

# FY 2022 Results Presentation

## Riyad Bank Presenters:

Mr. Tareq Al Sadhan, CEO

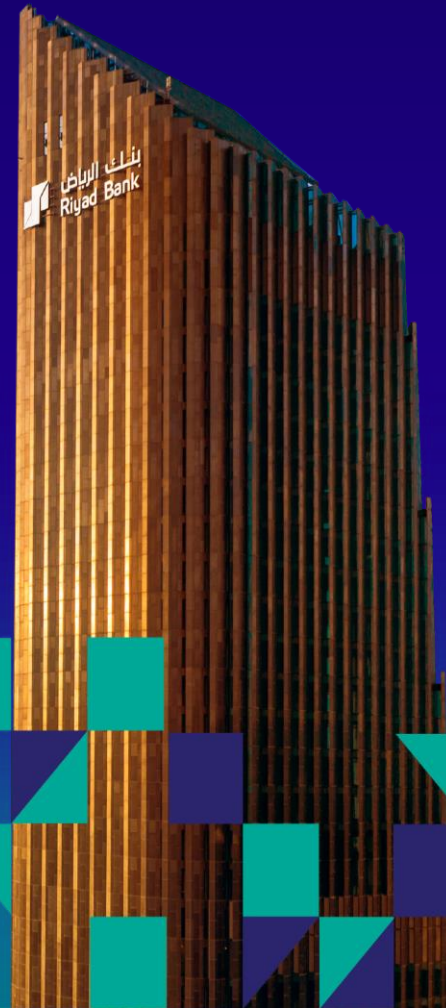
Mr. Abdullah Al Oraini, CFO

Dr. Naif Al Ghaith, Chief Economist

Ms. Najla Al Mutairi, IR

## Host:

Mr. Faisal Potrik, Head of Research – Riyad Capital



# Riyad Bank is the third largest bank in Saudi Arabia



To be the most innovative & trusted financial solutions partner

**6,794** Employees  
**28.5%** Female employees

## FY 2022 Key Metrics

### Assets

SAR bn **360**

### Operating Income

SAR bn **13.6**

### Cost / income

Ratio **32.4%**

### Loans, Net

SAR bn **242**

### Net Operating Income before Impairment & Zakat

SAR bn **9.2**

### Cost of Risk

**0.44%**

### Deposits

SAR bn **240**

### Net Income

SAR bn **7.0**

### T1 Capital

**18.1%**

### SAMA LDR Ratio

**80.5%**

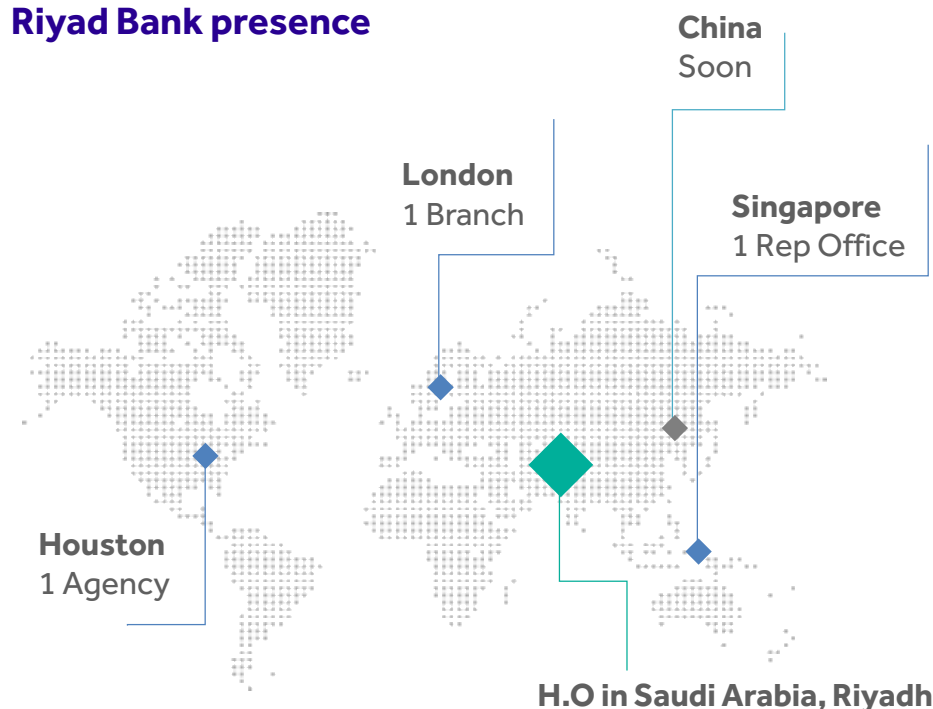
### LCR

**182%**

### QFI

**9.8%**

## Riyad Bank presence



Rating	LT	ST	Outlook
<b>S&amp;P Global Ratings</b>	BBB+	A2	Positive
<b>Fitch Ratings</b>	BBB+	F2	Positive
<b>MOODY'S</b>	A2	P-1	Stable


Branches (Licensed)	<b>338</b>
ATMs	<b>2,219</b>
PoS	<b>196,911</b>

# Structural and recent shifts in the industry require us to chart a new course for the Bank




## Strategy Refresh Drivers


- 1




Increasing customer expectations around digital sales and service.
- 2



Depressed demand and compressed margins due to COVID-19
- 3



Imperative to renew effort to reinforce our competitive advantage
- 4



Growing competitive intensity with recent M&As in the region.

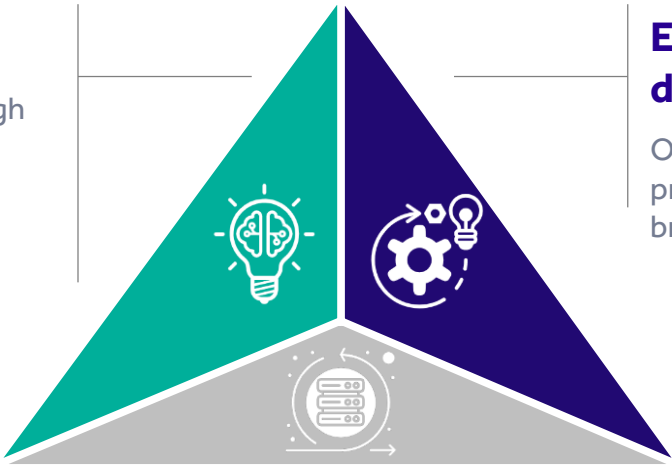
## Strategy

### Value through innovation

Creating new markets through digital eco-systems, disrupting me-too propositions, integrating Advanced Analytics into BAU

### Efficiency through digitization

Optimize procurement, organization productivity, front to back digitization, branch network and format optimization



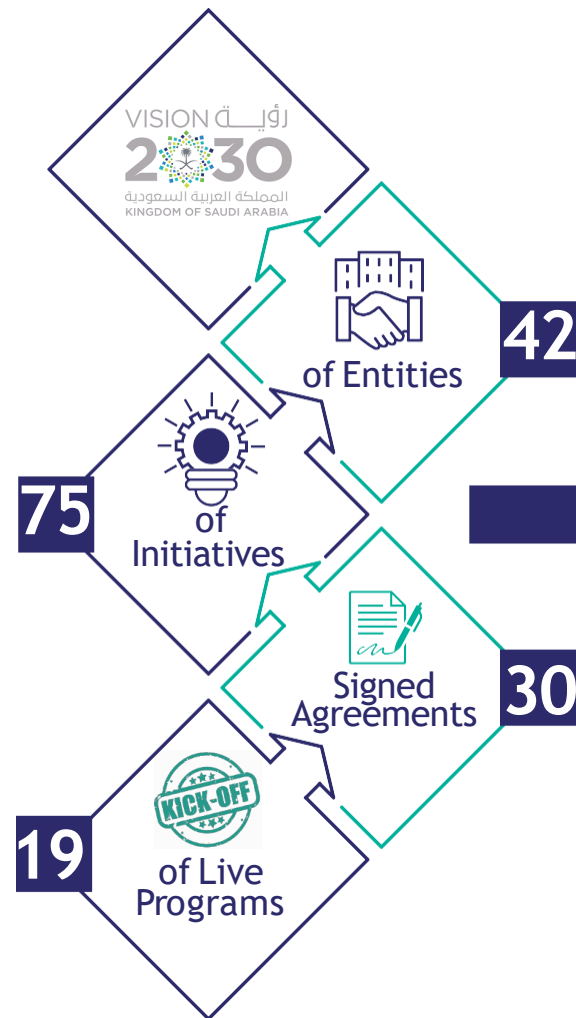
### Enablement through next gen operating model

Transforming core technology infrastructure and operating model through agile



# Vision 2030 initiatives

Riyad Bank is fully committed to the success of the National Agenda



The initiatives contribute to

96

KPIs of the Saudi vision 2030

برنامج ريادة  
الشركات الوطنية



- Financial Support
- Initiative for NCPP Agency Services

10 KPIs Signed

14<sup>th</sup> Mar 2021

spark  
مدينة الملك سلمان للطاقة  
King Salman Energy Park

- Future initiatives for the present (10 initiatives)

25 KPIs Signed

13<sup>th</sup> Jun 2021

صندوق التنمية العقارية  
REAL ESTATE DEVELOPMENT FUND



- Financial Support Initiative for Real Estate Developers

11 KPIs Signed

15<sup>th</sup> Jun 2021

مسار  
MASSAR  
التجارة والأعمال  
Commerce and Business

- Massar Business Enablers Initiatives

33 KPIs Signed

03<sup>rd</sup> Nov 2021

هيئة المدن والمناطق الاقتصادية الخاصة  
Economic Cities and Special Zones Authority

- Massar Business Enablers Initiatives

25 KPIs Signed

28<sup>th</sup> Sep 2022

صندوق التنمية الثقافي  
Cultural Development Fund

- Cultural development initiatives
- Culture Road Program

22 KPIs Signed

21<sup>st</sup> Apr 2022

برنامج تطوير الصناعة  
الوطنية والخدمات  
اللوجستية



- Developing Execution Tools for NIDLP Strategic Dimensions (5 Initiatives) We Finance, You Manufacture
- We Invest, You Manufacture

33 KPIs Signed

18<sup>th</sup> Nov 2021

صندوق التنمية  
السياحي  
Tourism Development Fund



- Program 100%
- Program 90% Agency program
- Tourism Partnership Program (TPP)
- Facility Guarantee Project Finance

25 KPIs Signed

29<sup>th</sup> Apr 2021

المركز الوطني للتخصيص  
NATIONAL CENTER FOR PRIVATIZATION & PPP

- Developing Privatization Opportunities and Projects

14 KPIs Signed

6<sup>th</sup> Nov 2022

مؤسسة  
مدينة الملك سلمان  
King Salman Park Foundation

- Supportive Initiatives for Developing Business Enablers

25 KPIs Signed

18<sup>th</sup> May 2022

General Business



# From philanthropy to sustainability – ESG Highlights

Embedding corporate responsibility and sustainability into the Bank's strategy

<b>15% Reduced electricity consumption in RB main building, and 41.2% reduction at Quds branch</b>	<b>750 M</b> The world's first sustainable AT1 Sukuk and the first Sukuk on the BSM	<b>1,9074 Hours</b> Bukra Ambassadors volunteering initiative: 452 volunteers	<b>CSR Challenge</b> CSR team conducted two workshops with the participants to enhance the winner's idea	Updated guidelines to meet the needs of persons with disabilities	ISO/DIS 37301:2020 Compliance
مبادرة دور جهازك with collaboration with MCIT & CITC aiming to recycle 100K device by 2022	<b>98 Tons</b> Recycling: From January till date: Papers and plastic 100 HP ink and toner cartridges	<b>SAR 13,257320.99</b> *Till end of Nov. Donation amount: Total 407,670 transactions	<b>FIFA campaign</b> we launched an initiative to invite beneficiaries of Harakiya Association to watch the Saudi National team's match.	<b>5</b> Independent Board Directors	<ul style="list-style-type: none"> <li>•Cyber security ISO/IEC 27001:2013</li> <li>•(PCI DSS) Certification</li> <li>•ISO business Continuity. ISO22301:2019</li> </ul>
<b>First RB ESG report</b> Riyadh Bank has lunch the first ESG report in internal/external campaign.	<b>4 M</b> Trees Riyadh Bank counterpetition with Saudi Green in 10 year investment	<b>Saving day</b> in collaboration with "مدارس التربية النموذجية" and Classera , we organized workshops	<b>PWDs day</b> We launched Riyadh Bank's experience booklet on the employment of persons with disabilities	<b>5</b> Board Subcommittees	<b>Diversity</b> First female board member
<b>Environmental</b>		<b>Cancer room</b> Riyadh Bank employees volunteered to participate in decorating cancer patient lounge at the children's oncology center in collaboration with Sanad Association.		<b>+15</b> new adopted governance policies and frameworks	
		<b>Social</b>		<b>Governance</b>	



# Economic environment

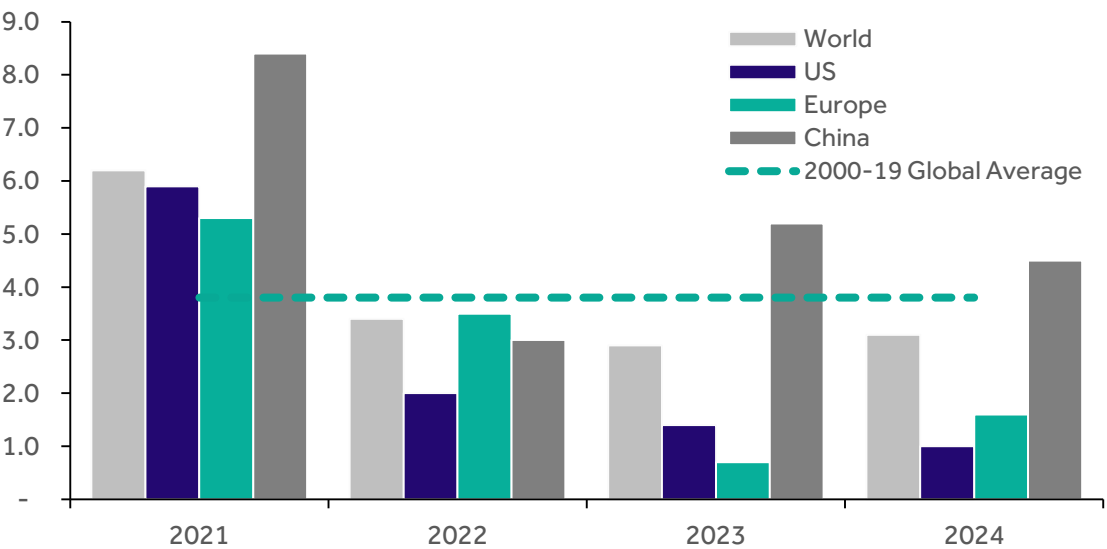


# Global Growth has been Strong and Surprisingly Resilient



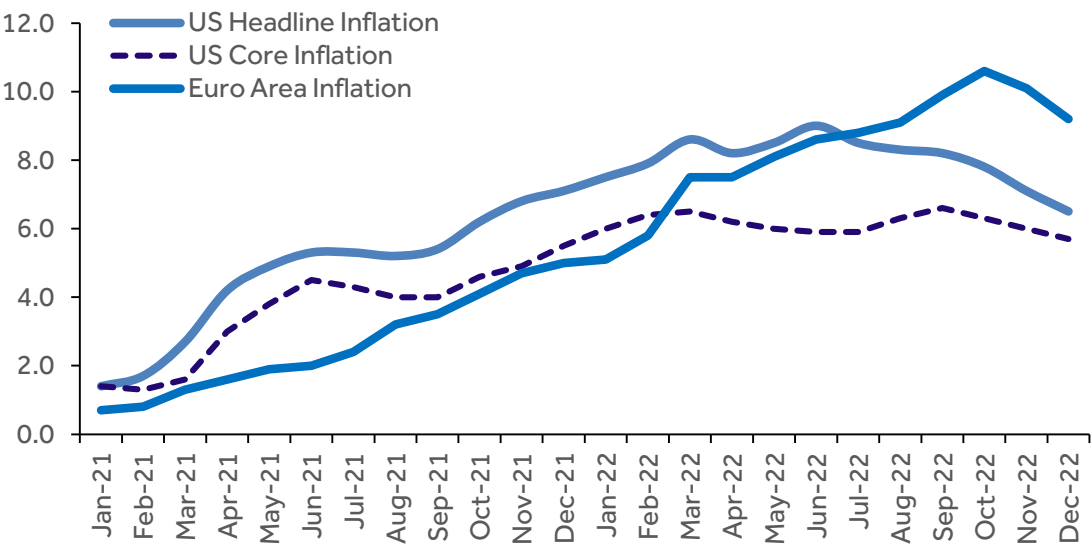
Global growth is projected to fall from 3.4% in 2022 to 2.9% in 2023, below the historical average (2000–19) of 3.8%. In 2024, global output is forecasted to rise to 3.1%.

US and the EU 2023 real GDP projection has been markedly revised upward, still below potential with low contributions to global growth



Source: IMF World Economic Outlook January 2023

Monetary policy tightening is beginning to cool demand and inflation, but the full impact is unlikely to be seen before 2024



Source: OECD, FRED, IMF

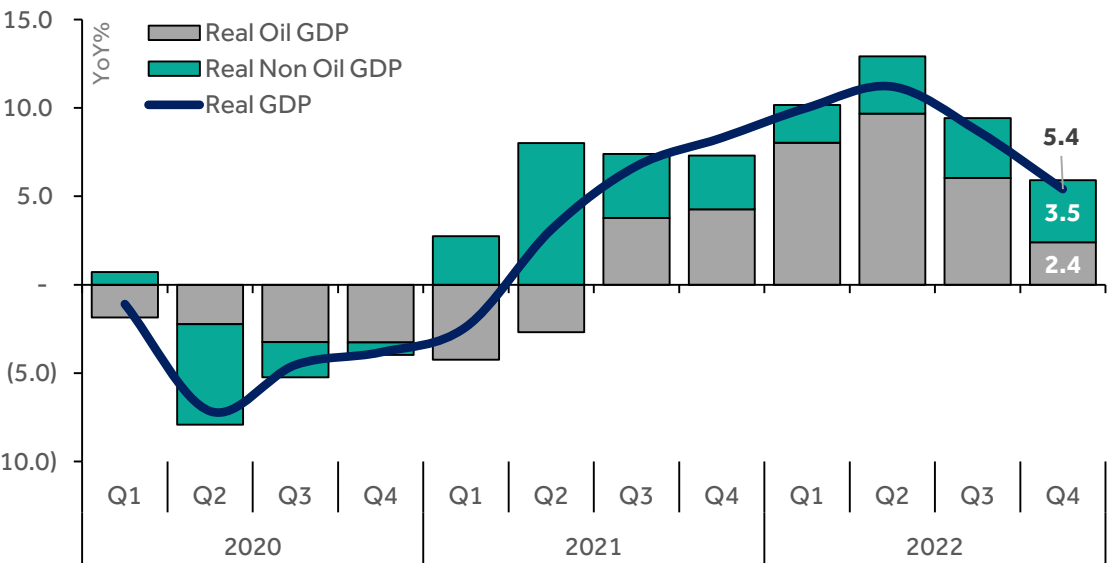
Global PMI		Fed Funds Rate		USD Index		3M LIBOR		10y Treasury Yield		Brent Oil Price	
49.1	48.7	4.50%	0.25%	103.5	95.9	4.74%	0.21%	3.51%	1.78%	\$101/pb	\$71/pb
Jan 2023	Dec 2022	2022	2021	2022	2021	2022	2021	Jan 2023	Jan 2022	2022	2021

# Saudi Non-Oil Economy Grows at Fastest Pace in Over a Year



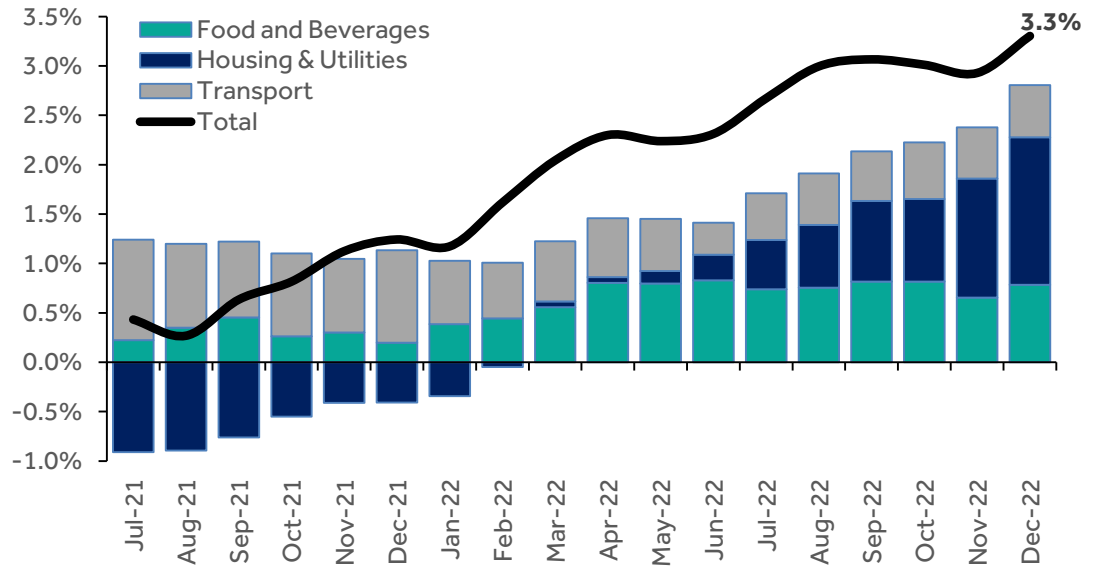
Real GDP growth reached 8.7% in 2022, the highest in almost a decade, leading the ranks of fastest growing economies of the G20, supported by strong non-oil economy through higher investments and improved oil market.

Real GDP for Q4 expanded by 5.4% with non-oil economy representing 71% of Saudi real GDP in Q4



Source: GASTAT Flash Estimates

Headline inflation increased by 3.3% at the end of 2022 pushed by higher housing & utilities costs



Source: GASTAT

Real GDP Growth		Riyad Bank PMI		SAMA Policy Rate		Money Supply YoY		Credit Growth YoY		Fiscal Balance % of GDP	
4.7%	8.7%	56.5	55.8	5.0%	1.0%	8.1%	7.4%	12.2%	14.4%	2.6	-2.3
2023	2022	Avg 2022	Avg 2021	2022	2021	2022	2021	2023	2022	2022	2021

RB Projections





# Financial results overview



# FY 2022 Key highlights







FY 2022 Vs. FY 2021

## Balance Sheet

10.4%	11.5%	-11.0%	13.4%	5.4%
				
Total assets	Loan and advances, net	Investments, net	Customer deposits	Demand & other deposits

## Income Statement

16.5%	21.2%	8.3%	17.6%	<ul style="list-style-type: none"> <li>▪ Credit related impairment increased by 20.8% .</li> <li>▪ Cost of Risk in FY 2022 increased to 44 bps from 41 bps in FY 2021.</li> </ul>
				
Net income	NSCI	Fee and other income	Total operating income	

## Asset Quality, Capital & Liquidity

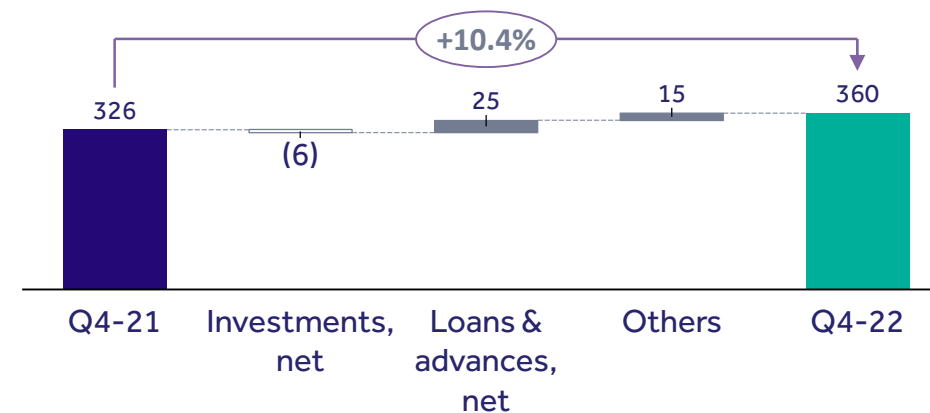
- NPL ratio 1.72 % and NPL coverage at 112.04%
- Capital position: CETI ratio of 15.9% ,Tier 1 CAR of 18.1% and total CAR of 21.1%.
- Strong funding and liquidity with Loans to deposits ratio (incl. Sukuk)) of 94.9% and Regulatory LDR stood at 80.5% , Net Stable Funding Ratio of 118% and Liquidity Coverage Ratio of 182%.
- Leverage Ratio of 12.8%.

# Financial highlights – Balance sheet

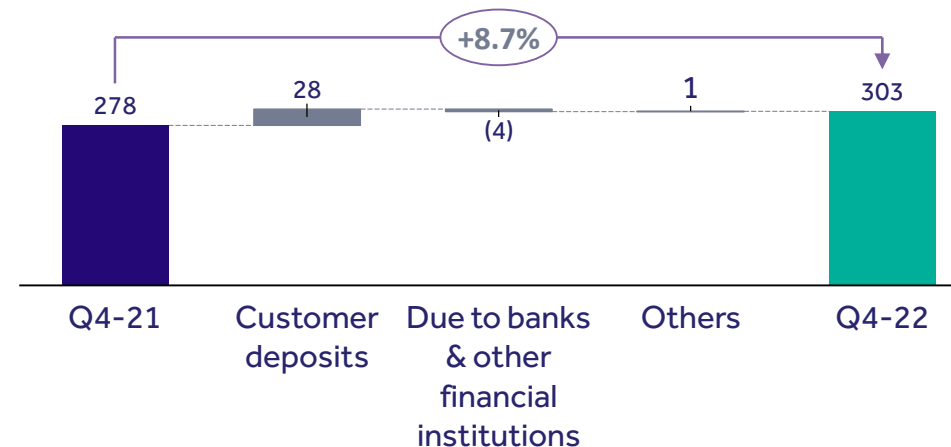
## Stable balance sheet performance

SAR (mn)	4Q 2022	3Q 2022	QoQ % change	4Q 2021	YTD % change
Cash and balances with SAMA and financial institutions	53,980	43,985	+22.7%	43,232	+24.9%
Investments, net	52,196	53,246	-2.0%	58,637	-11.0%
Loans and advances, net	242,365	241,586	+0.3%	217,290	+11.5%
<b>Total assets</b>	<b>359,653</b>	<b>347,881</b>	<b>+3.4%</b>	<b>325,736</b>	<b>+10.4%</b>
Customer deposits	240,007	235,892	+1.7%	211,678	+13.4%
Debt securities in issue	8,758	8,672	+1.0%	8,717	+0.5%
<b>Total liabilities</b>	<b>303,480</b>	<b>298,286</b>	<b>+1.7%</b>	<b>278,436</b>	<b>+9.0%</b>
<b>Total shareholders' equity</b>	<b>49,602</b>	<b>46,776</b>	<b>+6.0%</b>	<b>47,300</b>	<b>+4.9%</b>
<b>Tier 1 Sukuk</b>	<b>6,571</b>	<b>2,819</b>	<b>+133%</b>	<b>0</b>	<b>-</b>
<b>Total Equity</b>	<b>56,173</b>	<b>49,595</b>	<b>+13.3%</b>	<b>47,300</b>	<b>+18.8</b>
Risk weighted assets	310,425	308,390	+0.7%	298,475	+4.0%
CET1 ratio	15.9%	15.1%	+0.8%	15.8%	+0.1%
T1 ratio	18.1%	16.0%	+2.1%	15.8%	+2.3%
Total capital adequacy ratio	21.1%	19.1%	+2.0%	19.0%	+2.1%

Total Assets Growth Drivers (SARbn)



Total Liabilities Growth Drivers (SARbn)

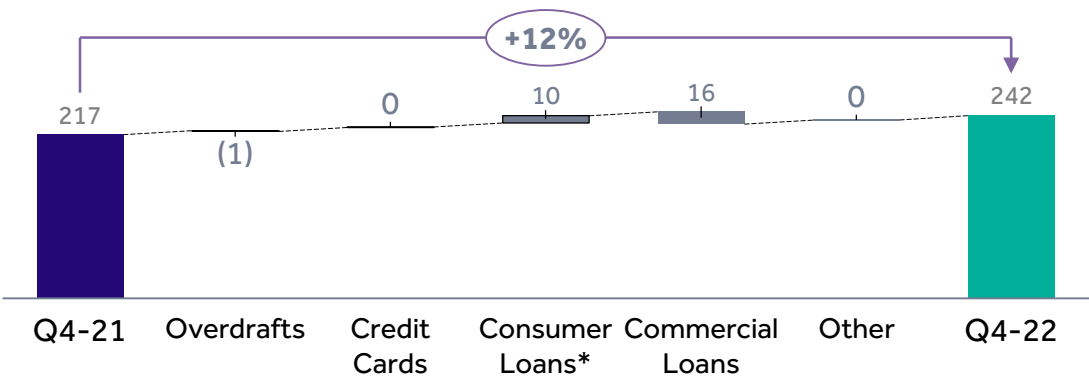


# Assets & lending

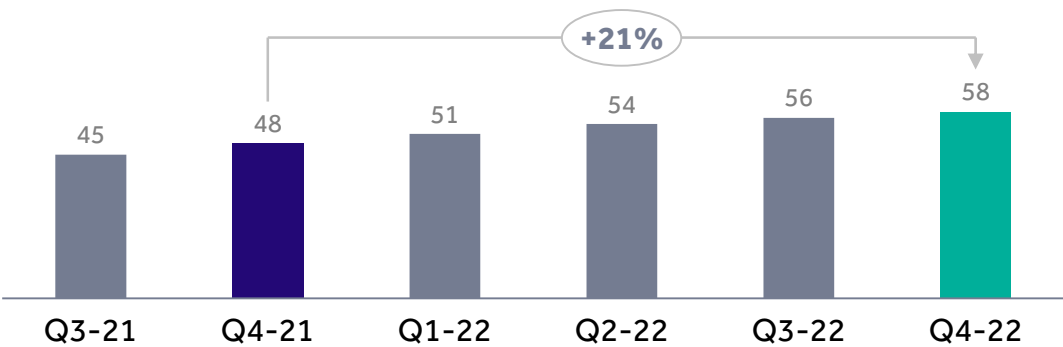
Loan growth mainly driven by Commercial and Mortgage loans



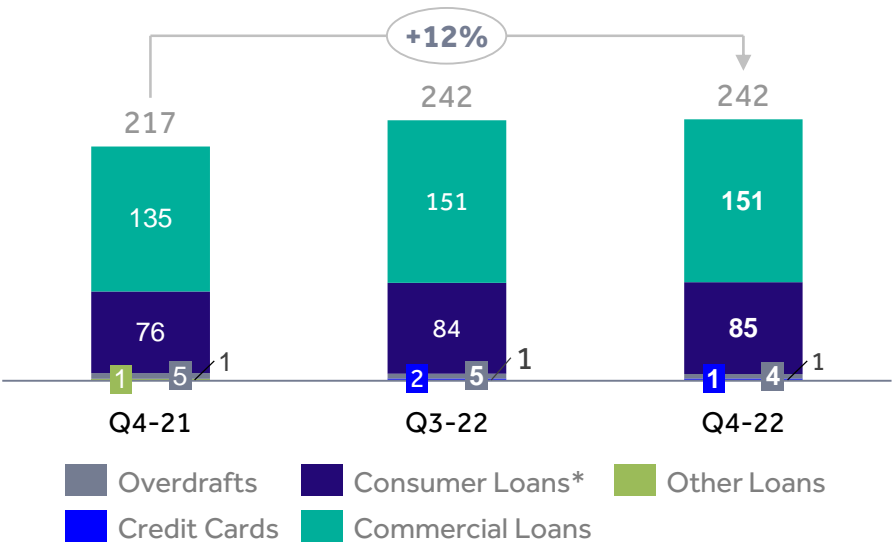
Loans & Advances, Net Growth Drivers (SARbn)



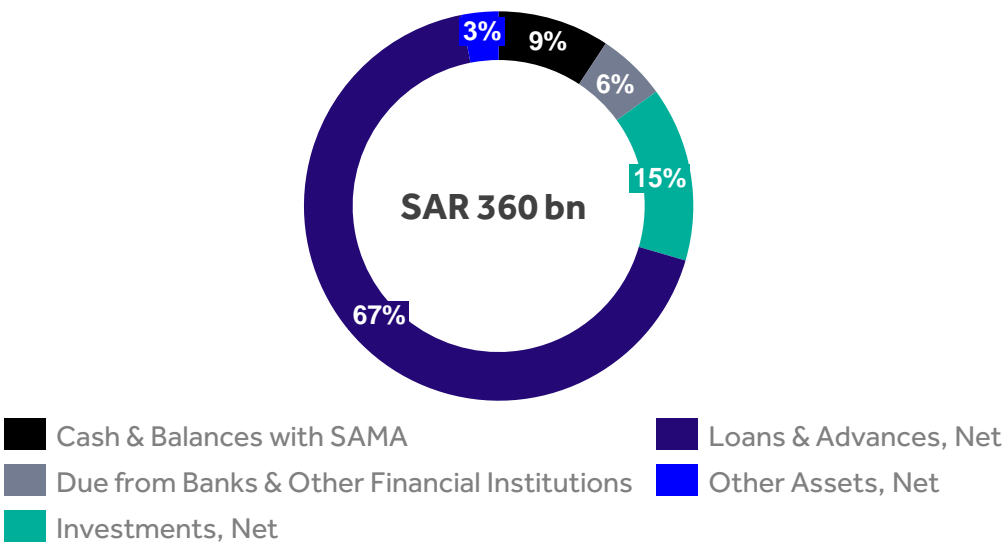
Mortgages Loans, Gross (SARbn)



Loans & Advances, Net by Type (SARbn)



Q4 2022 Total Assets Mix (SARbn)



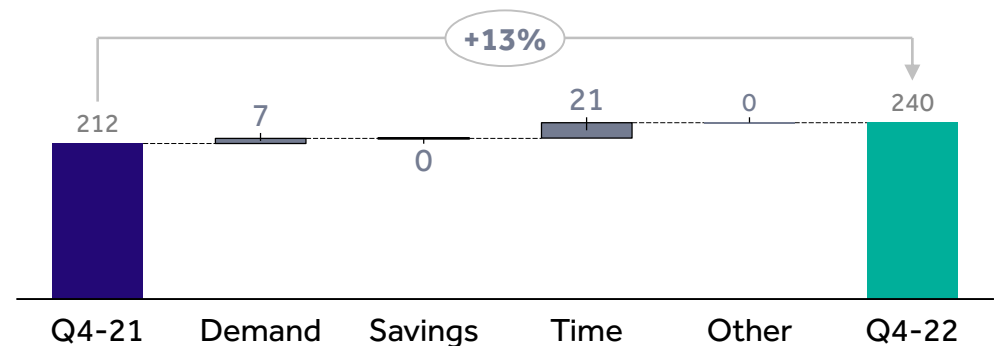
\*Includes mortgages

# Liabilities and funding

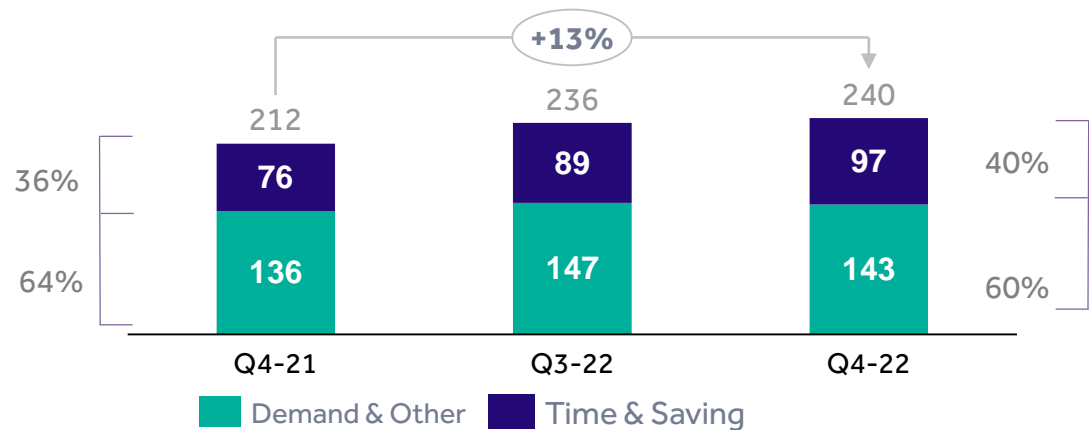
Stable funding profile



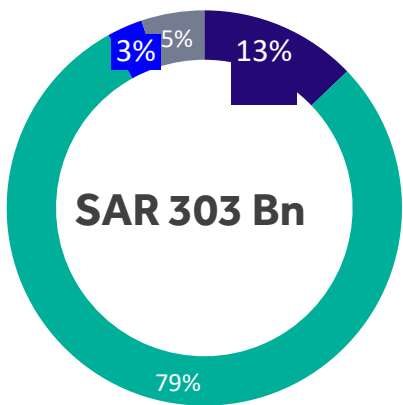
Customer Deposits Growth Drivers (SARbn)



Total Customer Deposits by Type (SARbn)



Q4 2022 Total Liabilities Mix (SARbn)



- Due to Banks & Other Financial Institutions
- Customer Deposits
- Debt Securities in Issue
- Other Liabilities, Net

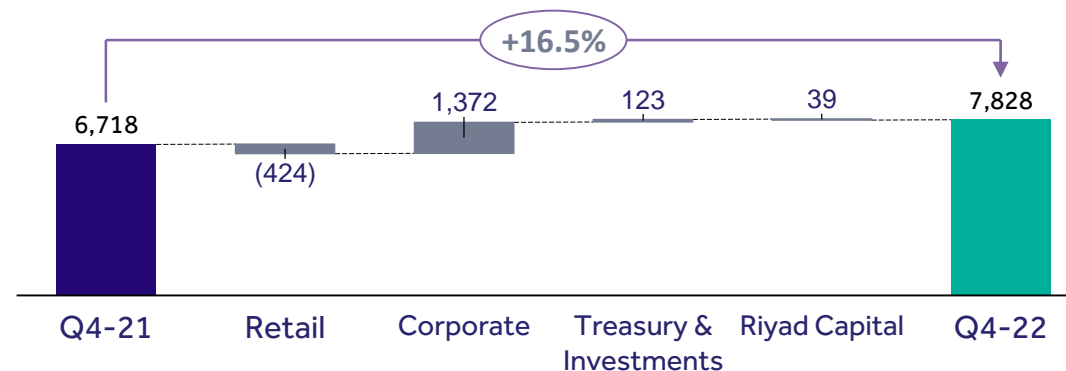
# Financial highlights – Income statement

Net income growth mainly due to higher operating income

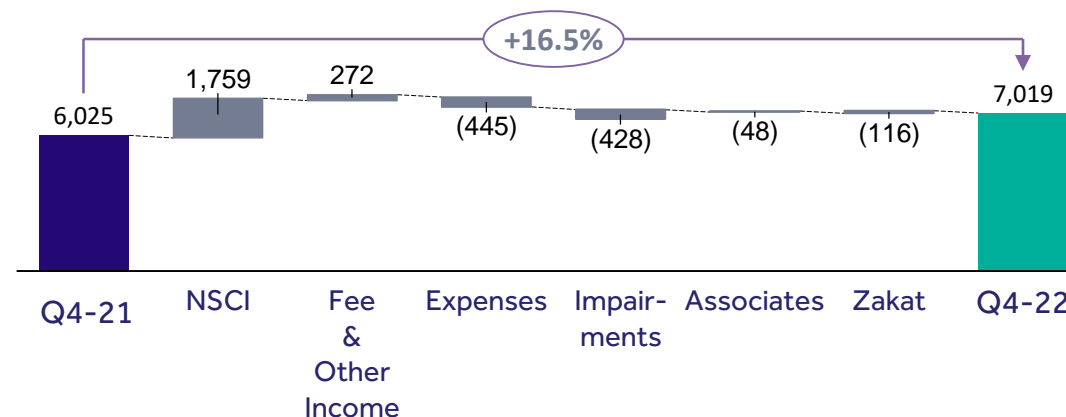


SAR (mn)	FY 2022	FY 2021	YoY % change	4Q 2022	3Q 2022	QoQ % change
Net special commission income	10,052	8,293	+21.2%	2,852	2,672	+6.7%
Fee and other income	3,547	3,275	+8.3%	891	853	+4.4%
<b>Total operating income, net</b>	<b>13,599</b>	<b>11,568</b>	<b>+17.6%</b>	<b>3,742</b>	<b>3,525</b>	<b>+6.2%</b>
Operating expenses	(4,410)	(3,965)	+11.2%	(1,138)	(1,174)	-3.1%
<b>Net operating income before impairment charges</b>	<b>9,189</b>	<b>7,603</b>	<b>20.9%</b>	<b>2,605</b>	<b>2,351</b>	<b>10.8%</b>
Impairment charge for credit losses and other financial assets	(1,027)	(851)	+20.8%	(369)	(228)	+62.0%
Impairment charge for investments	(253)	(2)	+12550.0%	(5)	(81)	-93.8%
<b>Net operating income</b>	<b>7,909</b>	<b>6,751</b>	<b>+17.2%</b>	<b>2,241</b>	<b>2,042</b>	<b>+9.7%</b>
Share of earnings of associates, net	(80)	(32)	+150.0%	(5)	(3)	-66.7%
<b>Net income for the period before Zakat</b>	<b>7,828</b>	<b>6,718</b>	<b>+16.5%</b>	<b>2,235</b>	<b>2,040</b>	<b>+9.6%</b>
Zakat for the period	(809)	(693)	+16.8%	(208)	(212)	-1.9%
<b>Net income for the period</b>	<b>7,019</b>	<b>6,025</b>	<b>+16.5%</b>	<b>2,027</b>	<b>1,828</b>	<b>+11.0%</b>
EPS	2.32	2.01	+15.4%	0.68	0.59	+15.3%
ROAE before Zakat	16.25%	14.39%	+1.9%	18.55%	17.47%	+1.1%
ROAA before Zakat	2.28%	2.11%	+0.2%	2.53%	2.31%	+0.2%
Cost to income ratio	32.4%	34.3%	-1.9%	30.4%	33.3%	-2.9%

Net Income before Zakat Growth Drivers by Segment (SARmn)



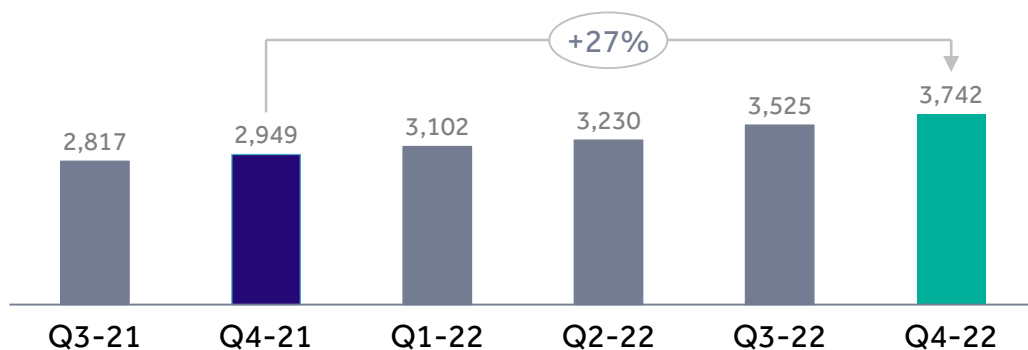
Net Income after Zakat Growth Drivers by Type (SARmn)



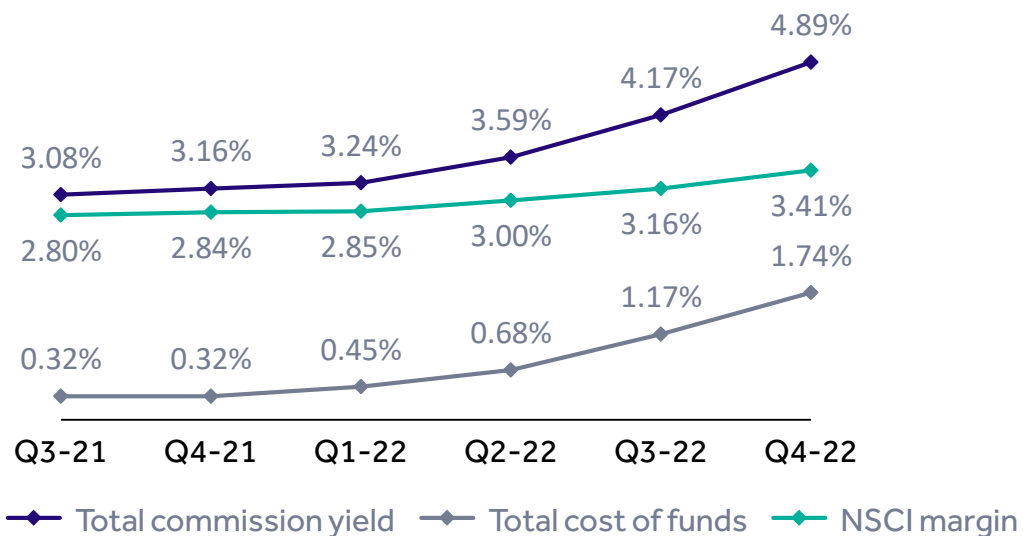
# Income trends

Income growth supported by stable balance sheet growth

Total Operating Income, Net (SARmn)

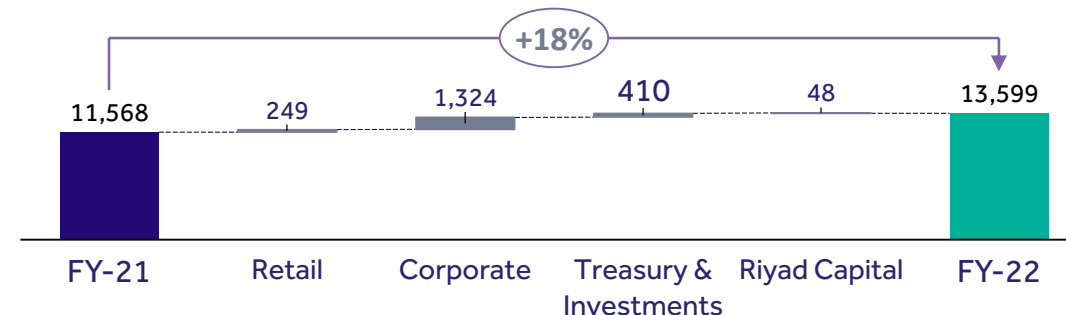


NSCI Margin, Yields and Funding Costs (%)\*

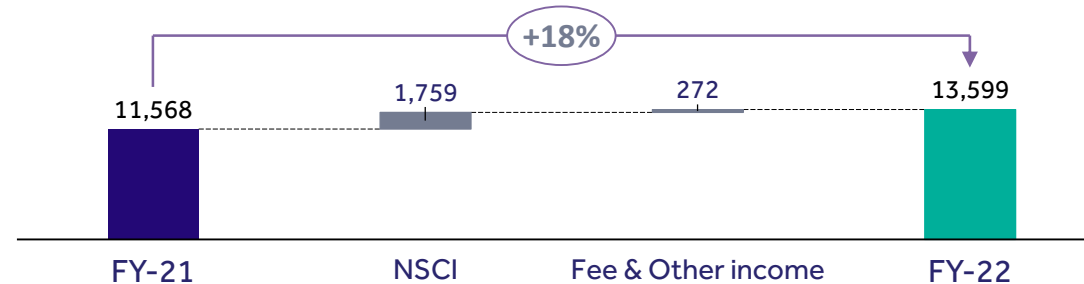


\*average for the quarter

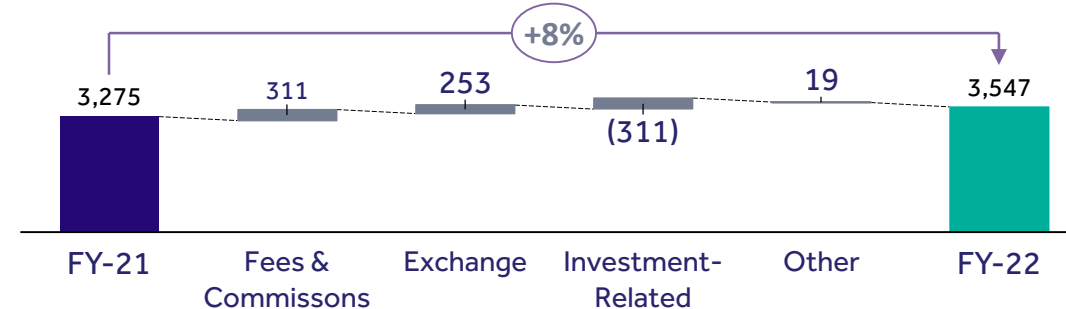
Total Operating Income Growth Drivers by Segment (SARmn)



Total Operating Income Growth Drivers by Type (SARmn)



Fee & Other Income Growth Drivers by Type (SARmn)

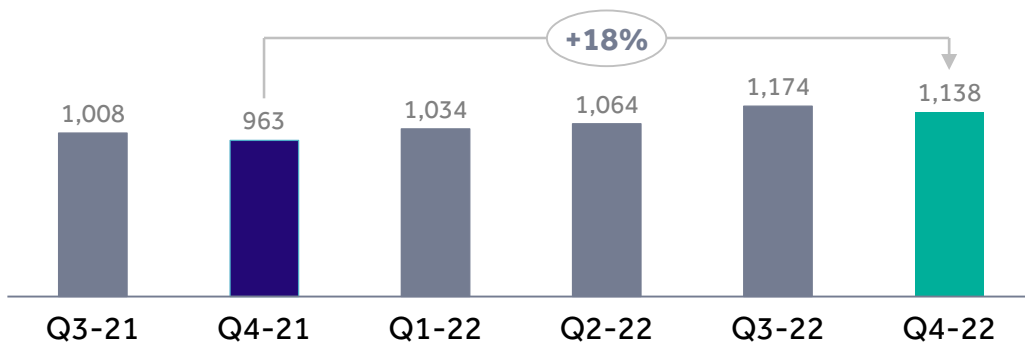


# Expenses trends

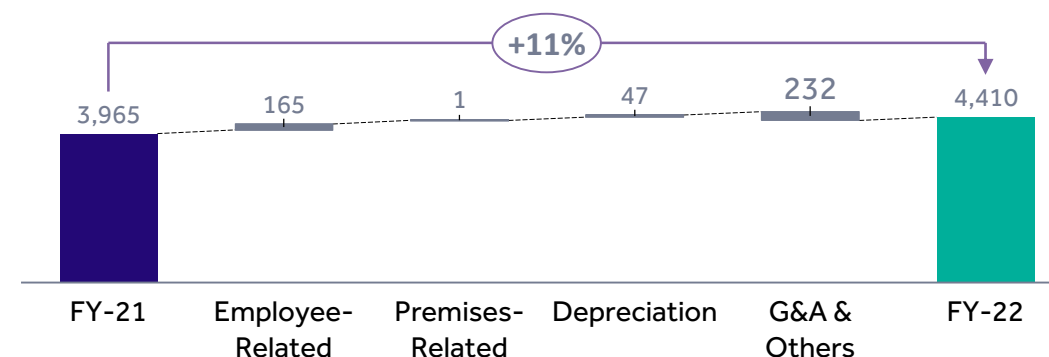
Improved cost efficiency despite banks' investment in its Transformation Program



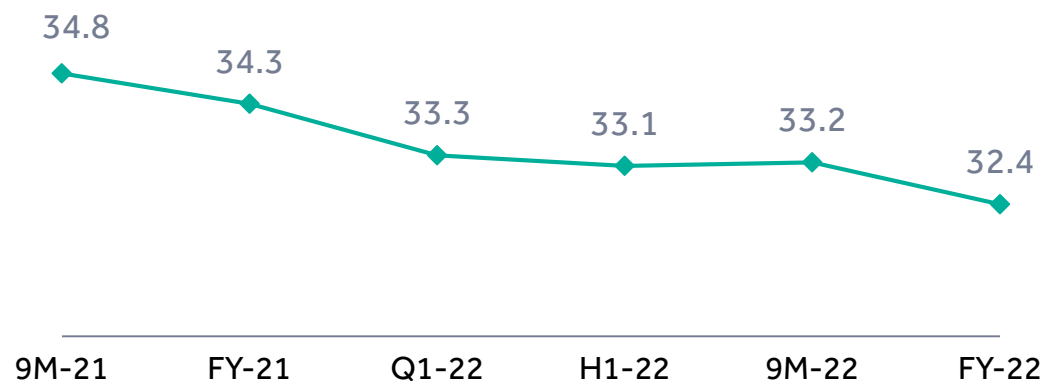
Operating Expenses (SARmn)



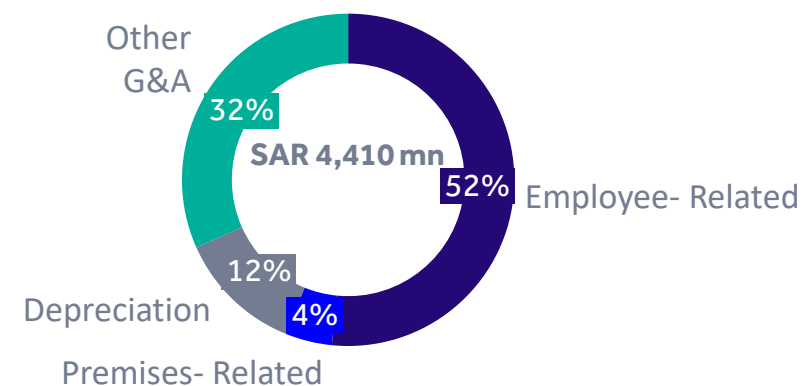
Operating Expenses Growth Drivers by Type (SARmn)



Cost to Income Ratio (YTD %)



FY 22 Operating Expenses Mix by Type (SARmn)



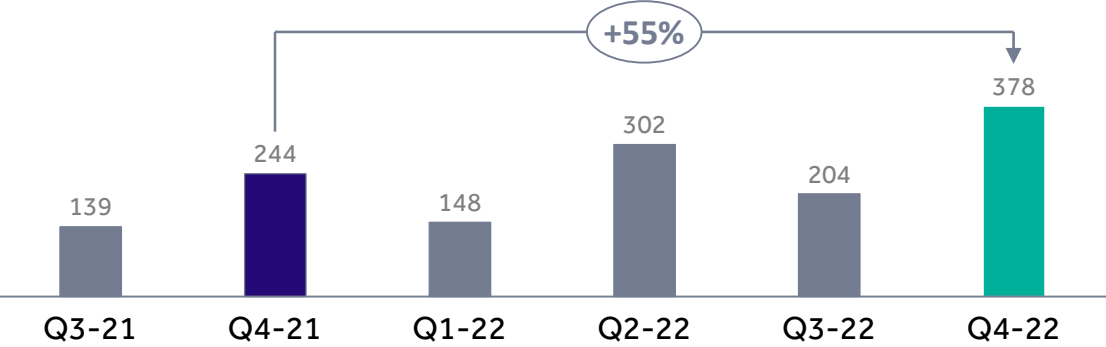


# Credit quality

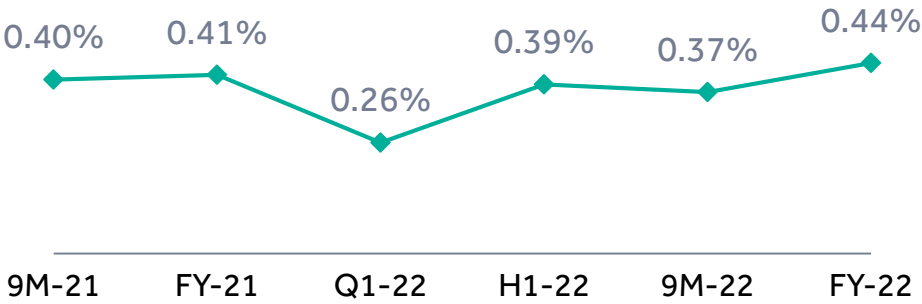
Stable asset quality trends with solid NPL coverage ratio



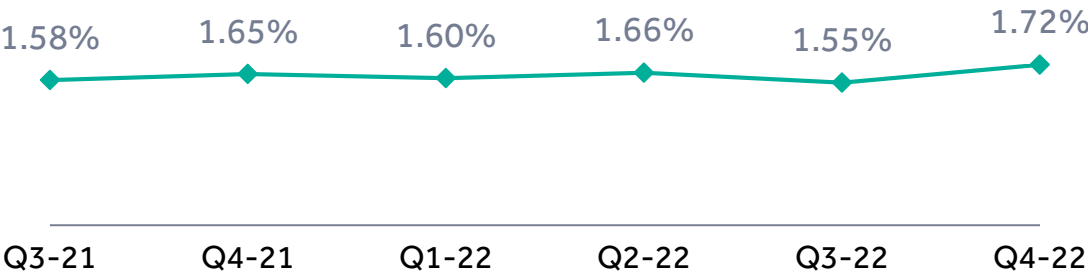
Impairment Charge for Credit Losses, Net (SARmn)



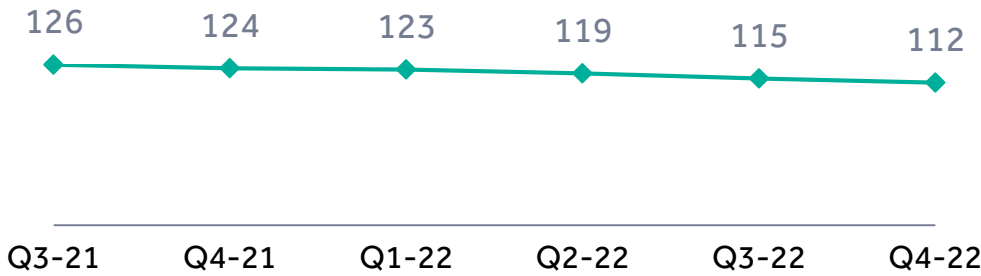
Cost of Risk (YTD %)



NPL Ratio



NPL Coverage (%)



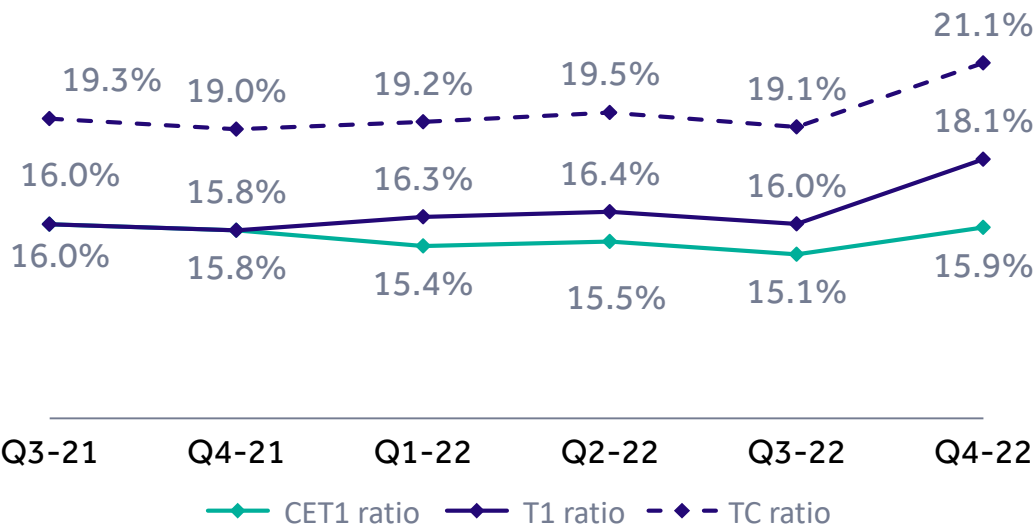
Cost of Risk calculation =  $\frac{\text{Annualized YTD Impairment charge for credit losses, net}}{\text{Avg gross loans and advances}}$

# Capitalization

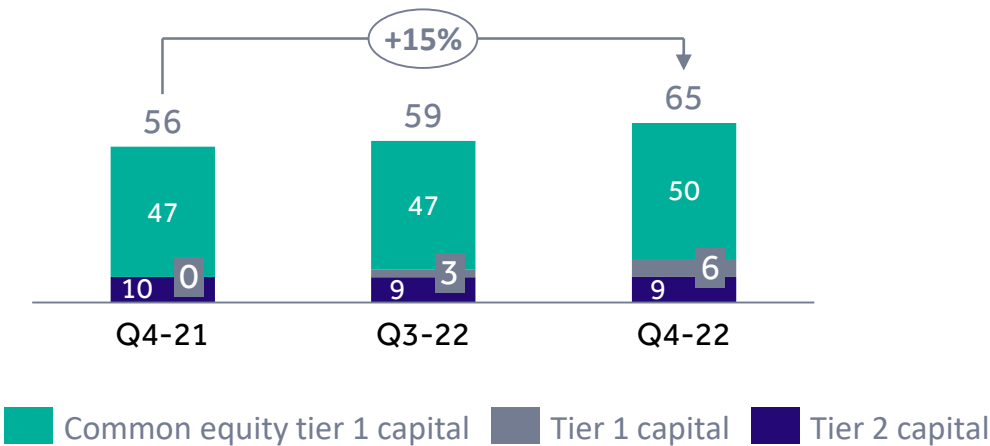
Capitalization well above regulatory minima and continues to support growth



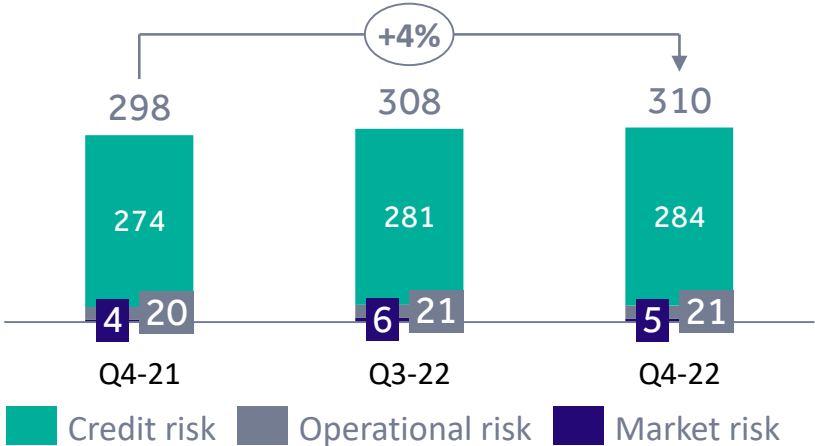
Capital Ratios (%)



Capitalization (SARbn)



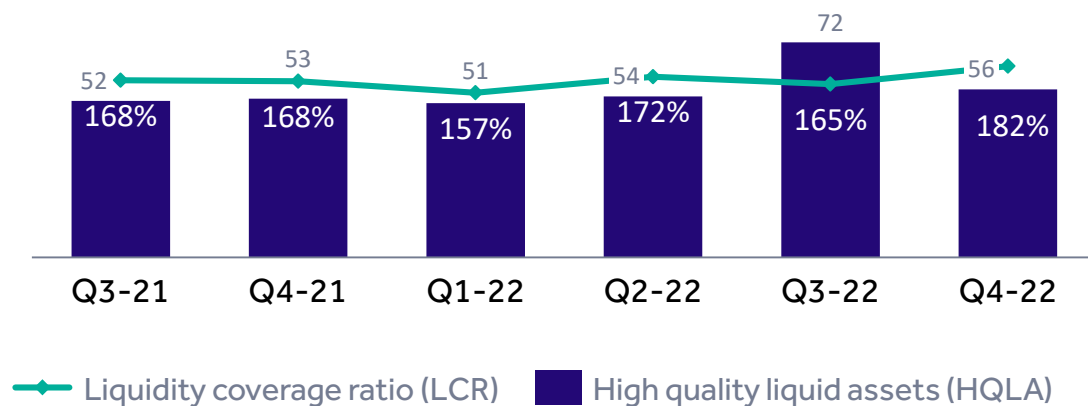
Risk Weighted Assets (SARbn)



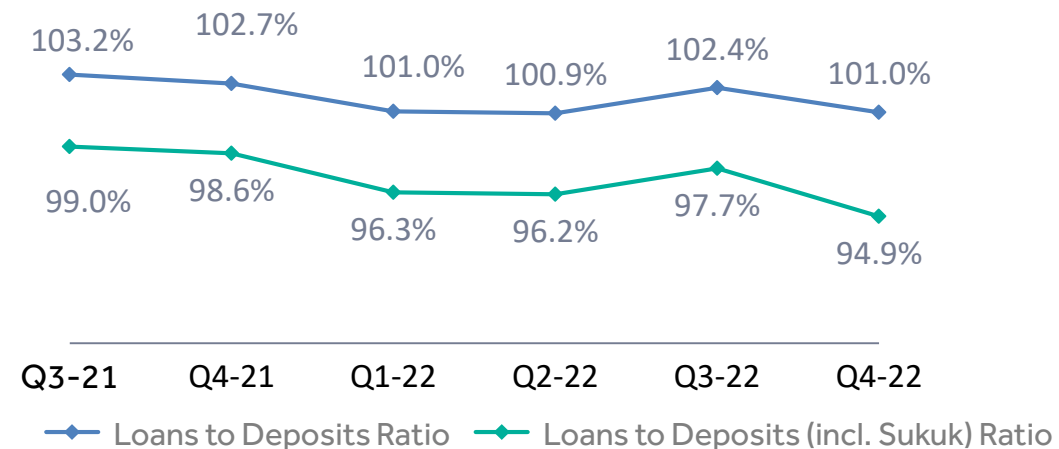
# Liquidity

Liquidity continues to be at comfortable levels

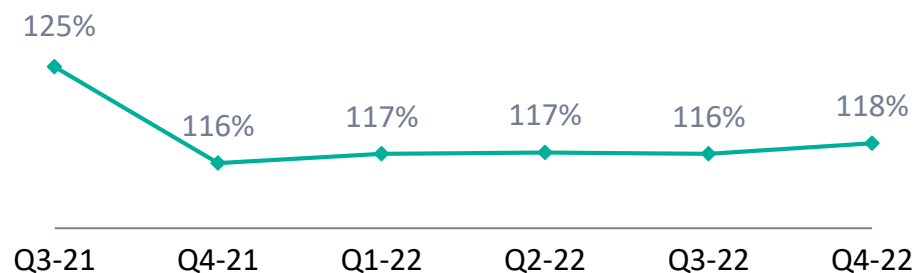
HQLA and Liquidity Coverage (SARbn/%)



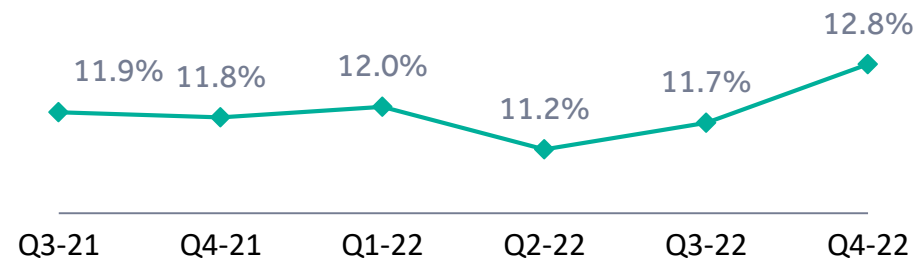
Loans to Deposit Ratios (%)



Net Stable Funding Ratio NSFR (%)



Basel III leverage Ratio (%)





# Guidance



# 2023 Guidance



Guidance Metric	FY 2021	2022 Guidance	FY 2022	2023 guidance
Loans, Net	SAR 217 Bn (+13.6% YoY)	Mid-high teens	SAR 242 Bn (+11.5% YoY)	High Single to Low Double Digit
NSCI Margin (%)	2.96%	+10 bps – 20bps	3.11%	+15 bps – +25 bps
Cost to Income (%)	34.3%	Below 34%	32.4%	Below 33%
Cost of Risk (%)	0.41%	40 bps -60 bps	0.44%	40 bps – 60 bps
CET1 (%)	15.8%	Above 15%	15.9%	Above 15%
ROAE before Zakat (%)	14.4%	Above 15%	16.3%	Above 17%*

\* ROAE after Zakat is above 15%

# Q&A



# Appendix



# Riyad Bank contact

Contact the investor relations for more information:

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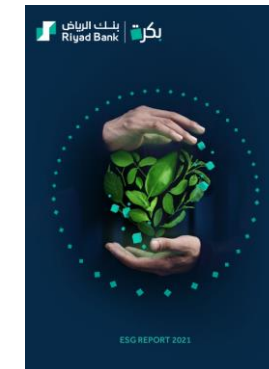
Address: Riyadh - Al Shuhada District  
Eastern ring road  
Granada Oasis -Tower (A1)  
P.O Box 22622  
Riyadh 11416  
Kingdom of Saudi Arabia

Annual 2021 Report



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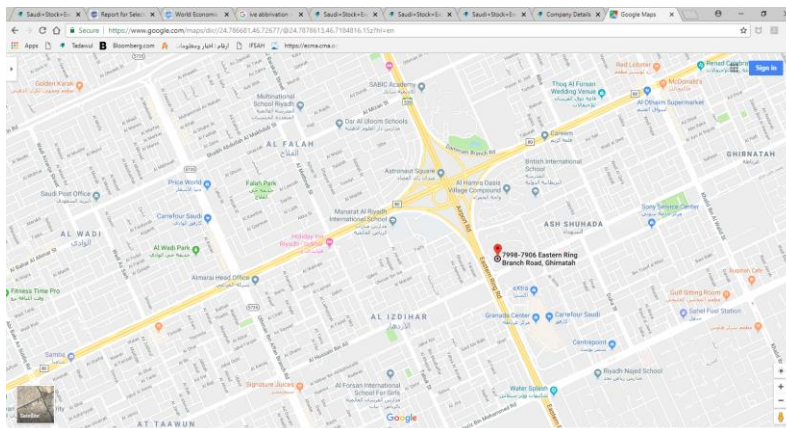
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