



Al Rajhi Bank Results Presentation

3Q 2019 Earnings Conference Call and Webcast

The Blue Chip Islamic Bank



Management Summary

9M 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

9M 2019 growth of 18.2% in net income before Zakat to SAR 8.89 billion, mainly driven by

- Operating income growth from yield improvements
- Improving operating efficiency
- Stable cost of risk
- Net profit growth across Retail, Corporate & Treasury
- 3Q 2019 strong operating income and net income

Leading to a further increase to our market-leading ROE of 21.64%

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

ABCDE 'Back to Basics' strategy already delivers results

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

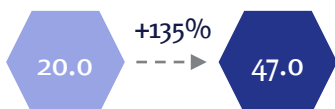
ABCDE 'Back to Basics' strategy delivered strong results in 9M 2019



Accelerate Growth

13% YoY operating income growth
52% YoY growth in mortgages
5% YoY growth in current accounts
51bps YoY net profit margin improvement to 5.21%

Mortgage Financing (SARbn)



2015 9M 2019

Exceed Industry



Become Employer of Choice

Al Rajhi Bank Academy
School of Banking
Graduate Program
24,680 training days delivered

Number of Female Employees



2015 9M 2019

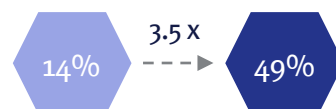
Higher Engagement



Customer Focus

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

Net Promoter Score



2015 9M 2019

Most Recommended



Digital Leadership

106 K POS	
5K ATMs	28 ITMs
292 Self Service Kiosks	
5.1mn active digital users	

Digital : Manual Ratio



2015 9M 2019

Best-In-Class



Execution Excellence

253 Bots
25.5K transactions per day
New head office and data center
Further enhanced turnaround time

Transactions per month (Avg.)



2015 9M 2019

Deliver

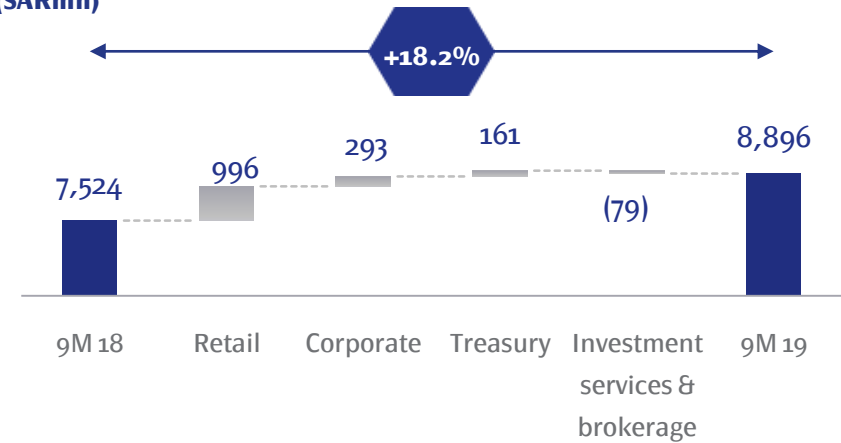
Net Income Trends

9M 2019 profit growth of 18.2% from solid income growth before Zakat

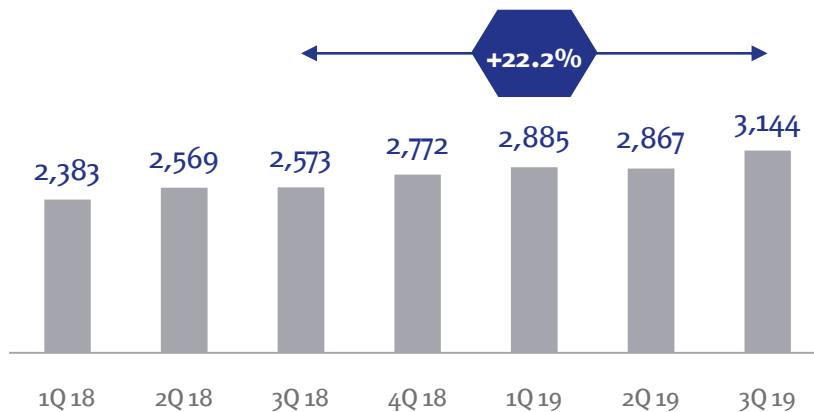
Commentary

- Net income for 9M 2019 increased 9.7% YoY to SAR 8,006 million mainly driven by 13.6% total operating income growth from yield (+14%) and non-yield (+8.2%) related income improvements, partly offset by increased expenses (+9.5%) and Zakat.
- On a segmental basis, growth was driven by 23.0% Retail Banking, 24.1% Corporate and 9.5% Treasury growth.

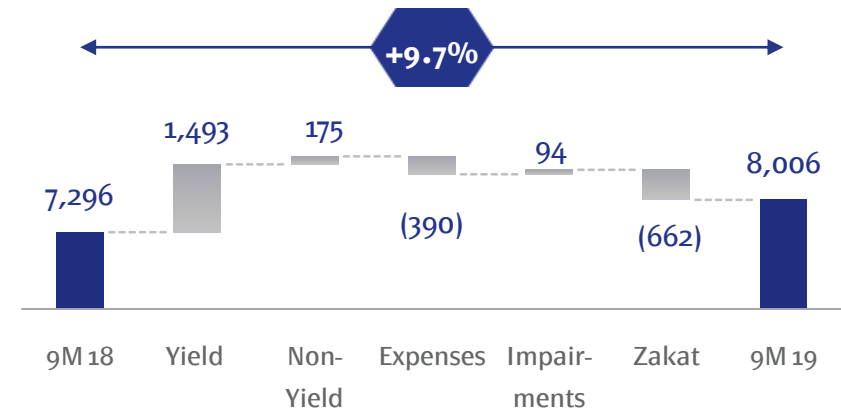
Net Income Before Zakat Growth Drivers By Segment (SARmn)



Net Income Before Zakat For The Period (SARmn)



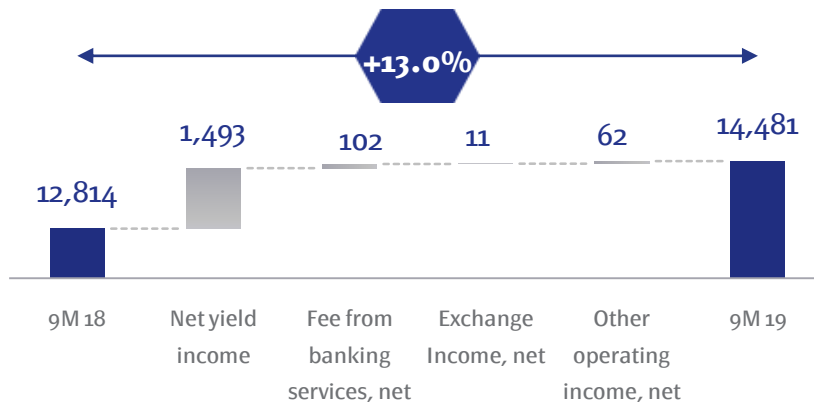
Net Income After Zakat Growth Drivers By Type (SARmn)



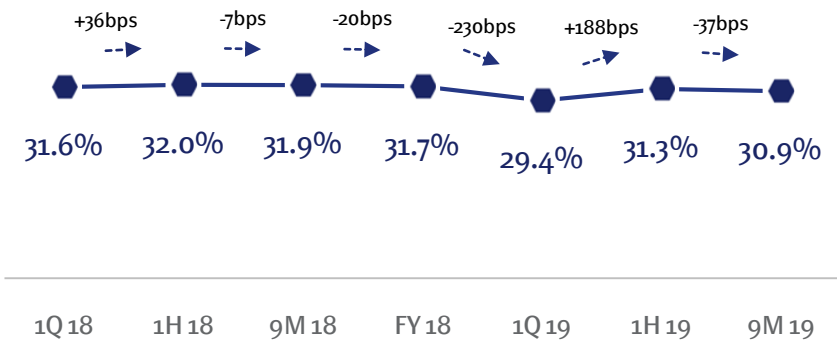
Strong financial performance in 9M 2019

Key drivers of 9M 2019 net income growth of 9.7% YoY to SAR 8bn

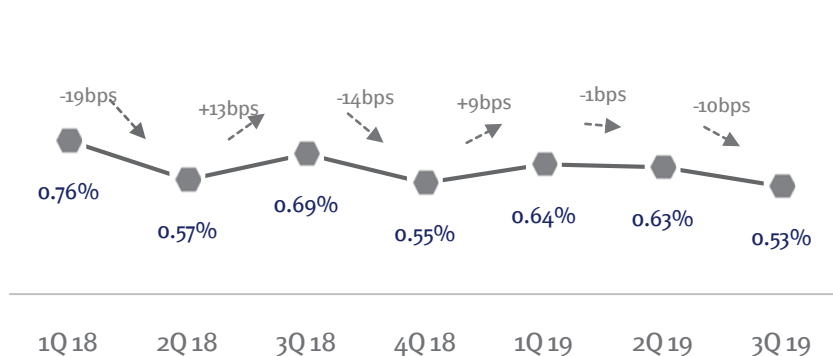
13% total operating income growth driven by strong growth on yield income (14%)(SARmn)



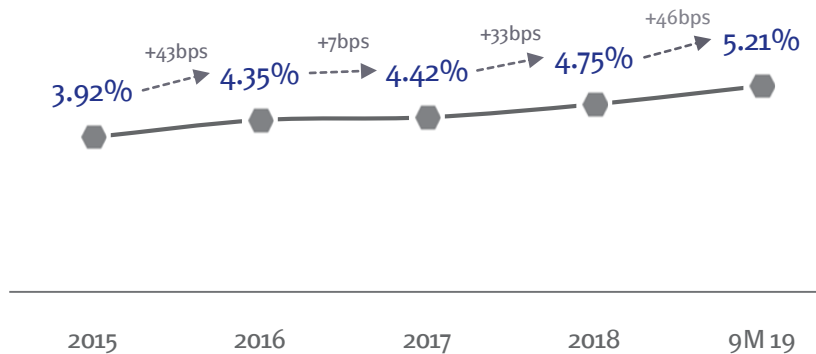
Improved operating efficiency by 100bps year-on-year to 30.9% (C/I ratio)



Stable cost of risk at 0.53% 3Q19 and 0.60% 9M19



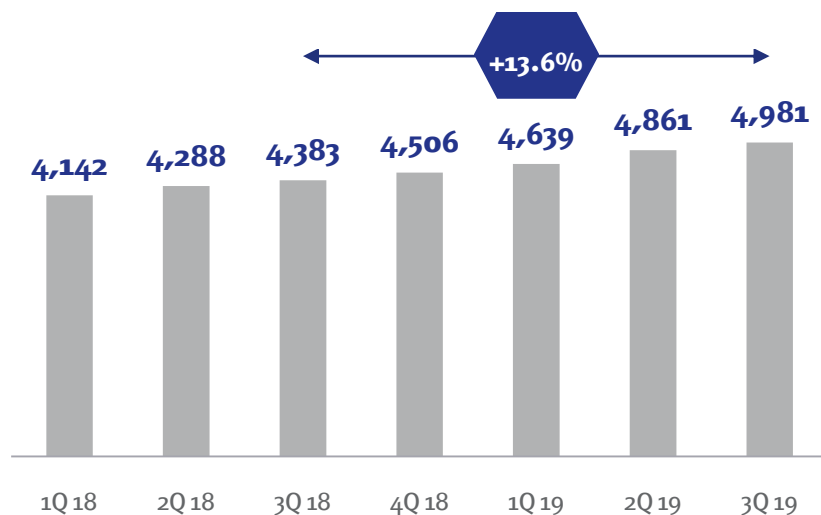
Net profit margin (%)



Strong 3Q 2019

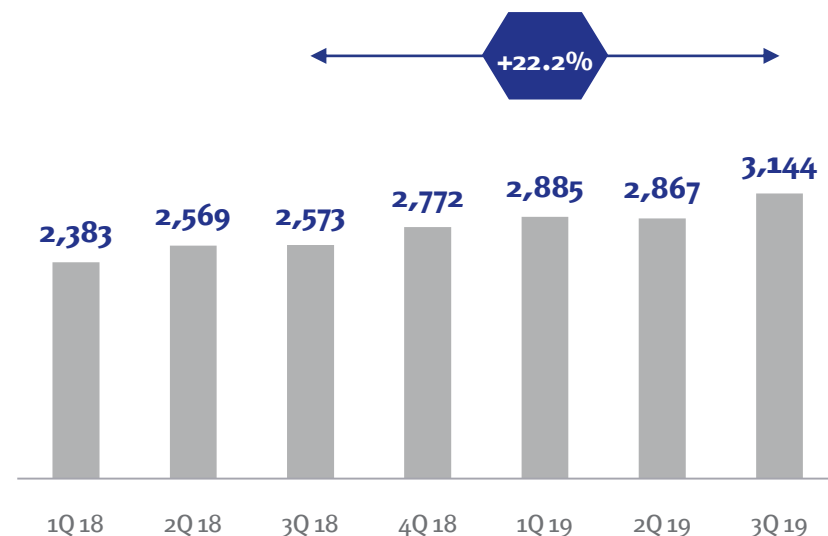
3Q 2019 operating income of SAR 4.98bn and net income before Zakat of SAR 3.14bn

Total Operating Income (SARmn)



Continuous rise in operating income

Net income Before Zakat for the period (SARmn)

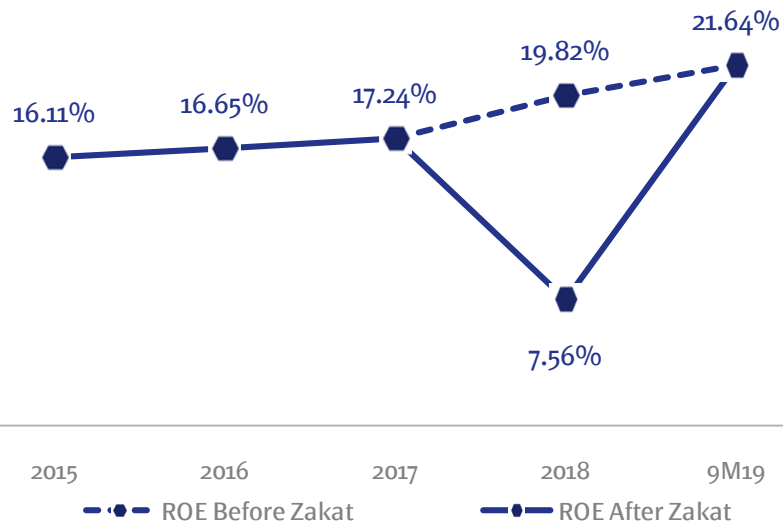


Strong net income

Return Metrics

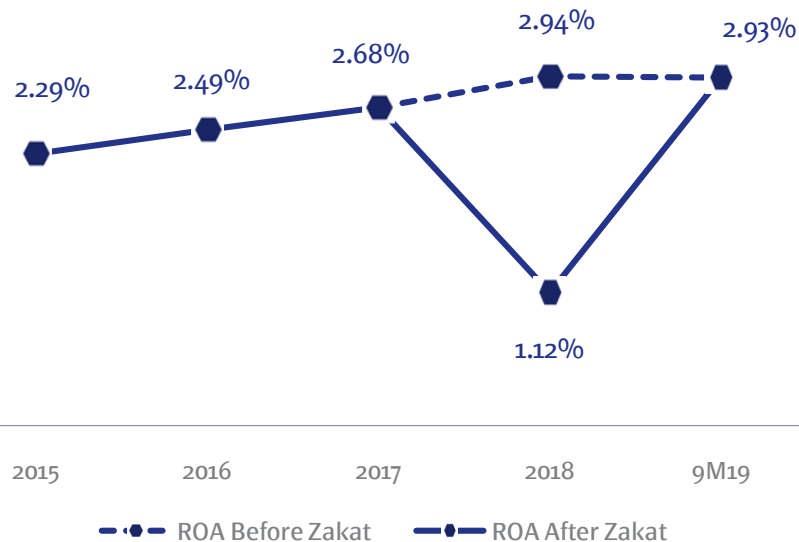
Excellent first 9 months of the year, leading to further improvement of our return profile

Return on Equity (%)



Further increase of market-leading ROE

Return on Assets (%)

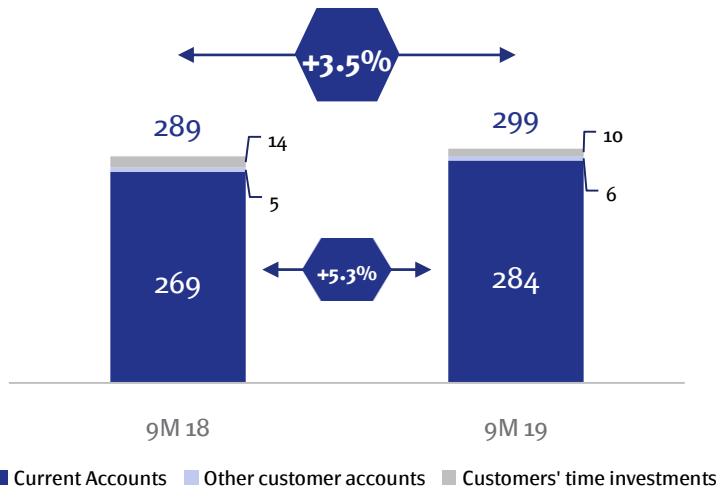


Stable ROA

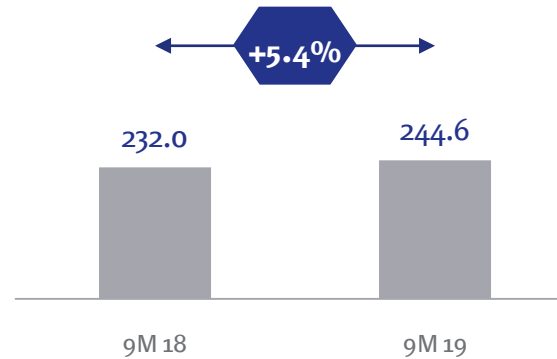
Balance Sheet Strength

Balance Sheet growth was driven by 3.5% deposit growth YoY

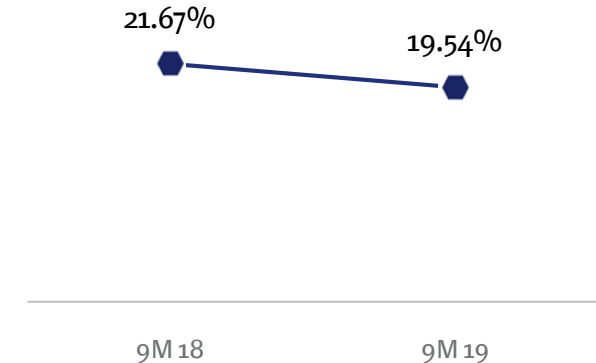
Total Customers' Deposits (SARbn)



Financing, Net (SARbn)



Capital Adequacy Ratio (%)



97% non-profit bearing deposits 9M 2019
vs 95% 9M 2018

Net financing grew by 5.4%, contributed
by both Retail & Corporate

CAR declined by 213 bps due to dividends
pay-out

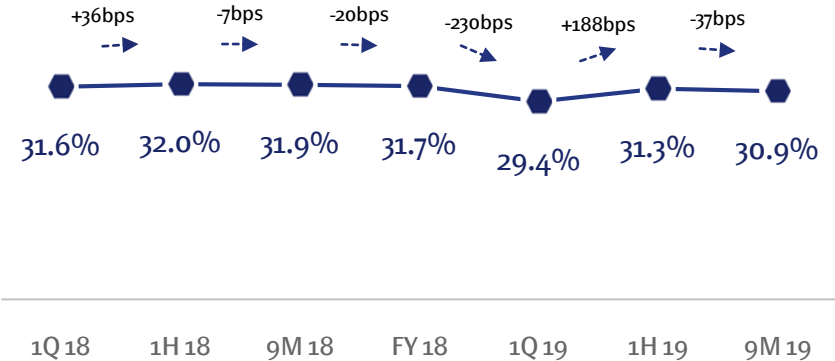
Expenses Trends

YoY expense growth of 9.5%, but efficiency improved 350 bps on positive "jaws"

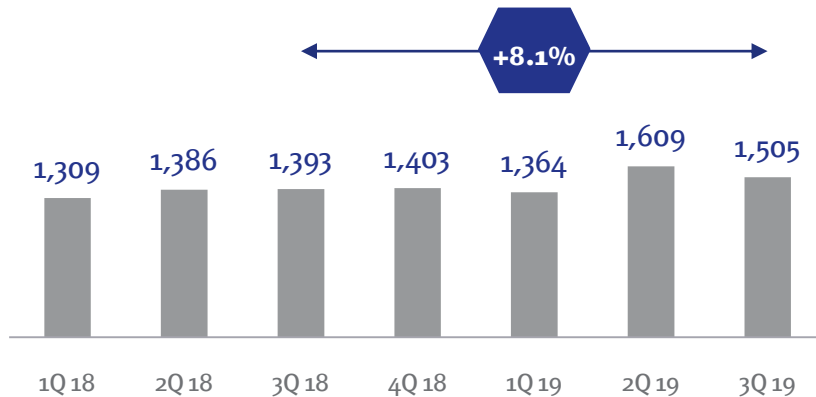
Commentary

- Operating expenses grew by 9.5% for the nine months period; 8.1% in 3Q 2019.
- Contentious improvement in cost to income driven by positive jaws by 100 bps YoY from 31.9% to 30.9% in 9M19.
- Higher IT related expenses due to digital initiatives.

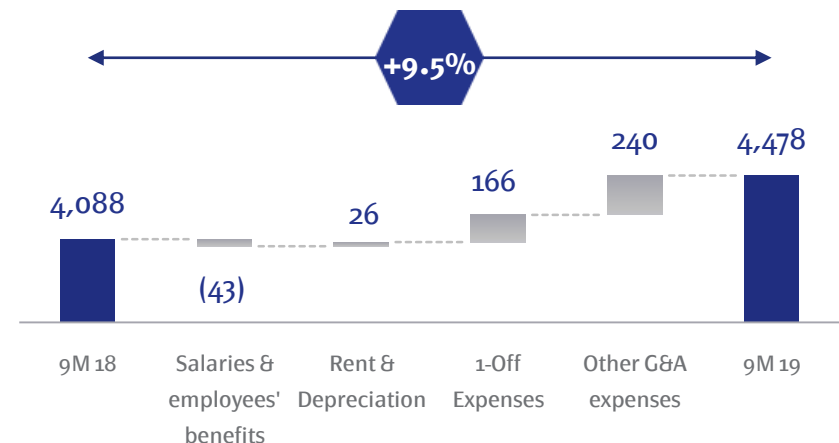
Improved operating efficiency by 100bps year-on-year to 30.9% (C/I ratio)



Operating Expenses (SARmn)



Operating Expenses Growth Drivers By Type (SARmn)

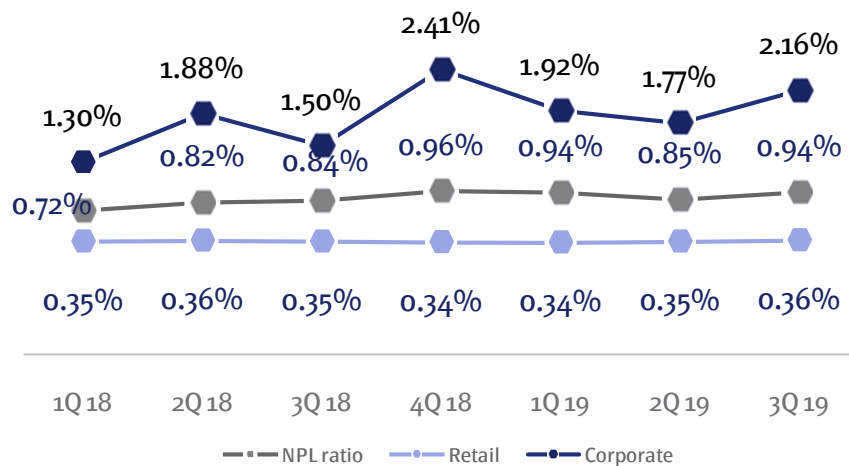


Asset Quality Stable

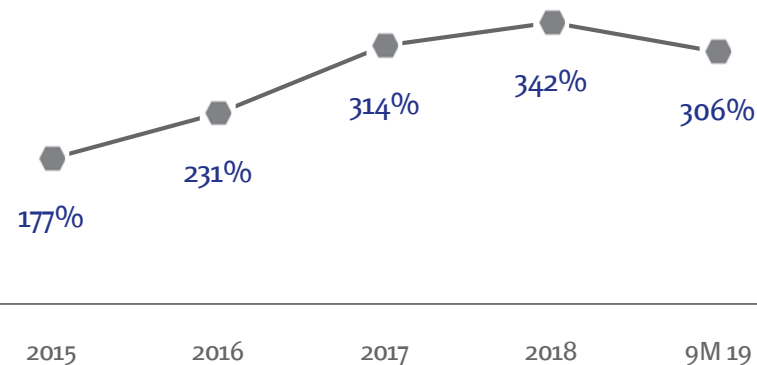
Asset quality remains solid



NPL Ratio Trends (%)



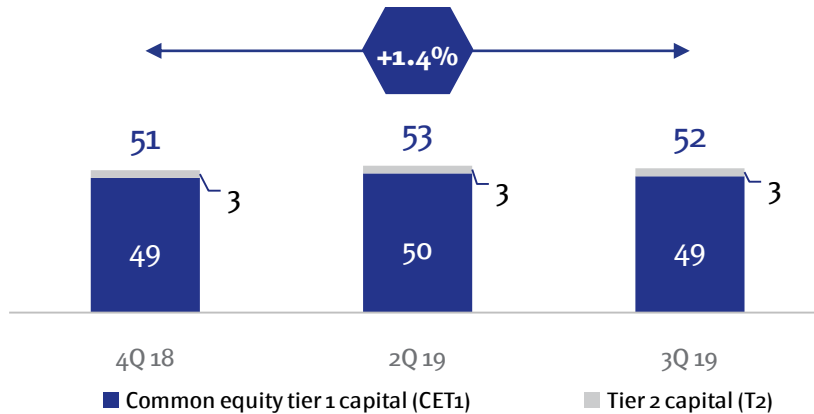
NPL Coverage Ratio (%)



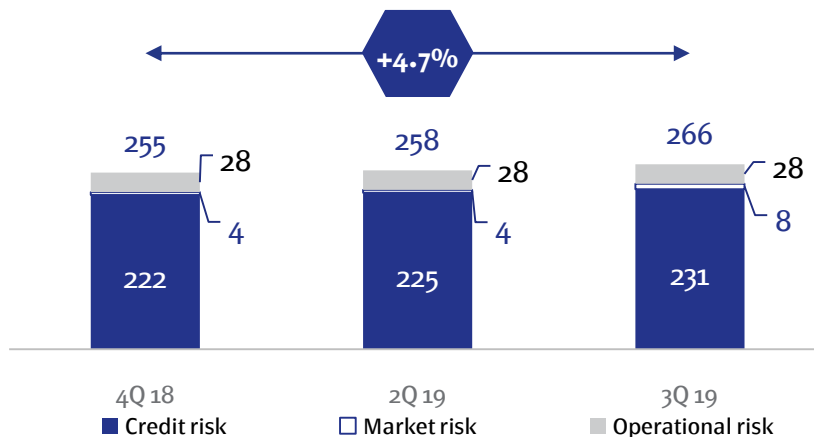
Capitalisation Trends

Rising profitability drives total capital higher

Total Capital (SARbn)



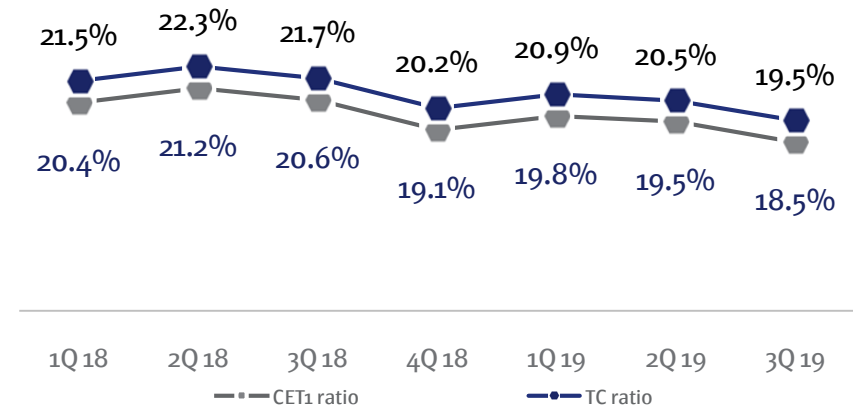
Risk Weighted Assets (SARbn)



Commentary

- Total Capital increased by 1.4% on rising profitability.
- Capitalization remains strong with CAR of 19.5% and CET1 of 18.5% as at 30 September 2019.

Capital Ratios (%)



Progress against guidance and outlook

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

		FY 2018	9M 2019 Actual	FY 2019 Guidance
Balance Sheet	Financing, Net (SAR bn)	231.8	244.6 (+5.4%)	Mid single digit growth
Profitability	Net Profit Margin	4.75%	5.21% (+46 bps)	+35 to +45 bps
	Cost to Income Ratio	31.7%	30.9%	~ 31%
Asset Quality	Cost of Risk	0.64%	0.60%	0.60% - 0.70%
Capital & Liquidity	CET1 Ratio	19.1%	18.5%	19% to 20%
	ROE after Zakat	7.56%	21.64%	Above 21%



Questions & Answers

The Blue Chip Islamic Bank





Appendix

Additional Information

The Blue Chip Islamic Bank



Additional Information

Contact investor relations for more information

Mr. Amr M. Sager

Head of Investor Relations

Tel: +966 (11) 828 1985

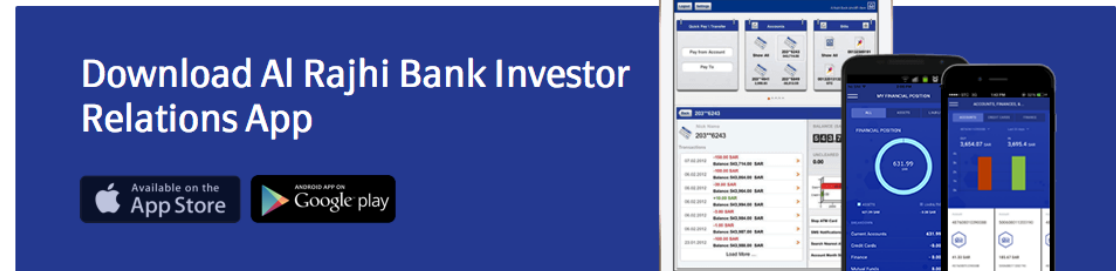
Email: sagera@alrajhibank.com.sa

Mr. Faisal F. Altimyat

Senior Investor Relations Officer

Tel: +966 (11) 828 1457

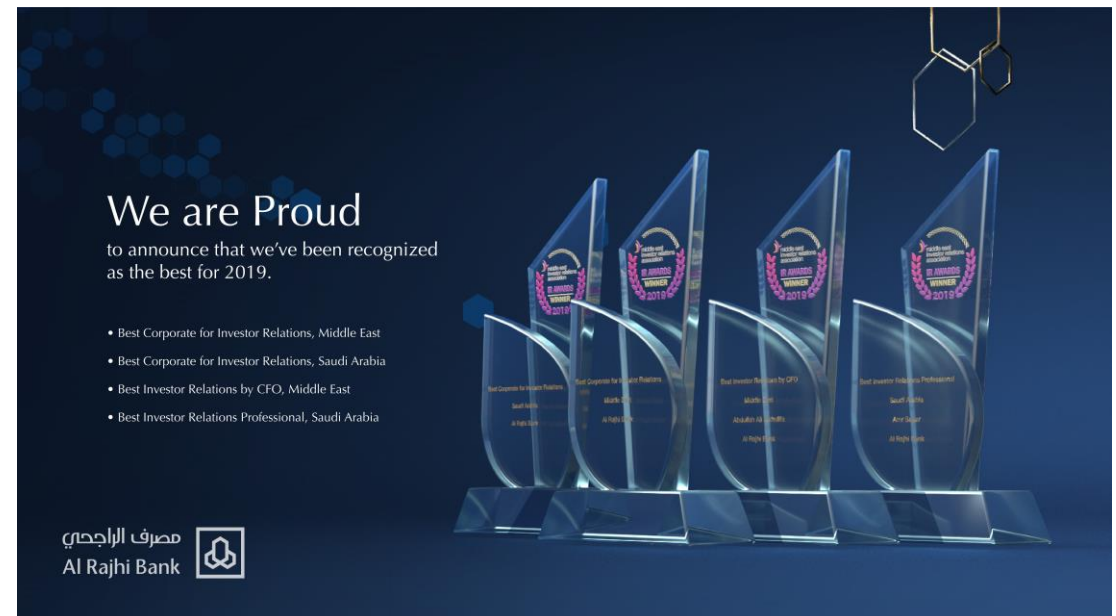
Email: altimyatff@alrajhibank.com.sa



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

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مصرف الراجحي
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