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# Earnings Presentation

## FY 2024



# FY 2024 Performance Highlights

**Strong Performance**

**Healthy & resilient financial position**

**Good progress on refreshed strategy**

**+17%**

YOY



**Loan Growth**

**3.40%**



**Lower Margin**

**+16%**

YOY



**Net Income Growth**

**16.6%**



**Profitability (ROAE)**

**0.98%**

NPL Ratio



**Proactive NPL Management**

**167.1%**

NPL Coverage Ratio



**Improved Coverage**

**18.9%**

Total CAR



**Strong Capitalization**

**84.3%**

SAMA weighted LDR



**Comfortable Liquidity**

**Corporate**

- Leading Player in **Vision 2030**
- Largest in **MSMEs** (#1 in kafala)
- Digitally** enabled RMs
- Products bundled with **Treasury offerings**

**Retail**

- Growing **customer numbers**
- Expand **Credit Card** offerings (Multi-currency)
- Record Private banking **NPS** scores
- Launched **next-gen mobile app**

**Digital**

- Launched **Center of Intelligence**
- USD1 bn funded to **technology sector**
- Launch of **new Riyadh Online** for Corporate
- Launched **1957 Ventures Company**



- **Strategy Update**





# Our ambition is to be the best Bank in KSA

Strategic Pillars

Definition

Focus Area

KPIs

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



# Strong progress across strategic pillars driving sustained business growth and paving the way for future success

Strategic Endeavors

Description

Strategic Pillars Alignment

## 1 Sustainability Strategy

Completed the development of a comprehensive and ambitious sustainability strategy towards the end of 2024, resulting in the release of a landmark white paper that sets a new standard for sustainability in the regional banking sector. The initiative underscores the Bank commitment to create long-term value for stakeholders through responsible business practices.

-  **Most Profitable**
-  **Most Efficient**
-  **Bank of Choice**

## 2 Brand Equity

Implementation is ongoing of a comprehensive initiative aiming at strengthening Riyadh Bank brand position, enhancing customer and employee trust, and increasing market recognition. This initiative has been a remarkable success, resulting in the bank’s brand equity exceeding the original 2025 target ahead of schedule.

-  **Most Profitable**
-  **Bank of Choice**

## 3 Next-gen Mobile App

Launched in late 2Q24 through a targeted go-to-market strategy, and successfully completed the full migration of customers by year-end. The new mobile app offers an enhanced digital experience with a wider set of products and services available through the platform. Our work with the new app is ongoing, with continuous enhancements to introduce additional products and features that are both highly appealing and aligned with our customers’ needs.

-  **Most Profitable**
-  **Most Efficient**
-  **Most Innovative & Digitally Enabled**



# Introduction of Wholesale Banking into the organizational structure has played a key role in driving the strong performance during the year

Strategic Endeavors

Description

Strategic Pillars Alignment

**4 Accelerating growth and increase cross-sell activities**

Created a Wholesale Banking to leverage synergies between business units which will enhance client relationship and unlock new revenue streams through integrated product offerings and cross-functional collaboration. In addition, focusing on maximizing value proposition to the bank clients by offering them wide-ranging financial solutions across multiple business units, and revamping the internal operating model to enable the growth strategy and foster cross-sell initiatives.

-  **Most Profitable**
-  **Most Efficient**
-  **Bank of Choice**

**5 Scaling up SMEs**

The Bank remains committed to maintaining its position as the leading SME bank by delivering a seamless digital customer journey and offering an integrated product suite that address both banking and non-banking needs. Regulatory approval has recently obtained for the SME digital platform, which is recognized as a one-stop solution for the MSME ecosystem. We are continuously enhancing the SME platform to drive digital acquisition and further strengthen our value proposition in this critical segment.

-  **Most Profitable**
-  **Bank of Choice**
-  **Most Innovative & Digitally Enabled**

**6 Global Transaction Banking**

The Bank has set the objective to become the leading Global Transaction Banking in the Kingdom, aiming to drive significant growth by generating and implementing strategic and tactical initiatives focused on increasing product penetration across corporate clients' as well as supporting the growth of NIBs balances. The Bank has accomplished multiple achievements on the back and front-end systems and solutions, including Trade Finance, Escrow management, Corporate Online platform and Supply Chain Finance platform.

-  **Most Profitable**
-  **Bank of Choice**
-  **Most Innovative & Digitally Enabled**



- **FY 2024 Financial Performance**

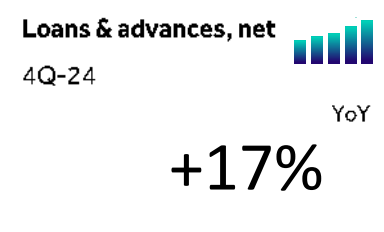
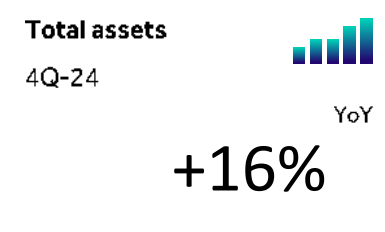




# Strong growth in profitability supported by operating income growth, improved efficiencies and asset quality

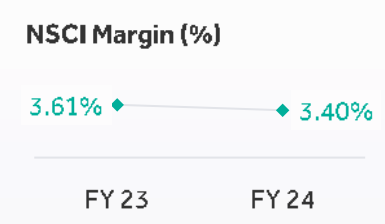
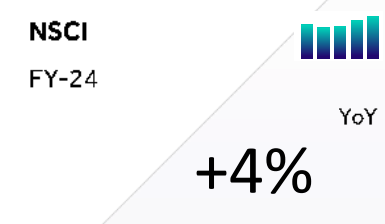
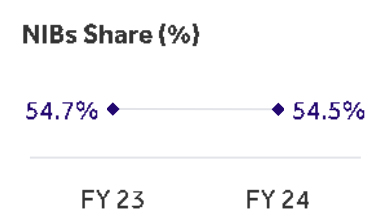
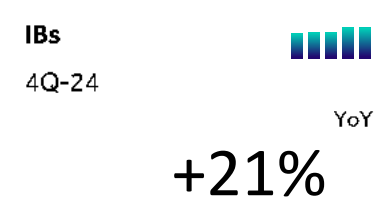
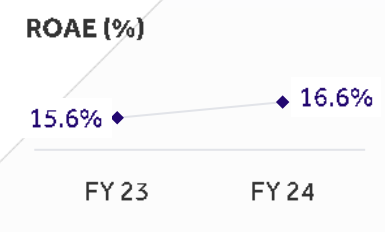
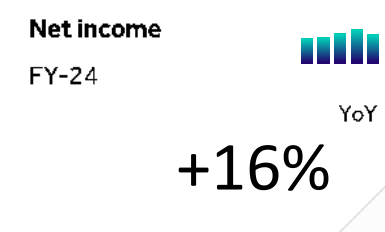
Balance sheet expansion, driven by loans and investments

which was funded by a mix of IBs and NIBs



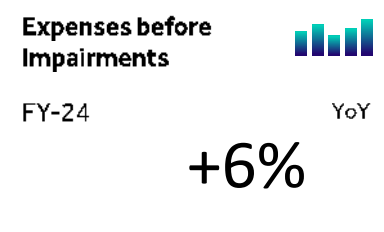
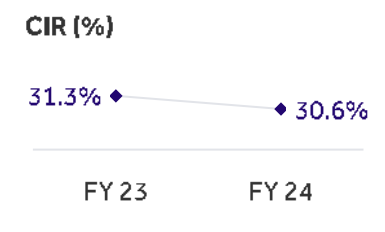
Strong growth in profitability driven by operating income growth

with notable increase in NSCI driven by asset growth



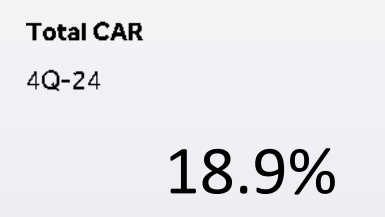
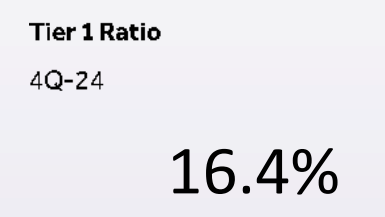
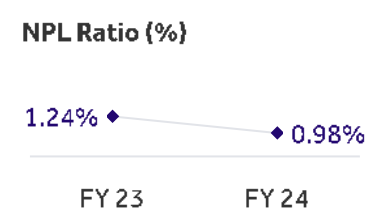
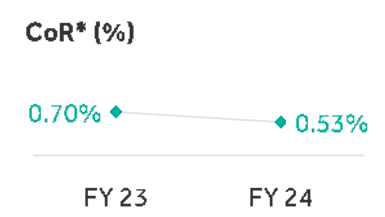
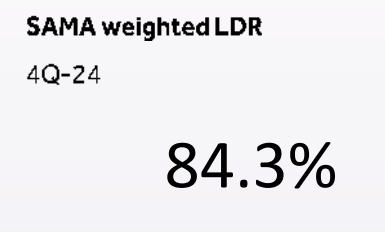
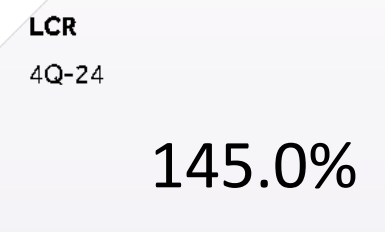
Improved efficiencies driven by positive jaws while investments in strategic projects continue

Lower CoR from improved asset quality and better recoveries, while proactively managing NPLs



Comfortable liquidity position

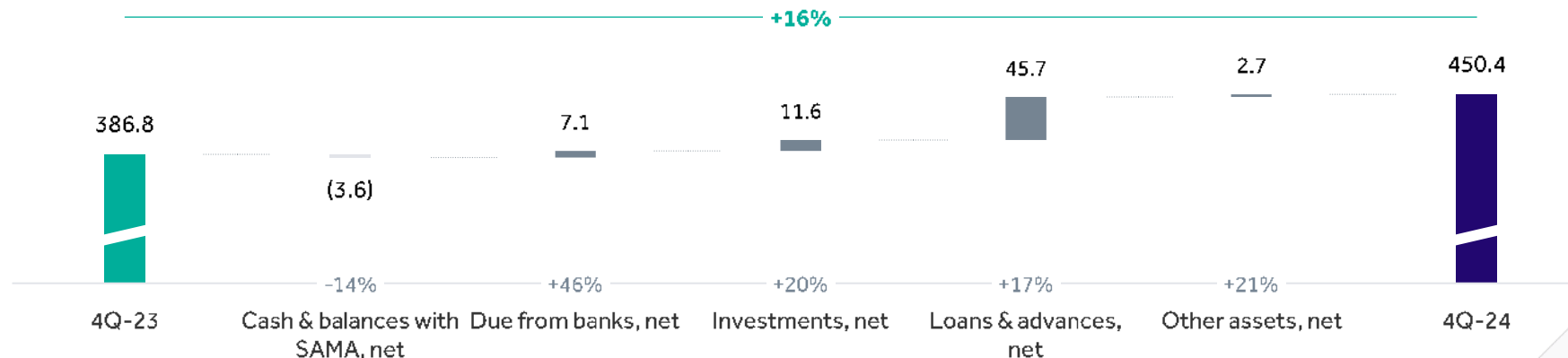
and strong capitalization well above regulatory minima



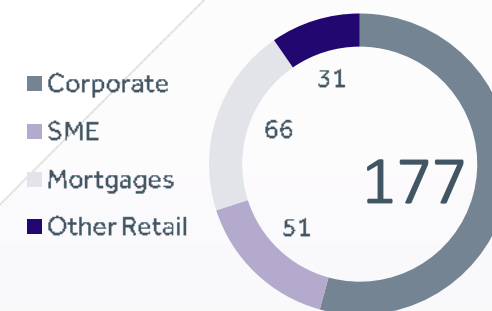


# Solid balance sheet expansion driven by growth in loans and investments

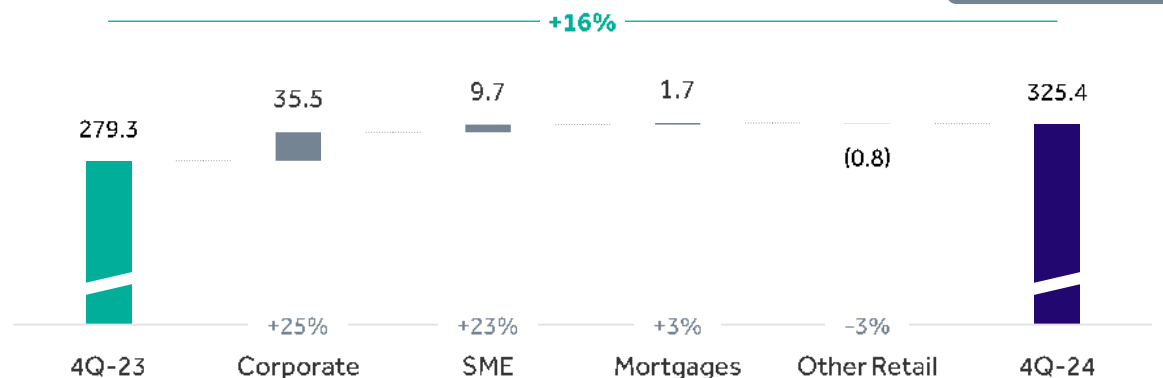
Total Assets Movement YoY (SARbn)



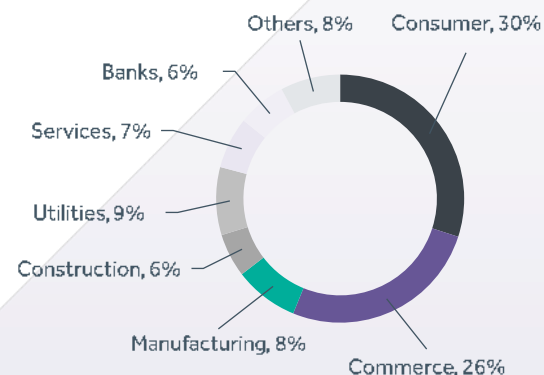
Loans & Advances, Gross Composition 4Q-24 (SARbn)



Gross Loans Movement YoY (SARbn)



Loans & Advances, Net Composition 4Q-24 (SARbn)



SME Highlights

**SME Loans under "Kafala"** ▲

4Q-24 SAR Billion: **11.1** (+29% YoY)

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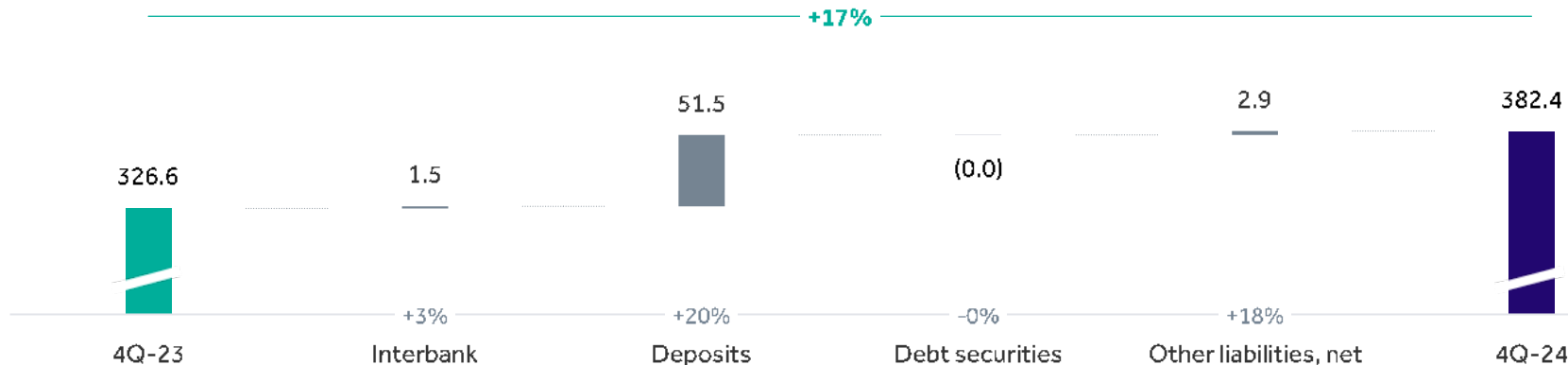
**SME Market Share**

3Q-24: **21.5%**

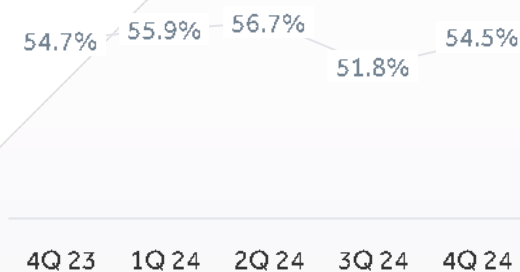


# Which was funded by a mix of IBs and NIBs with overall liquidity position remained comfortable leaving ample room for growth

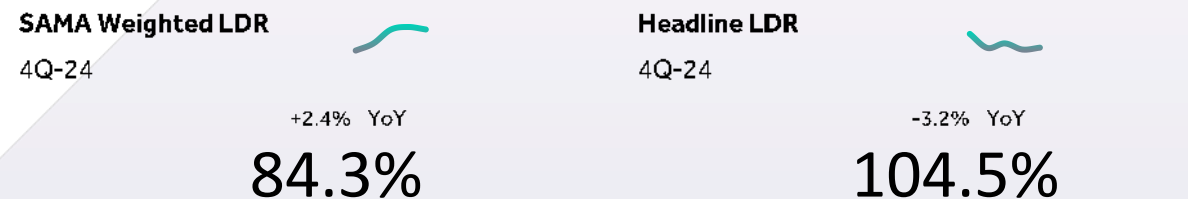
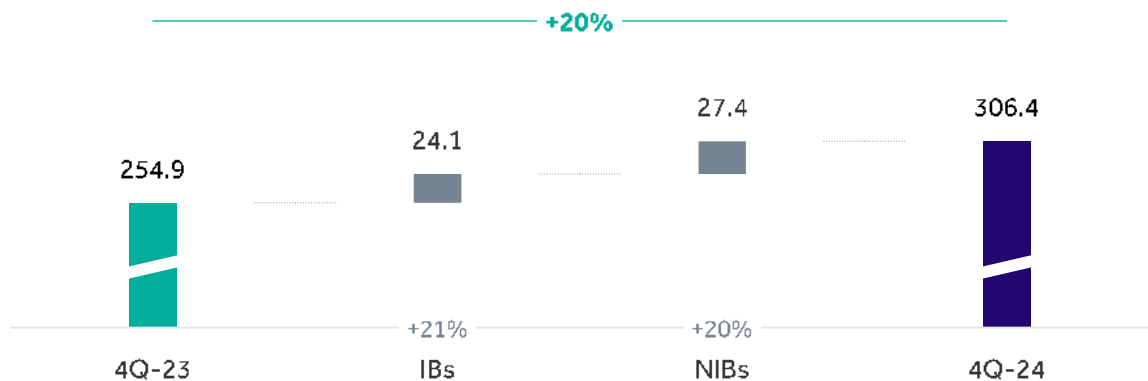
Total Liabilities Movement YoY (SARbn)



NIBs % of Total (%)

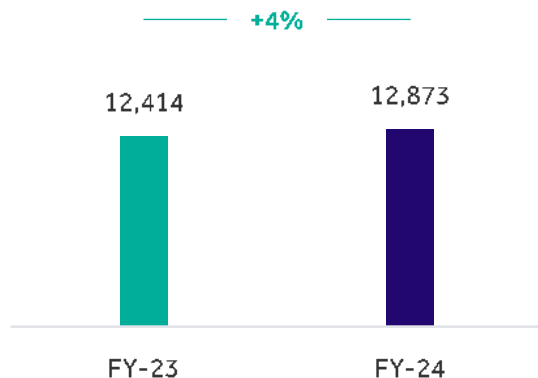


Total Customers' Deposits Movement YoY (SARbn)

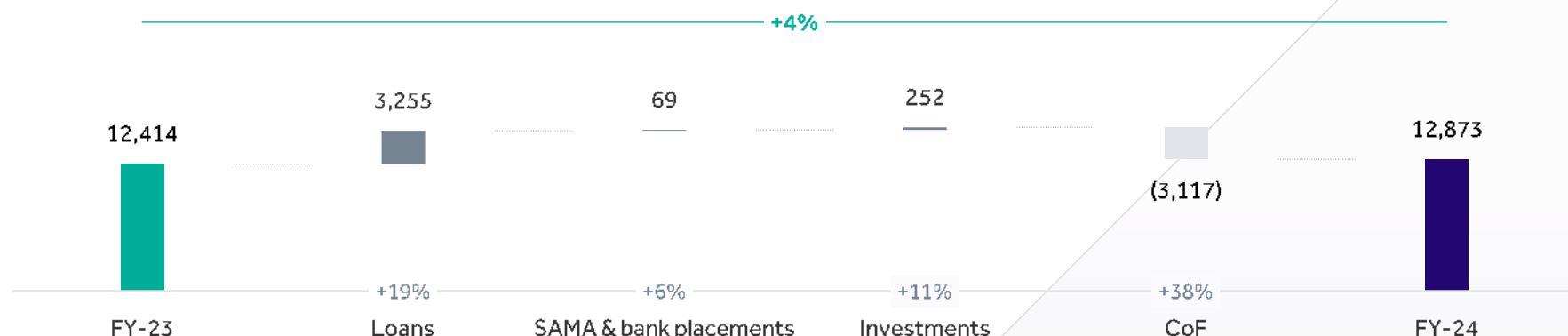


# NSCI witnessed a decent growth driven by volume growth, improved asset yield and cost of fund management

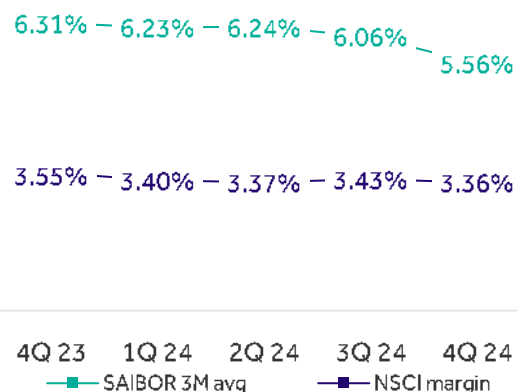
NSCI (SARmn)



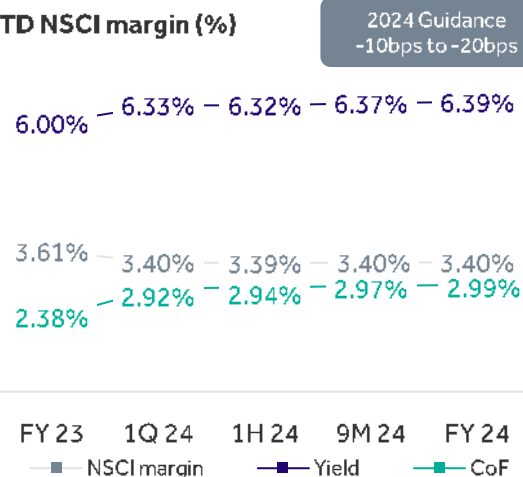
NSCI Movement YoY (SARmn)



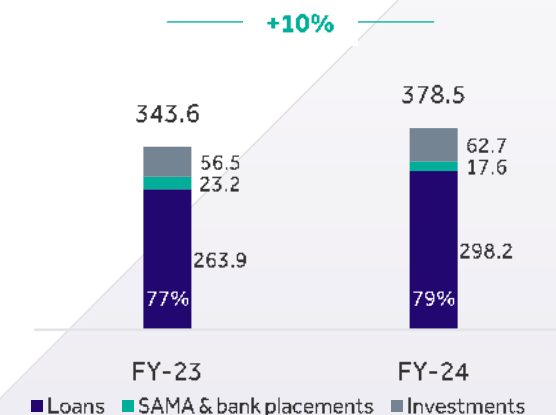
Quarterly NSCI Margin and SAIBOR Trend (%)



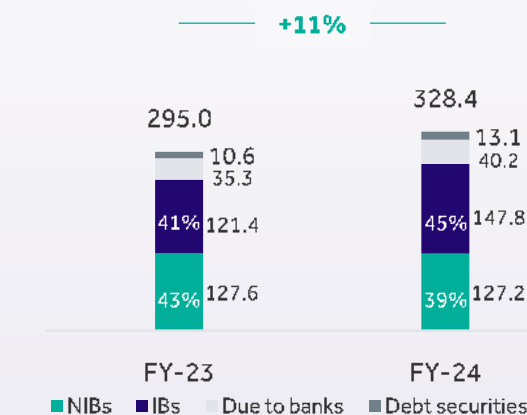
YTD NSCI margin (%)



Average Earning Assets (SARbn)



Average Bearing Liabilities (SARbn)





# Neutral sensitivity to the interest rate changes

- ◆ The Group assess sensitivity to a possible change in special commission rates, with other variables held constant and assuming a constant balance sheet mix.
- ◆ The impact of 25bps rate increase/decrease is assessed to be around 1 bps on the net special commission margin as of 31 December 2024.
- ◆ The impact of 25bps rate increase/decrease is assessed to be SAR +23.9mn/-25.3mn on the net special commission income as of 31 December 2024.
- ◆ The Group monitors positions daily and uses hedging strategies to ensure maintenance of positions within the established gap limits.

Impact of -25bp rate change on NSCI

▼ 25bps

-25.3 SAR mn

Impact of -25bp rate change on NSCI margin

▼ 25bps

-0.01%

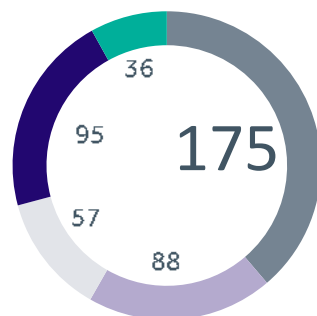
## Special commission rate risk exposure

By duration

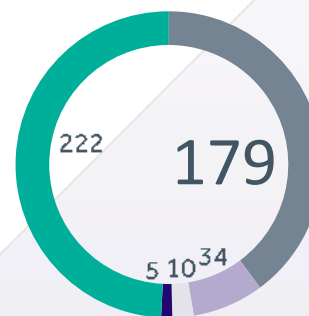
As at 31 December 2024

Assets (SARbn)

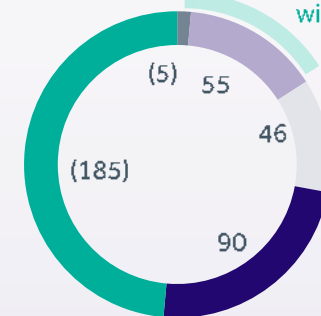
- Within 3 months
- 3-12 months
- 1-5 years
- Over 5 years
- Non-special commission bearing



Liabilities and Equity (SAR bn)



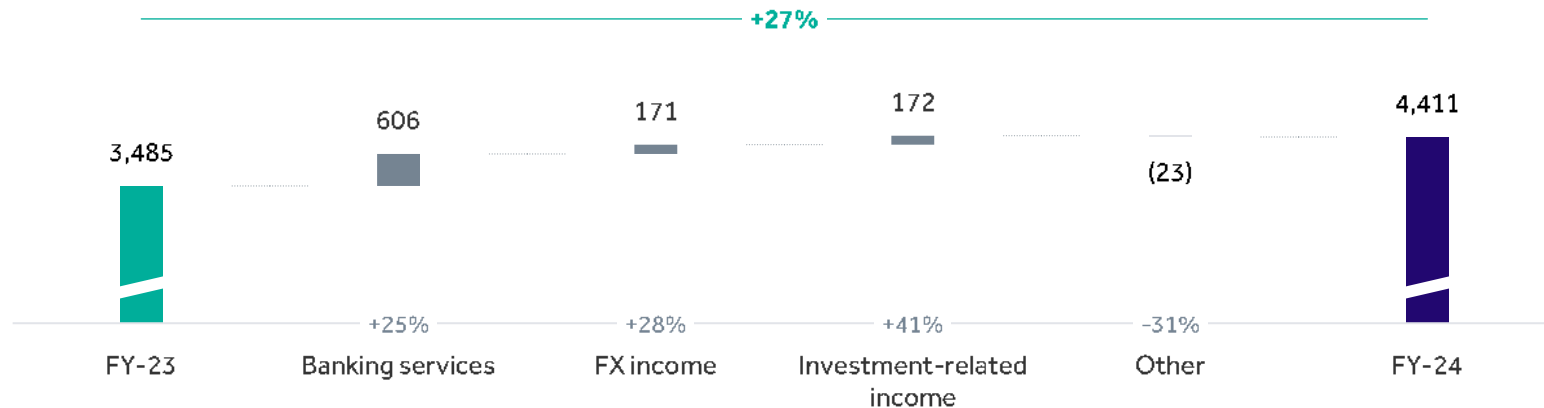
Total special commission rate sensitivity gap (SAR bn)



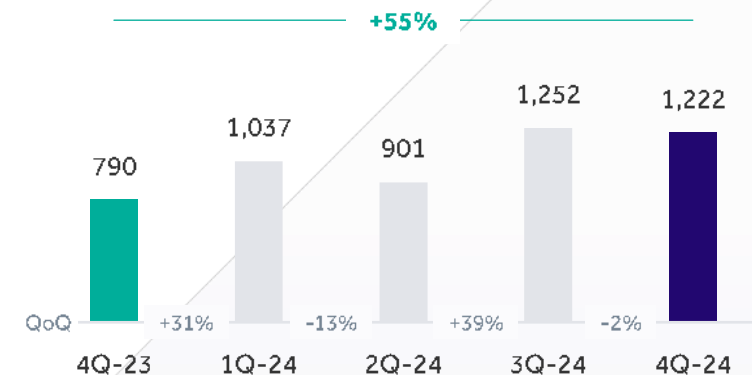


# Fee & other income increased from a strong growth in fees from banking services, FX income and investment related income

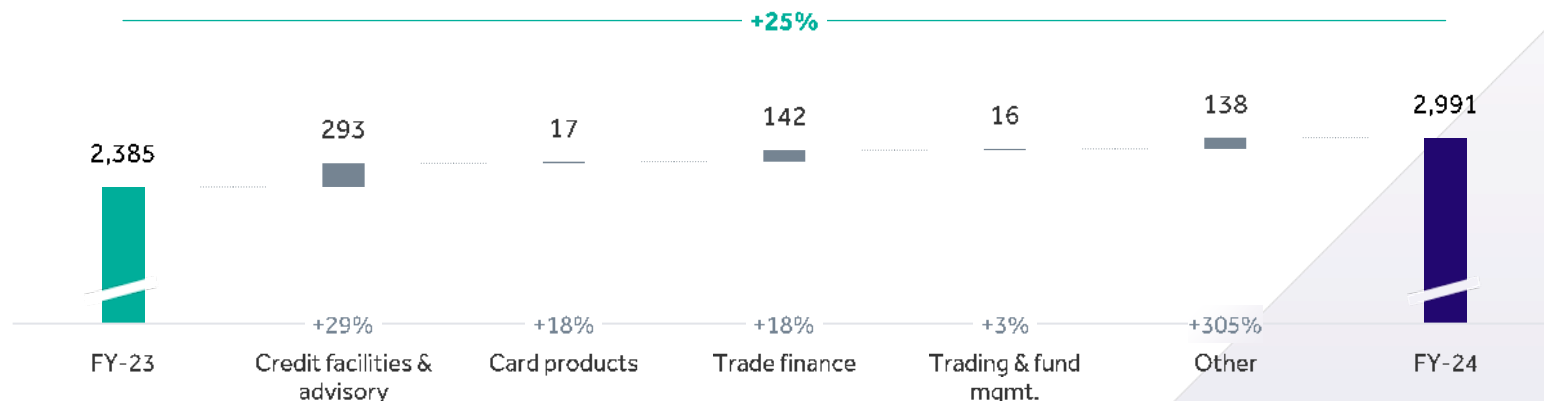
Fee & Other Income Movement YoY (SARmn)



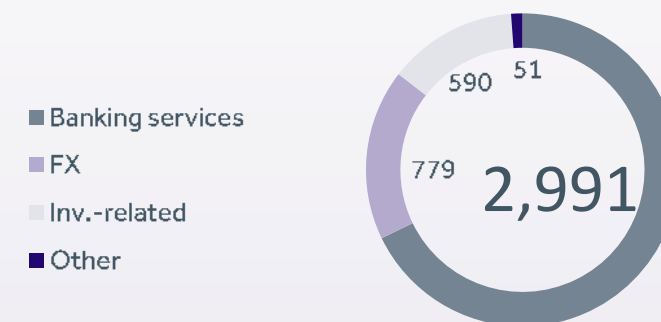
Quarterly Fee & Other Income (SARmn)



Fee Income from Banking Services Movement YoY (SARmn)



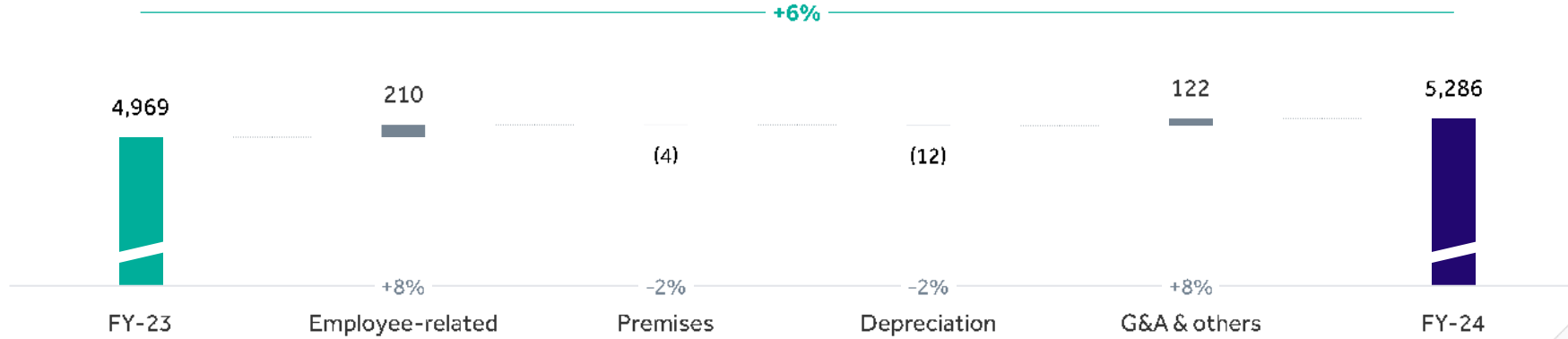
Fee & Other Income Composition, FY-24 (SARmn)



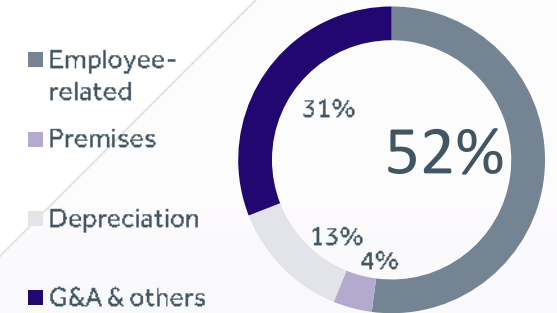


# Cost efficiency continues to improve despite ongoing investments in infrastructure, digital capabilities, and strategic initiatives

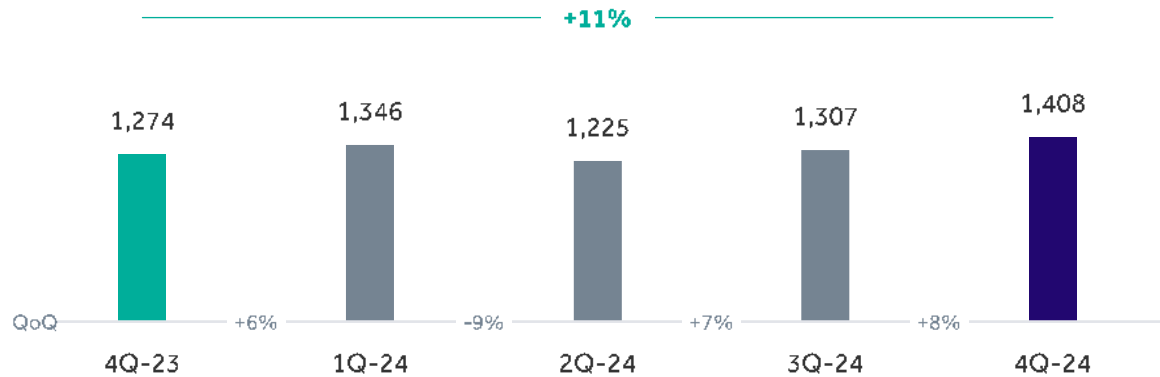
Expenses before Impairment Movement YoY (SARmn)



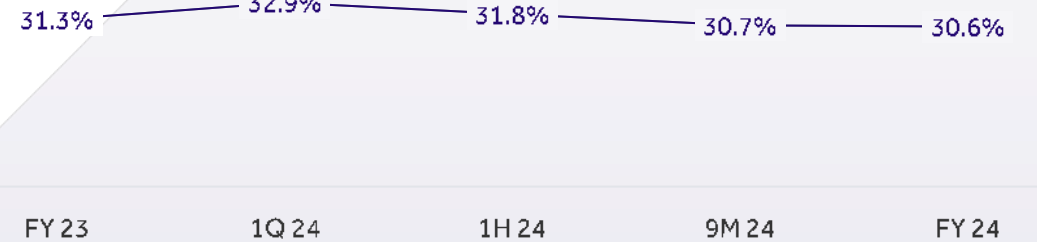
Expenses before Impairments Composition, FY-24 (%)



Quarterly Expenses before Impairment (SARmn)



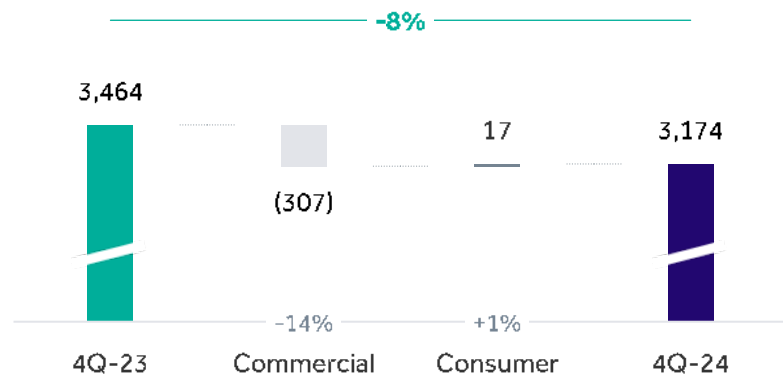
Cost to Income Ratio (%)



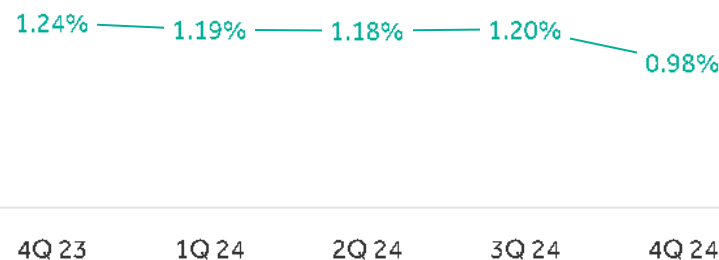
2024 Guidance  
31% Area

# Proactive risk management, higher recoveries and robust asset quality resulted in improved cost of risk

NPL Movement by Sector YoY (SARmn)



NPL Ratio (%)



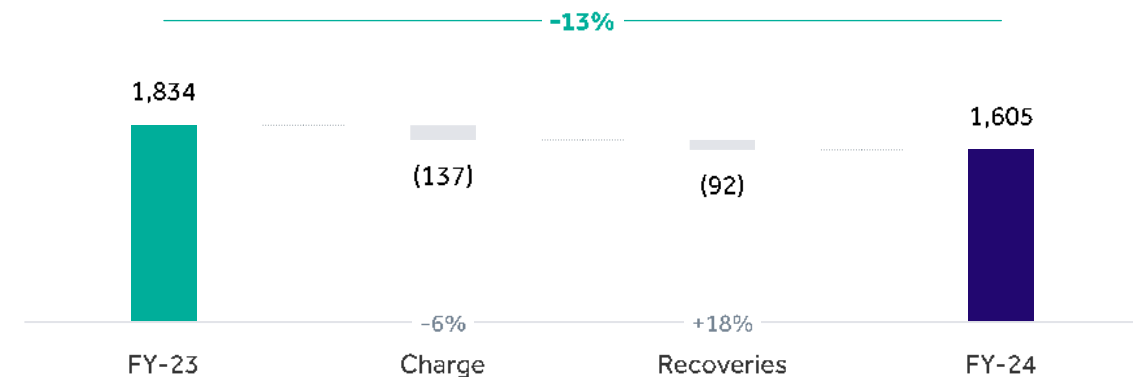
NPL Coverage Ratio



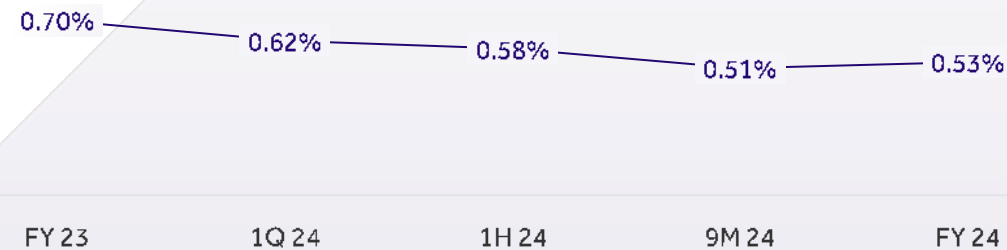
Stage-wise ECL on Gross Loans, 4Q-24, YoY

| Stage   | 4Q-24 ECL (%) | YoY Change (%) |
|---------|---------------|----------------|
| Stage 1 | 0.32%         | +0.01%         |
| Stage 2 | 17.0%         | +4.1%          |
| Stage 3 | 50.3%         | +3.5%          |

Impairments for Credit Losses Movement YoY (SARmn)



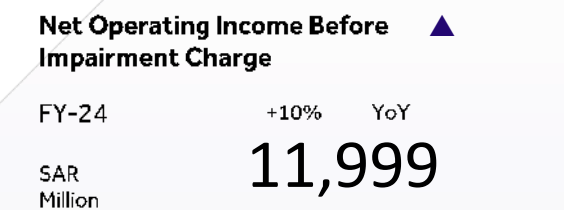
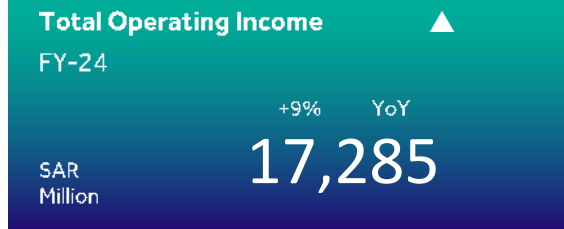
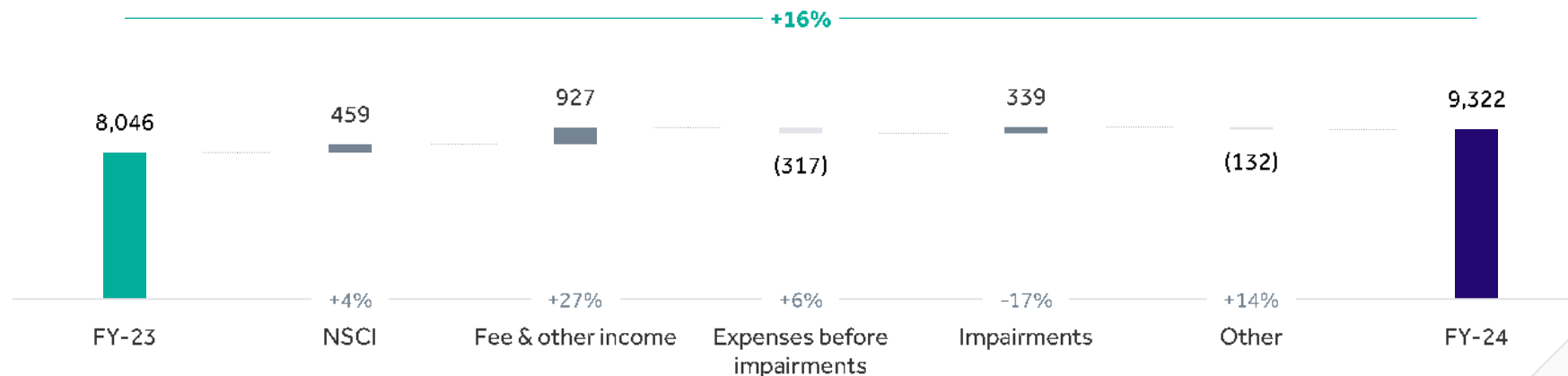
Cost of Credit Risk (%)



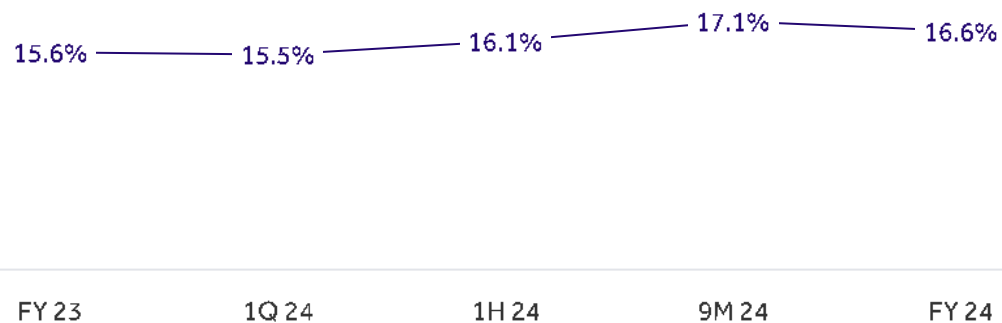
2024 Guidance  
55bps – 65bps

# Together these factors drove the outstanding growth in profitability

Net Income Movement YoY (SARmn)



ROAE (%)



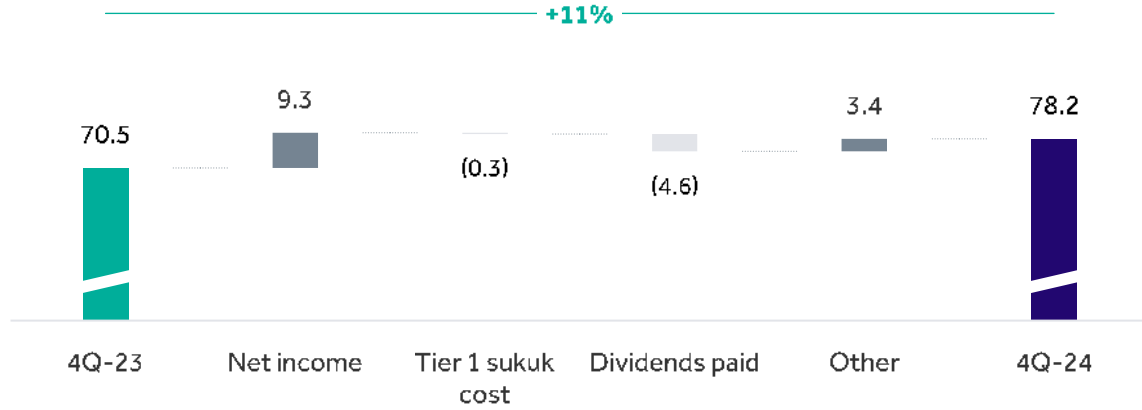
ROAA (%)



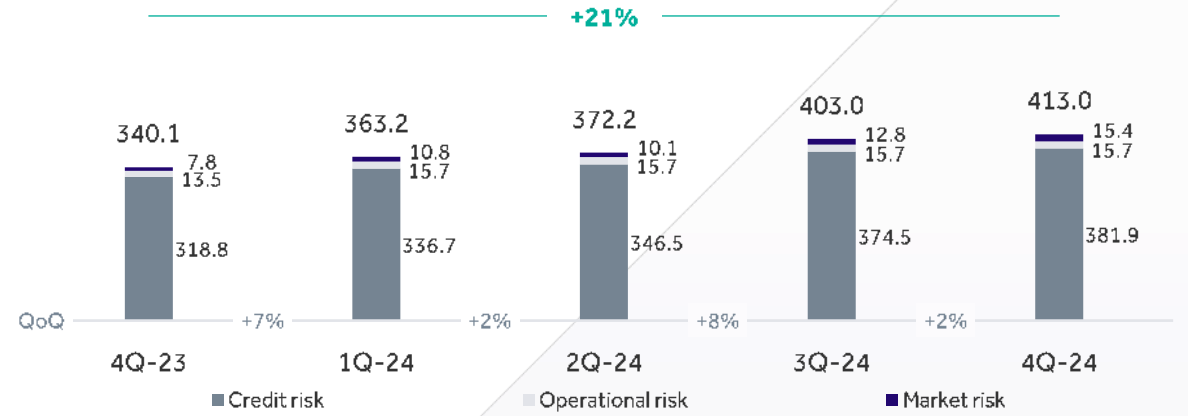


# Supporting healthy capitalization well above regulatory minima

Total Regulatory Capital Movement YTD (SARbn)

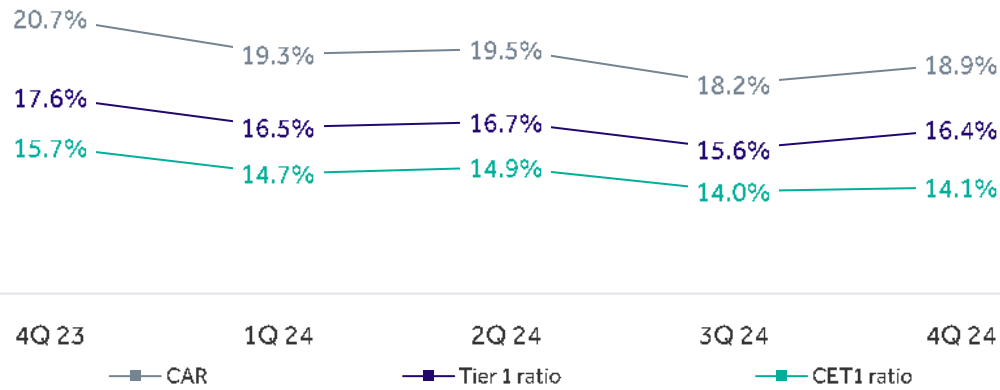


Risk Weighted Assets (SARbn)



Capital Ratios (%)

2024 Guidance  
CET1 14%-15%



Total Regulatory Capital (SARbn)





# The momentum in strategic execution fuels an optimistic outlook for 2025

|               |                               | FY 2024 Actual                          | FY 2025 Guidance | Drivers  |
|---------------|-------------------------------|---|------------------|--|
| Balance Sheet | Loans, Net                    | <b>SAR 320 bn</b><br><i>(17% YoY)</i>   | Low Double Digit | Strong credit demand expected to continue from corporate and SMEs driven by positive economic outlook while retail will be driven by mortgages |
|               | Net Special Commission Income | <b>SAR 12.8 bn</b><br><i>(3.7% YoY)</i> | Mid Single Digit | Asset mix and volume growth will compensate pressure on margins from higher cost of funding  |
| Profitability | Cost to Income                | <b>30.6%</b>                            | Below 30.5%      | Cost discipline will continue despite ongoing investments in digital, our people and systems to achieve strategic aspirations                  |
|               | Return on Equity              | <b>16.6%</b>                            | Above 17%        | Improved ROAE driven by top line growth, efficiencies and normalized cost of risk  |
| Asset Quality | Cost of Credit Risk           | <b>53bps</b>                            | 30bps – 40bps    | Strong financial position and resilient credit environment will support cost of risk normalization   |
| Capital       | Tier 1 Capital Ratio          | <b>16.4%</b>                            | Above 16%        | Healthy capitalization driven by efficient capital management and internal capital generation  |



# Q&A





- **Appendix**





# Contact the investor relations for more information

## Investor Relations Contact

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 Kingdom of Saudi Arabia

## Riyad Bank Head Office



[Riyad Bank - Head Office Location](#)

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[4Q 2024 Financials](#)



[2023 Annual Report](#)



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## Investor Relations Awards



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