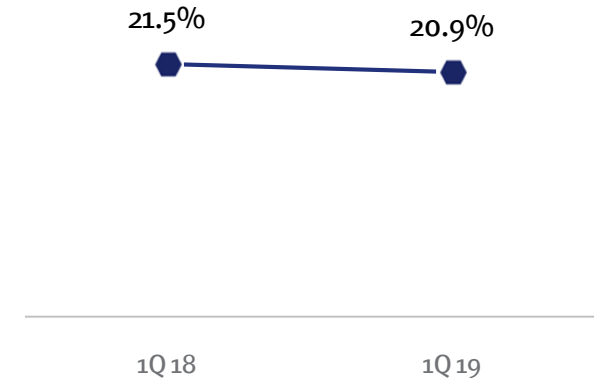
Total Customers' Deposits (SARbn)



Financing, Net (SARbn)



Capital Adequacy Ratio (%)



96% non-profit bearing deposits 1Q 2019
vs 94% 1Q 2018

Net financing grew by 3.6%

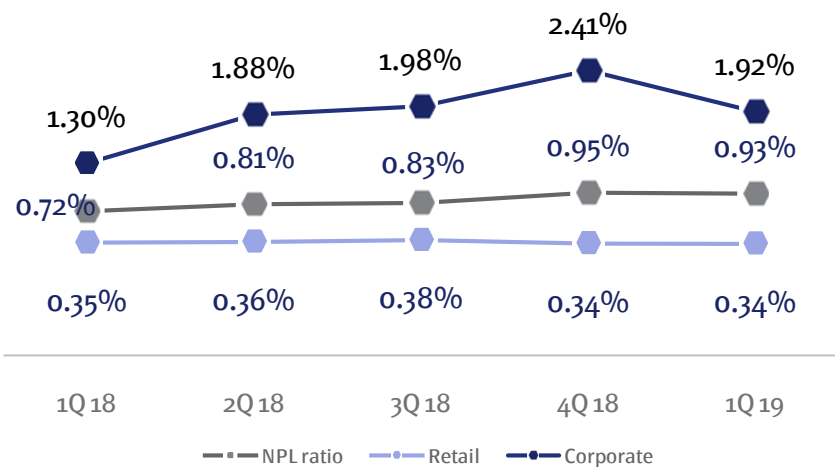
CAR declined by 72 bps due to dividend
payout and Zakat settlement

Asset Quality Stable

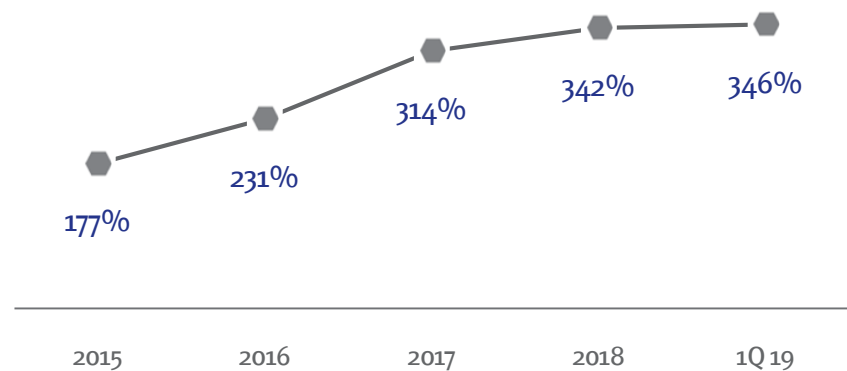
Asset quality remains solid



NPL Ratio Trends (%)



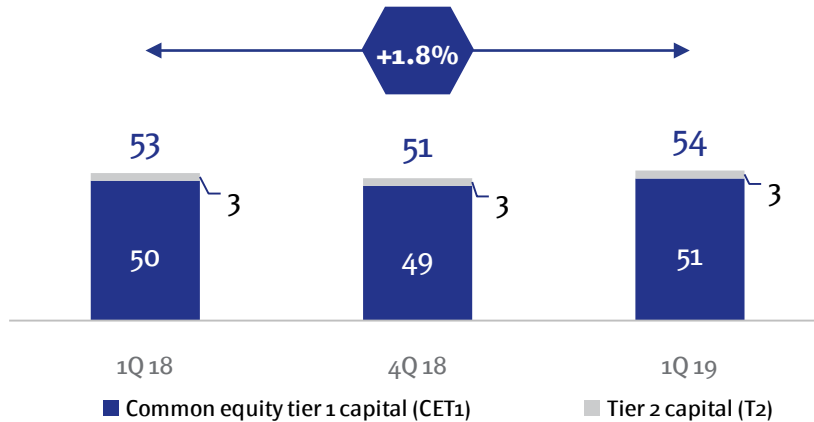
NPL Coverage Ratio (%)



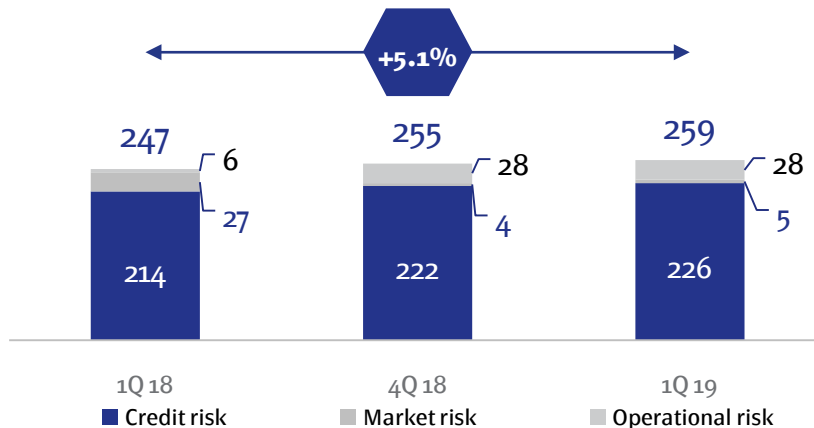
Capitalisation Trends

Rising profitability drives total capital higher

Total Capital (SARbn)



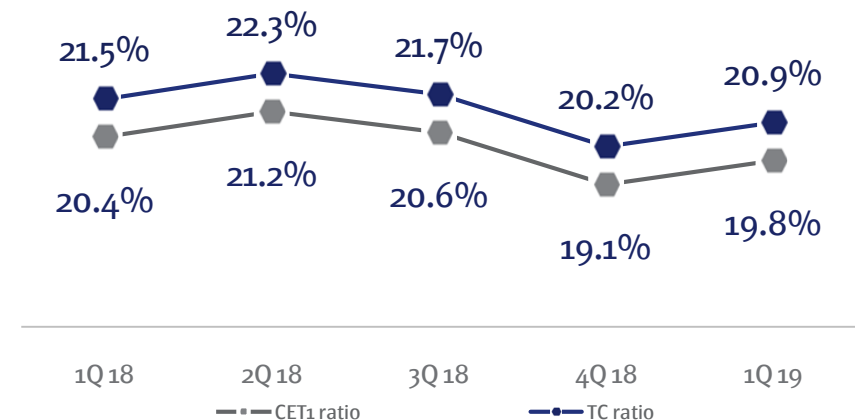
Risk Weighted Assets (SARbn)



Commentary

- Total Capital increased by 1.8% on rising profitability
- Capitalization remains strong with CAR of 20.9% and CET1 of 19.8% as at 31 March 2019

Capital Ratios (%)



Progress against guidance and outlook

Financing & income growth, efficiency and cost of risk in line with FY 2019 guidance

		FY 2018	1Q 2019 Actual	FY 2019 Guidance
Balance Sheet	Financing, Net (SAR bn)	234	236 (+0.9%)	Mid single digit growth
	Net Profit Margin	4.34%	4.80% (+46 bps)	+25 to +30 bps
Profitability	Cost to Income Ratio	31.7%	29.4%	Below 31%
	Cost of Risk	0.63%	0.64%	0.55% - 0.65%
Asset Quality	CET1 Ratio	19.1%	19.8%	19% to 20%
	ROE	19.82%	23.09%	Above 22%
Capital & Liquidity				



Questions & Answers

The Blue Chip Islamic Bank



Additional Information

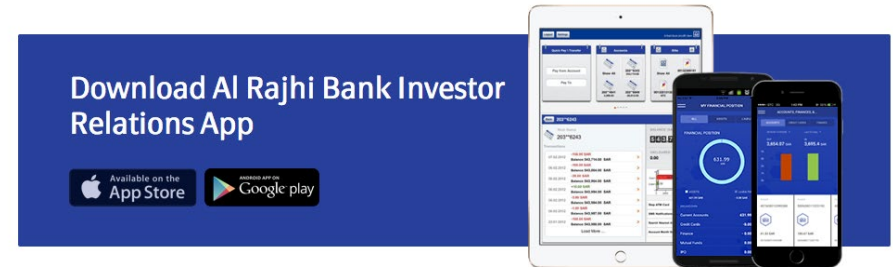
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