



Results Presentation

Q1 2021 Earnings Call

Tareq Al Sadhan, Chief Executive Officer
Abdullah Al Oraini, Chief Financial Officer

Riyadh, 6 May 2021

riyadbank.com

92 000 1816



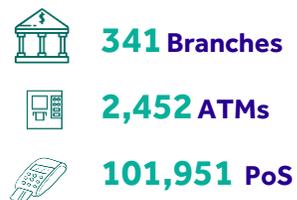


Riyad Bank is the Third Largest Bank in Saudi Arabia

Q1 2021 Key Metrics



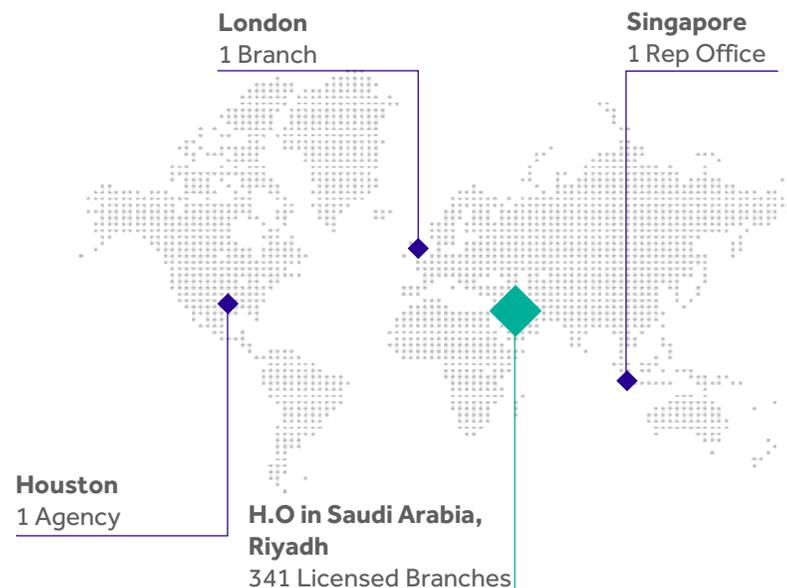
Third Largest Bank in Saudi Arabia



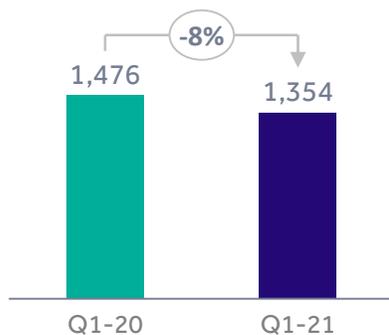
Ratings

BBB+ S&P
BBB+ Fitch
A+ CI

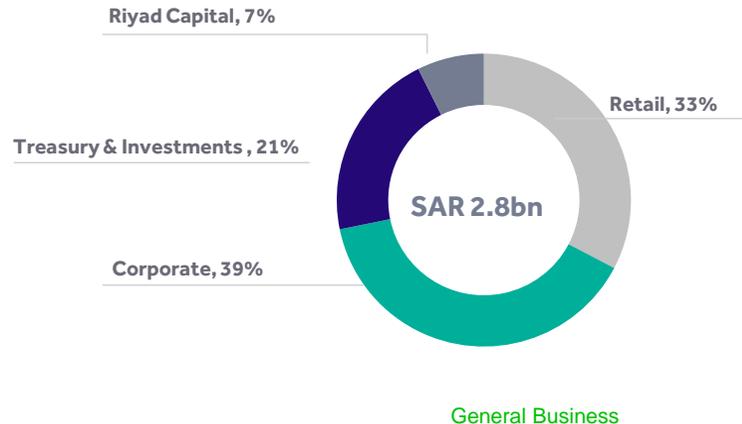
Riyad Bank Presence



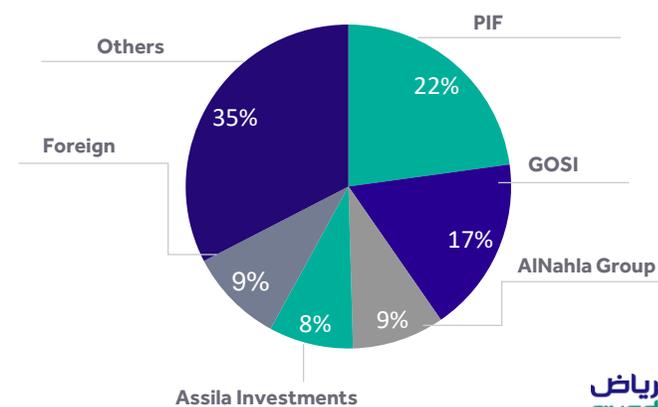
Net Income after Zakat (SARmn)



1Q 2021 Operating Income Mix by Segment



Shareholder mix

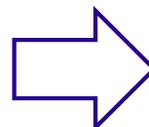


Management Highlights

Q1 2021 Snapshot



Strategy



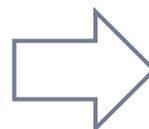
- Activated a new phase of the transformation 2025.
 - Value through innovation.
 - Enablement through next gen operating model.
 - Efficiency through digitization.

Financial Performance



- Net loans grew by 7.5% YoY to SAR 196 billion.
- Total Deposits grew by 3.0% YoY to SAR 199 billion.
- Total Operating Income decreased by 2.1% YoY to SAR 2,824 million.
- Efficiency ratio reached 34.8%.
- Net Operating income before Impairments and Zakat decreased by 6.4% YoY to SAR 1,842 million.
- Net Income decreased by 8.3% YoY to SAR 1,354 million.

Asset Quality, Capital & Liquidity



- Cost of Risk reached 50 bps.
- Capitalization remained strong with CET1 of 16.1% and total CAR of 19.7%.
- LCR and NSFR Ratios reached to 181% and 128%, respectively. LDR (incl. Sukuk) reached 94.8% while regulatory LDR stood at 78%.

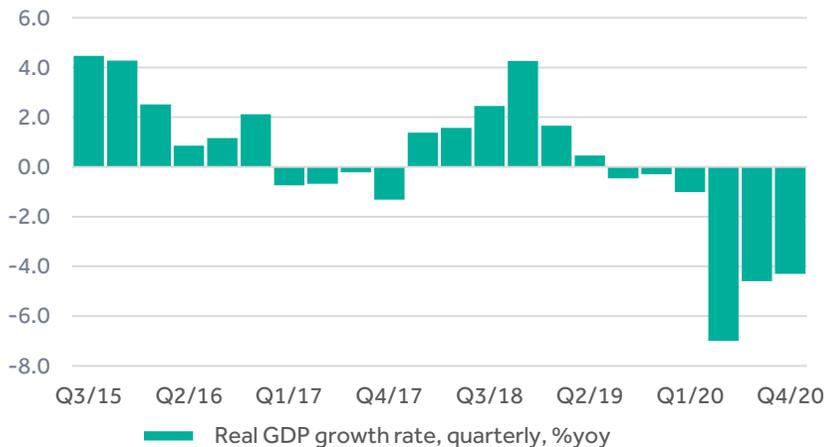


KSA Macroeconomic Environment

Saudi Macro Framework

The Economy started to recover form COVID-19 impact

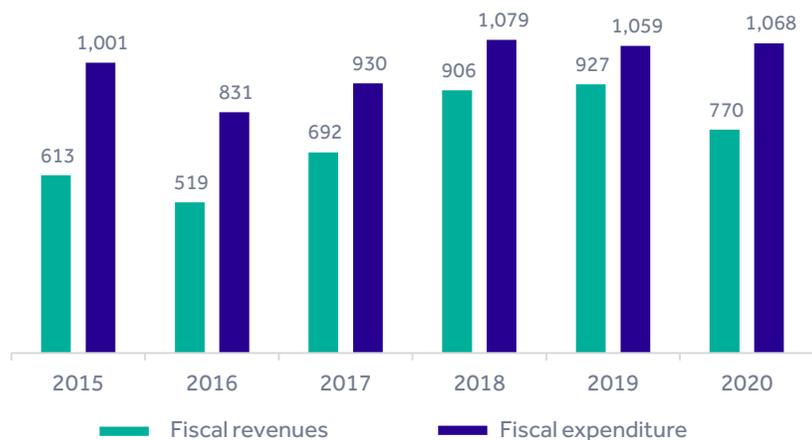
GDP



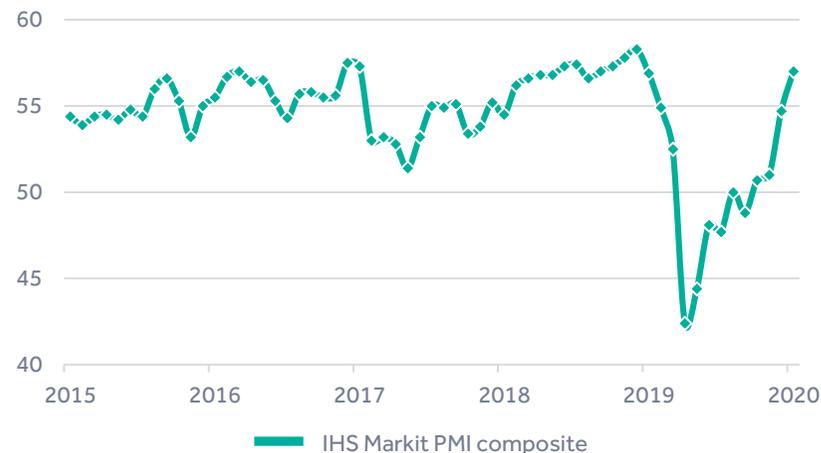
CPI Inflation



Fiscal Revenues and Expenditure (SARbn)



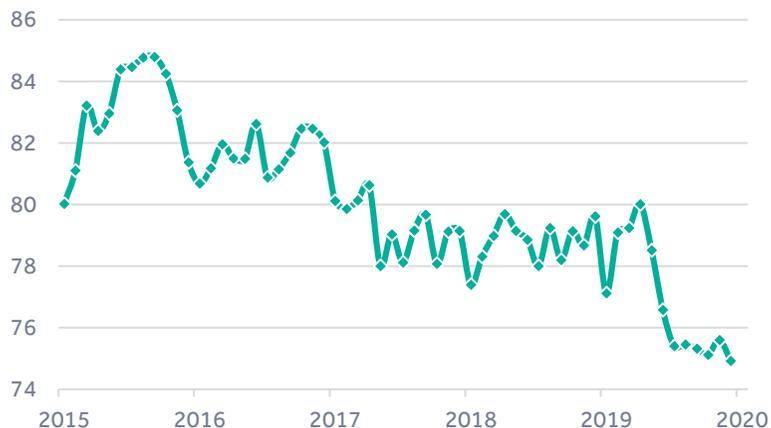
Purchasing Manager Index



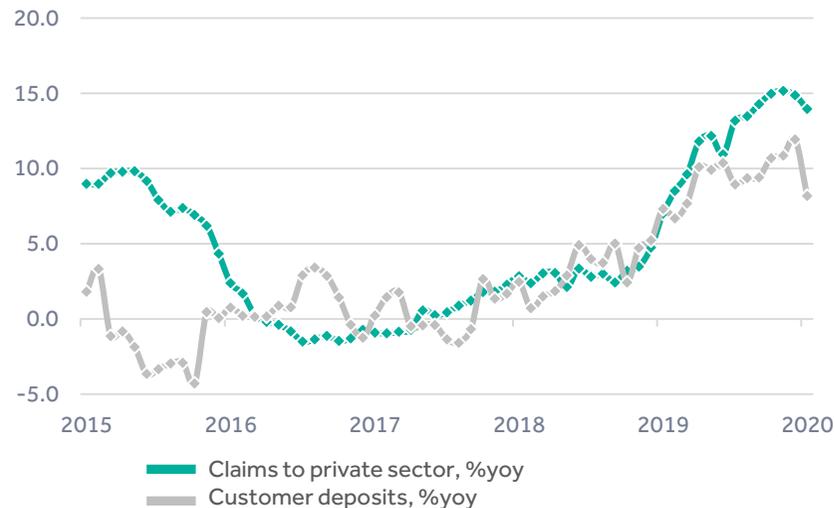
Banking Sector Highlights

The Economy started to recover form COVID-19 impact (Continued)

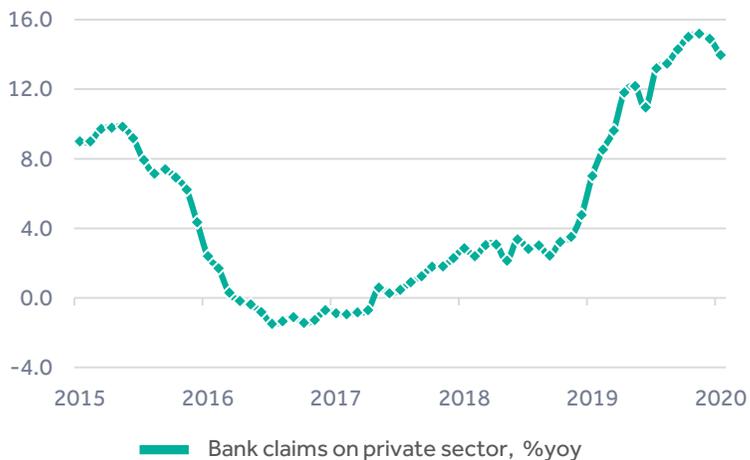
Regulatory LDR



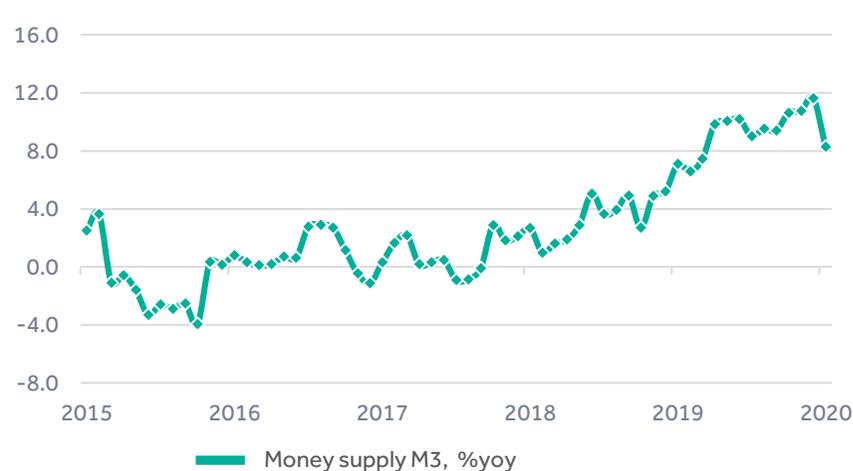
Credit and Customer Deposits



Credit to Private Sector

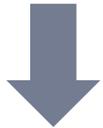


Money Supply M3



Vision 2030 initiatives

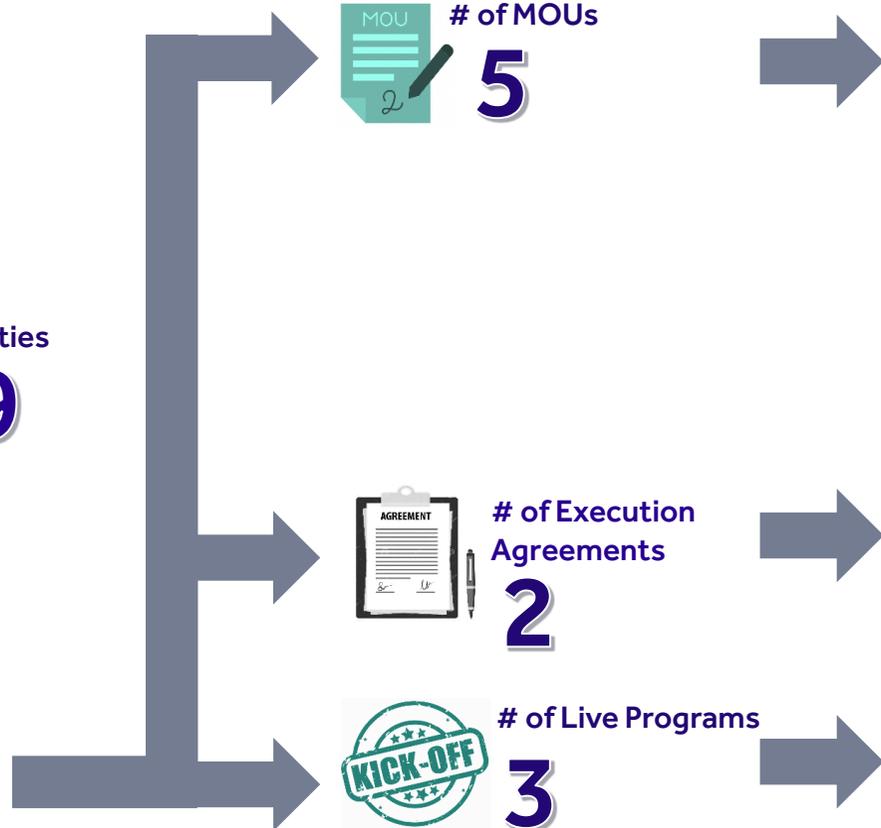
Riyad Bank is fully committed to the success of the National Agenda



of Entities
19



of Initiatives
31



MOU # of MOUs
5

AGREEMENT # of Execution Agreements
2

KICK-OFF # of Live Programs
3



1. Project Support Fund # 1



2. Facility Guarantee
3. Project Finance



4. Supportive Initiatives for Developing Business Enablers in Entertainment Sector



5. Real Estate Financing Program Partnerships



1. Facility Guarantee
2. Project Finance



1. Project Support Fund # 1
2. Istidama # 1



3. Partnership to launch SAR 2bn financing fund for tourism projects

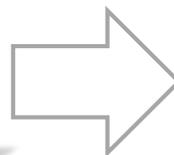
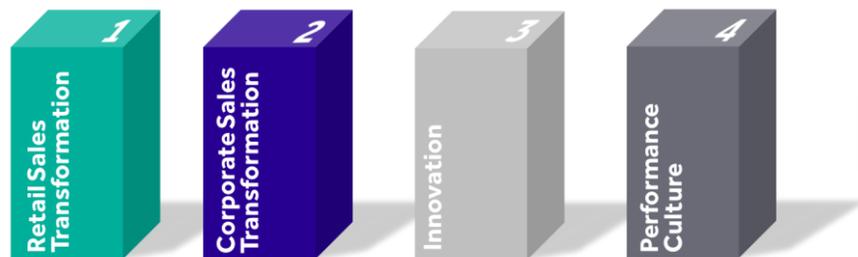


Strategy Update

Riyad Bank has executed its strategic transformation exceptionally well, making it the fastest growing bank in KSA for the past 3 years



To be the most innovative and trusted financial solutions partner



CAGR %, 2017-2019



Overarching Theme (2017-2020)



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:

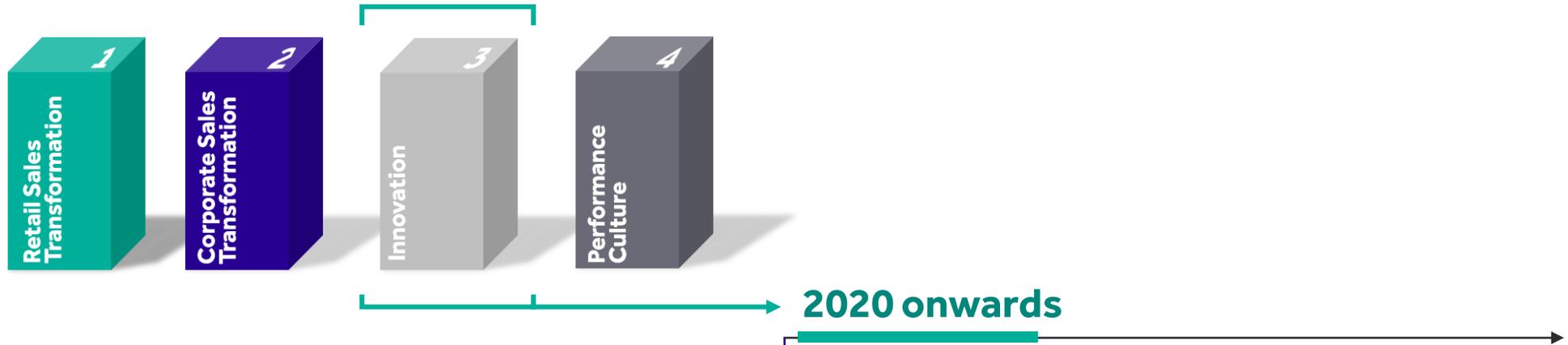
- Increased customer’s base, net profits and deposits and market share.
- Significantly developed the technical infrastructure and advanced the activation of digital capabilities to meet customer’s needs during Covid-19 outbreak.
- Achieved specific targets positioning Riyad Bank amongst the strongest brands and one of the best work environments by jumping 25 points in the Organizational Health Index score placing Riyad Bank in the top quartile of measure globally.

However, 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.

Hence Riyadh Bank has activated a new phase of the transformation...



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.



Accelerate growth and innovation

Penetrate of new and existing segments through innovative products and services, and improve customer experience.



... Which will be delivered across 3 areas and support our aspiration to become the Best Bank in KSA

Strategy

Value through innovation

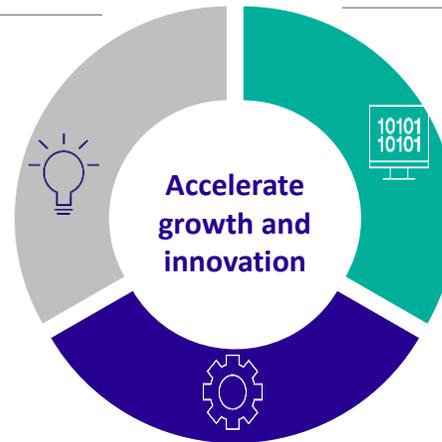
Creating new markets through digital eco-systems, disrupting me-too propositions, integrating Advanced Analytics into BAU

Enablement through next gen operating model

Transforming core technology infrastructure and operating model through agile

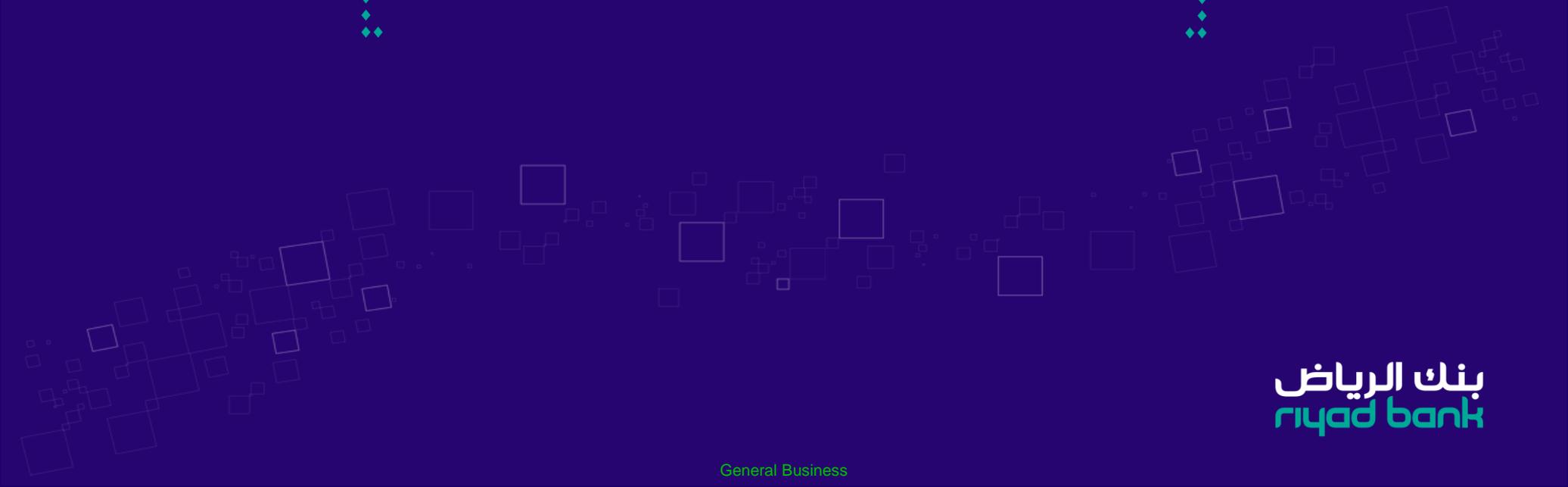
Efficiency through digitization

Improve organization productivity including front to back digitization





Financial Results Overview





Q1 2021 Key Highlights

Q1 2021 Vs Q1 2020

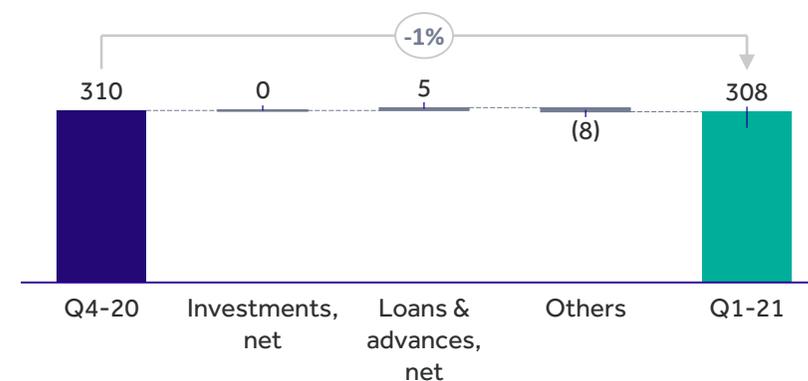
Balance Sheet	<p>10.1%</p>  <p>Total assets</p>	<p>7.5%</p>  <p>Loan and advances, net</p>	<p>5.2%</p>  <p>Investments, net</p>	<p>3.0%</p>  <p>Customer deposits</p>	<p>23.7%</p>  <p>Demand & other deposits</p>
Income Statement	<p>8.3%</p>  <p>Net income</p>	<p>5.4%</p>  <p>NSCI</p>	<p>18.8%</p>  <p>Fee and other income</p>	<p>2.1%</p>  <p>Total operating income</p>	<ul style="list-style-type: none"> ▪ Credit related impairment decreased by 18% . ▪ Cost of Risk in Q1 2021 decreased to 50 bps from 107 bps in Q4-20 and 67 bps in Q1 2020.
Asset Quality	<ul style="list-style-type: none"> • NPL ratio 1.96 % and NPL coverage at 123 % • Capital position: CET1 ratio of 16.1% and Total Capital Adequacy Ratio of 19.7%. • Strong funding and liquidity with Regulatory Loans to Deposits Ratio of 78%, Net Stable Funding Ratio of 128% and Liquidity Coverage Ratio of 181%. • Leverage Ratio of 11.8%. 				

Financial Highlights – Balance Sheet

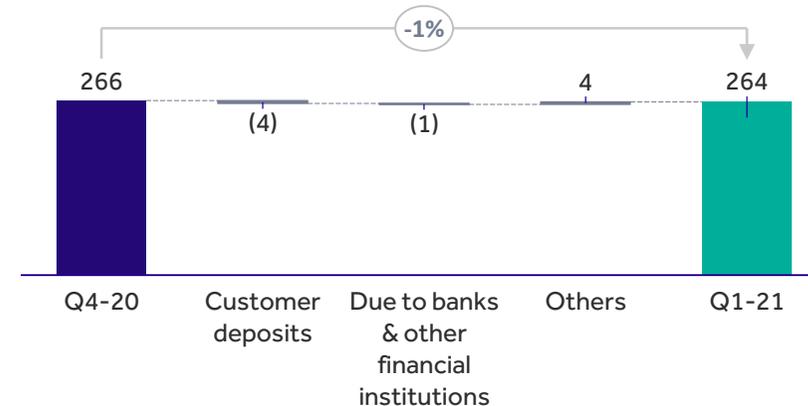
Strong balance sheet growth supported by continued growth in loans and placements

SAR (mn)	1Q 2021	4Q 2020	QoQ % change	1Q 2020	YoY % change
Cash and balances with SAMA and financial institutions	48,370	55,579	-13.0%	32,792	+47.5%
Investments, net	56,934	56,450	+0.9%	54,144	+5.2%
Loans and advances, net	196,443	191,347	+2.7%	182,784	+7.5%
Total assets	308,036	310,088	-0.7%	279,697	+10.1%
Customer deposits	198,598	203,039	-2.2%	192,902	+3.0%
Debt securities in issue	8,648	5,684	+52.1%	9,692	-10.8%
Total liabilities	263,809	265,733	-0.7%	241,899	+9.1%
Total shareholders' equity	44,228	44,355	-0.3%	37,797	+17.0%
Risk weighted assets	274,610	268,134	+2.4%	258,056	+6.4%
Tier 1 ratio	16.1%	16.5%	-2.6%	14.6%	+10.0%
Total capital adequacy ratio	19.7%	19.1%	+3.1%	18.8%	+4.8%

Total Assets Growth Drivers (SARbn)



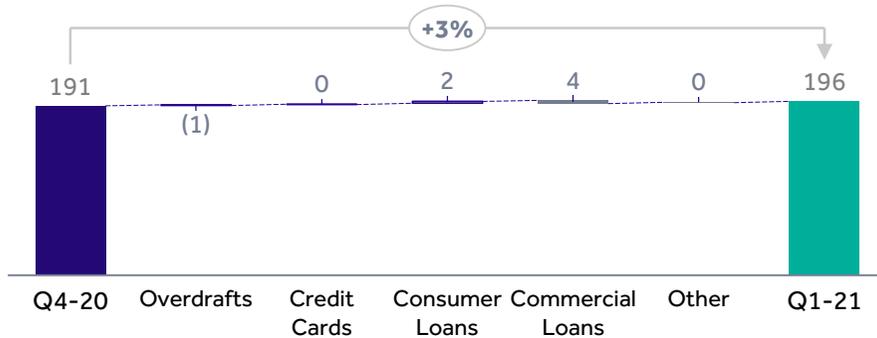
Total Liabilities Growth Drivers (SARbn)



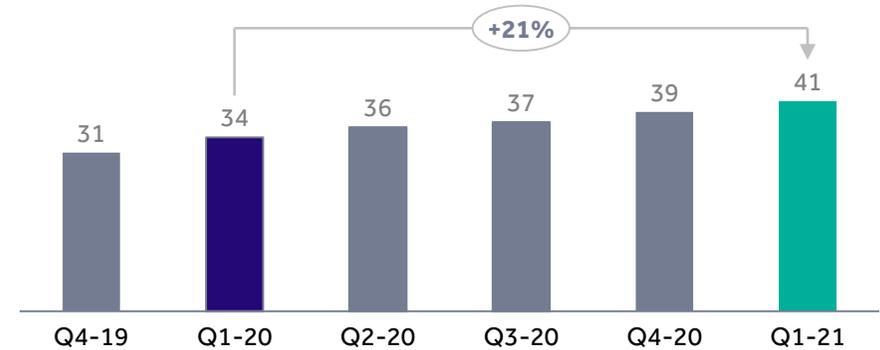
Assets & Lending

Strong loan growth mainly driven by commercial and mortgage loans

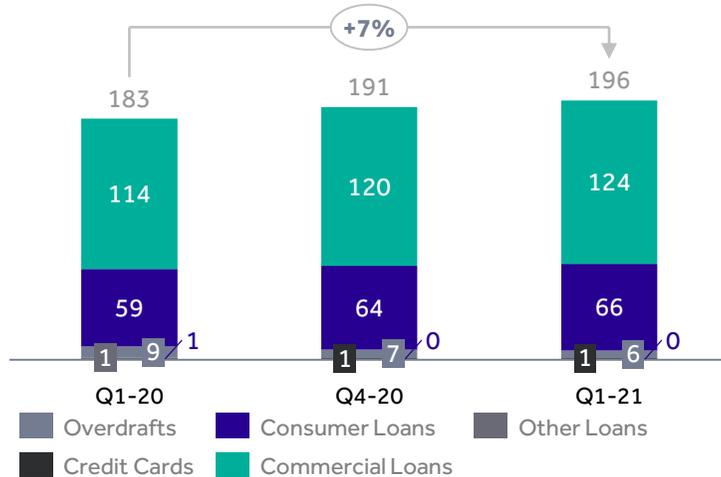
Loans & Advances Growth Drivers (SARbn)



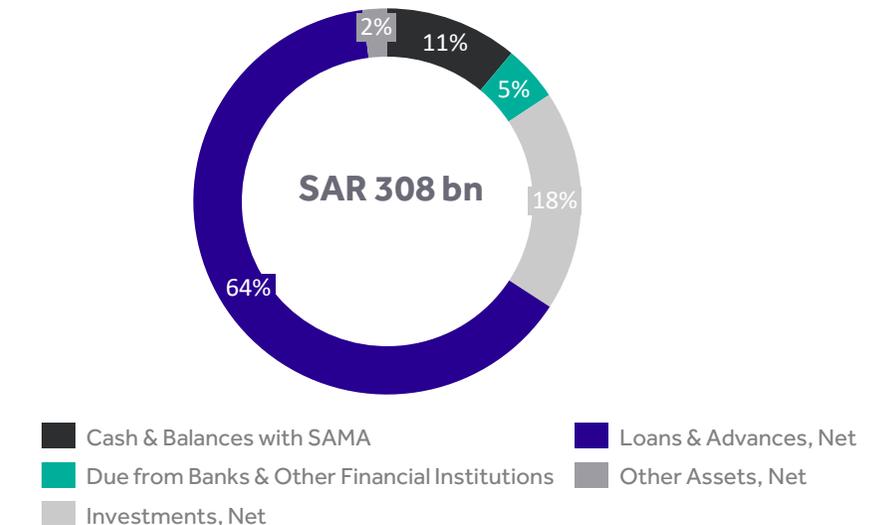
Mortgages Loans, Gross (SARbn)



Loans & Advances, Net by Type (SARbn)



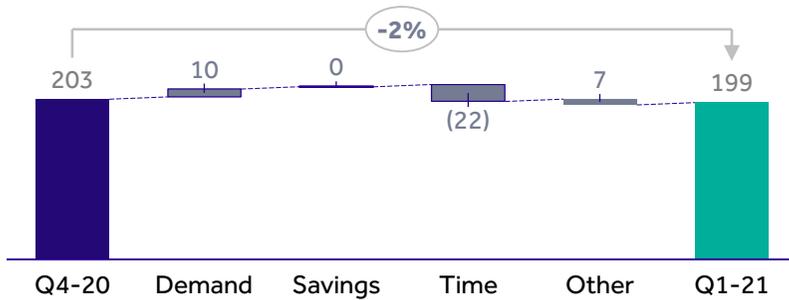
Total Assets Mix (SARbn)



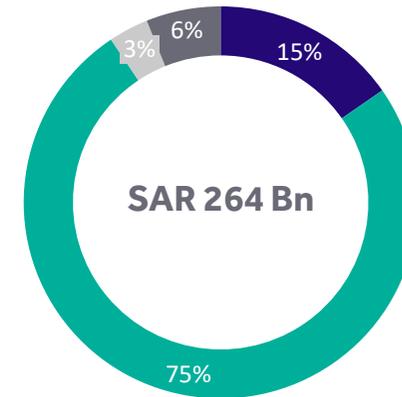
Liabilities and Funding

Continued strong growth in non-commission bearing deposits

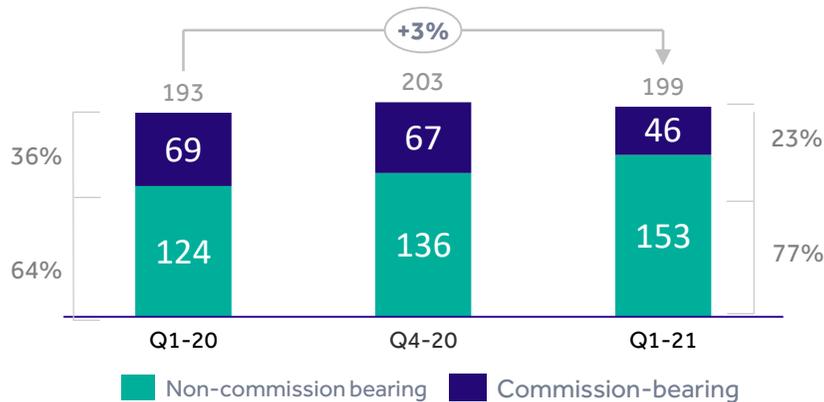
Customer Deposits Growth Drivers (SARbn)



Total Liabilities Mix (SARbn)



Total Customer Deposits by Type (SARbn)



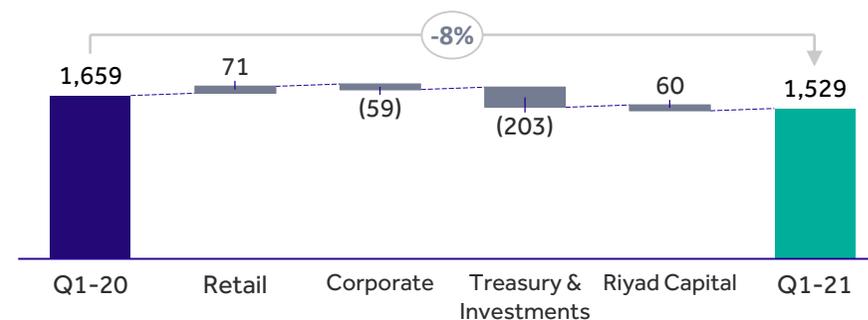
- Due to Banks & Other Financial Institutions
- Customer Deposits
- Debt Securities in Issue
- Other Liabilities, Net

Financial Highlights – Income Statement

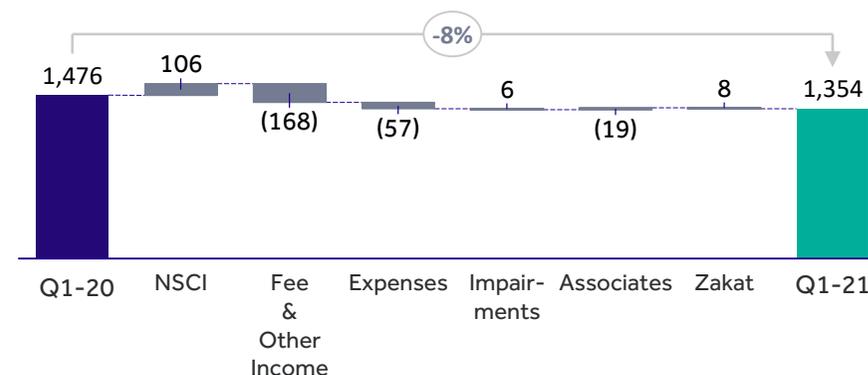
Operating income growth was offset by higher impairment charges

SAR (mn)	1Q 2021	4Q 2020	QoQ % change	1Q 2020	YoY % change
Net special commission income	2,096	2,036	+2.9%	1,989	+5.4%
Fee and other income	728	754	-3.4%	896	-18.8%
Total operating income, net	2,824	2,790	+1.2%	2,885	-2.1%
Operating expenses	(982)	(958)	+2.5%	(925)	+6.1%
Net operating income before impairment charges	1,842	1,832	0.5%	1,960	-6.4%
Impairment charge for credit losses and other financial assets	(247)	(651)	-62.1%	(308)	-19.9%
Impairment charge for investments	(55.5)	(29.6)	+87.3%	(0.3)	+18146%
Net operating income	1,539	1,150	+33.8%	1,652	-6.8%
Share of earnings of associates, net	(11)	6	-276.3%	8	-238.5%
Net income for the period before Zakat	1,529	1,157	+32.2%	1,659	-7.9%
Zakat for the period	175	277	-36.8%	183	-4.4%
Net income for the period	1,354	880	+53.9%	1,476	-8.3%
EPS	0.45	0.29	+53.9%	0.49	-8.3%
ROE before Zakat	13.8%	10.6%	+29.8%	16.9%	-8.4%
ROA before Zakat	2.0%	1.5%	+32.3%	2.4%	-8.6%
Cost to income ratio	34.8%	34.3%	+1.3%	32.1%	+8.5%

Net Income before Zakat Growth Drivers by Segment (SARmn)



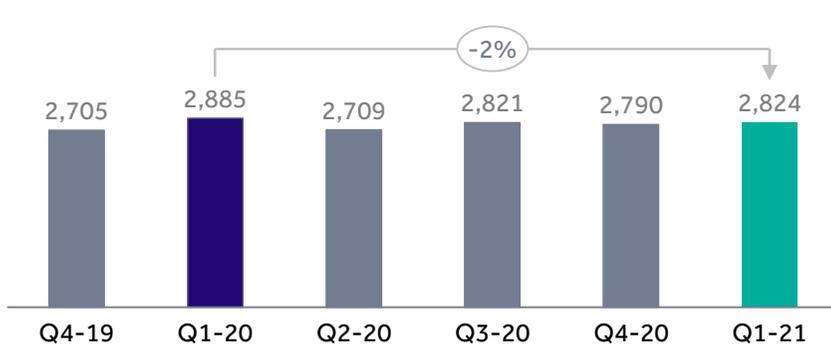
Net Income after Zakat Growth Drivers by Type (SARmn)



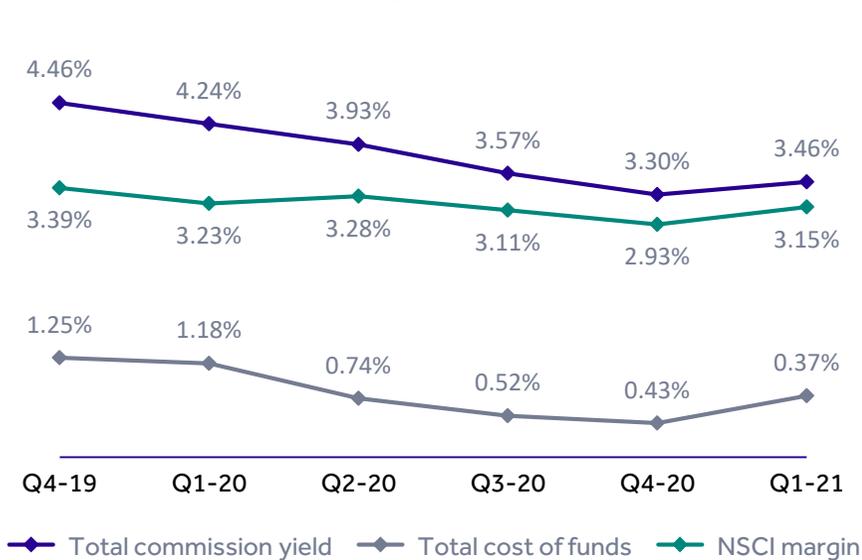
Income Trends

Income growth supported by strong balance sheet

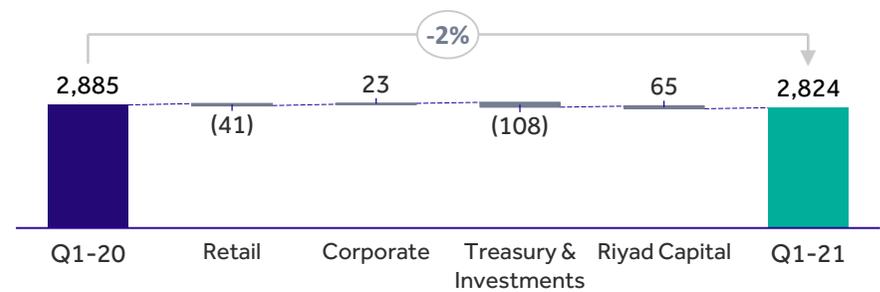
Total Operating Income, Net (SARmn)



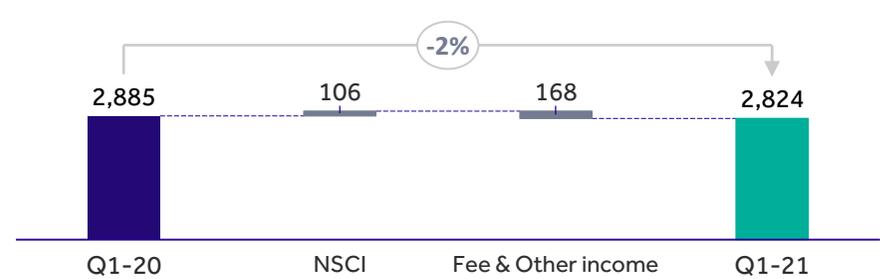
NSCI Margin, Yields and Funding Costs (%)



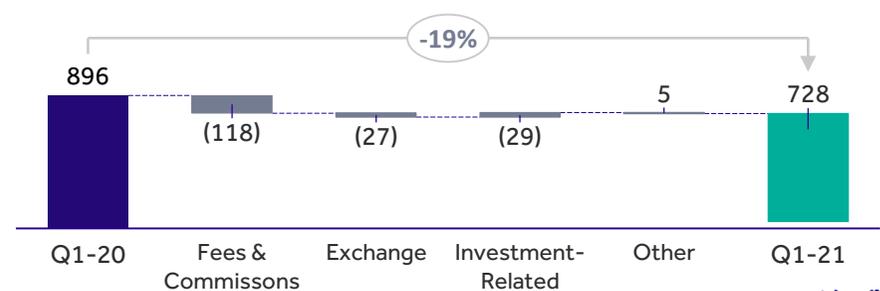
Total Operating Income Growth Drivers by Segment (SARmn)



Total Operating Income Growth Drivers by Type (SARmn)



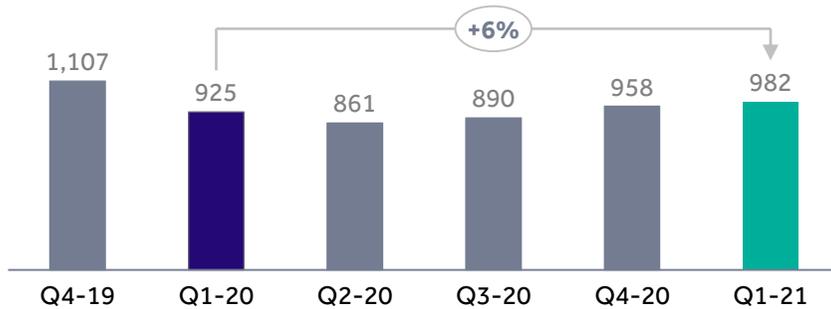
Fee & Other Income Growth Drivers by Type (SARmn)



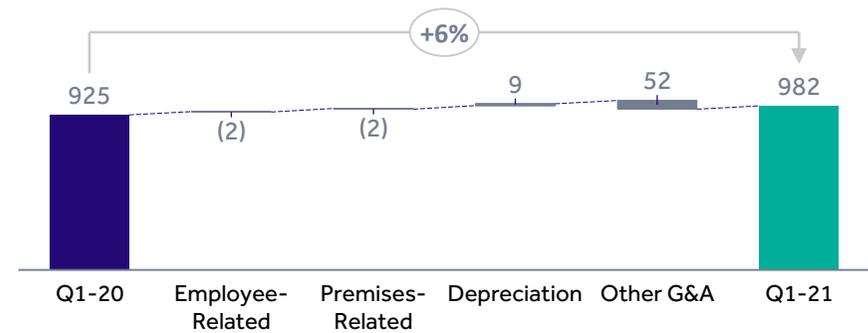
Expenses Trends

Continued cost efficiency improvement driven by income growth, despite continued investment in the Bank's transformation program

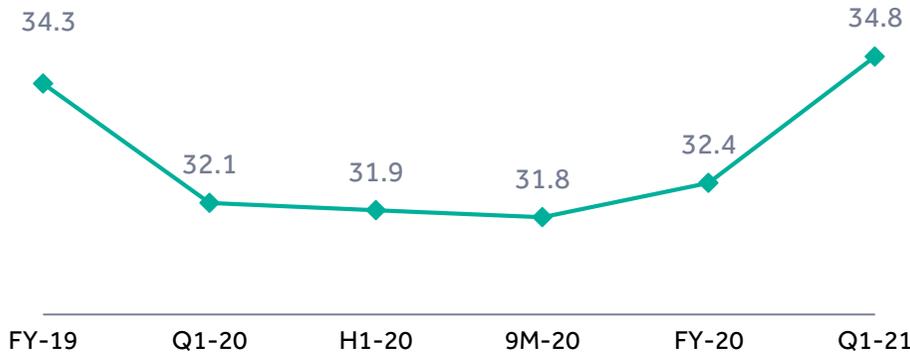
Operating Expenses (SARmn)



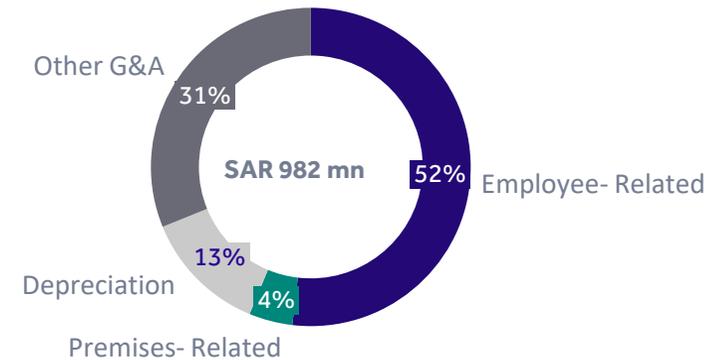
Operating Expenses Growth Drivers by Type (SARmn)



Cost to Income Ratio (YTD %)



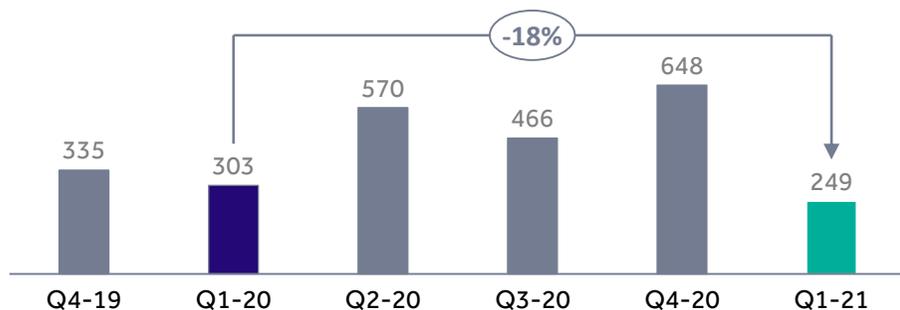
Q1 2021 Operating Expenses Mix by Type (SARmn)



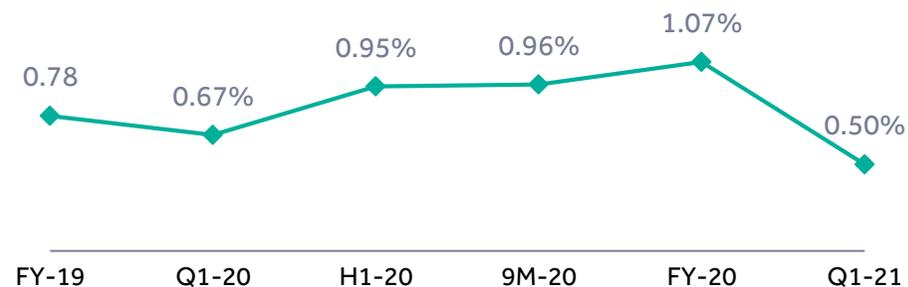
Credit Quality

Stable asset quality trends with solid NPL coverage ratio

Impairment Charge for Credit Losses, Net (SARmn)

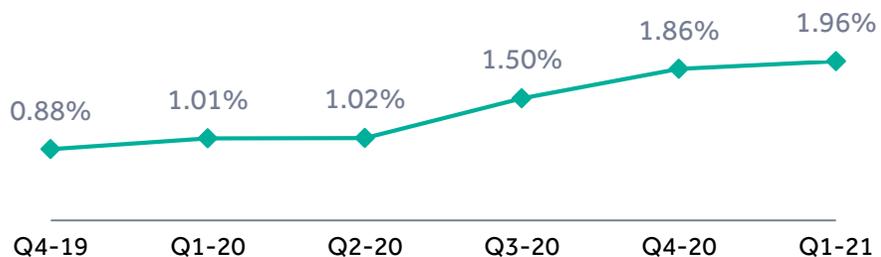


Cost of Risk (YTD %)

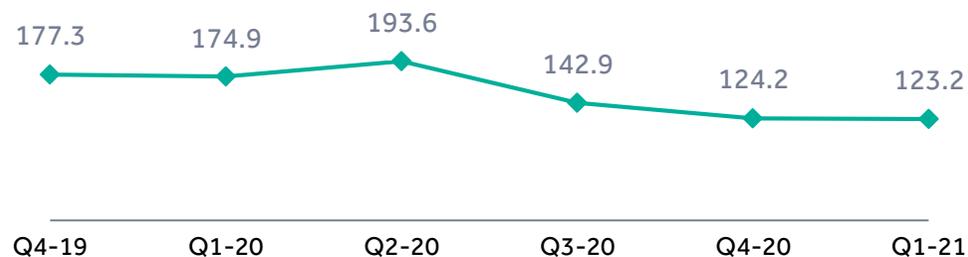


Cost of Risk calculation =
$$\frac{\text{Annualized YTD Impairment charge for credit losses, net}}{\text{Avg gross loans and advances}}$$

NPL Ratio (%)



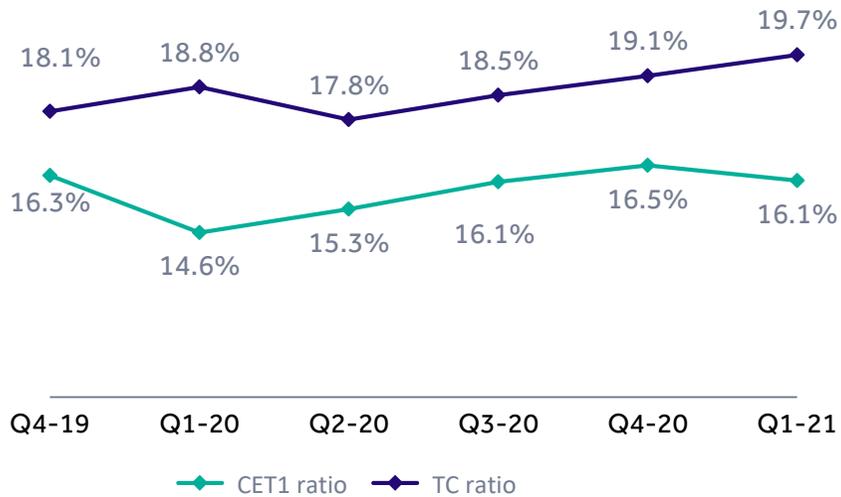
NPL Coverage (%)



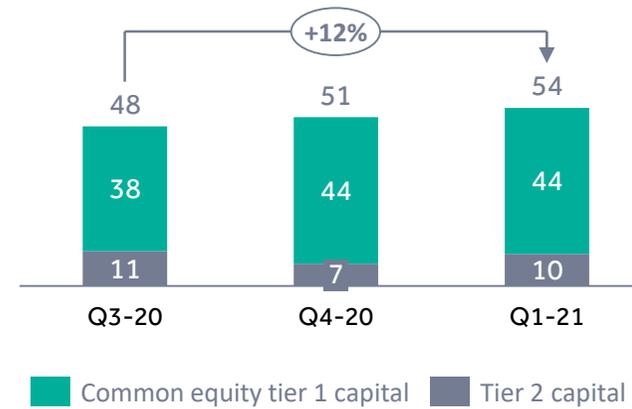
Capitalization

Capitalization well above regulatory minima and continues to support growth

Capital Ratios (%)



Capitalization (SARbn)



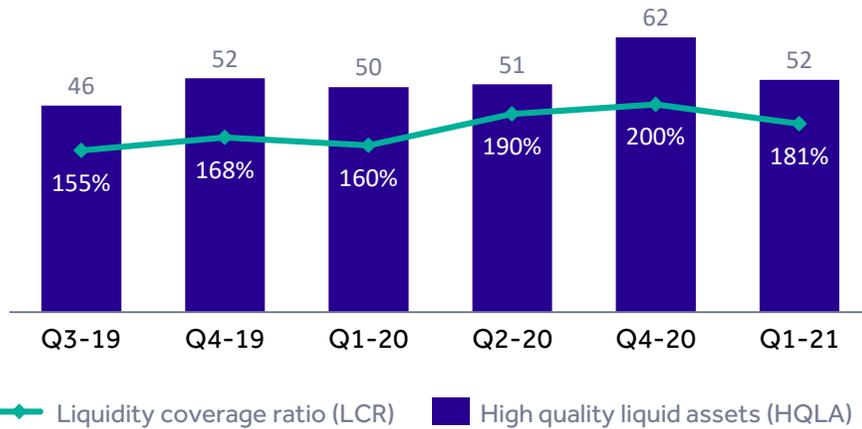
Risk Weighted Assets (SARbn)



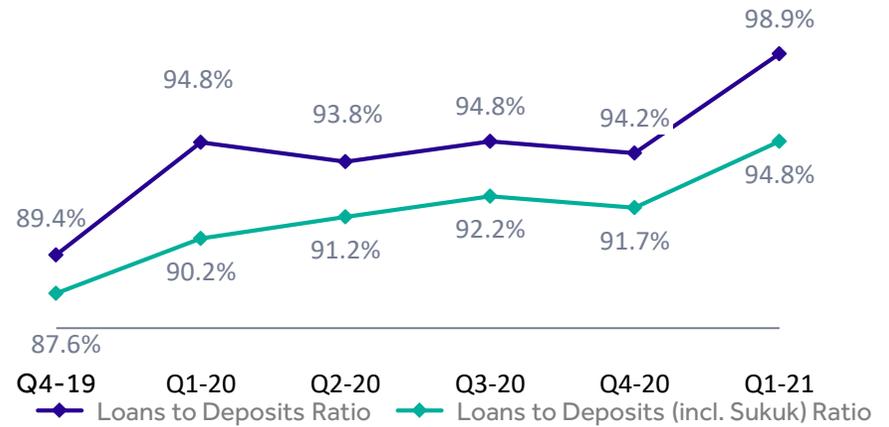
Liquidity

Liquidity continues to be at comfortable levels

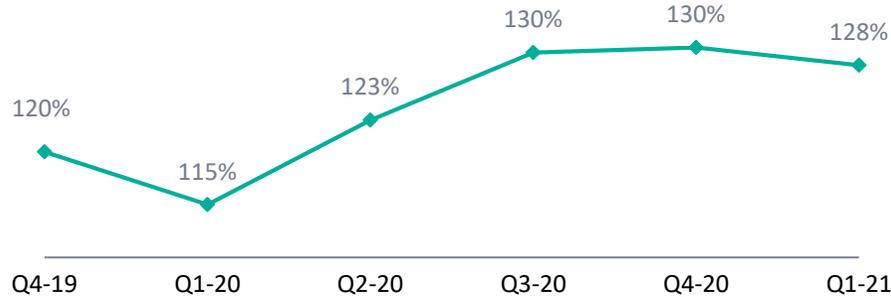
HQLA and Liquidity Coverage (SARbn/%)



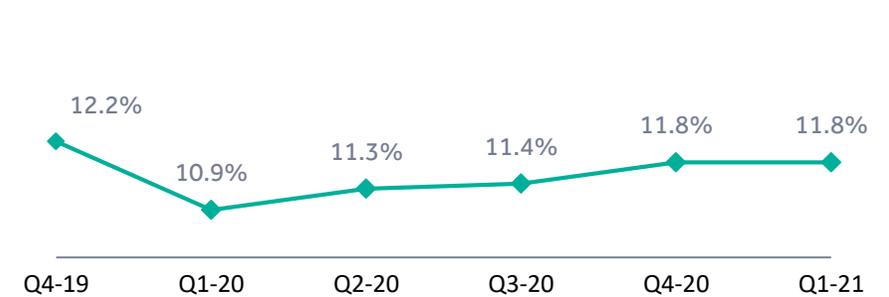
Loans to Deposit Ratios (%)



Net Stable Funding Ratio NSFR (%)



Basel III leverage Ratio (%)





2021 Outlook

2021 Guidance

Riyad Bank Guidance

Guidance Metric	FY 2020	2021 Guidance	Q1 2021 Actual
Loans, Net	SAR191 Bn (+10% YoY)	High single digit % growth	SAR196 Bn (+7.5% YoY)
NSCI Margin (%)	3.13%	-10bps to -20bps	3.15%
Cost to Income (%)	32.4%	Below 34%	34.8%
Cost of Risk (%)	1.07%	0.8% to 1.0%	0.50%
CET1 (%)	16.5%	Above 15%	16.1%
ROAE Before Zakat (%)	12.9%	Above 12%	13.8%

Q&A



Appendix





MOST PROFITABLE



MOST EFFICIENT



BANK OF CHOICE



DIGITALLY ENABLED

Riyad banks' commitment to Environmental, Social and Governance (ESG) factors, started well before global trends



“Bukra”, a comprehensive and long-term corporate social responsibility strategy, is aligned with the best practices of the most important local, regional and global frameworks, including Vision 2030, and the UN Sustainable Development Goals

Social

- Organized several internal and external blood drives with **382 donors** and donating **168,970 ml**
- Supported King Faisal Specialist Hospital - **Center for Autism Research** and the **Autism Center of Excellence** and Participated in an international research project studying the effects of COVID-19 on people with disabilities and their families
- Hired qualified employees** with disabilities and also committed to implementing facilities in the buildings
- 41%** of the SMEs in the Kafalah Programme are working with Riyad Bank, and the Bank holds the highest SME portfolio and largest loan book for SMEs
 - 189%** increase in Saudi Workers in SMEs
 - 53%** increase in Women Owners of SMEs

With Bukra, the Bank is targeting the following UNSDGs:



Governance

- 6 Independent Board Directors
- 4 Board Subcommittees
- Adopted 2 new Governance policies and frameworks
- Updated communication guidelines to meet the needs of persons with disabilities

Environmental

- By recycling 3,480 kg of waste,** We saved 80 cubic meters of landfill, almost 14 tons of CO2 (Data from EPA), and 59 trees.
- By saving 7,520 kg of paper,** We reduced the volume of material printed over the previous year and reducing toner costs by 73%

Riyad Bank COVID-19 Initiatives

Supporting the economy and community while ensuring business continuity and safety of employees

Medical efforts



- Distributed **7,000** safety boxes containing masks, gloves, and sanitizers to all employees



- Donated **SAR 17 million** to the Ministry of Health under the "We are responsible and I am the First one" campaign.



- Donated **SAR 10.9 million** to the Society Fund initiative by Ministry of human resources and social development



- Partnered with Saudi Food bank and various charities to distributes **10,000** food boxes to families in need Ramadan.

Economic efforts

- Through SAMA credit relief initiatives channeled via the bank, **10,636** loans and 2,301 entities were deferred, amounting to total volume of payment deferred of SAR 19.87bn
- Postponed loans installment for all public and health workers for **3 months** starting from April in recognition of their service during the crises.
- Collaborated with the ministry of communications and information technology to distribute **677** tables to students to facilitate their study from home efforts .

Work Continuity

- **100%** of work capacity
- Maintaining social distance principle and flexible working hours
- Daily deep cleaning of all bank premises

Employees

- Hot lines and App for employees
- Employee booklet that includes general awareness, Covid-19 preventive measures, policies.
- **40+** awareness messages (email, text messages and calls)

Customers

- Marketing campaigns to encourage customers to use the digital channels
- Delivering ATMs cards to customers homes

Investors

- Conducted multiple calls with investors and analysts





MOST PROFITABLE



MOST EFFICIENT



BANK OF CHOICE



DIGITALLY ENABLED

Riyad Bank Contact

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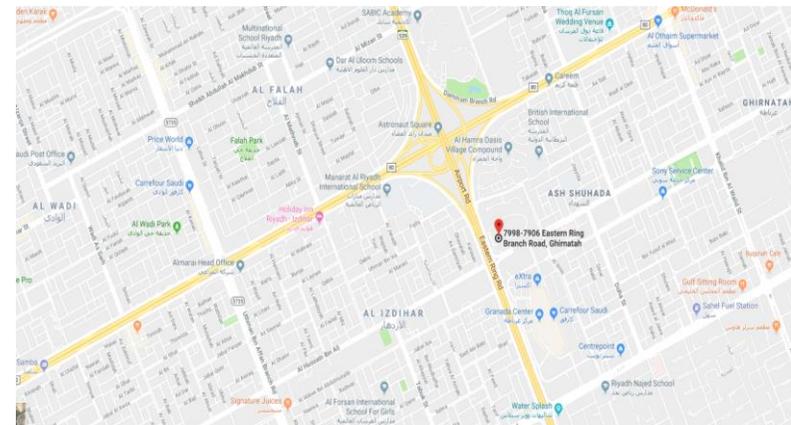
<https://www.riyadbank.com/en/about-us/investor-relations>

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 (1MB))
- Quarter 2 - Earnings Release (PDF (664KB))
- Quarter 2 - Disclosure Under Basel III Framework (PDF (1MB))
- Quarter 2 - Interim Condensed Consolidated Statements (PDF (1MB))
- Quarter 1 - Results Presentation (PDF (801KB))
- Quarter 1 - Earnings Release (PDF (156KB))

Riyad Bank Head Office

[Link](#)





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