

## Operating Review

# Advancing business performance

## Retail Banking

2022 was a profitable, growth-oriented year with a lot of achievements, rooted in an aggressive campaign for digitalization and digital penetration. Innovation served as the foundation of all strategic initiatives, supporting the Division to attain a competitive edge, maximize customer value, and further grow sector activities.

Retail Banking continued to deliver on its strategy during 2022, making progress in line with its strategic objectives and creating value for the Bank. It continued its growth trajectory in assets, and liabilities, while customer deposits grew by 13.4% compared to 2021. Mortgage lending remained the Division's core product, posting 21% growth for the year.

The Division accounted for 29.4% of the Bank's gross operating income, and its contribution to overall net loans jumped to 37%, compared to 36% in 2021.

Customer experience efforts led to demonstrable results this year, with Net Promoter Scores (NPS) increasing across the board. Branches' NPS improved by 26% compared to 2021. ATMs scored 14% more than the year before. Riyadh Mobile and Riyadh Online NPS scores grew by 2%. The Call Center NPS climbed by 23% from 2021.

Importantly, this year, Riyadh Bank rolled out a new branch identity to strengthen and improve its presence and image in customer minds. The physical revamp began in select branches with an iconic look and feel, including the new Riyadh Bank logo and modern surroundings. Plans for continuing the rollout at other branches in 2023 have already been finalized.

### Prestigious Achievements and Awards

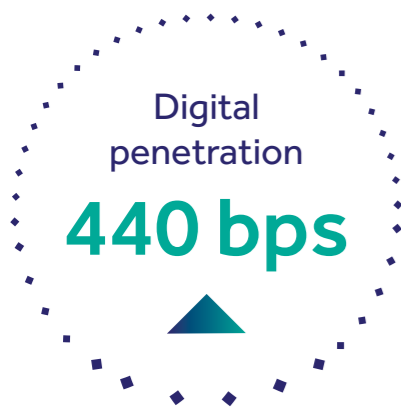


The achievements of Retail Banking helped the Bank to win several awards in 2022. The Government's Sakani Real Estate Initiative awarded us Best Development Bank for Real Estate Finance and Best Marketing Promotion for Real Estate Finance. Private Banker International named us winner of the Outstanding Private Bank for Growth Strategy, as well as runner up for Outstanding RM Training and Development Program. The Arabian Business magazine and PWM/The Banker Private Banking awarded us the Outstanding Private Bank for Growth Strategy for 2022.

### Private and Affluent Banking



Private Banking operates 3 dedicated centers servicing high net worth individuals in Riyadh, Jeddah and Al Khobar. The active Private Banking customer base rose by 13% in 2022, compared to the previous year. Total deposits grew by 8%. Total relationship value increased by 15%. Growth in Private Banking was due largely to offering diversified investment product suites to valued customers, served by highly qualified Relationship Managers.



### 2022 Retail Banking highlights

Net income

**SAR 785 Mn.**

Increased customer base

**13%**

Retail Banking continued to deliver on its strategy during 2022, making progress in line with its strategic objectives and creating value for the Bank.

Total deposits

**8%**

Contribution to operating income

**29.4%**

Branches' NPS improved by

**26%**

ATMs scored more than the year before

**14%**

Total relationship value increased

**15%**

In line with the new branch aesthetic, the new Private Banking identity that was introduced in 2021 was rolled out for the Jeddah and Khobar centers this year. Riyadh Bank also launched its first private banking program for Relationship Managers, in partnership with Fitch Learning. The program aims to improve the Managers' technical and behavioral skills.

The Affluent Banking segment also continues to grow, with 32 Diamond Banking Centers and 167 Golden Banking Centers dedicated to attracting affluent customers and growing NIBs. The active Affluent Banking customer base increased by 2% in 2022 compared to 2021.

### Accelerating Digital Transformation



Digitalization and customer experience went hand in hand in 2022, as Retail Banking continued to innovate to expand and satisfy its client base. Digital penetration climbed by 440 bps in 2022 compared to 2021. The number of new customers acquisition over digital channels increased by 15%.

Retail Banking won over customers with a host of new digital products and services in 2022. This included the soft launch of Bouki, a banking service solution that acts as a digital wallet for tech-savvy customers. We also soft launched our Bancassurance business, which will offer diversified financial planning and protection products, including travel, automotive, personal accidental coverage, business and investment insurance.

The Division piloted a digital solution for home buyers this year. The solution includes digital onboarding of customers to secure mortgage financing. Riyadh Bank is all set to launch commercial phase 1 of Edarah, a standalone mobile application for property management, as part of a digital disruptive home buying ecosystem.

We also added new options to TOKEN, the Kingdom's first standalone banking mobile app for children. Upgrades included target setting for young users and registration for mothers. Further, we signed a Memorandum of Understanding with Tatweer Education Holding Company, to enroll educational institutions to use the TOKEN platform.

Importantly, we further developed our digital propositions for MSME customers, with a prime focus on acquiring entrepreneurs and offering comprehensive business management tools, along with integrating with ecosystem players. Digital onboarding for small businesses was introduced in Q4 2022.

More digital developments are in the pipeline. These include sales journeys for credit cards, as well as digital propositions for mortgages and automotive financing for after-sales services. We also introduced push notifications for Retail Banking marketing related messages.

In-branch digitization continues, with the establishment of 100 self-service kiosks for customers to print debit and credit cards, request statements, and update their information. This year, we converted the in-branch personal loan customer journey to paperless.

Additionally, we implemented digital authentication via fingerprints to execute several in-branch products and service related transactions. We deployed mobile CRM infrastructure-enabled customer services to perform selected transactions via mobile devices.

### Aligning with Vision 2030



Retail Banking's strategy aims to support growth of the Kingdom, in line with Saudi Vision 2030. Our work to offer comprehensive digital propositions for start-ups and new businesses synchronizes with the mandate to increase MSME and private sector contribution to GDP.

As part of the Vision, we are committed to increasing the national household savings rate and promoting financial literacy. We are working to introduce new Islamic products and savings plans, to add to our current Edikhar and Wazen offerings. The Bancassurance program will also facilitate long-term savings by customers, aligned with Vision 2030.

Retail Banking is participating in the Vision 2030 priority to increase home ownership for Saudi citizens, as part of our drive to diversify our consumer product lines. We expanded our range of financing options to include self-construction, buyouts, off-plan revamps, land plus loans and mortgage refinance. New digital mortgage propositions and the Edarah standalone mobile app for property management will also support home ownership aspirations in the Kingdom. To the same end, this year we signed mortgage partnership agreements with major developers.

### Looking Forward to 2023



The year ahead will be a competitive one, particularly on the front of digitalization, due to an array of new competitors and fintech's entering the ecosystem. We plan to stay ahead of the market by improving efficiencies and accelerating innovation, with a number of strategic initiatives underway.

In 2023, we will accelerate rolling out our new branch identity and will further scale up and optimize our branch network. We will identify white spaces to expand our network, relocate low-performing branches, and readjust branch types and architecture. We will also improve branch efficiencies by integrating teller and customer service job profiles, unifying the role of customer-facing universal banker. Further, we will operationalize agent banking with our selected strategic partners.

We move forward amplifying in-branch digitization by moving more customers to automated channels. We continue to automate key processes. We are also identifying high-volume customer requests to pursue innovative digital solutions. Plans for a new queuing system are underway to align with our new branch identity. We also continue our drive to go paperless and to expand digital authentication to further enable our sales and services.

2023 will be a year for disruption across Retail Banking. We will continue to introduce digital sales journeys for cards and enhance the digital process for personal loans. For MSMEs, we will focus on the acquisition of entrepreneurs, offering comprehensive business management tools and integration with key ecosystem players. To serve our Affluent Banking customers, we will launch fully digital offerings that integrate family banking with wealth planning, investments and other products customized to their needs. Regarding mortgages, we aim to enhance our digital homebuilding

ecosystem by generating more partnerships that will bring value to our customers. We also aim to disrupt automotive finance by developing a digital end-to-end system for purchasing cars through partners.

2023 will see a major re-platforming of our digital channels, specifically Riyadh Mobile. The platform will be upgraded to employ highly flexible, cutting-edge technologies that will improve turnaround time on product and service launches.

Plans are underway to further leverage Bouki by adding more services, features and customized product offerings to the digital wallet. We will also enhance our Hassad Rewards loyalty platform, to further improve customer loyalty.

