



Earnings Presentation

FY 2023



FY 2023 Performance Highlights

Strong growth

Healthy & resilient financial position

Good progress on refreshed strategy

+13%

YOY



Loan Growth

3.61%



Margin Expansion

+15%

YOY



Net Income Growth

15.6%



Profitability (ROAE after Zakat)

1.24%

NPL Ratio



Proactive NPL Management

142.1%

NPL Coverage Ratio



Improved Coverage

20.7%

Total CAR



Strong Capitalization

81.9%

SAMA weighted LDR



Comfortable Liquidity

Corporate

- Leading Player in [Vision 2030](#)
- Growth in financing [green projects](#)
- Largest in [MSMEs](#) (#1 in kafala)
- Growth in [digital penetration](#)

Retail

- Growing [customer numbers](#)
- Partnership with [AI-Hilal Club](#)
- Expanded [Affluent](#) product offering
- Record Private banking [NPS](#) scores
- Developing [next-gen mobile app](#)

Digital

- Launched "Jeel" our [digital innovation arm](#)
- Launched US1 bn [technology sector](#) fund
- Progressed [RPA](#)
- Launched [RM Workbench](#)
- [Home Ecosystem & MSME platforms](#) ready



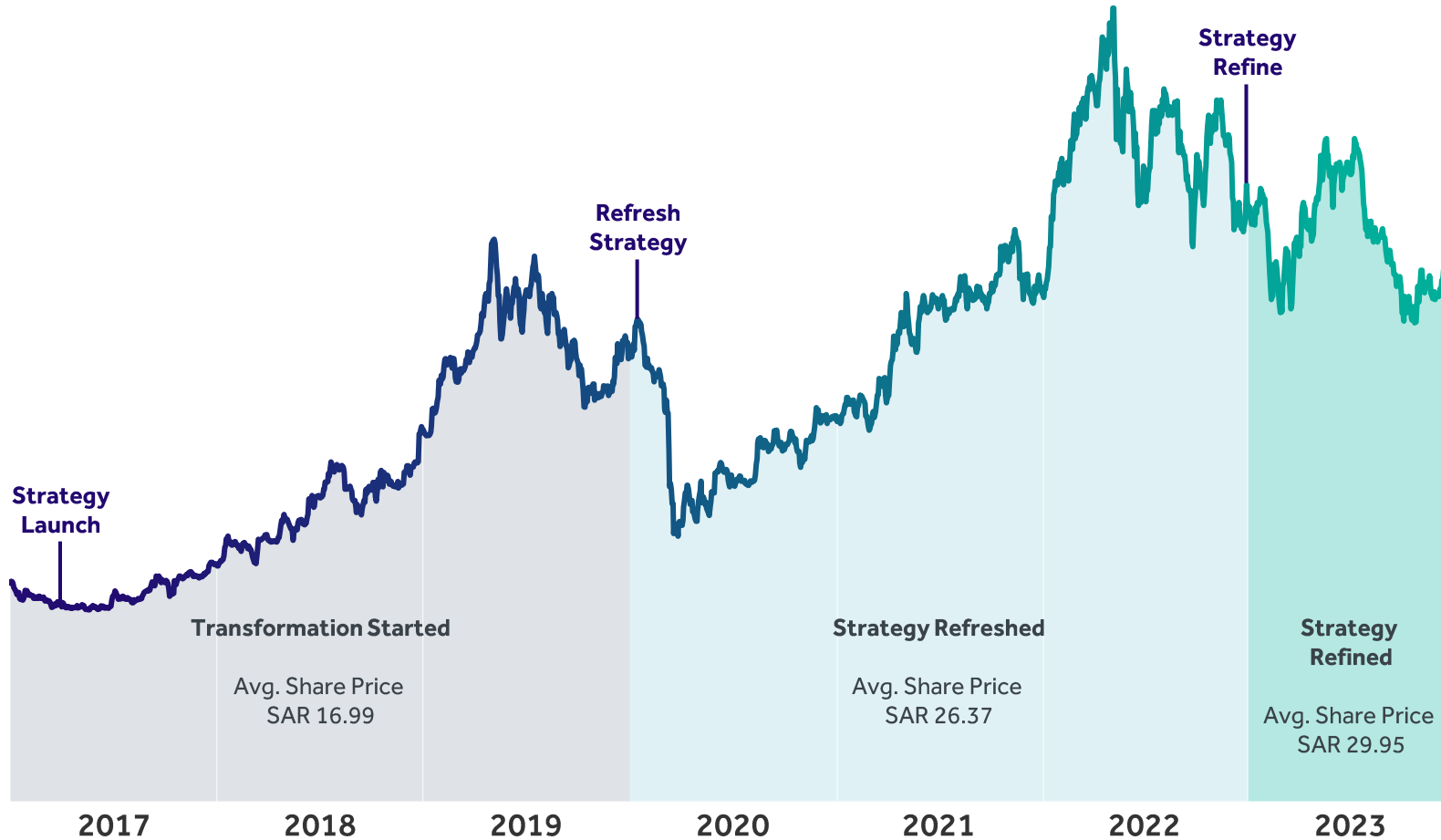
- **Strategy Update**





We have already come a long way on this journey

Share Price (SAR)



Key Strategic Milestones

- 2017: A bold new aspiration and strategy was developed to transform the bank and accelerate growth
- 2018: Balanced performance and health transformation to fix the basics
- 2019: Leapfrog competition through accelerated growth, disruptive business models
- 2020: Strategy was refreshed due to significant market disruptions
- 2021 – 2022: Focus on innovation and digitization
- 2023: Strategy was refined to become the best bank in KSA by 2025



We have become a Top-2 bank in corporate and a Top-3 in retail banking

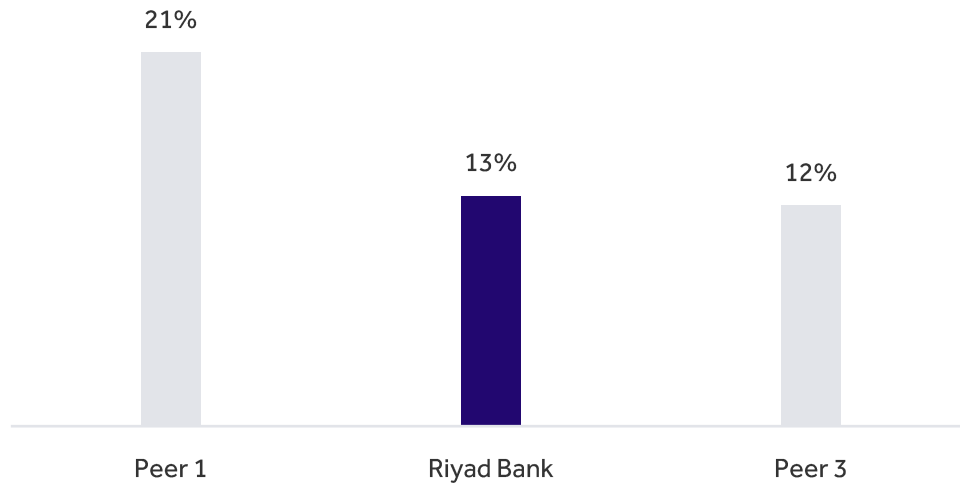
Corporate Banking Market Share*

Riyad Bank is #2
in KSA Corporate Banking

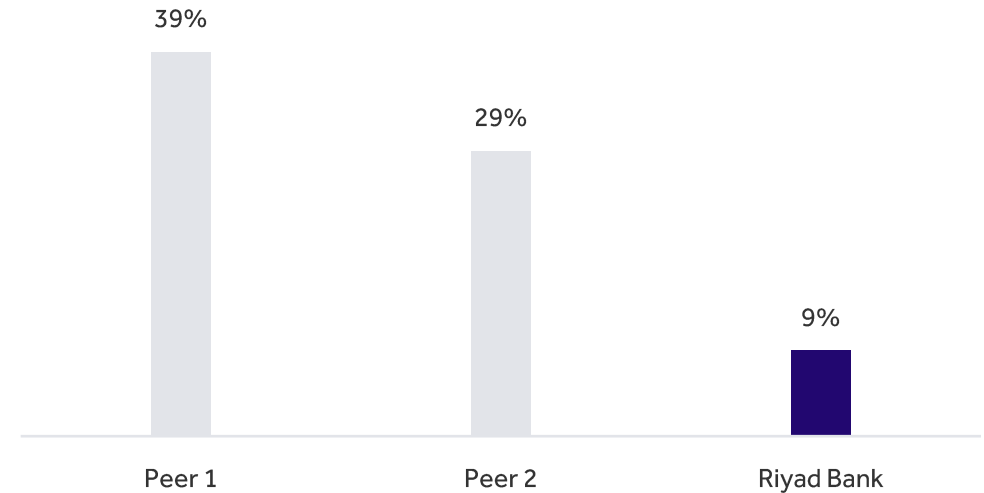
Retail Banking Market Share*

Riyad Bank is #3
in KSA Retail Banking

Top 3 Banks by Corporate Loans and Advances, net



Top 3 Banks by Retail Loans and Advances, net



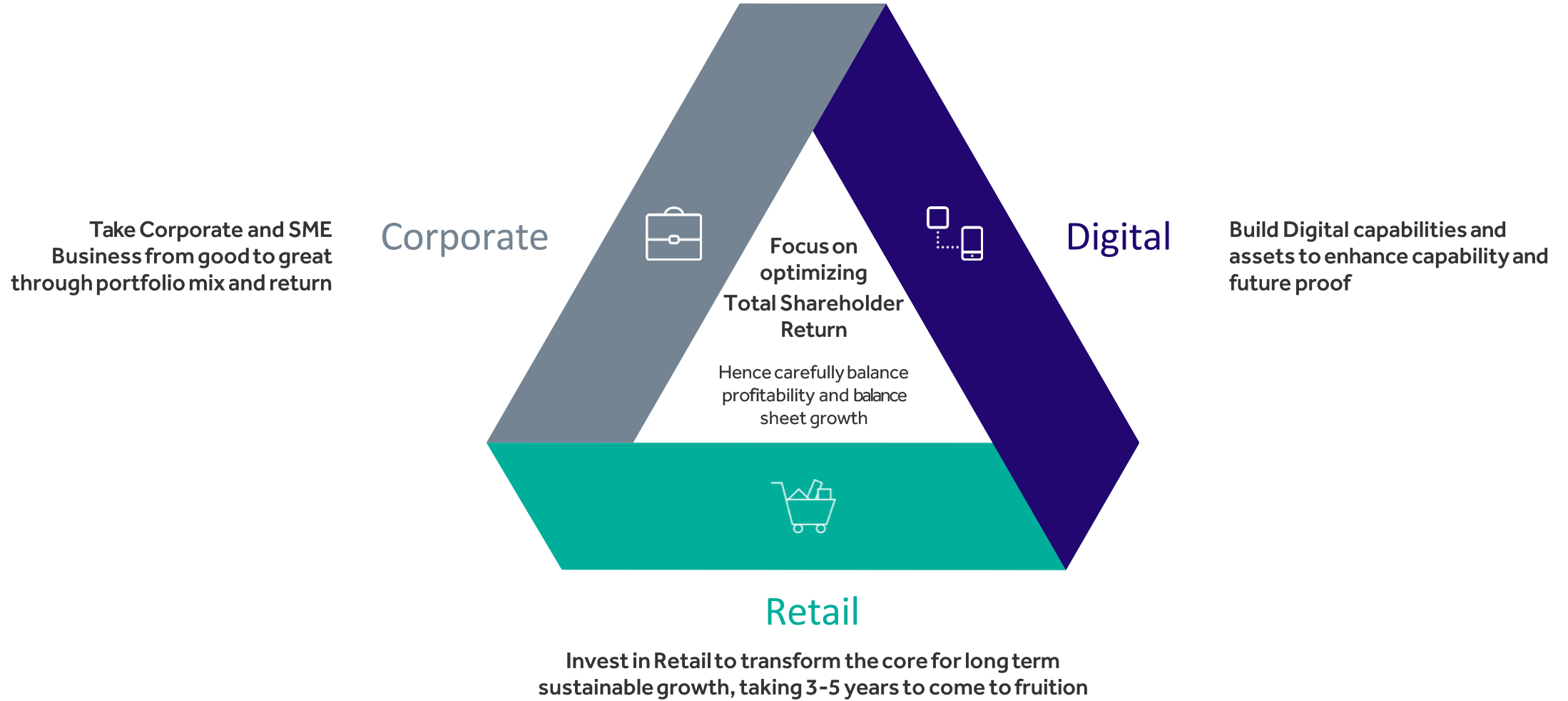


Our ambition is to be the best Bank in KSA

Strategic Pillars	Most Profitable	Most Efficient	Bank of Choice	Most Innovative & Digitally Enabled
Definition	 <p>Sustainable profit growth and returns to shareholders</p>	 <p>Highest return on spend and operational excellence</p>	 <p>Best bank for customer, employees and society</p>	 <p>Most innovative and digitally enabled bank</p>
Focus Area	<p>Profitability</p> <p>Growth</p>	<p>Cost Efficiency</p> <p>Operational Efficiency</p>	<p>Customer</p> <p>People</p> <p>ESG</p>	<p>Digital</p> <p>Innovation</p>
KPIs	<p>ROE</p> <p>Profit growth</p> <p>Total Shareholders return</p>	<p>Cost to income</p> <p>Time to cash</p>	<p>NPS*</p> <p>People Index**</p> <p>Brand Value</p>	<p>Digital Maturity Index</p>






Our aspiration and strategy is built on a few guiding principles



Drive change across our core Enablers to bring it in lock-step with business transformation



Our strategy is driven by key operating model shifts

	From	To
Segments 	Broad meet-the-market segment propositions Focus on banking needs only Risk avoidance via policy exclusions	→ Custom propositions at granular segments → Focus on customer ecosystem beyond banking → Active risk management via analytics
Products 	Capital agnostic asset product growth Standard pricing, matching the market Focus on balance sheet growth mostly Be a store of value via NIBs	→ Accelerate high return on capital portfolios → Customized relationship/risk-based pricing → Capture transactions, FX, Fee, Payments as well → Create wealth for customers
Channels 	Branch first for sales and service	→ Mobile/Digital first for sales and service



Clear KPIs have been set at the Division level as well

Mobile first bank with distinctive customized segment/product

Mortgage, Market share
Personal Loans, Market share
Cards, Market Share
Deposits, Market share



Retail

Most profitable Corp bank & core transaction partner for institutions

Large corporate assets, Market share
SME assets, Market share
Deposits, Market share



Corporate

Best Bank in KSA

Leading value creator through Fintechs & digital enablement

Digital maturity across front-end channels
Digital transactions
Digital sales



Innovation

Treasury



Distinctive bank wide enabler across liquidity & financial solutions

Accelerate Treasury sales via cross-sell activities
Expand hedging business
Increase FX market share



- **FY 2023 Financial Performance**





Strong growth in profitability boosted by lending growth and improved margins

Balance sheet expansion, driven by loans,

funded mainly by interest bearing deposits

Total assets

4Q-23



YoY

+8%

IBs

4Q-23



YoY

+19%

Loans & advances, net

4Q-23



YoY

+13%

NIBs Share (%)

59.4%

54.7%

FY 22

FY 23

Strong growth in profitability and improved returns,

due to NSCI, boosted by lending growth and NIM expansion

Net income

FY-23



YoY

+15%

NSCI

FY-23



YoY

+23%

ROAE after Zakat (%)

14.5%

15.6%

FY 22

FY 23

NSCI Margin (%)

3.11%

3.61%

FY 22

FY 23

Improved cost efficiency despite ongoing investments in strategic projects,

but increased CoR from boosted coverage, while proactively managing NPLs

CIR (%)

32.4%

31.3%

FY 22

FY 23

CoR* (%)

0.44%

0.70%

FY 22

FY 23

Expenses before Impairments

FY-23



YoY

+13%

NPL Ratio (%)

1.72%

1.24%

FY 22

FY 23

Comfortable liquidity

and stable capitalization well above regulatory minima

LCR

4Q-23

159.9%

Tier 1 Ratio

4Q-23

17.6%

SAMA weighted LDR

4Q-23

81.9%

Total CAR

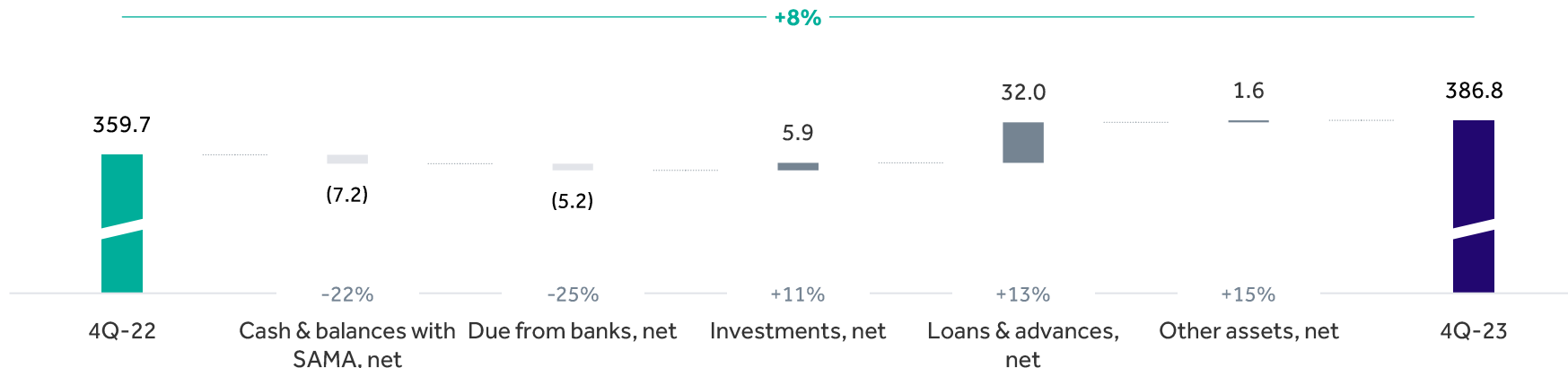
4Q-23

20.7%

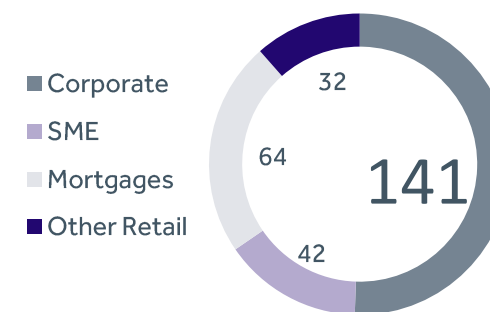


Solid balance sheet expansion driven by balanced financing growth

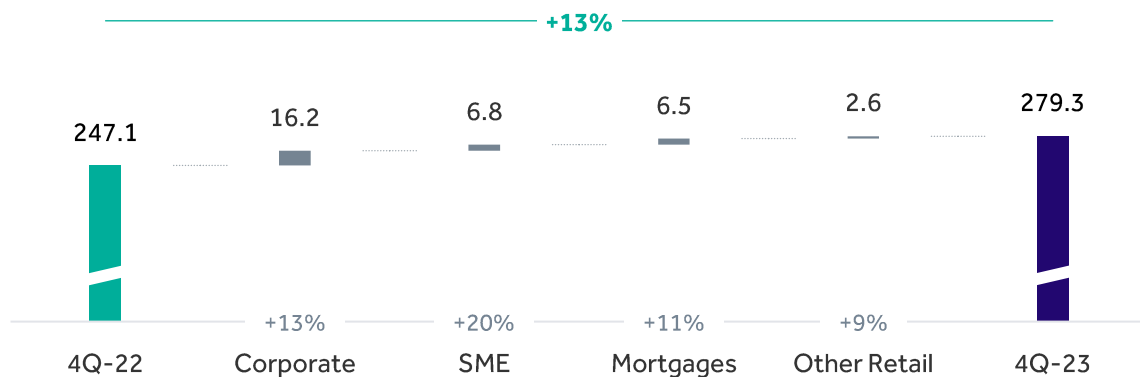
Total Assets Movement YoY (SARbn)



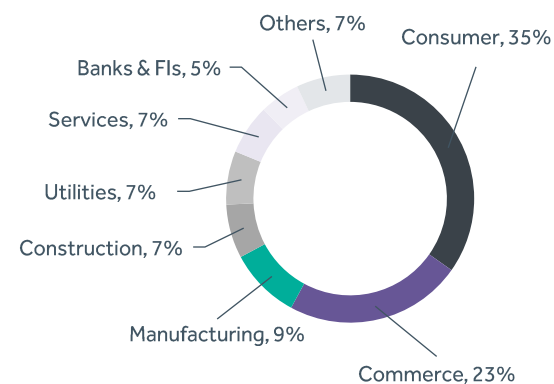
Loans & Advances, Gross By Segment, FY-23 (SARbn)



Gross Loans Movement YoY (SARbn)



Loans & Advances, Net by Sector, FY-23 (SARbn)



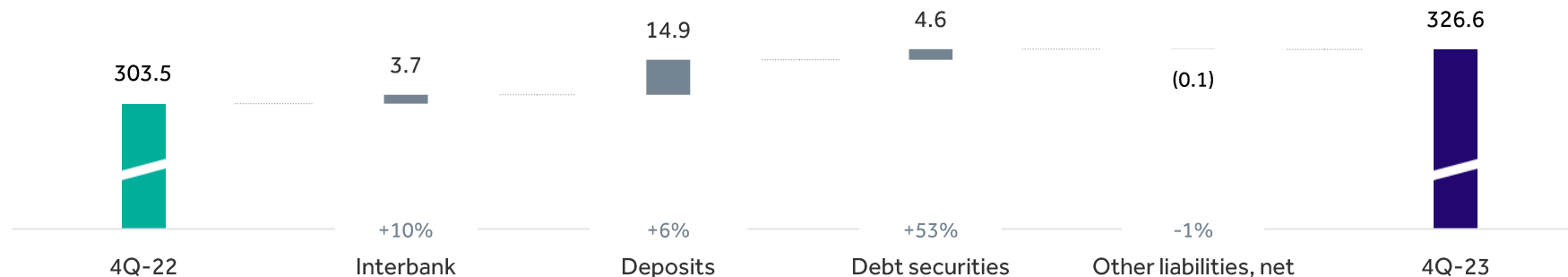
SME Highlights



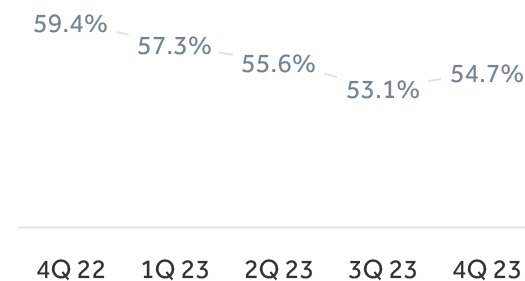


Which was funded mainly by interest bearing deposits while overall liquidity position remained comfortable, leaving ample room for growth

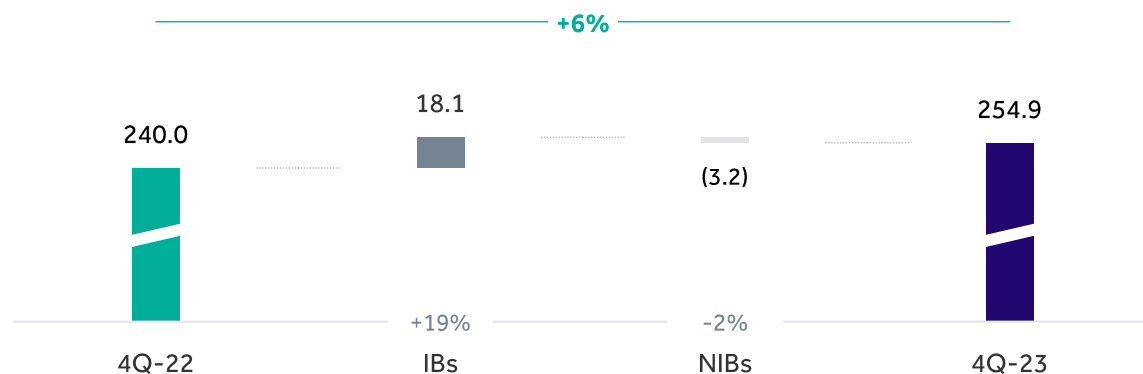
Total Liabilities Movement YoY (SARbn)



NIBs % of Total (%)



Total Customers' Deposits Movement YoY (SARbn)

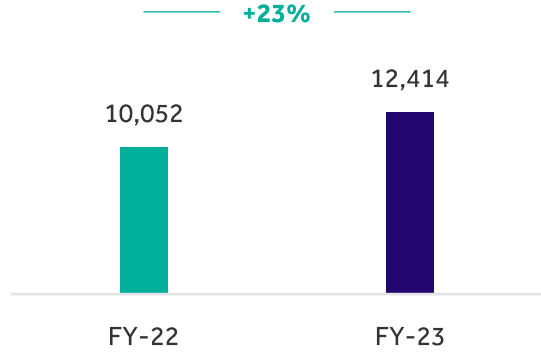


<p>NSFR</p> <p>4Q-23</p> <p>-4.7% YoY</p> <p>113.4%</p>	<p>LCR</p> <p>4Q-23</p> <p>-22.1% YoY</p> <p>159.9%</p>
<p>SAMA Weighted LDR</p> <p>4Q-23</p> <p>+1.4% YoY</p> <p>81.9%</p>	<p>Headline LDR</p> <p>4Q-23</p> <p>+6.7% YoY</p> <p>107.6%</p>

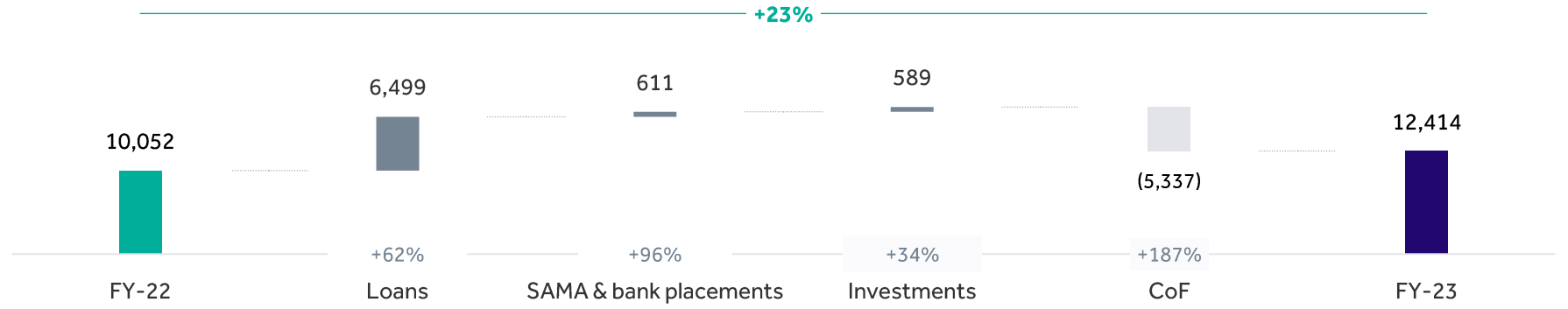


Lending growth and margin expansion from rising benchmark rates boosted NSCI, though margin peaked in 1Q-23 from shifting deposit mix and higher funding costs

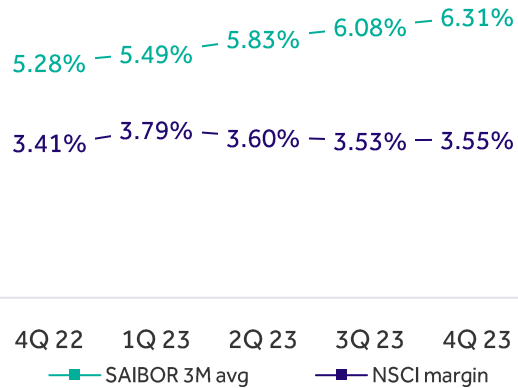
NSCI (SARmn)



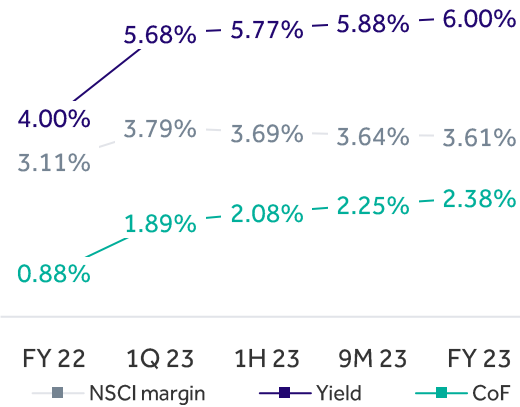
NSCI Movement YoY (SARmn)



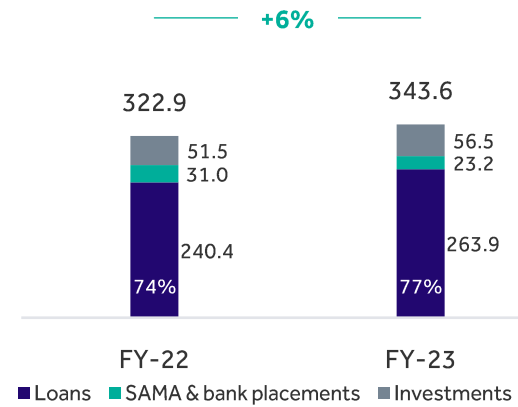
Quarterly NSCI Margin and SAIBOR Trend (%)



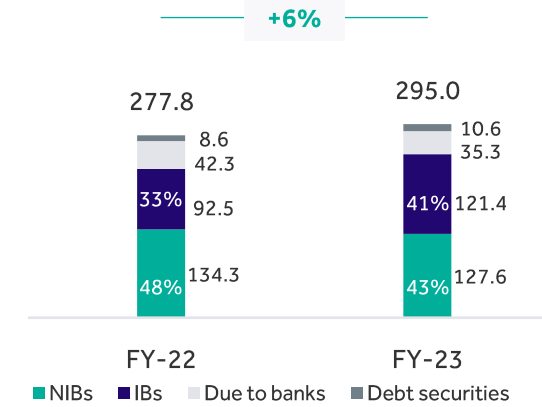
YTD NSCI margin (%)



Average Earning Assets (SARbn)



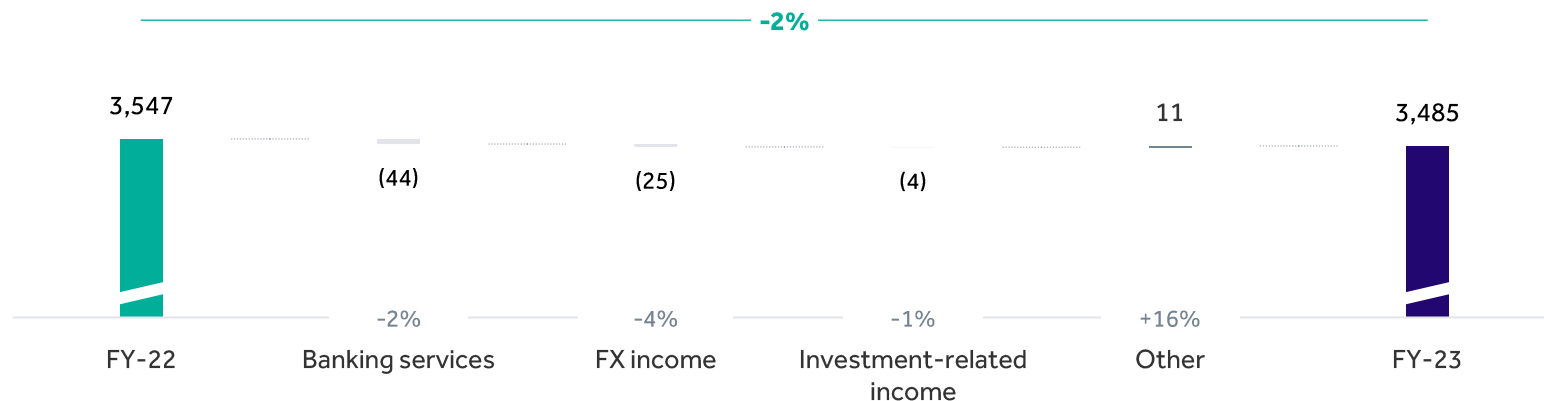
Average Bearing Liabilities (SARbn)



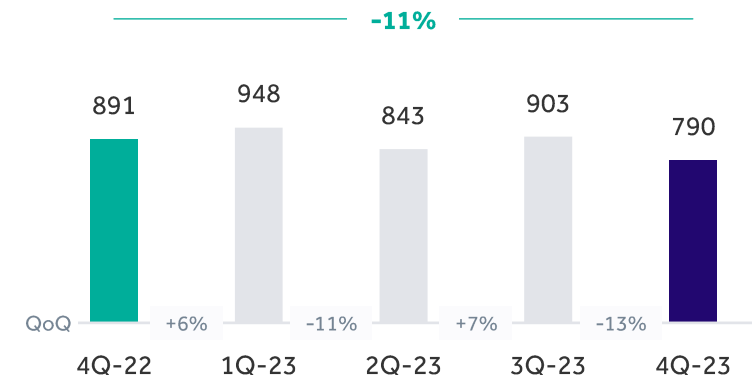


While fee & other income growth witnessed a slight drop driven by lower cards and capital markets income partly offset by credit facilities and trade fees

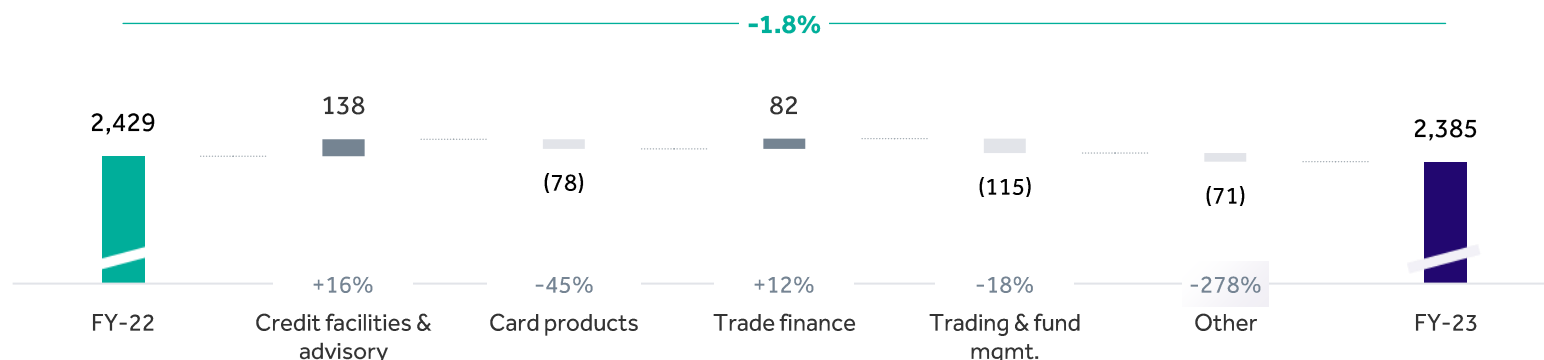
Fee & Other Income Movement YoY (SARmn)



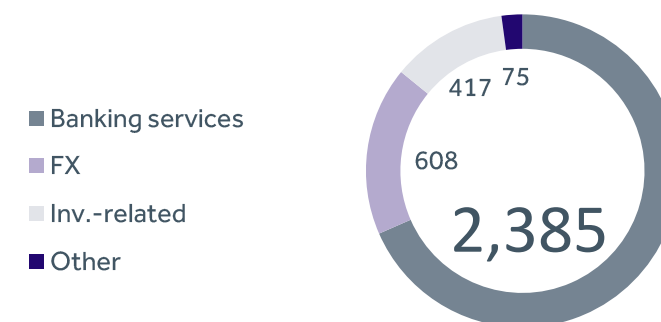
Quarterly Fee & Other Income (SARmn)



Fee Income from Banking Services Movement YoY (SARmn)



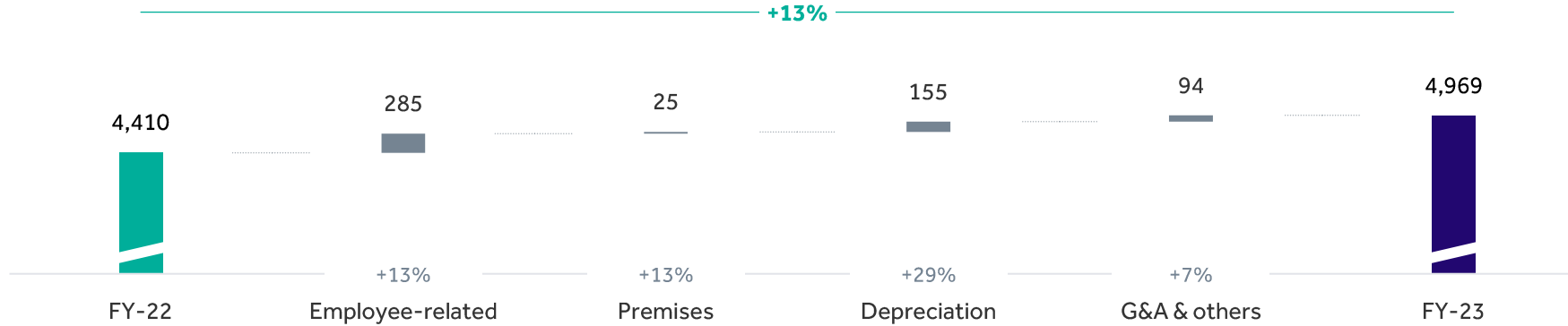
Fee & Other Income Composition, FY-23 (SARmn)



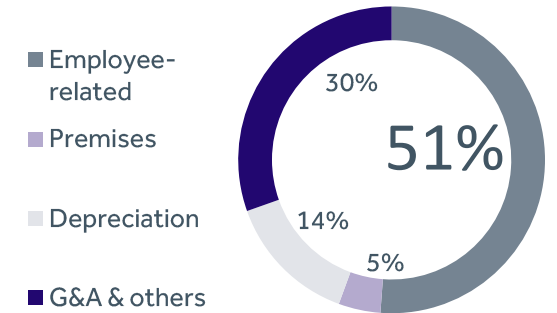


Positive jaws improve cost efficiency despite ongoing investments in infrastructure, digital capabilities, and strategic initiatives

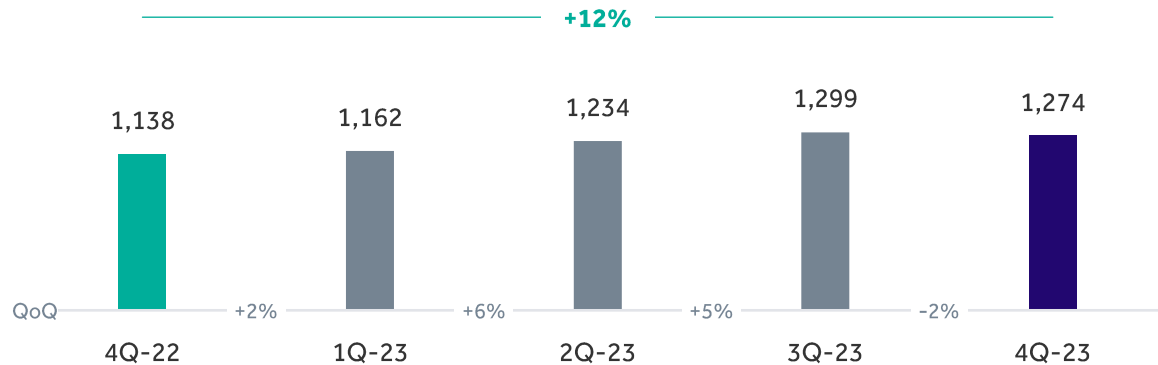
Expenses before Impairment Movement YoY (SARmn)



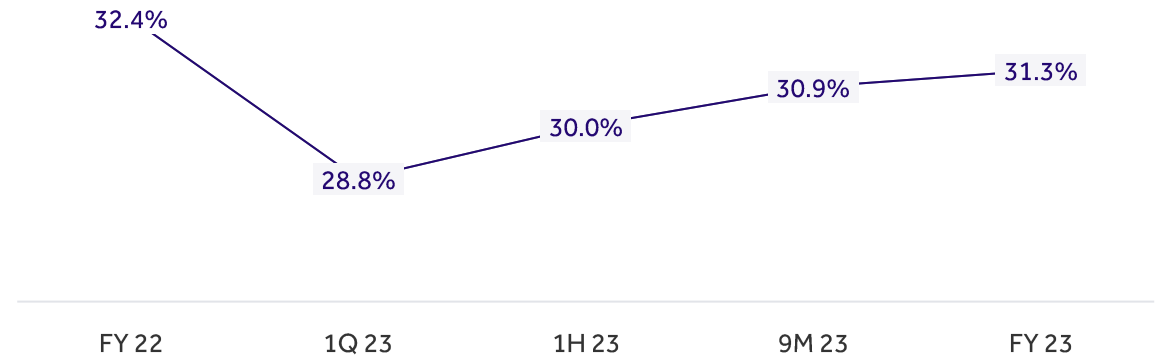
Expenses before Impairments Composition, FY-23 (%)



Quarterly Expenses before Impairment (SARmn)



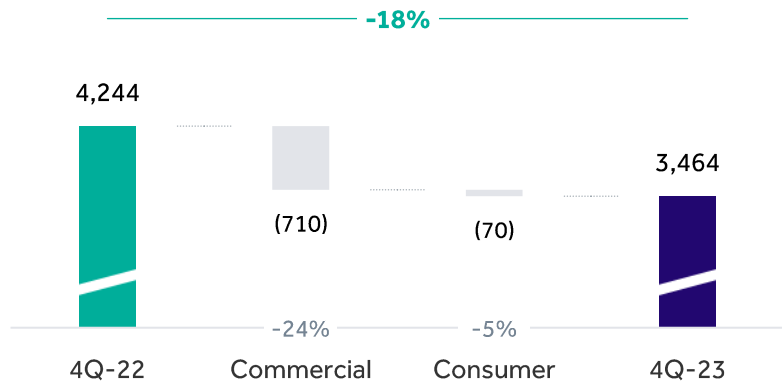
Cost to Income Ratio (%)



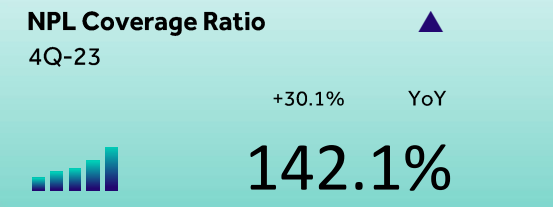
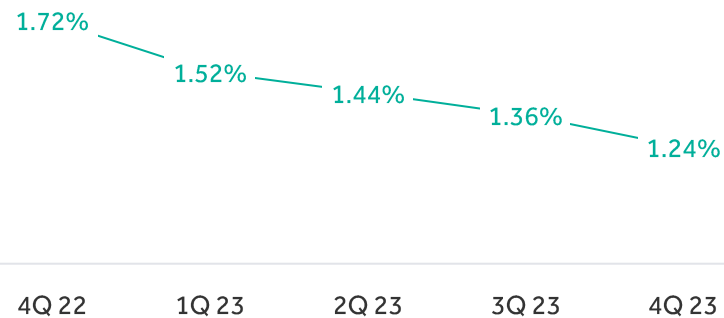


Cost of risk rose from efforts to boost coverage and manage NPLs proactively

NPL Movement by Sector YoY (SARmn)



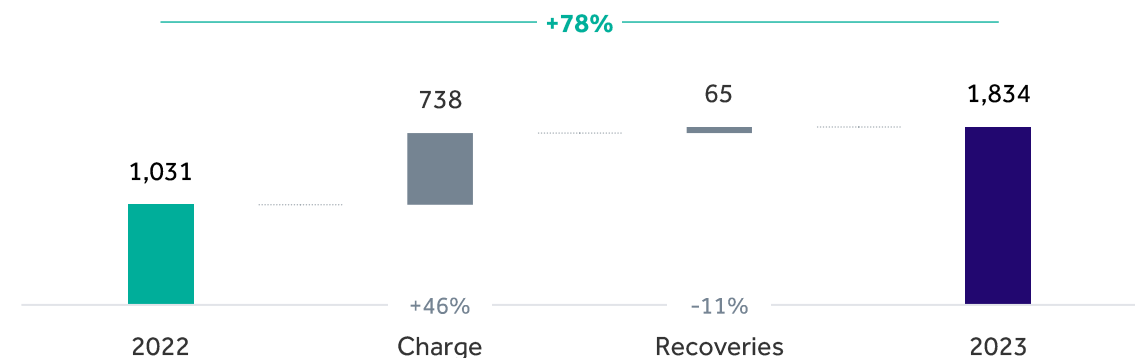
NPL Ratio (%)



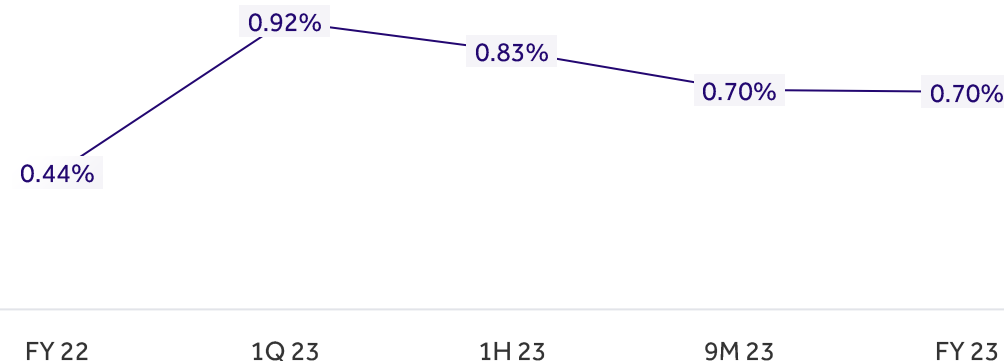
Stage-wise ECL on Gross Loans, 4Q-23, YoY

Stage	4Q-23 ECL (%)	YoY Change (%)
Stage 1	0.31%	+0.08%
Stage 2	12.9%	+1.8%
Stage 3	46.7%	-7.6%

Impairments for Credit Losses Movement YoY (SARmn)



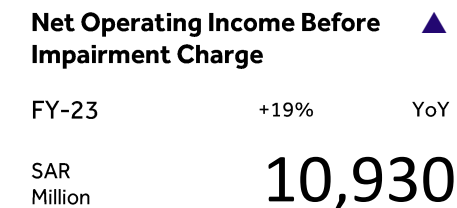
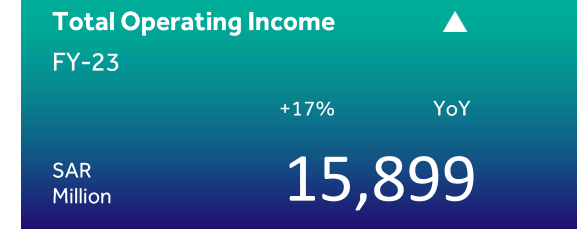
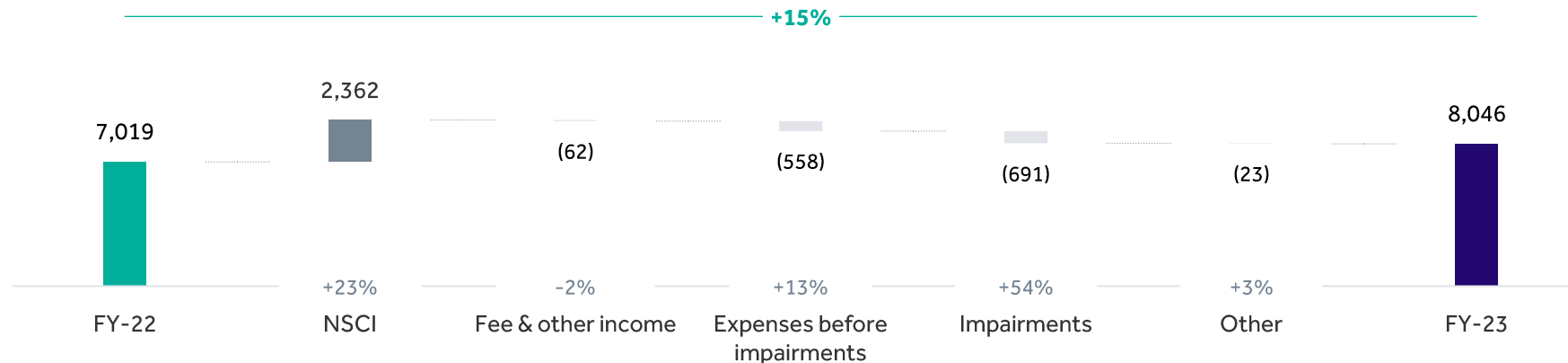
Cost of Risk* (%)



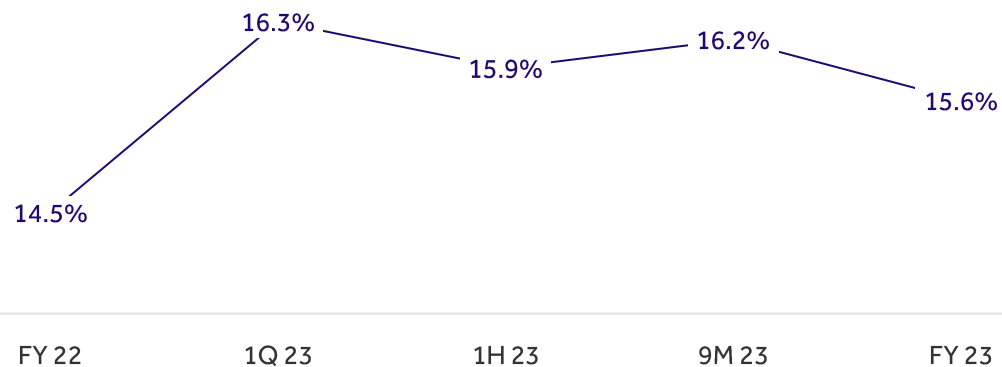


Together these factors spurred strong growth in profitability and better returns

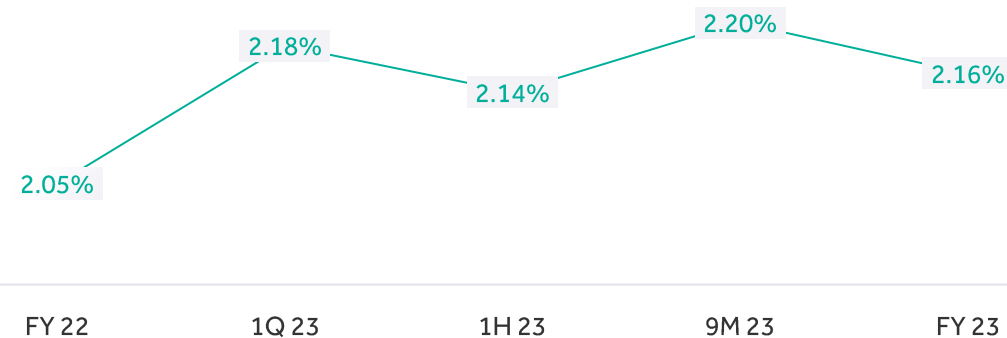
Net Income Movement YoY (SARmn)



ROAE after Zakat (%)



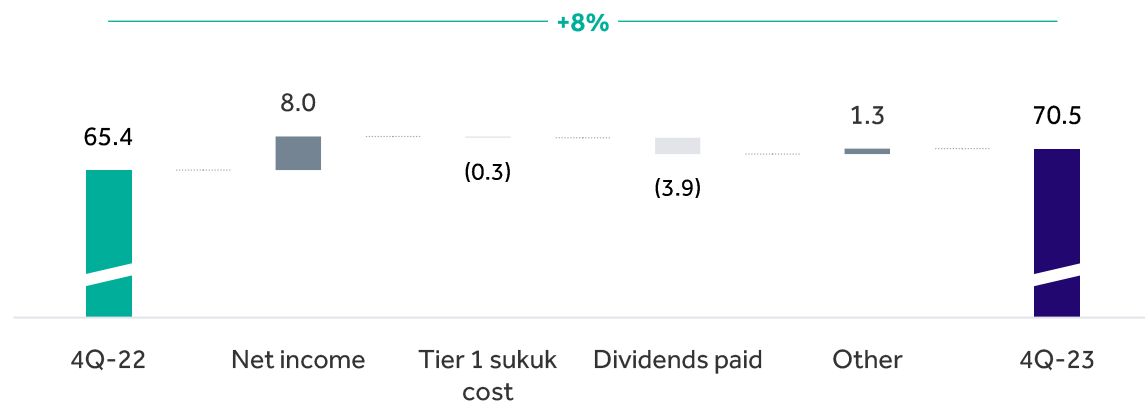
ROAA after Zakat (%)



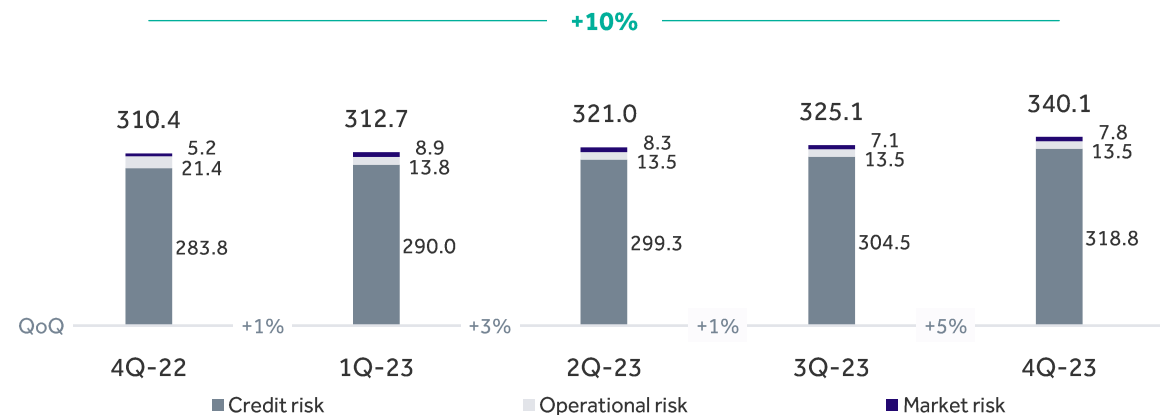


Supporting strong and stable capitalization well above regulatory minima

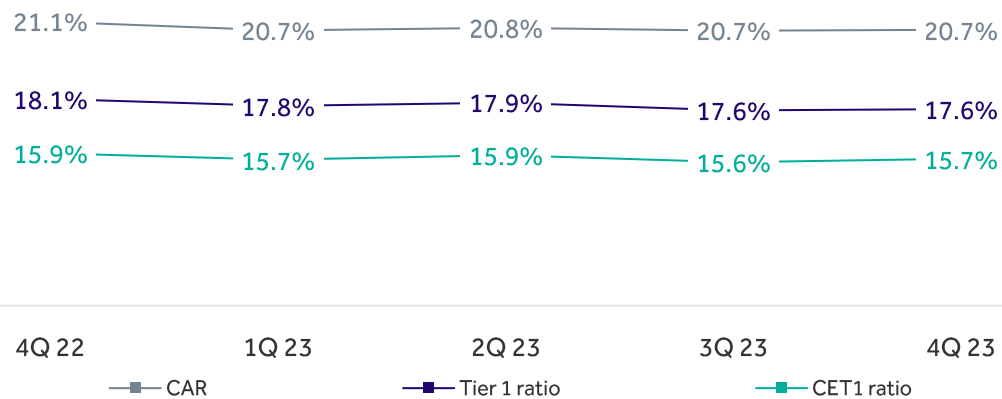
Total Regulatory Capital Movement YoY (SARbn)



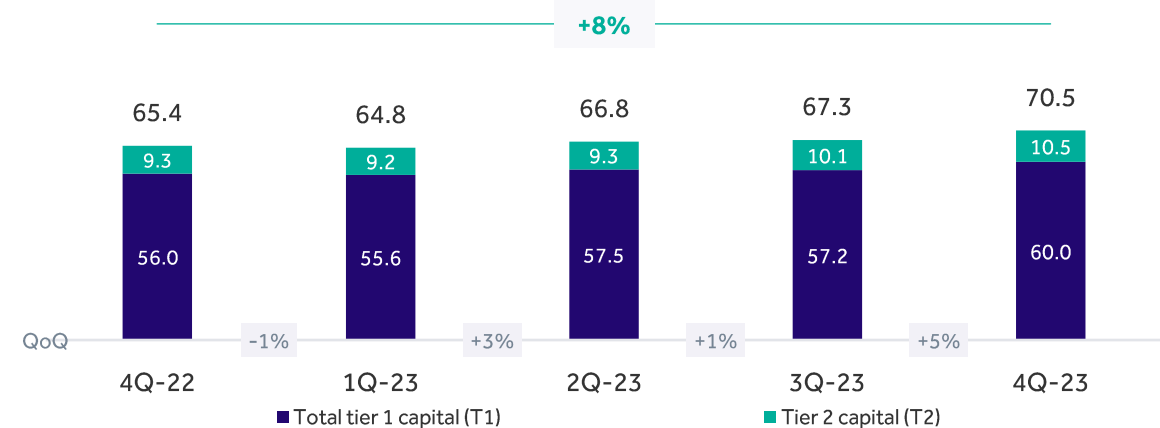
Risk Weighted Assets (SARbn)



Capital Ratios (%)



Total Regulatory Capital (SARbn)





With all KPIs within guidance

Guidance Metric	2023 Guidance	FY 2023	2024 Guidance	Drivers
Loans, Net	High Single to Low Double Digit	SAR 274 bn (+13% YoY)	High Single to Low Double Digit	Continuing balanced growth approach driven by corporate, SMEs and mortgages; supported by positive economic outlook for Saudi
NSCI Margin	+40bps to +60bps	3.61% (+50bps YoY)	-10bps to -15bps	Flattish margins during the year compared to 4Q2023 NSCI margin of 3.55%
Cost to Income	Below 31%	31.3%	Below 32%	Investments will continue in digitization, systems and people to achieve our strategic aspirations
Cost of Credit Risk	70bps - 90bps	0.70%	65bps - 75bps	Proactive risk management to support asset quality and improve coverage
CET1	Above 15%	15.7%	Above 15%	Strong capitalization and efficient capital management supported by internal capital generation
ROAE after Zakat	Above 15%	15.6%	Above 15%	Maintain healthy ROAE driven by top line growth and efficiencies



- **Appendix**





Contact the investor relations for more information

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Visit our website for more information and to access our disclosures

<https://www.riyadbank.com/web/guest/about-us/investor-relations/financial-results>



4Q 2023 Financials

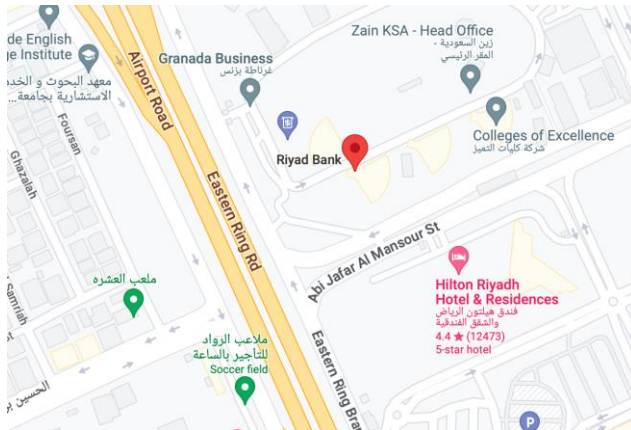


Annual 2022 Report

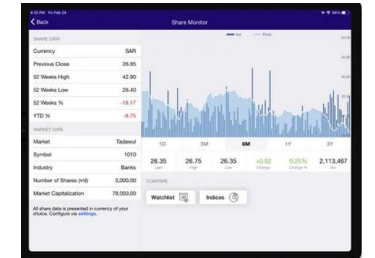


ESG 2022 Report

Riyad Bank Head Office ([Link](#))



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