



Results Presentation

1Q 2019 Earnings Call

Tareq Al Sadhan, Chief Executive Officer
Mohammed Al Qureshah, EVP Finance

 Riyadh, 2 May 2019

Riyad Bank delivered a strong set of results in 1Q 2019

Four areas of focus for today's earnings call

1. Transformation Plan

- Retail Sales
- Corporate Sales
- Performance Culture
- Innovation

2. Financial Performance (YoY)

- Net loans grew 12% to SAR 158.2 billion
- Total Deposits grew 14% to SAR 173.5 billion
- 21% operating income growth to SAR 2.5 billion on improved margin
- Efficiency ratio improved to 32.8% from 37.7%
- Net income grew 45%

1Q 2019

4. Outlook

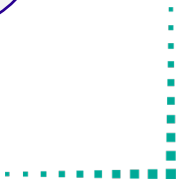
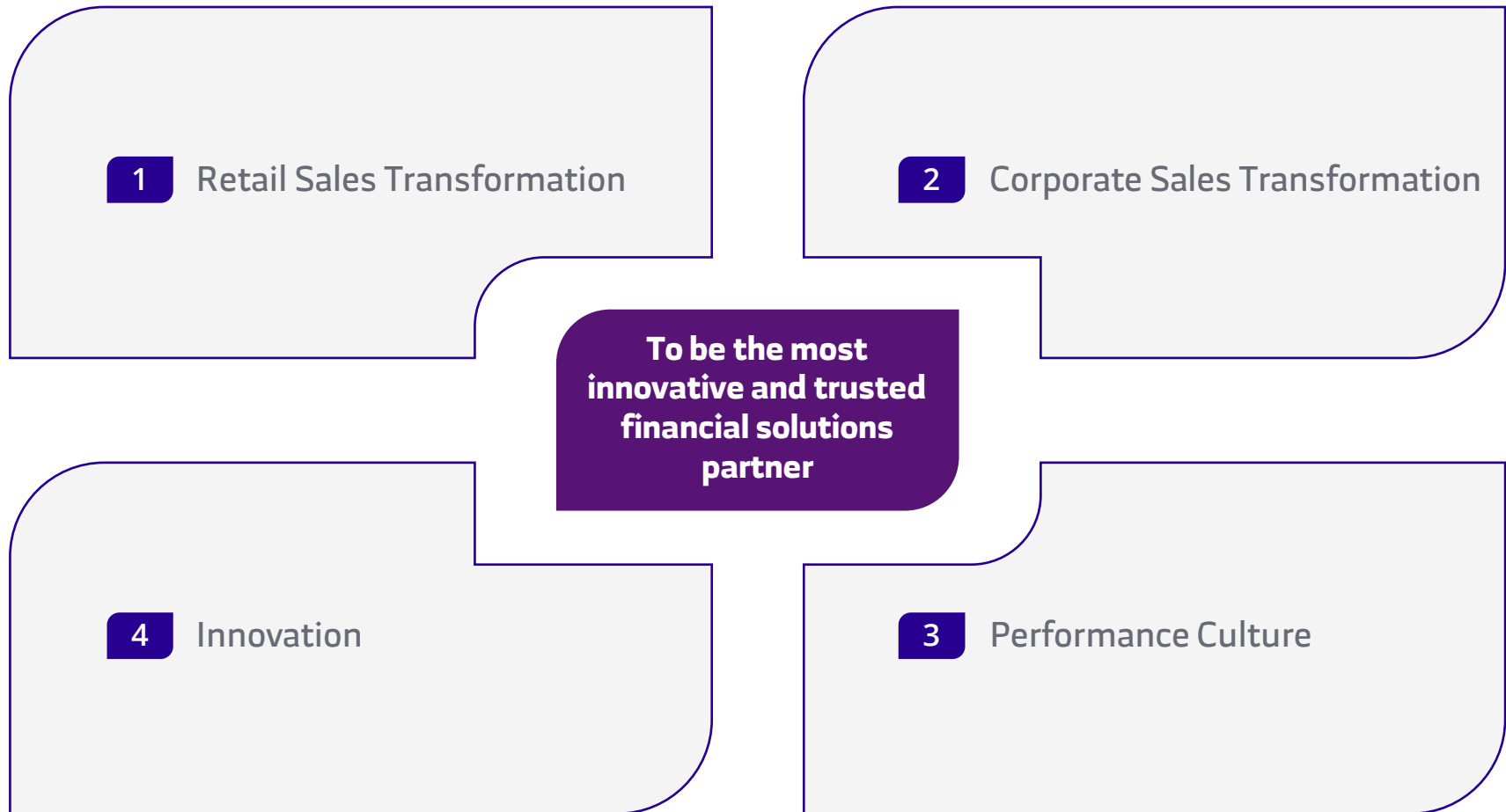
- Improved customer activity and sentiment witnessed in 1Q 2019 expected to continue for remainder of year, backed by benign economic environment and the Bank's favorable alignment with Vision 2030 initiatives
- Outcome for FY 2019 is expected to mirror 1Q 2019

3. Asset Quality, Capital & Liquidity

- COR improved to 0.40% from 0.54%
- Capitalization remained strong with CET1 of 16.2% and total CAR of 18.1%
- LCR of 143% and LDR (incl. Sukuk) of 89.1%

There are four key themes to our Transformation program

These strategic priorities will create value for our stakeholders and achieve our vision

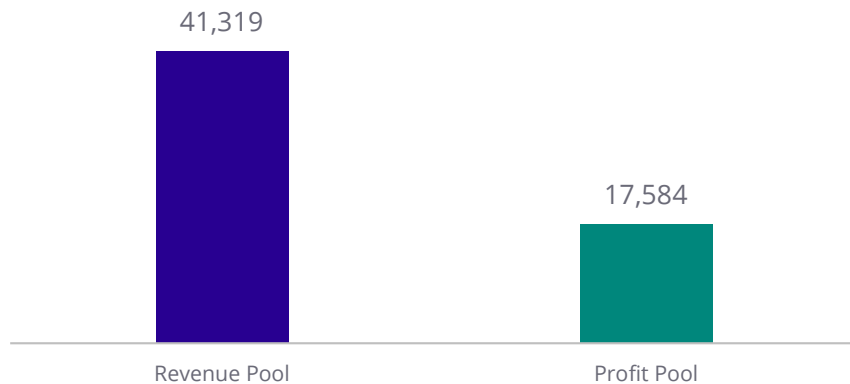


1 Retail Sales Transformation

Retail Banking starts from a good challenger position and has significant upside potential

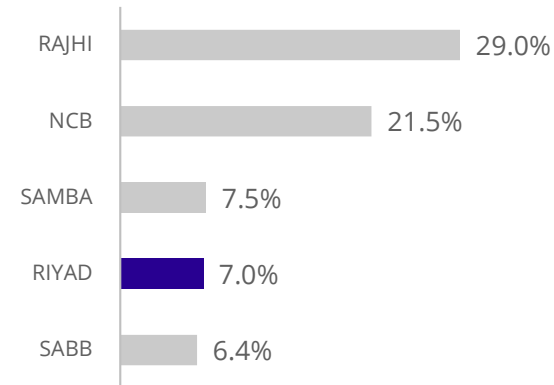
Market Potential - KSA Retail Banking

2018 Revenue and Profit Pool in SARmn



Good challenger position

Top 5 Banks - Revenue Share in %



Retail Sales Transformation Priorities

- Improve sales productivity across existing and new channels
- Grow private and affluent customer segments with superior value propositions
- Strengthen execution capabilities to drive and mirror best practices and innovation trends

Key Achievements

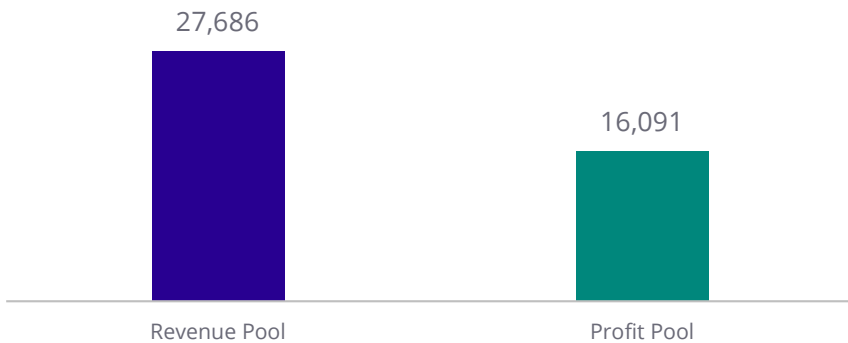
- Ranked 1st for Mortgage off plan product with the Real Estate Development Fund (REDF)
- 2nd highest sales contribution of Mortgage Loans through REDF platform
- FTE sales productivity improved by 23%
- Launch of Apple Pay
- Strengthen assets product suite with launch of Tahseel Overdraft and Loan against Housing allowance products
- Acceleration of Bank@ work and Direct sales team

2 Corporate Sales Transformation

Corporate banking is in a strong starting position with significant growth potential

Market Potential - KSA Corporate Banking

2018 Revenue and Profit Pool in SARmn

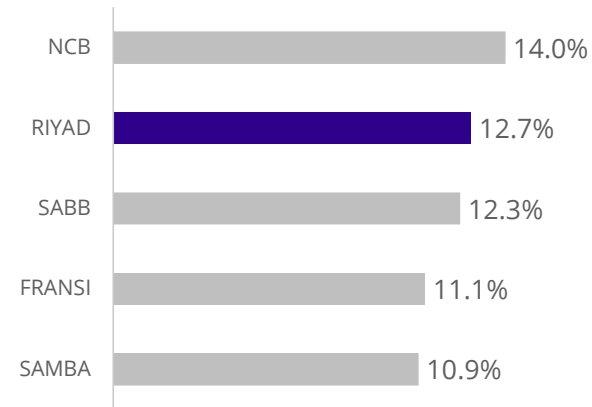


Corporate Sales Transformation Priorities

- Double return on capital of the corporate portfolio through institutionalized account planning and streamlining of the SME / Commercial credit pipeline
- Enhance effectiveness of the sales force and cross-selling opportunities
- Align product offering and sales focus with Vision 2030 growth sectors

Strong starting position

Top 5 Banks - Revenue Share in %



Key Achievements

- Net Interest Income and Fee Income for 1Q 2019 increased by 24% and 35% compared to same period last year due to:
 - Institutionalized account planning and streamlining of the SME
 - Improved Margins
 - Increased volumes and business pipeline.
- Cross selling Treasury Income increased by 65% in Q1 2019 compared to same quarter last year

3 Performance Culture

We are energising the entire organization to achieve our ambition

Shifting the bank's culture requires closing three gaps



Recent activates to improve performance culture

Performance Culture Priorities

- To help people, organizations and society achieve their aspirations by being their trusted and caring financial solutions partner
- Focus on performance management, driving strategic and role clarity across the organisation to become employer of choice

Key Achievements

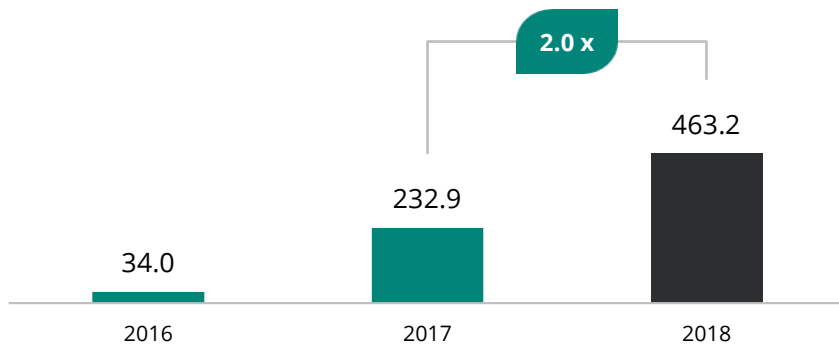
- Moved to a new H.O. to improve Riyad Bank organizational health toward competitiveness and creativity
- Conducted organization health index (OHI)
- Setting better KPIs alignment on business and improved visibility on annual priorities
- Reinforcing professional development processes such as grievances, personal improvement plans for low performers

4 Innovation

We have room to improve digital capabilities that deliver a better customer experience

Market Potential - Example of rapid digital adoption in KSA

SADAD Electronic e-Commerce Account - Payment Value in SAR bn

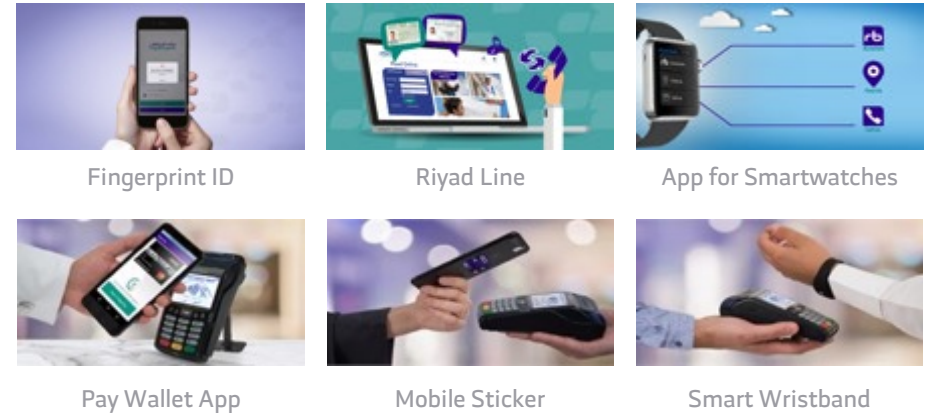


Source: SAMA

Innovation Priorities

- Drive sales transformation in Retail and Corporate Banking by digitising end-to-end customer journeys
- Leverage advanced analytics and corporate partnerships to drive high quality leads
- 'Be-Digital' implementation of new IT infrastructure and 'Big Data' capabilities

Selection of Riyad Bank Digital Channels



Key Achievements

- Mobile Banking (New Version)
- Apple Pay
- Digital Start-ups Partnership Program – MOU signed with Munsha'at
- Re-Finance through Riyad Online
- Overdraft through Riyad Online.
- Online Account Opening.

Financial Highlights – Balance Sheet

Healthy balance sheet growth from improved economic environment and early progress with transformation initiatives

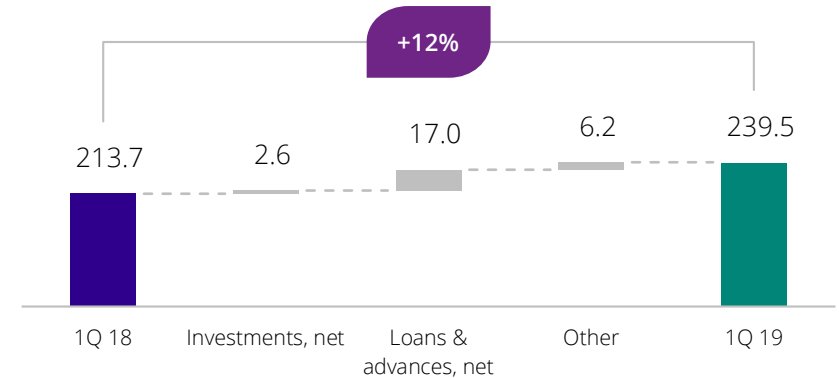
Highlights

- Total assets increased by 12% YoY driven by accelerating loan growth
- Loans rose by 12% YoY from both commercial (+16%) and consumer loans (+10%), reflecting increased economic activity and the bank transformation push
- Total Deposits increased by 14% YoY from both demand and other deposits (+10%) and time deposits (+20%)

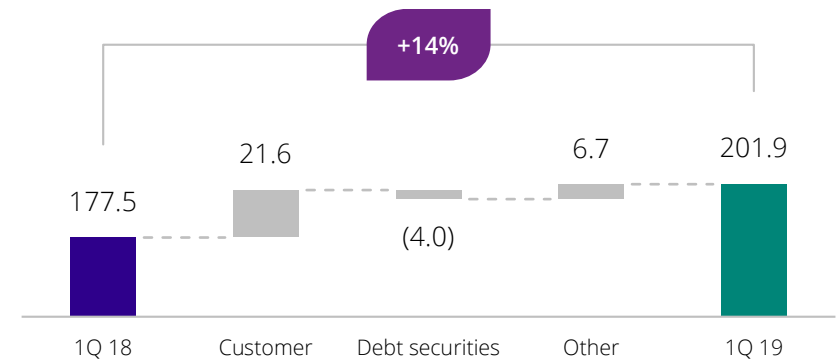
SAR (mn)	1Q 2019	4Q 2018	QoQ % change	1Q 2018	YoY % change
Cash and balances with SAMA and financial institutions	27,708	27,352	+1%	21,277	+30%
Investments, net	49,294	47,993	+3%	46,714	+6%
Loans and advances, net	158,242	151,025	+5%	141,222	+12%
Total assets	239,517	229,900	+4%	213,670	+12%
Customer deposits	173,491	169,822	+2%	151,921	+14%
Debt securities in issue	4,046	4,004	+1%	8,049	-50%
Total liabilities	201,872	193,125	+5%	177,501	+14%
Total shareholders' equity	37,645	36,774	+2%	36,169	+4%
Risk weighted assets	232,405	227,915	+2%	216,201	+7%
Tier 1 ratio	16.2%	16.1%	+0%	16.7%	-3%
Loans to deposits ratio (incl. Sukuk)	89.1%	86.9%	+3%	88.3%	+1%

Riyad Bank Results Presentation - 1Q 2019

Total Assets Growth Drivers (SARbn)



Total Liabilities Growth Drivers (SARbn)



Financial Highlights – Income Statement

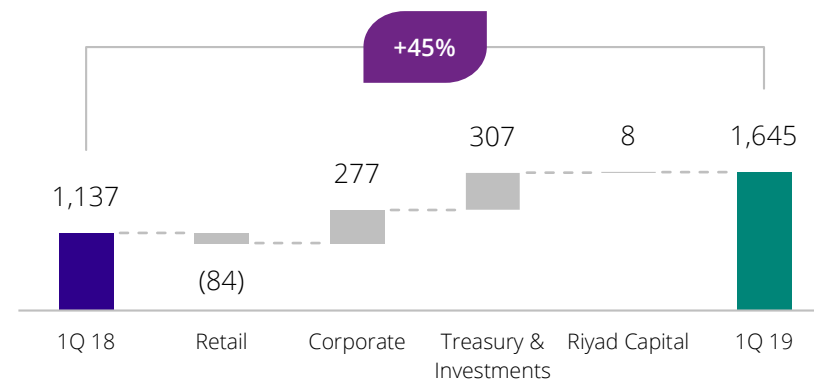
Healthy 1Q 2019 profit improvement driven by income growth

Highlights

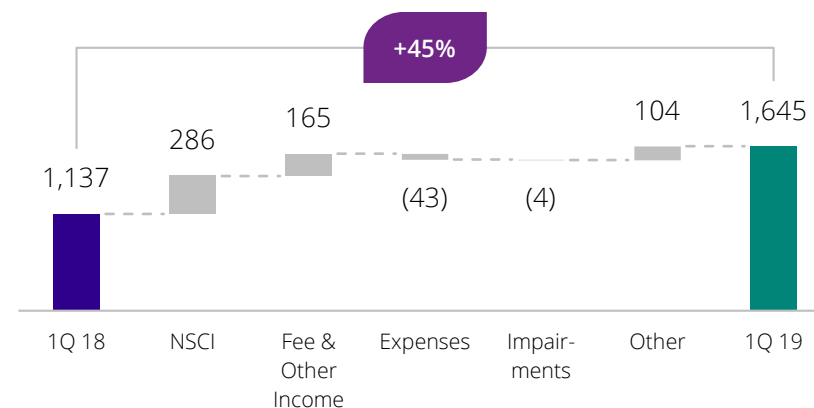
- 1Q 2019 Net income increased by 45% YoY from 21% total operating income growth, partly offset by an increase in total impairments of 2%, and an increase in operating expenses of 5% due to investment in growth initiatives
- On a segmental basis, YoY profit growth was driven by Treasury & Investments (+75%), Corporate (+73%) and Riyad Capital (+15%), partly offset by lower Retail Banking (-28%)
- 1Q 2019 Net income improved by 22% over 4Q 2018 from 8% income growth and improved efficiency, partially offset by increased impairments

SAR (mn)	1Q 2019	4Q 2018	QoQ % change	1Q 2018	YoY % change
Net special commission income	1,809	1,758	+3%	1,523	+19%
Fee and other income	771	625	+23%	606	+27%
Total operating income, net	2,580	2,383	+8%	2,130	+21%
Operating expenses	(845)	(904)	-6%	(802)	+5%
Impairment charge for credit losses and other financial assets, net	(211)	(142)	+49%	(160)	+32%
Impairment charge for investments, net	3	2	+50%	(45)	-106%
Net operating income	1,526	1,339	+14%	1,123	+36%
Net income for the period	1,645	1,352	+22%	1,137	+45%
EPS	0.55	0.45	+22%	0.38	+45%
NSCI margin	3.44%	3.42%	+0%	3.14%	+10%
Cost to income ratio	32.8%	37.9%	-14%	37.7%	-13%

Net Income Growth Drivers by Segment (SARmn)



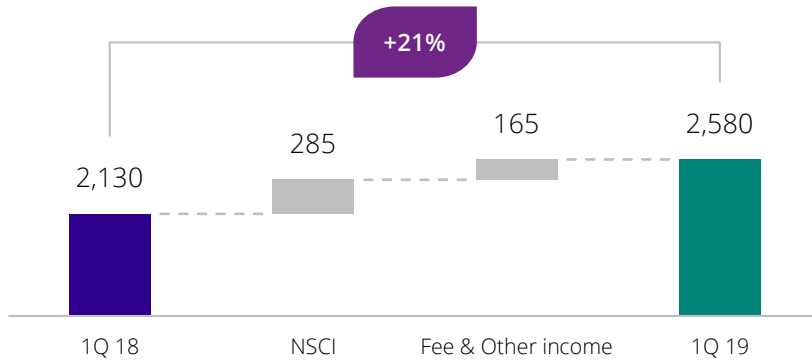
Net Income Growth Drivers by Type (SARmn)



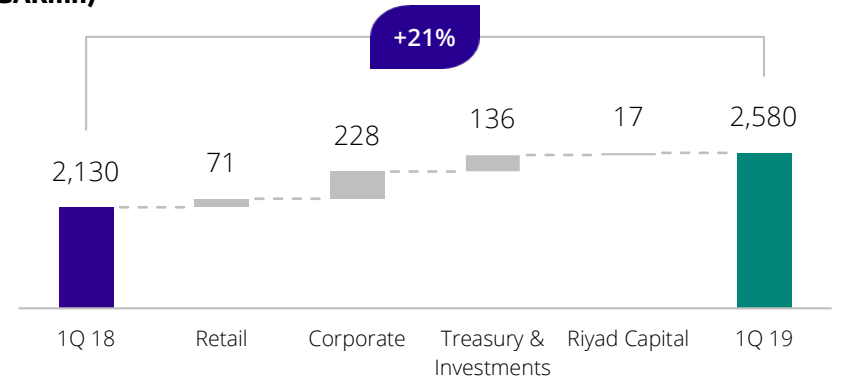
Income Trends

Strong income growth from margin expansion and balance sheet growth

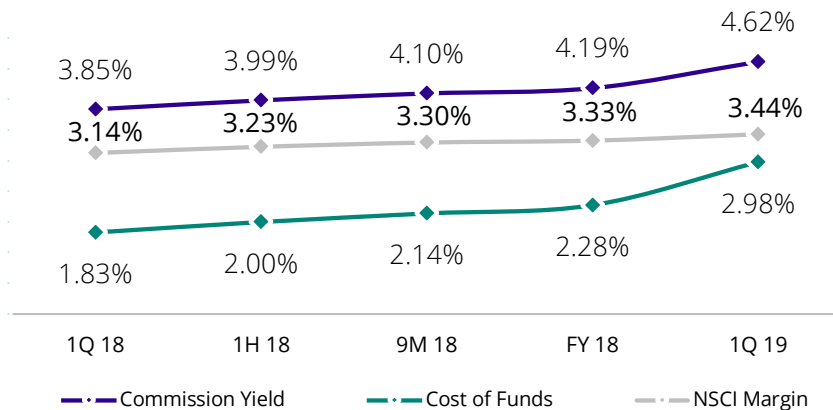
Total Operating Income Growth Drivers by Type (SARmn)



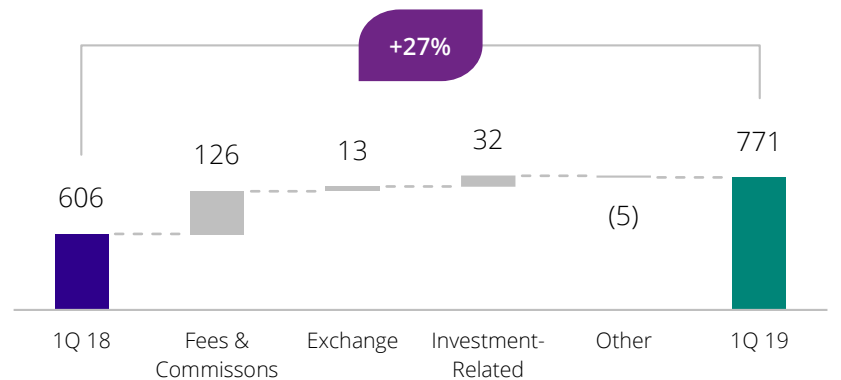
Total Operating Income Growth Drivers by Segment (SARmn)



NSCI Margin, Yields and Funding Costs (YTD %)



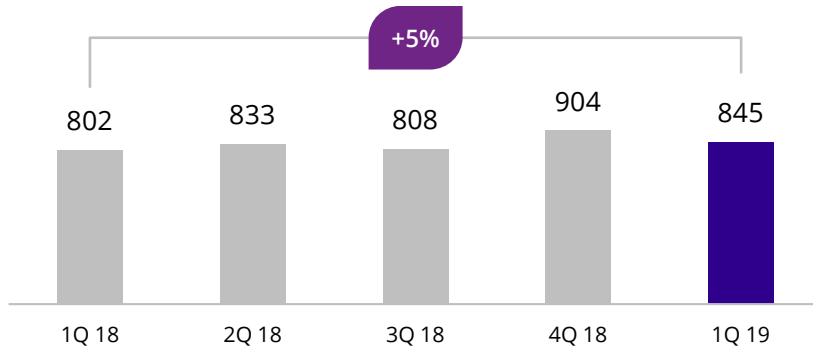
Fee & Other Income Growth Drivers by Type (SARmn)



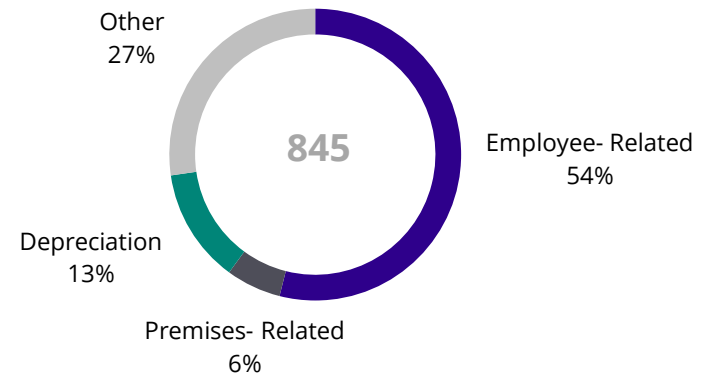
Expenses Trends

Increased costs from investments in the Bank's transformation program, but yielding improved efficiency

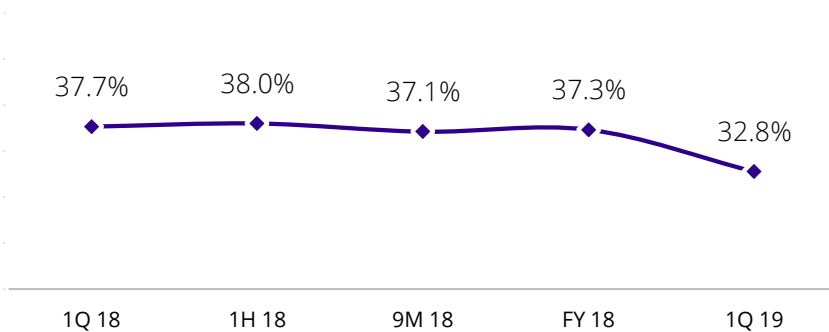
Operating Expenses (SARmn)



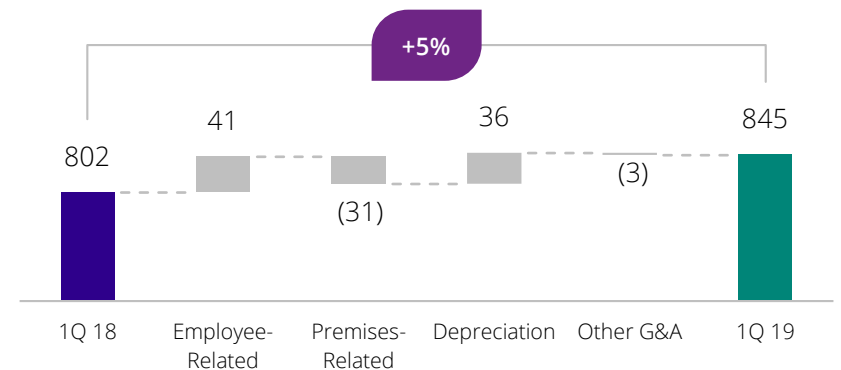
1Q 19 Operating Expenses Mix by Type (SARmn)



Cost to Income Ratio (YTD %)



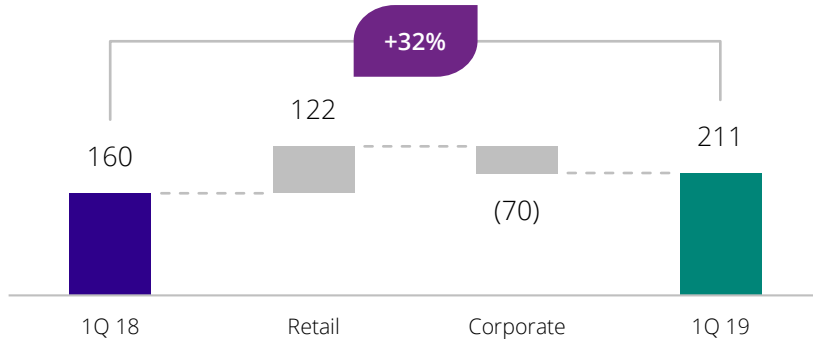
Operating Expenses Growth Drivers by Type (SARmn)



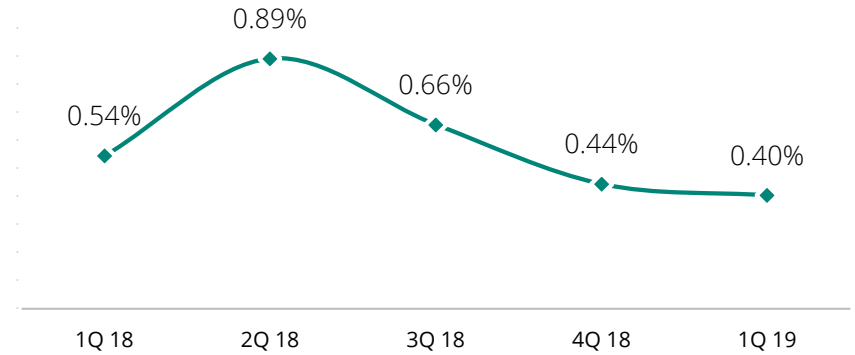
Credit Quality

1Q 2019 cost of risk improved by 4 bps QoQ to 0.40%

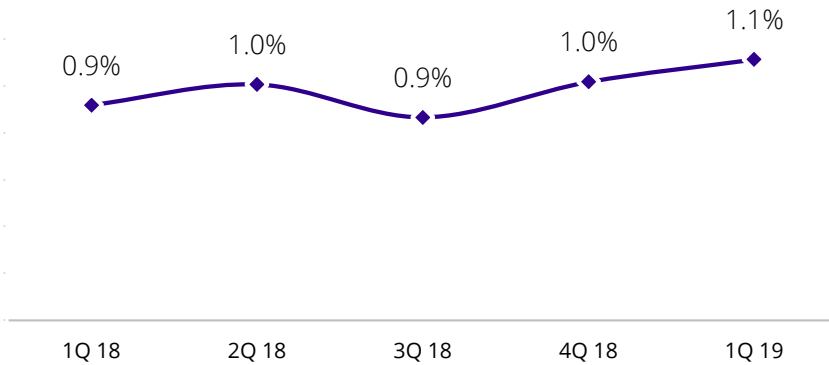
Impairment Charge Drivers by Segment (SARmn)



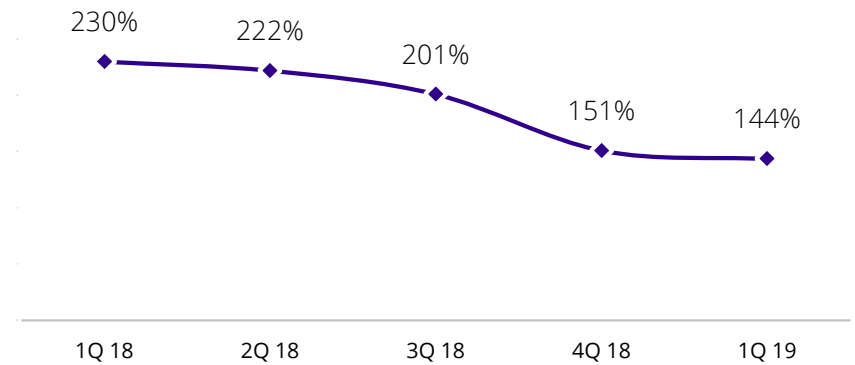
Cost of Risk (%)



NPL Ratio (%)



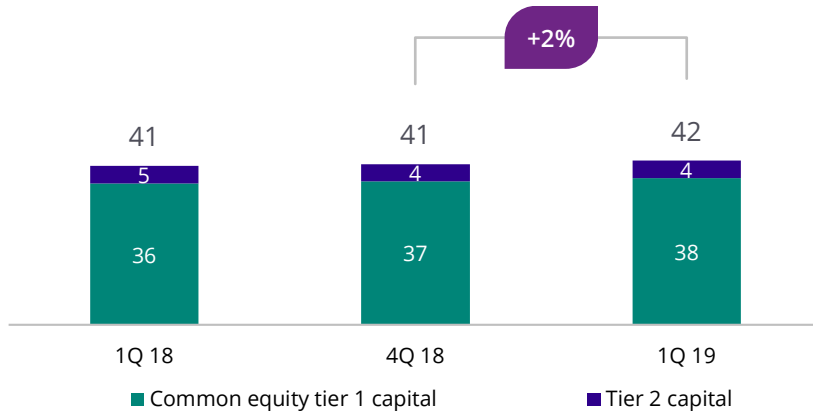
NPL Coverage (%)



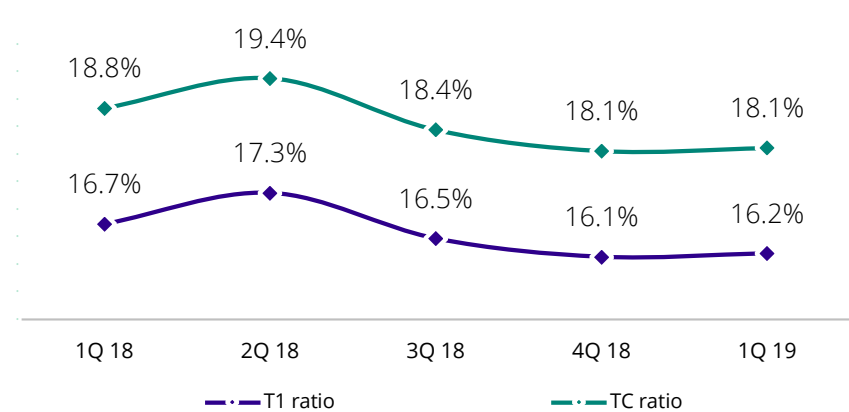
Capitalisation & Liquidity

Capitalisation and liquidity comfortably within regulatory limits

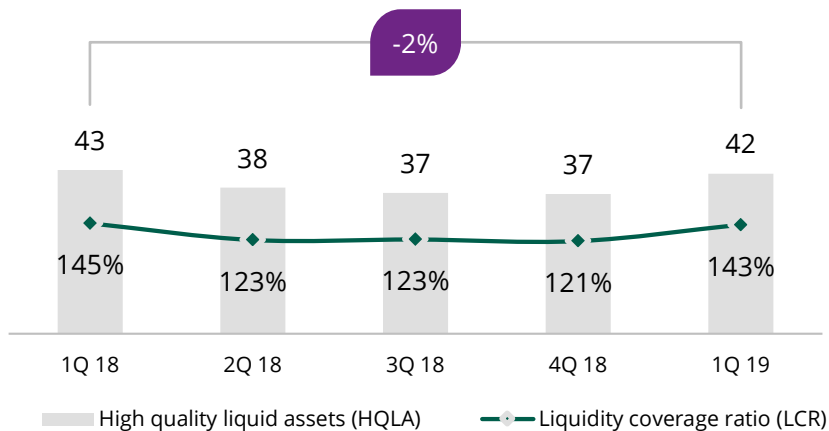
Capitalisation (SARbn)



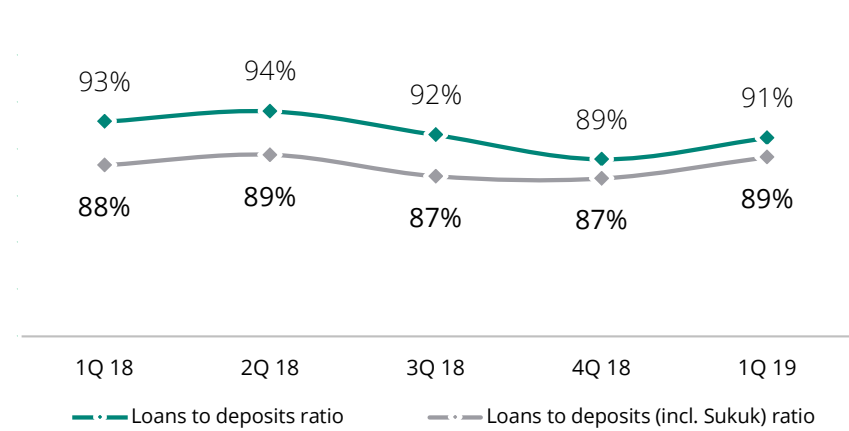
Capital Ratios (%)



HQLA and Liquidity Coverage (SARbn/%)



Loans to Deposit Ratios (%)



Riyad Bank Guidance

Outcome for FY 2019 is expected to mirror 1Q 2019

Guidance Metric	2018	1Q 2019	2019 Guidance
Loans, Net	SAR 151 Bn	SAR158 Bn	Low double digit % growth
Net Profit Margin (%)	3.33%	3.44%	+10bps to 15bps
Cost to Income (%)	37.9%	32.8%	Below 35%
Cost of Risk (%)	0.44%	0.40%	0.40% to 0.50%
CET1 (%)	16.1%	16.2%	16.0% to 16.4%

Q&A

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The screenshot shows the Riyad Bank website interface. The top navigation bar includes 'Personal', 'Business & Corporate', 'العربي', 'Contacts & Locations', and 'Internet Banking Login'. The main menu features 'Bank', 'Borrow', 'Invest', 'Digital Banking', and 'Discover'. The 'Investor Relations' section is highlighted, and a list of financial reports for 2018 is displayed.

Financial Reports	
Quarter 3 - Disclosures Under Basel III Framework	PDF (766KB)
Quarter 3 - Interim Condensed Consolidated Statements	PDF (440KB)
Quarter 2 - Disclosures Under Basel III Framework	PDF (1MB)
Quarter 2 - Interim condensed consolidated statements	PDF (639KB)
Quarter 1 - Interim Condensed Consolidated Statements	PDF (335KB)
Quarter 1 - Disclosures Under Basel III Framework	PDF (772KB)

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