

Results Presentation

Q2 2022 Earnings Call

Mr. Tareq Al Sadhan, Chief Executive Officer
Mr. Abdullah Al Oraini, Chief Financial Officer
Dr. Naif Al Ghaith, Chief Economist

Riyadh, 17th August 2022

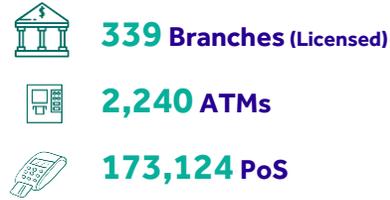


Riyad Bank is the third largest Bank in Saudi Arabia

Q2 2022 Key Metrics



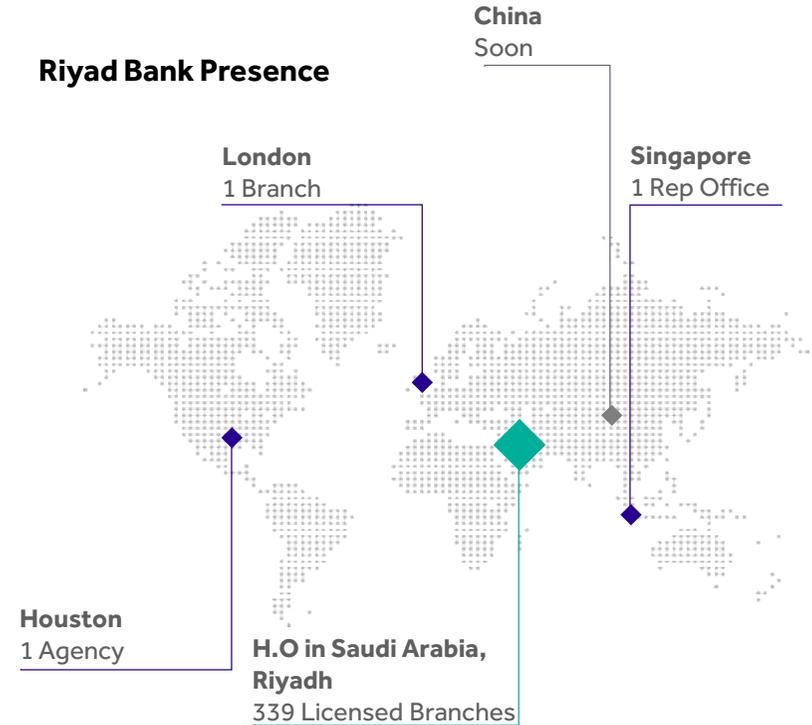
Third Largest Bank in Saudi Arabia



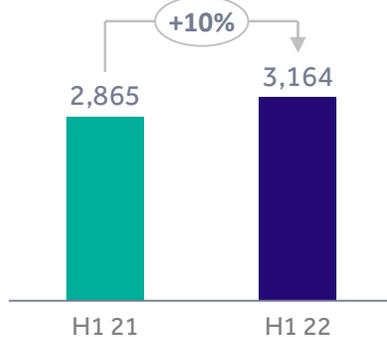
Ratings

BBB+ S&P
BBB+ Fitch

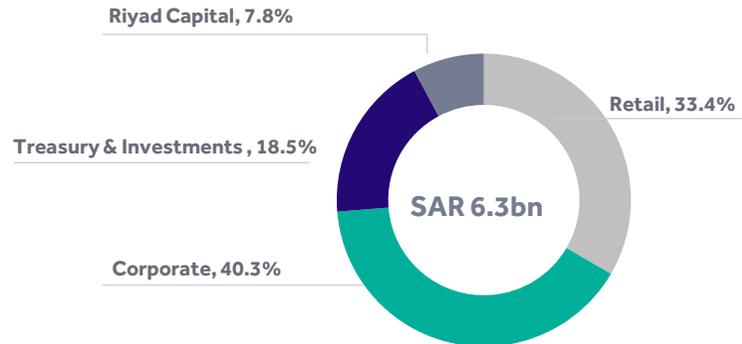
Riyad Bank Presence



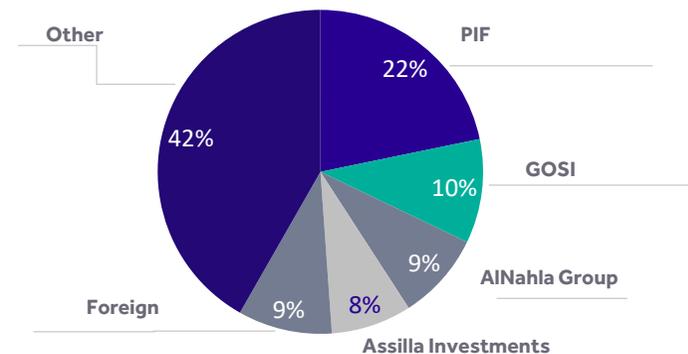
Net Income after Zakat (SARmn)



H1 2022 Operating Income Mix by Segment



Shareholder mix

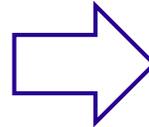


Management highlights

H1 2022 Snapshot

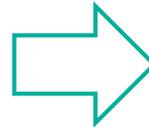


Strategy



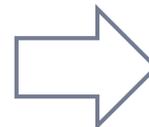
- Activated a new phase of the transformation 2025.
 - Value through innovation.
 - Enablement through next gen operating model.
 - Efficiency through digitization.

Financial Performance

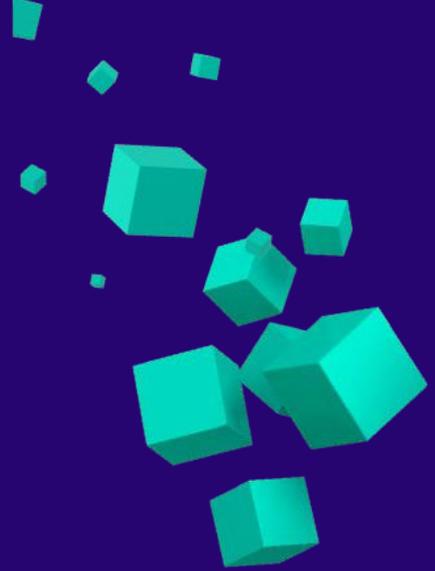


- Net loans grew by 17.1% YoY to SAR 240 billion.
- Total Deposits grew by 17.3% YoY to SAR 237 billion.
- Total Operating Income increased by 9.1% YoY to SAR 6,332 million.
- Efficiency ratio reached 33.1%.
- Net Operating income before Impairments and Zakat at SAR 4,234 million.
- Net Income grew by 10.4% YoY mainly due to higher fees and commission, exchange income, net and NSCI

Asset Quality, Capital & Liquidity



- Cost of Risk decreased to 39 bps.
- Capitalization remained strong with Tier 1 CAR at 16.4% and total CAR of 19.5%.
- LCR and NSFR Ratios reached to 172% and 117% respectively. Regulatory LDR stood at 78.9%



Strategy update





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

Recent trends



Increasing customer expectations around digital sales and service.



Depressed demand and compressed margins due to COVID-19



Imperative to renew effort to reinforce our competitive advantage



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



2017-2020



Transform core engine

Transform core engine: Overhauling performance management and productivity across core business lines, cultivating innovation and digitization culture, and improving the health of the organization.

Key Achievements:

- Increased customer's base, net profits and deposits and market share.
- Significantly developed the technical infrastructure to meet customer's needs during Covid-19 outbreak.
- Jumping 25 points in the Organizational Health Index score placing Riyadh Bank in the top quartile of measure globally.

2021 -



Accelerate growth and innovation



Value through innovation

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



Efficiency through digitization

Improve organization productivity including front to back digitization



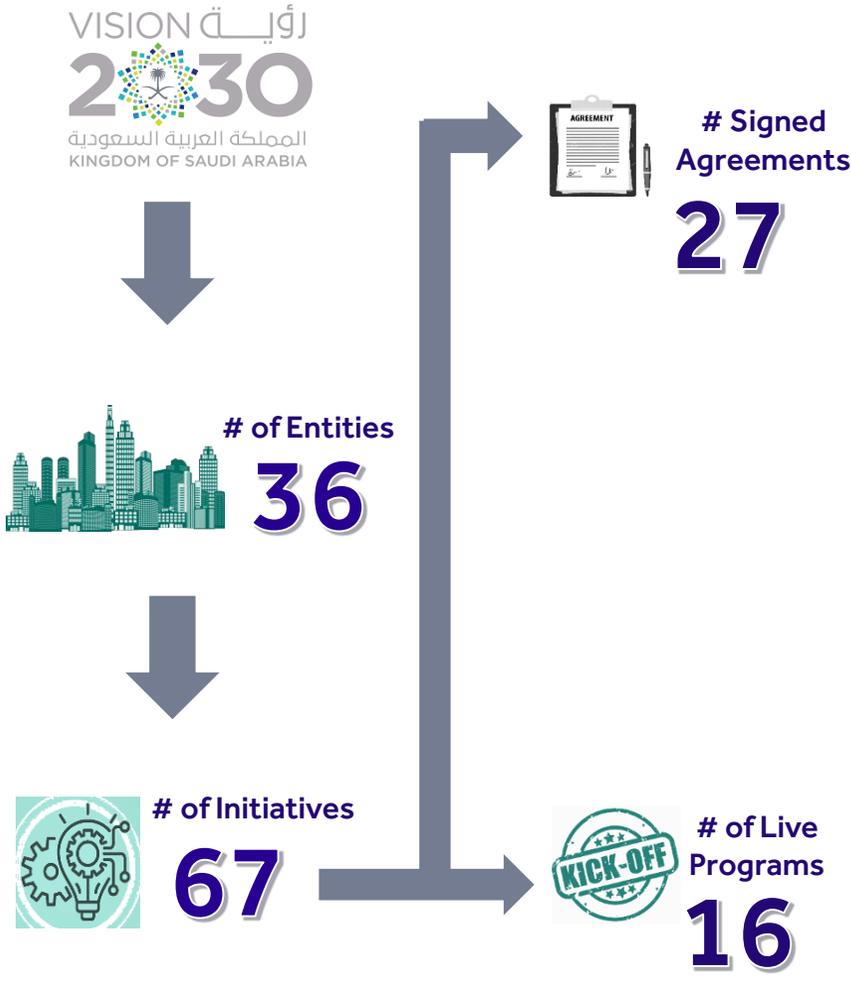
Enablement through next gen operating model

Transforming core technology infrastructure and operating model through agile

Vision 2030 initiatives

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

From Aug 2019 – June 2022



- Financial Support Initiative for NCPP
- Agency Services

96 | KPIs of the Saudi vision 2030

10 | signed
KPIs | 14th Mar 2021



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

25 | signed
KPIs | 29th Apr 2021



- Future initiatives for the present (10 initiatives)

25 | signed
KPIs | 13th Jun 2021



- Financial Support Initiative for Real Estate Developers

6 | signed
KPIs | 15th Jun 2021



- Massar Business Enablers Initiatives

33 | signed
KPIs | 03rd Nov 2021



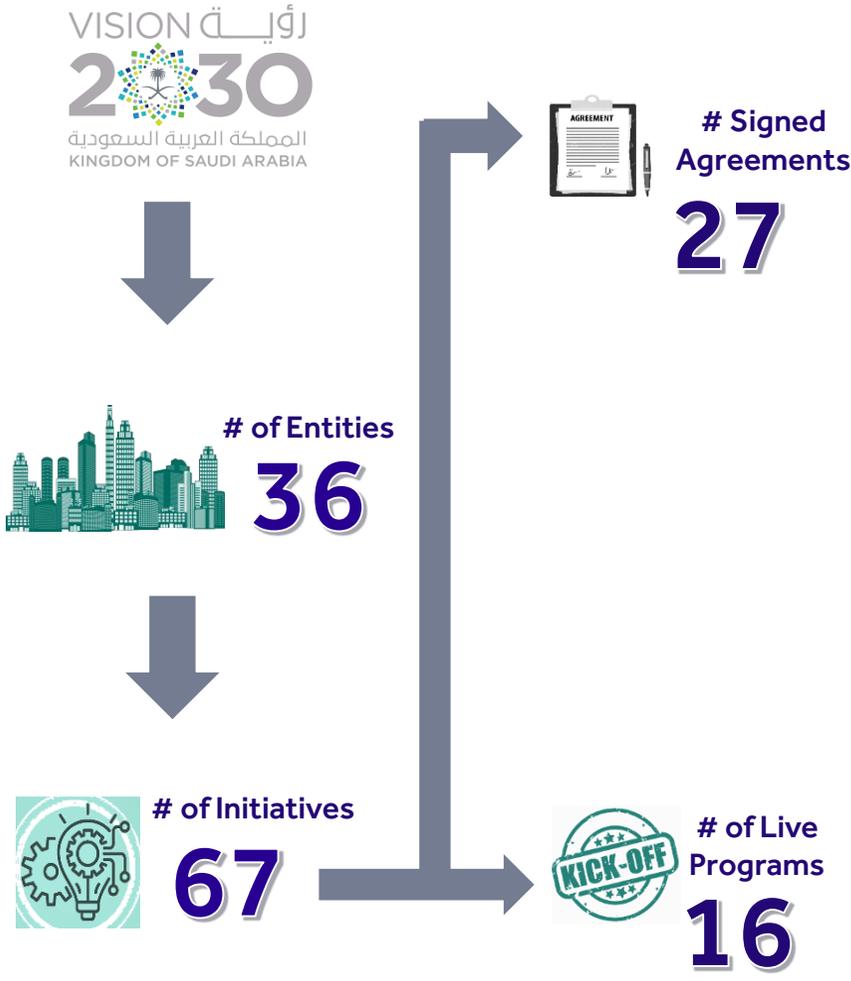
- Developing Execution Tools for NIDLP Strategic Dimensions (5 Initiatives)
- We Finance, You Manufacture
- We Invest, You Manufacture

12 | signed
KPIs | 18th Nov 2021

Vision 2030 initiatives

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

From Aug 2019 – June 2022



The initiatives contribute to ...

96 | KPIs of the Saudi vision 2030



- Cultural development initiatives
- Culture Road Program

22 | KPIs

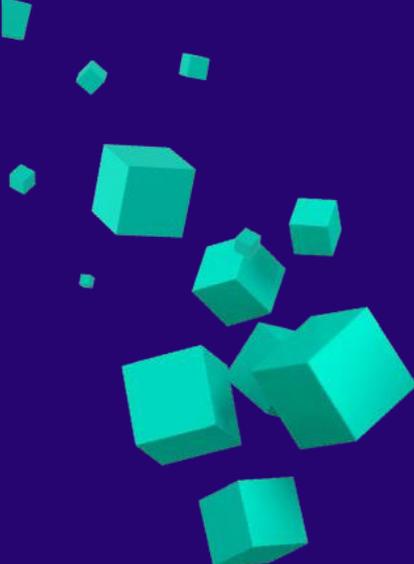
signed
21st Apr 2022



- Supportive Initiatives for Developing Business Enablers

25 | KPIs

signed
18th May 2022

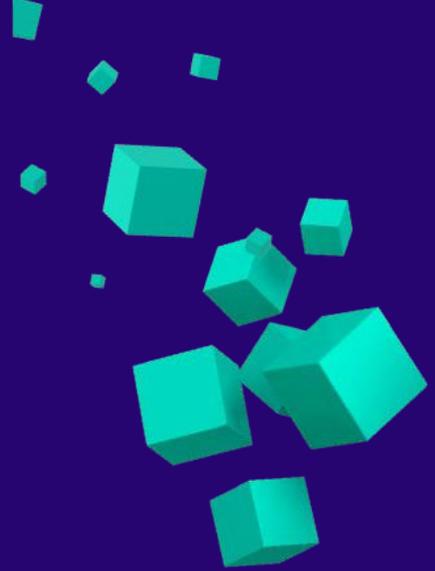


ESG at Riyadh Bank





28% Reduced electricity consumption to HoR and WRO and Smart timers at HoR	750 M The world's first sustainable AT1 Sukuk and the first Sukuk on the BSM	1,112 Hours Bukra Ambassadors volunteering initiative: 363 volunteers	1,000 gifts To hospital patients, elderly in care centers and charity organizations' beneficiaries on Eid Al-Adha Initiative	Updated guidelines to meet the needs of persons with disabilities	ISO/DIS 37301:2020 Compliance
Reduce 66% of consumed papers in the Q1+Q2	23.9 Tons Recycling: From January till date: Papers and plastic	SAR 138,790.09 Donation accounts: Total 3,378 transactions	23 Workshops In collaboration with The Stage, we created a cultural knowledge community for youth in 6 different fields with over 1,150 Attendees	6 Independent Board Directors	<ul style="list-style-type: none"> •Cyber security ISO/IEC 27001:2013 •(PCI DSS) Certification •ISO business Continuity. ISO22301:2019
404 Blood donors with over 164,620 ml Contributed to saving 2,324 Lives	2,299,922 Amount of Papers Saved Using Fingerprint	54,000 Beneficiaries In collaboration with the National CSR Center, we conducted 11workshops on entrepreneurship	Wahat Sanad RB employees volunteered in establishing cancer patient lounge at the children's oncology center	4 Board Subcommittees	Diversity First female Chief
700,000+ Meals Saved in the Hajj and Umrah Initiative for families with low-income.	SAR 7.4 Billion Green and Renewable Banking financing contribution	Cultural Development Fund Signed an agreement with the Cultural Development Fund to launch the Culture Path program to finance small, medium and large projects in the cultural sectors.		+97 New adopted governance policies and frameworks	
Environmental		Social		Governance	

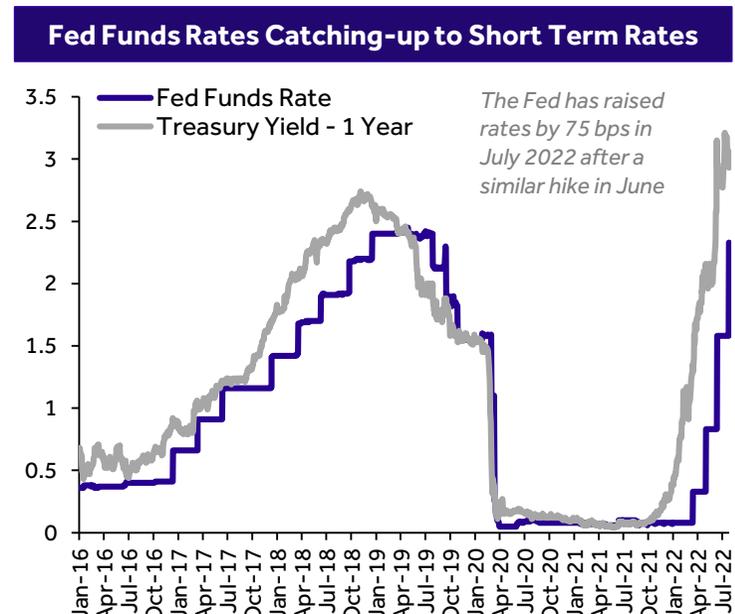
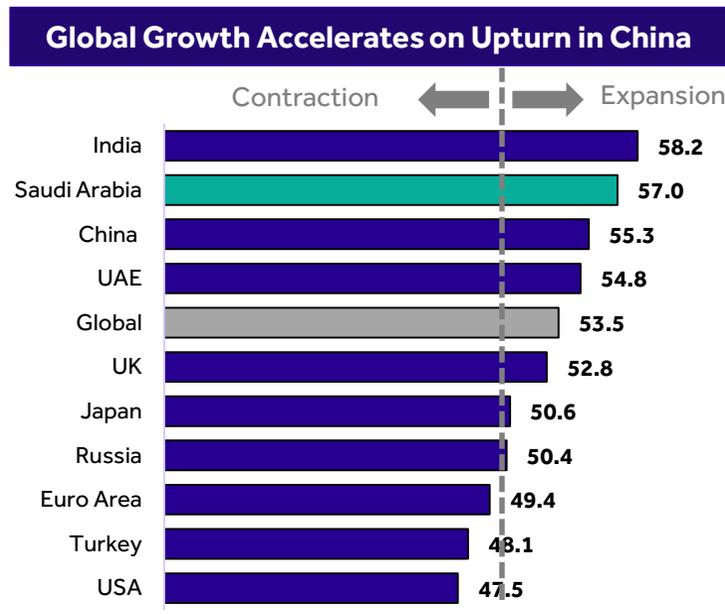
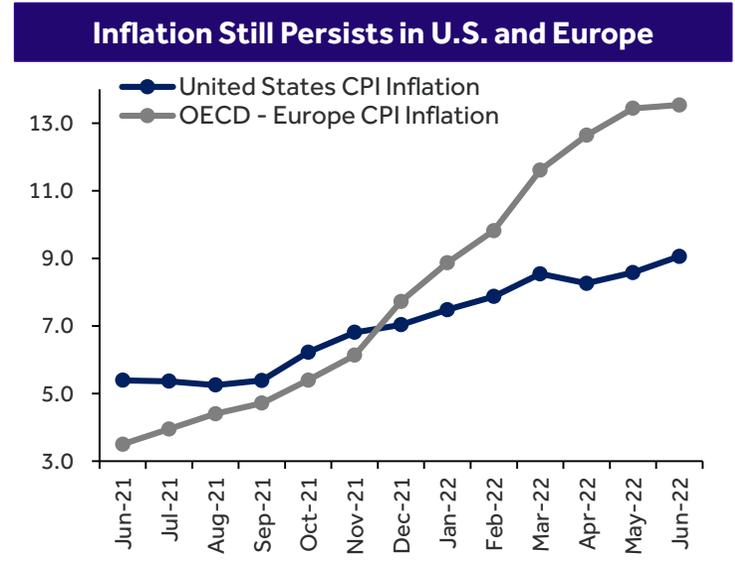
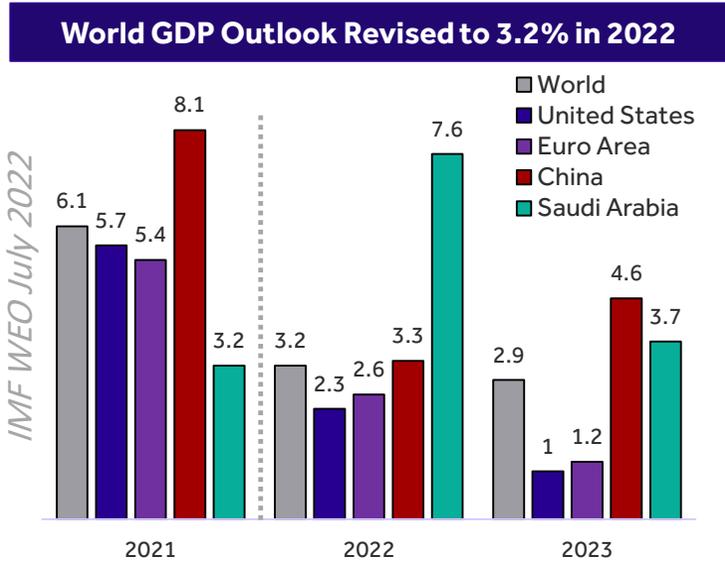


Economic environment

Global Economy

Key highlights

- Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.2% in 2022 and 2.9% in 2023. This is 0.4 and 0.7 percentage points lower for 2022 and 2023 than projected in April, according to IMF WEO July 2022.
- Inflation continued to rise throughout the second half of 2021, driven by rising energy costs, rising food prices, and ongoing supply chain disruptions. The ongoing geopolitical tension has also exacerbated prices in Europe.
- The rate of global economic expansion accelerated to a four month high in July. The rebound mainly reflected a revival in China, where an easing of COVID lockdowns underpinned a solid return to growth.
- The Fed raised interest by 75 bps in July for the second straight month to a range of 2.25%-2.5%, that takes the cumulative June-July increase to 150 bps.



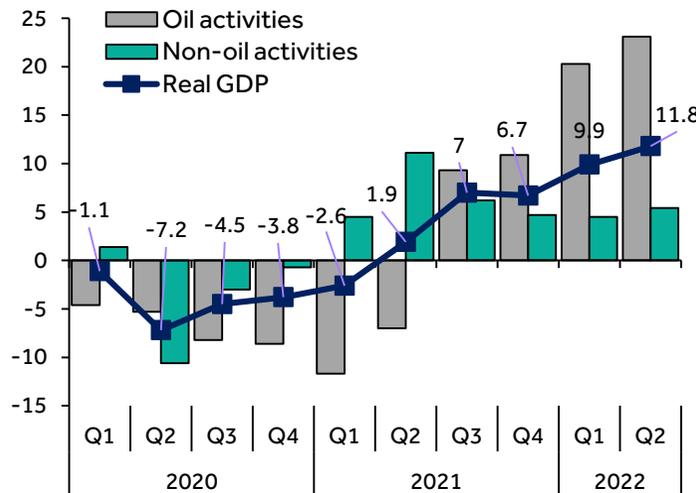
Source: FRED, OECD, IMF, S&P Global

Saudi Economy

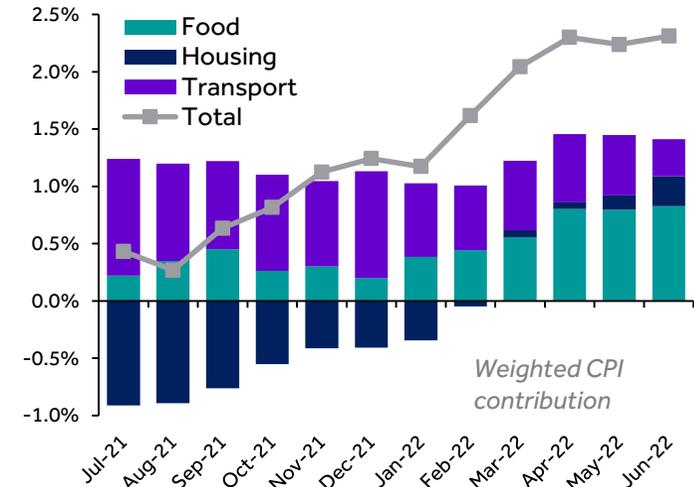
Key highlights

- The economy expanded 11.8% in the second quarter of 2022, maintaining the fastest pace of economic growth since 2011. Non-oil GDP grew strongly by 5.4% while the oil economy expanded by 23.1% compared to last year buoyed by higher oil prices and production
- Inflation continued to rise modestly in June 2022 to reach 2.3%, driven by rising transport costs, food prices, and housing & utilities.
- Both deposits and lending growth remain in healthy levels in 2022, supported by strong economic growth across sectors.
- Tadawul, the Saudi main stock market, returned to a bullish pattern and grew by 9% since the start of the year. Meanwhile, oil prices have slightly declined from higher levels seen in the past 3 months on concern a global economic slowdown will erode energy demand.

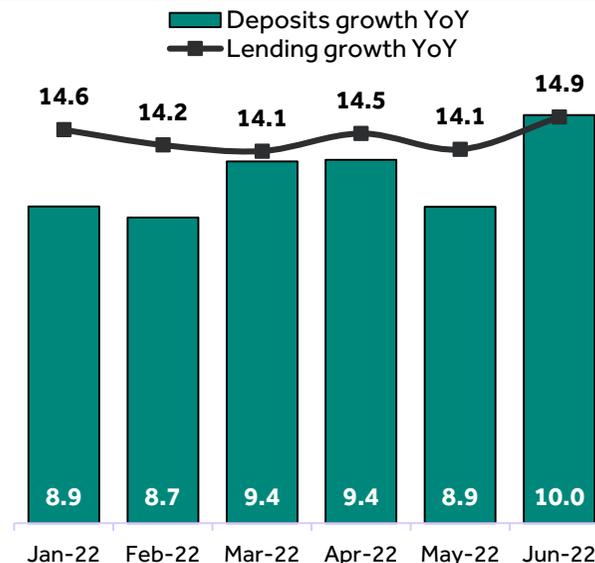
Real GDP Grew by about 12% in Q2 2022



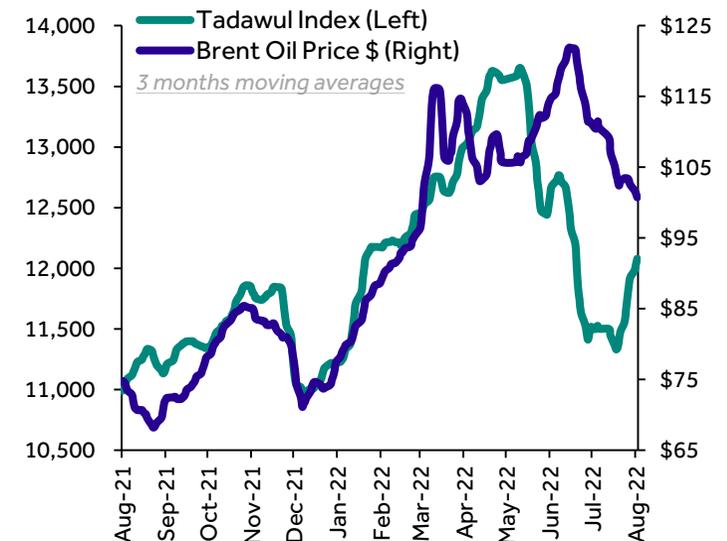
Inflation Rose by 2.3% YoY in June 2022



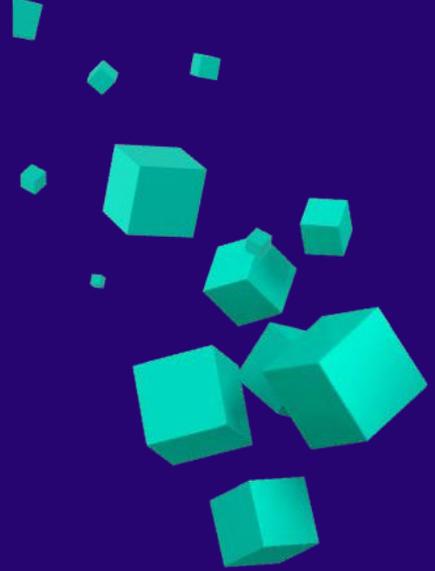
Deposits and Lending Growth Remain Strong



Saudi Stock Market Rose 9% Since Start of 2022



Source: GASTAT, SAMA, Bloomberg



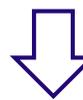
Financial results overview





H1 2022 Key highlights

H1 2022 Vs. H1 2021

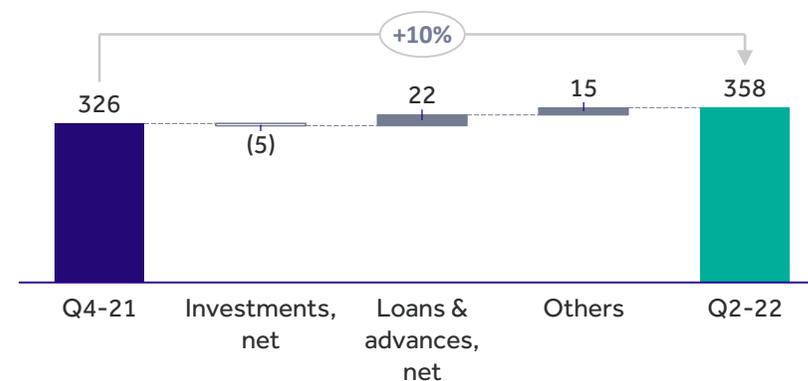
<p>Balance Sheet</p>	<p>12.8%</p>  <p>Total assets</p>	<p>17.1%</p>  <p>Loan and advances, net</p>	<p>6.3%</p>  <p>Investments, net</p>	<p>17.3%</p>  <p>Customer deposits</p>	<p>15.7%</p>  <p>Demand & other deposits</p>
<p>Income Statement</p>	<p>10.4%</p>  <p>Net income</p>	<p>6.8%</p>  <p>NSCI</p>	<p>15.6%</p>  <p>Fee and other income</p>	<p>9.1%</p>  <p>Total operating income</p>	<ul style="list-style-type: none"> ▪ Credit related impairment decreased by 11.1% . ▪ Cost of Risk in H1 2022 decreased to 39 bps from 47 bps in H1 2021.
<p>Asset Quality, Capital & Liquidity</p>	<ul style="list-style-type: none"> • NPL ratio 1.66 % and NPL coverage at 119.5% • Capital position: Tier 1 CAR of 16.4% and total CAR of 19.5%. • Strong funding and liquidity with Loans to deposits ratio (incl. Sukuk)) of 97.3% and Regulatory LDR stood at 78.9% , Net Stable Funding Ratio of 117% and Liquidity Coverage Ratio of 172%. • Leverage Ratio of 11.2%. 				

Financial highlights – Balance sheet

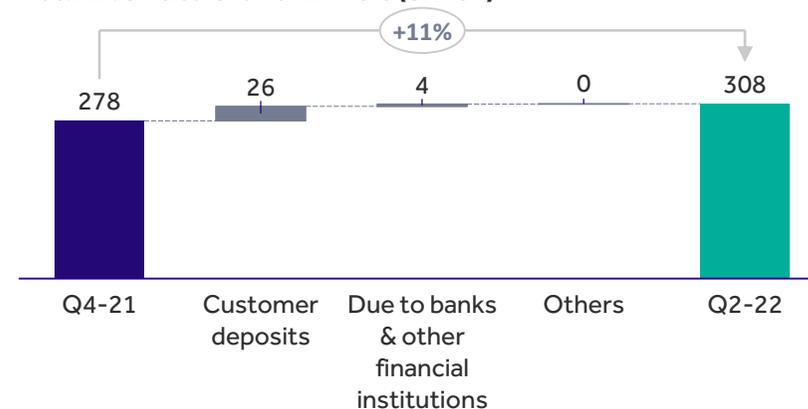
Balance sheet growth supported by continued growth in loans

SAR (mn)	2Q 2022	1Q 2022	QoQ % change	2Q 2021	YoY % change
Cash and balances with SAMA and financial institutions	56,293	47,729	+17.9%	48,732	+15.5%
Investments, net	53,538	59,035	-9.3%	57,122	-6.3%
Loans and advances, net	239,650	234,793	+2.1%	204,743	+17.0%
Total assets	357,954	348,468	+2.7%	317,266	+12.8%
Customer deposits	237,477	232,416	+2.2%	202,453	+17.3%
Debt securities in issue	8,716	8,651	+0.8%	8,710	+0.1%
Total liabilities	308,504	297,603	+3.7%	272,716	+13.1%
Total shareholders' equity	46,636	48,051	-2.9%	44,551	+4.7%
Tier 1 Sukuk	2,814	2,814	0.0%	-	-
Total Equity	49,450	50,865	-2.8%	44,551	+11.0%
Risk weighted assets	301,635	313,214	-3.7%	280,517	+7.5%
CET1 ratio	15.5%	15.4%	+0.1%	15.9%	-0.4%
T1 ratio	16.4%	16.3%	+0.1%	15.9%	+0.5%
Total capital adequacy ratio	19.5%	19.2%	+0.3%	19.3%	+0.2%

Total Assets Growth Drivers (SARbn)



Total Liabilities Growth Drivers (SARbn)



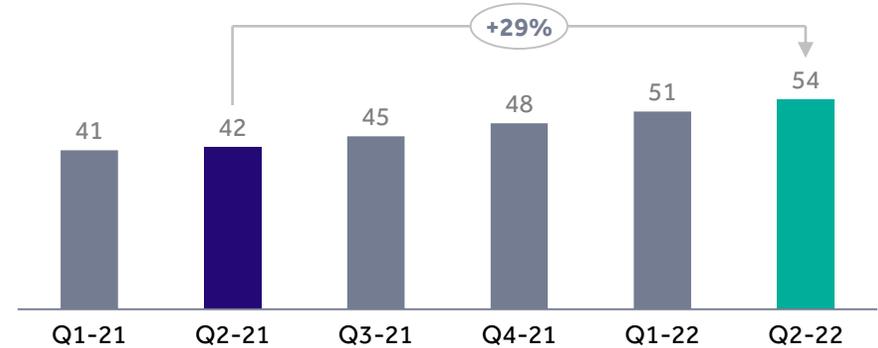
Assets & lending

Loan growth mainly driven by Commercial and Mortgage loans

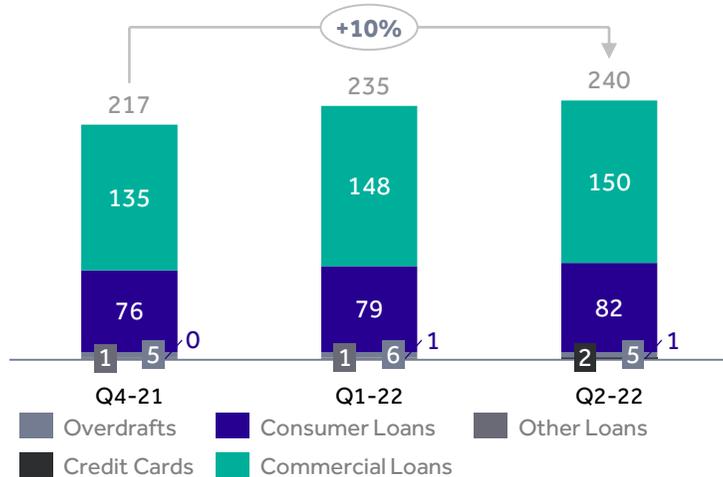
Loans & Advances, Net Growth Drivers (SARbn)



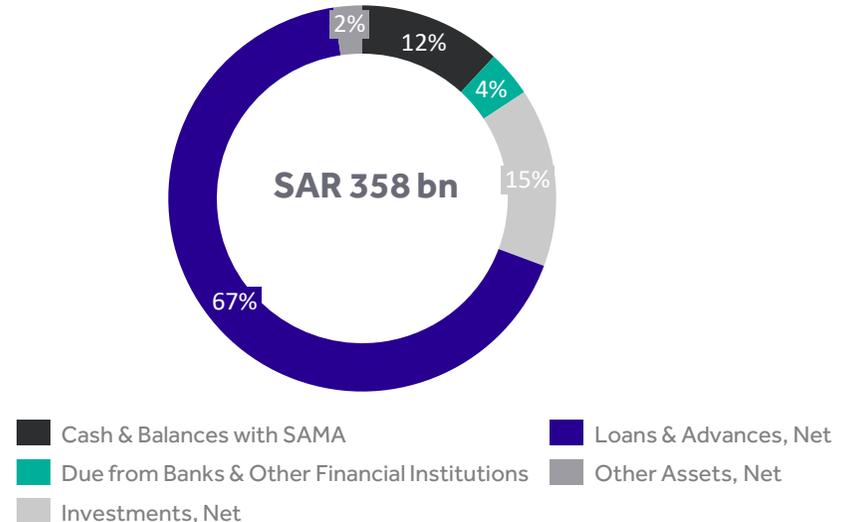
Mortgages Loans, Gross (SARbn)



Loans & Advances, Net by Type (SARbn)



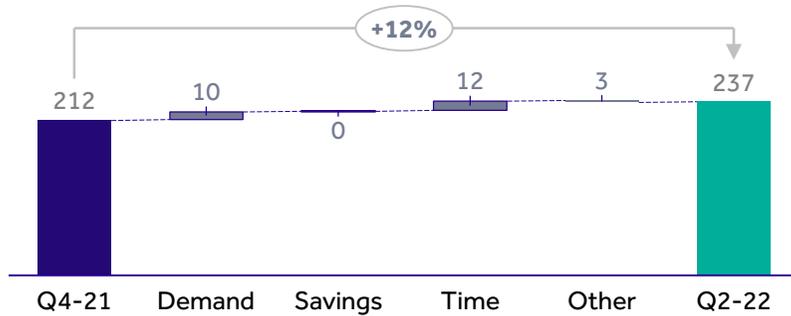
Q2 2022 Total Assets Mix (SARbn)



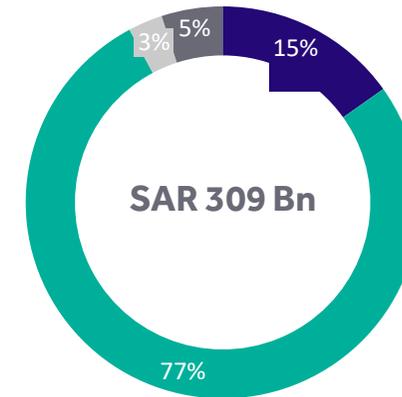
Liabilities and funding

Stable funding profile

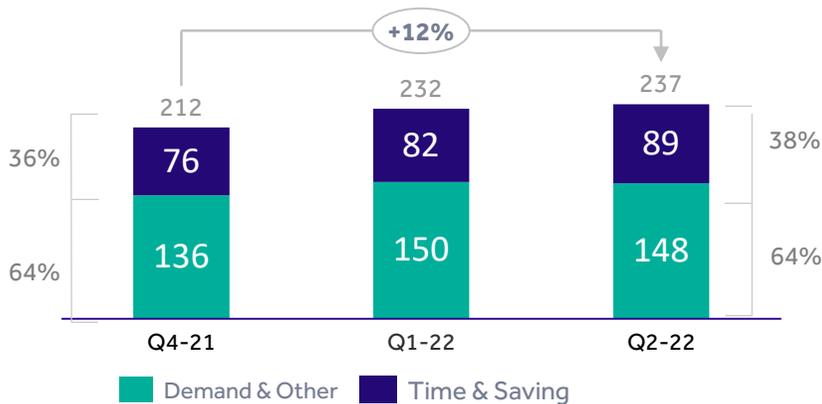
Customer Deposits Growth Drivers (SARbn)



Q2 2022 Total Liabilities Mix (SARbn)



Total Customer Deposits by Type (SARbn)



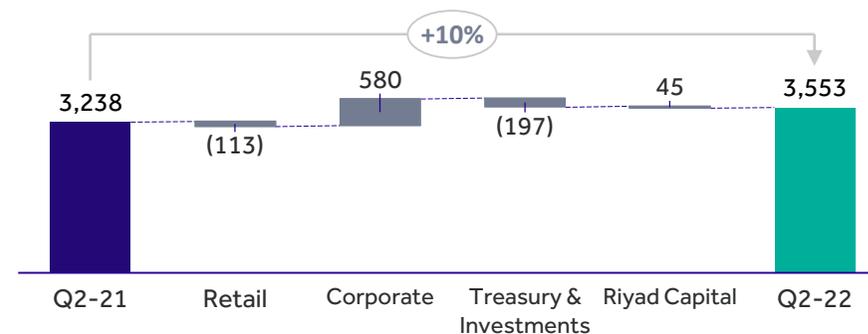
- Due to Banks & Other Financial Institutions
- Customer Deposits
- Debt Securities in Issue
- Other Liabilities, Net

Financial highlights – Income statement

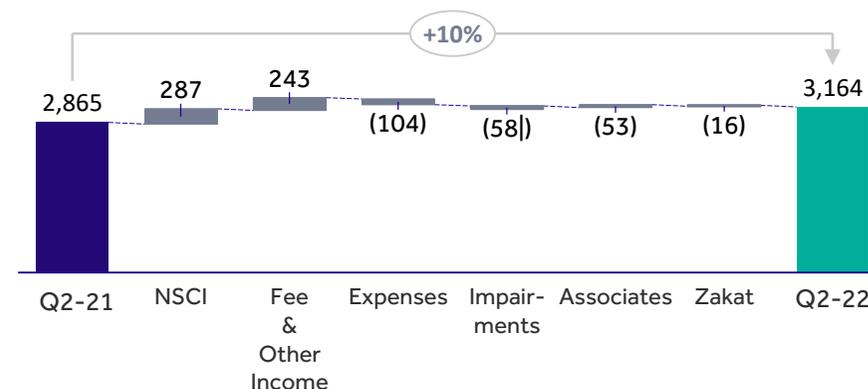
Net income growth mainly due to higher operating income

SAR (mn)	1H 2022	1H 2021	YoY % change	2Q 2022	1Q 2022	QoQ % change
Net special commission income	4,529	4,242	+6.8%	2,397	2,132	+12.4%
Fee and other income	1,803	1,560	+15.6%	834	970	-14.0%
Total operating income, net	6,332	5,802	+9.1%	3,230	3,102	+4.2%
Operating expenses	(2,098)	(1,994)	+5.2%	(1,064)	(1,034)	+3.0%
Net operating income before impairment charges	4,234	3,808	11.2%	2,166	2,068	4.7%
Impairment charge for credit losses and other financial assets	(431)	(484)	-11.1%	(244)	(186)	+31.0%
Impairment charge for investments	(177)	(66)	+168.7%	(109.0)	(68.4)	+59.4%
Net operating income	3,626	3,258	+11.3%	1,813	1,813	-0.0%
Share of earnings of associates, net	(72)	(20)	+270.9%	(4)	(69)	-94.4%
Net income for the period before Zakat	3,553	3,238	+9.7%	1,809	1,744	+3.7%
Zakat for the period	390	373	+4.4%	198	192	+3.0%
Net income for the period	3,164	2,865	+10.4%	1,611	1,553	+3.8%
EPS	1.05	0.96	+9.38%	0.54	0.52	+3.85%
ROAE before Zakat	15.1%	14.6%	+0.5%	15.3%	14.6%	+0.7%
ROAA before Zakat	2.1%	2.1%	0.0%	2.0%	2.1%	-0.1%
Cost to income ratio	33.1%	34.4%	-1.3%	32.9%	33.3%	-0.4%

Net Income before Zakat Growth Drivers by Segment (SARmn)



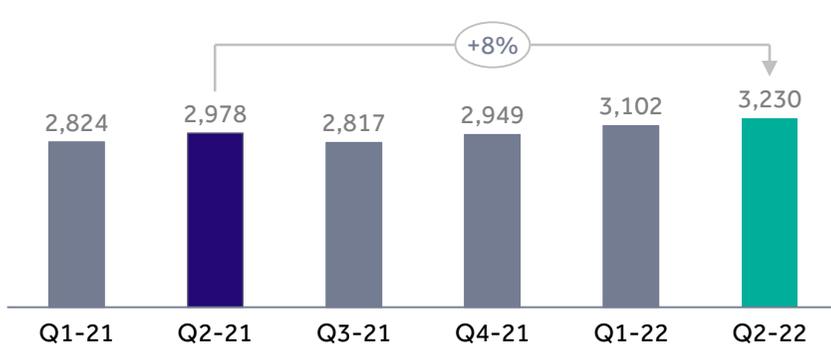
Net Income after Zakat Growth Drivers by Type (SARmn)



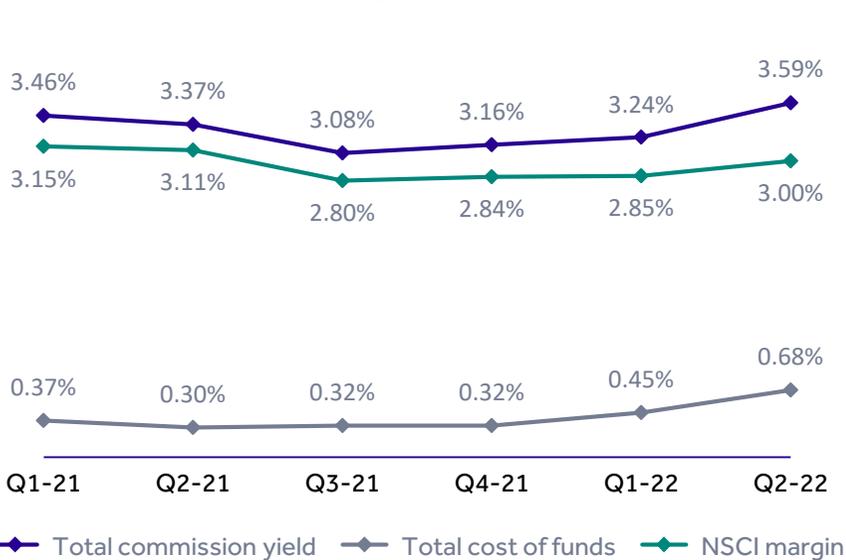
Income trends

Income growth supported by stable balance sheet growth

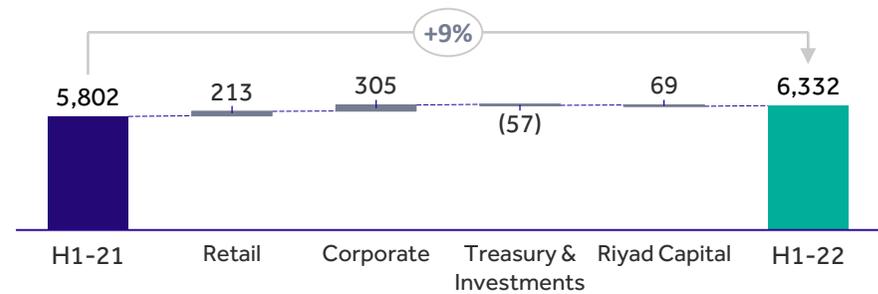
Total Operating Income, Net (SARmn)



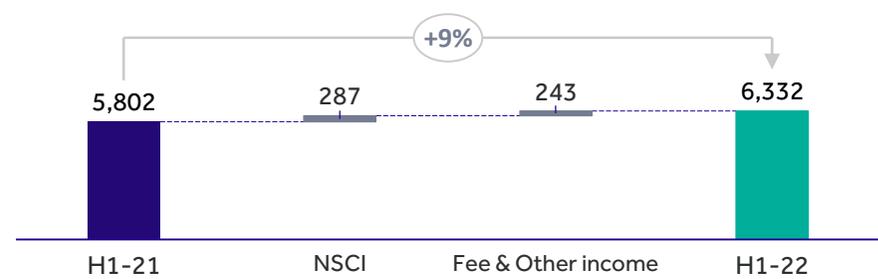
NSCI Margin, Yields and Funding Costs (%)



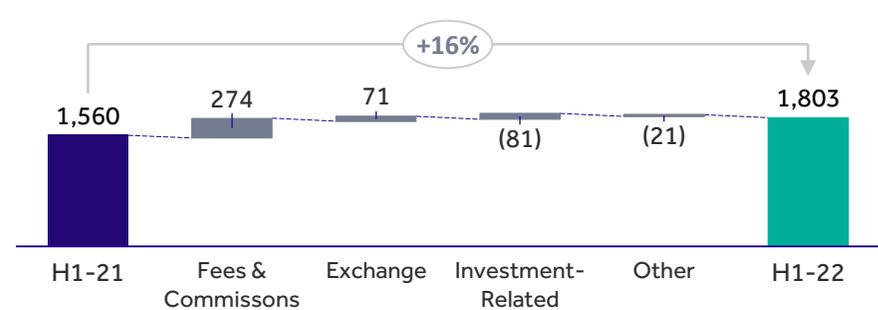
Total Operating Income Growth Drivers by Segment (SARmn)



Total Operating Income Growth Drivers by Type (SARmn)



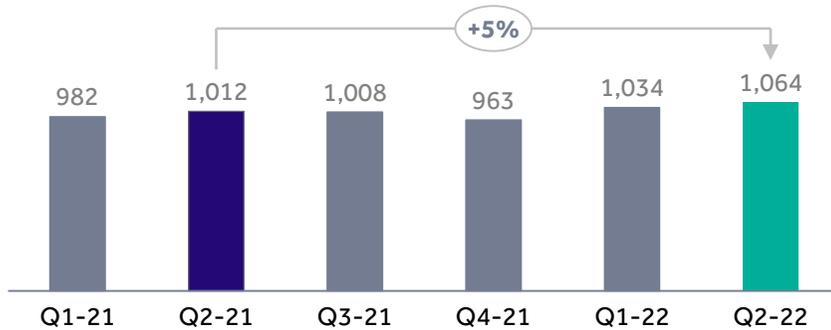
Fee & Other Income Growth Drivers by Type (SARmn)



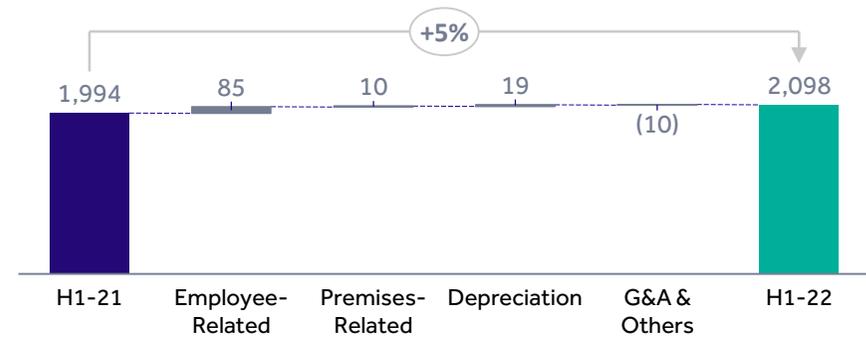
Expenses trends

Improved cost efficiency despite banks' investment in its Transformation Program

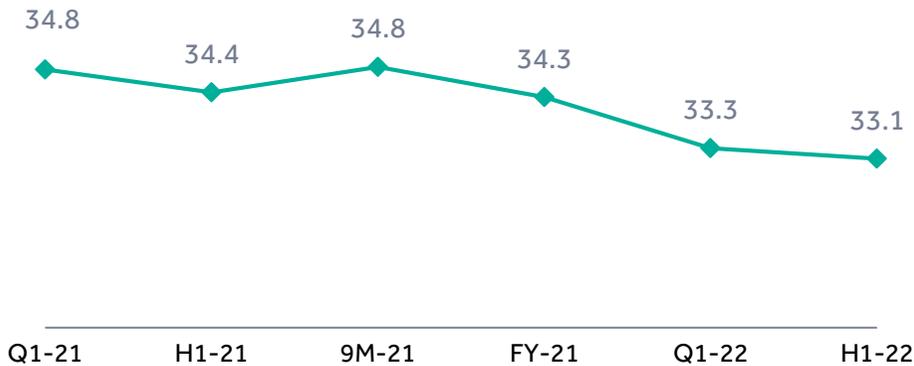
Operating Expenses (SARmn)



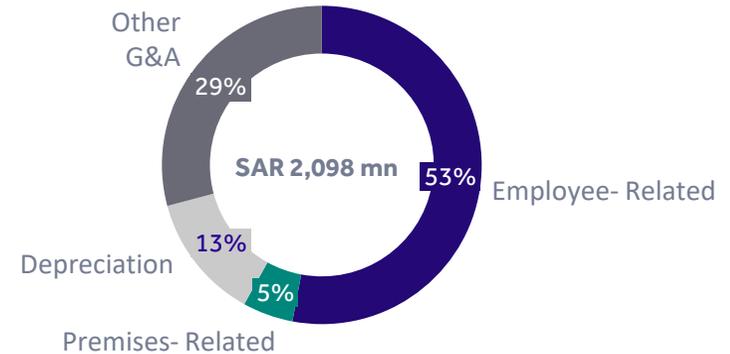
Operating Expenses Growth Drivers by Type (SARmn)



Cost to Income Ratio (YTD %)



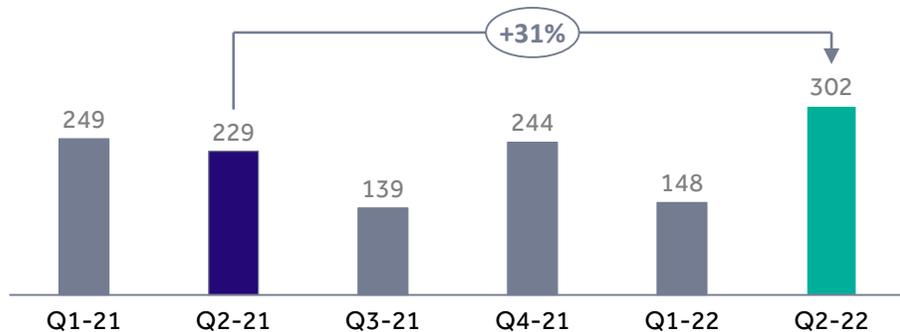
H1 2022 Operating Expenses Mix by Type (SARmn)



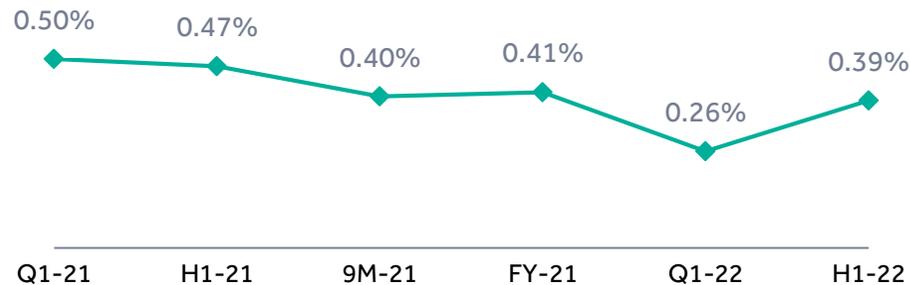
Credit quality

Stable asset quality trends with solid NPL coverage ratio

Impairment Charge for Credit Losses, Net (SARmn)

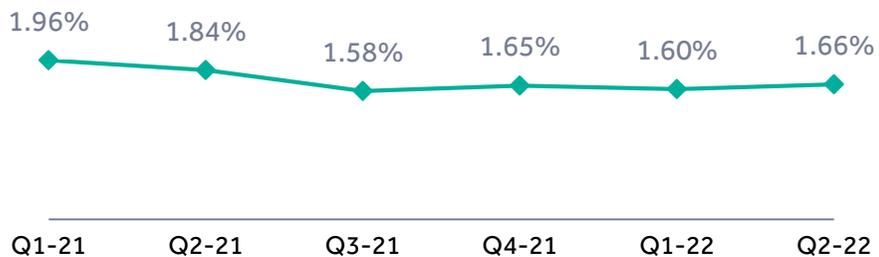


Cost of Risk (YTD %)

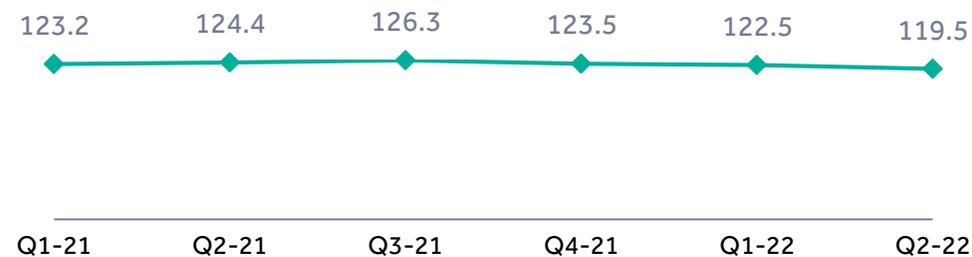


Cost of Risk calculation =
$$\frac{\text{Annualized YTD Impairment charge for credit losses, net}}{\text{Avg gross loans and advances}}$$

NPL Ratio



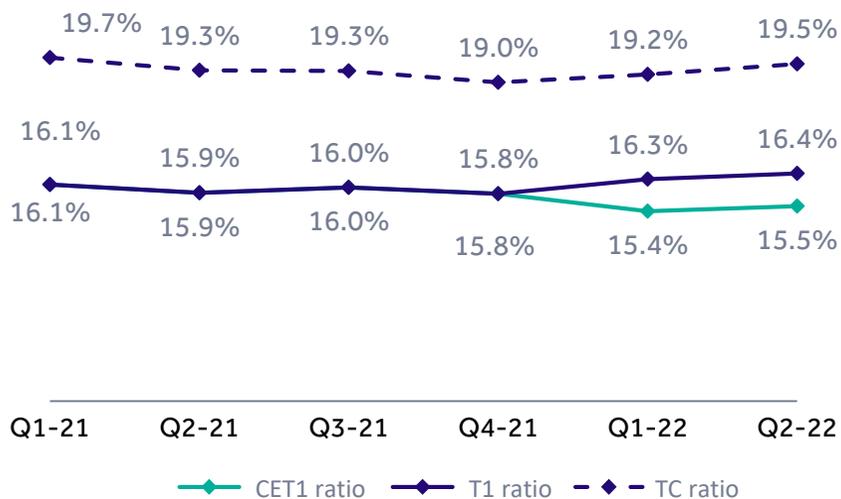
NPL Coverage (%)



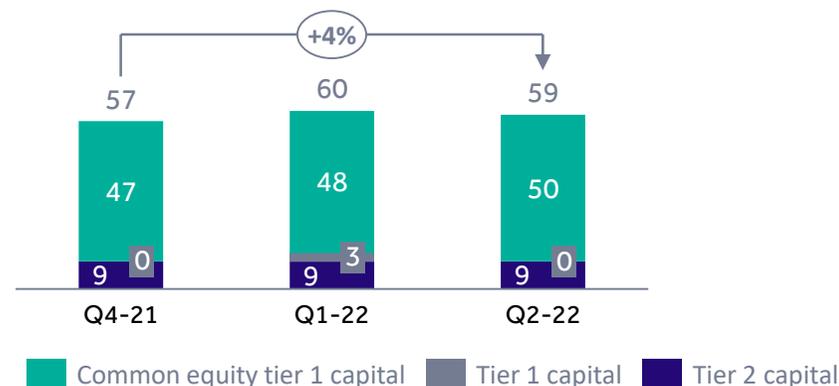
Capitalization

Capitalization well above regulatory minima and continues to support growth

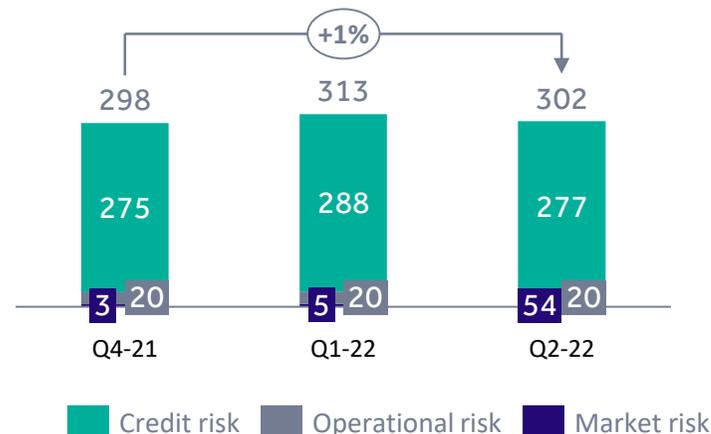
Capital Ratios (%)



Capitalization (SARbn)



Risk Weighted Assets (SARbn)



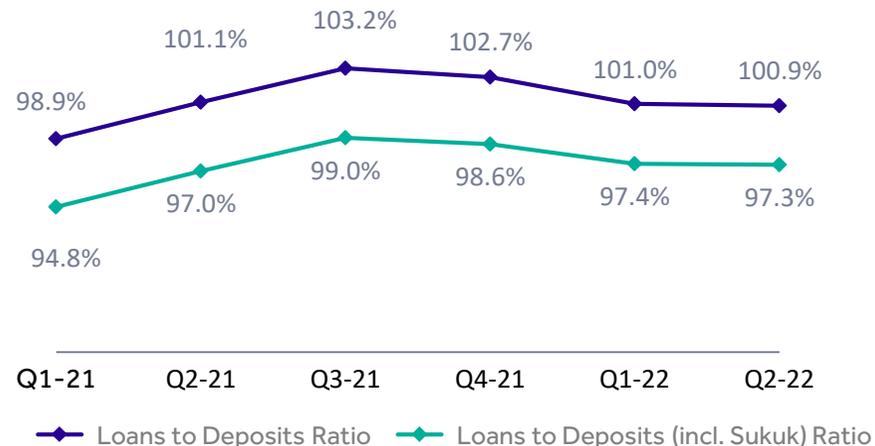
Liquidity

Liquidity continues to be at comfortable levels

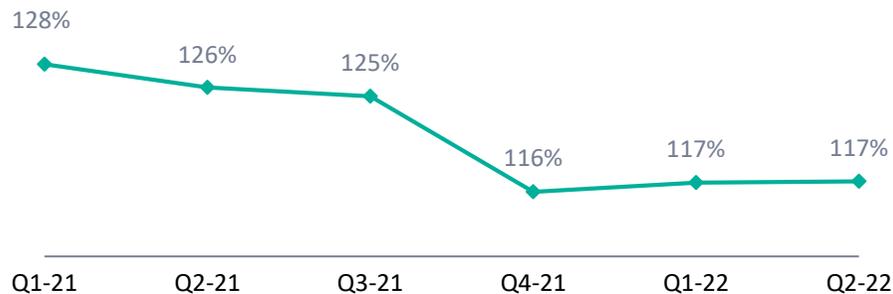
HQLA and Liquidity Coverage (SARbn/%)



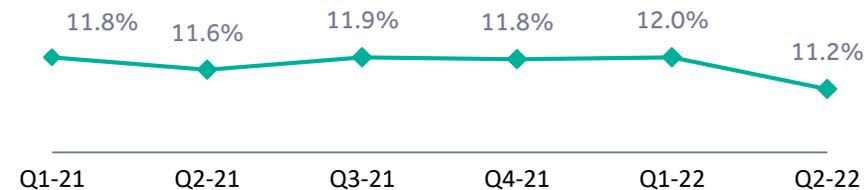
Loans to Deposit Ratios (%)

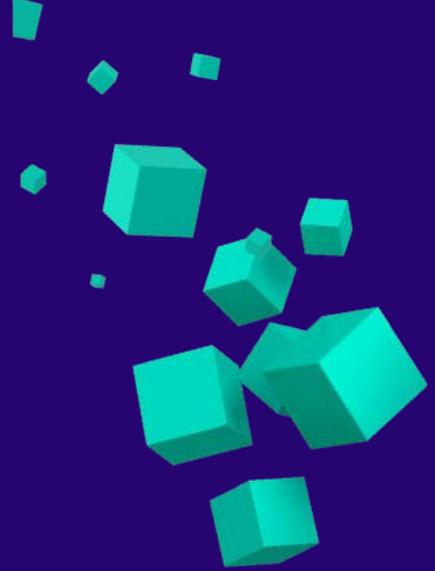


Net Stable Funding Ratio NSFR (%)



Basel III leverage Ratio (%)





Guidance

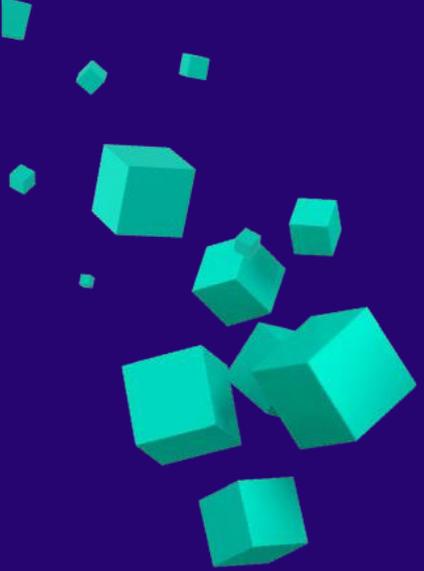




2022 Guidance

Riyad Bank guidance

Guidance Metric	FY 2021	2022 Guidance	H1 2022 Actual	2022 Updated guidance
Loans, Net	SAR 217 Bn (+13.6% YoY)	Mid teens	SAR 240 Bn (+17.1% YoY)	Mid-high teens
NSCI Margin (%)	2.97%	0 bps - +10 bps	2.93%	+10 bps – 20bps
Cost to Income (%)	34.3%	Below 35%	33.1%	Below 34%
Cost of Risk (%)	0.41%	40 bps -60 bps	0.39%	40 bps -60 bps
CET1 (%)	15.8%	Above 15%	15.5%	Above 15%
ROAE Before Zakat (%)	14.7%	Above 14.5%	15.1%	Above 15%



Q&A





MOST PROFITABLE



MOST EFFICIENT



BANK OF CHOICE



DIGITALLY ENABLED

Riyad Bank contact

Contact the investor relations for more information:

Najla AlMutairi

Investor Relations

Telephone: +966 11 401 3030 Ext. 2448

E-mail: najla.almutairi@riyadbank.com

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

Visit our Website

<https://www.riyadbank.com/en/about-us/investor-relations>

The screenshot shows the Riyad Bank website's 'Financial Results' page for 2019. The page is in English and features a navigation menu with options like 'Bank', 'Borrow', 'Invest', 'Digital Banking', and 'Discover'. The main content area is titled 'Financial Results' and lists various financial reports for 2019, including:

- Quarter 2 - Results Presentation (PDF 11MB)
- Quarter 2 - Earnings Release (PDF 664KB)
- Quarter 2 - Disclosure Under Basel III Framework (PDF 11MB)
- Quarter 2 - Interim Condensed Consolidated Statements (PDF 11MB)
- Quarter 1 - Results Presentation (PDF 801KB)
- Quarter 1 - Earnings Release (PDF 116KB)

Riyad Bank Head Office

[Link](#)





Disclaimer

This presentation has been prepared by Riyad Bank solely for informational purposes.

The presentation may contain forward looking statements, which reflect Riyad Bank's beliefs or current expectations and assumptions regarding the future of the business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions.

Forward looking statements are neither historical facts nor assurances of future performance and can generally be identified by terminology including "anticipate", "aspire", "believe", "project", "estimate", "expect", "forecast", "strategy", "target", "trend", "future", "likely", "may", "should", "will", "intend", "plan", "goal", "objective", "seek", "roadmap", and other words of similar meaning or similar expressions.

By their nature, forward looking information and statements are subject to known and unknown uncertainties, risks and changes in circumstances that are difficult to predict and not in Riyad Bank's control. Our actual results of operations and financial conditions may differ materially from that or those indicated in the forward looking statements. You should not place undue reliance on any of these forward looking statements.

Any forward looking statement made by Riyad Bank in the presentation is based only on information currently available to us and speaks only as to the date on which this presentation is made. Past performance is not a reliable indication of future performance. Riyad Bank makes no representations or warranties as to the accuracy, or completeness of the information and shall not have any liability for any representations, express or implied, regarding the information contained in, or for any omissions from, the information included in this presentation.

Riyad Bank undertakes no obligation whatsoever to publicly update any forward looking statement whether as a result of new information, future developments or otherwise.

Riyad Bank will be always compliant with the proper timely disclosure of any essential information to be broadcasted via the formal approved channels according to the applied rules, regulations and laws of the kingdom of Saudi Arabia.