

## Riyad Bank Reports Net Income (after zakat) of SAR 1.6 Billion in Q1 2022

- ◆ **Net income** (after zakat) increased by 14.7% YoY.
- ◆ **Operating income** increased by 9.8% YoY mainly due to an increase in fee and commission income, net, trading gains, exchange income, net and net special commission income.
- ◆ **Operating efficiency** reached 33.3%.
- ◆ **Cost of risk** improved to 0.26% compared to 0.50% YoY.
- ◆ **Net loans and advances** grew by 19.5% YoY to SAR 235 billion across both commercial and consumer loans.
- ◆ **Customer deposits** grew by 17.0% YoY to SAR 232 billion.
- ◆ **Total assets** grew by 13.1% YoY to SAR 348 billion.
- ◆ **Capitalisation** remained strong with CET1 at 15.4%, Tier 1 at 16.3% and Total CAR of 19.2%.
- ◆ **Comfortable liquidity** position with LCR of 157% and Loans to deposits ratio (incl. Sukuk) of 97.4%

### Tareq Al-Sadhan, CEO of Riyad Bank, said:

"Riyad bank achieved a strong set of results in Q1 2022 mainly due to the revival of economic activity and decrease in operating costs, mainly from higher total operating income. The bank was able to continue achieving its goals for the year and effectively engaged with its customers to provide innovative financial solutions.

Riyad Bank performance reflects the dedication and focus of our management team to make every effort to achieve the bank's strategic objectives and reflects the effective and consistent execution of the bank's transformation agenda and refreshed 2025 strategy. During 2020, the Bank has refreshed its strategy and activated a new phase of the transformation, which will be delivered across three areas (Value through innovation, Efficiency through digitization and Enablement through next generation) by 2025.

We grew our retail and commercial portfolios, and delivered strong balance sheet and core income growth. We are committed to make customers, shareholders and employees satisfied and exceed their expectations through continuous enhancement to our business and organization competences.

Our aspiration is to become the Best Bank in KSA.

We believe that Riyad Bank's long-standing objectives are entirely consistent with the Saudi Vision 2030 and Riyad bank is well positioned to deliver an outstanding value proposition for our customers, shareholders and employees".

## Performance Highlights

Riyad Bank reported net income after zakat of SAR 1,553 million for Q1 2022, an increase of 14.7% over the corresponding period in 2021. Compared to the fourth quarter of 2021, net income after zakat decreased by 4.0%

## Income Statement Highlights

SAR (million)	1Q 2022	4Q 2021	QoQ % change	1Q 2021	YoY % change
Net special commission income	2,132	2,070	+3.0%	2,096	+1.7%
Fee and other income	970	880	+10.2%	728	+33.2%
<b>Total operating income, net</b>	<b>3,102</b>	<b>2,949</b>	<b>+5.2%</b>	<b>2,824</b>	<b>+9.8%</b>
Operating expenses	(1,034)	(963)	+7.4%	(982)	+5.2%
Impairment charge for credit losses and other financial assets	(186)	(259)	-28.0%	(247)	-24.5%
Impairment reversal / (charge) for investments	(68.4)	25.2	-371.6%	(55.5)	+23.3%
<b>Net operating income</b>	<b>1,813</b>	<b>1,753</b>	<b>+3.4%</b>	<b>1,539</b>	<b>+17.8%</b>
Share of earnings of associates	(69)	0	-100%	(11)	+536.7%
<b>Net income for the period before Zakat</b>	<b>1,744</b>	<b>1,753</b>	<b>-0.5%</b>	<b>1,529</b>	<b>+14.1%</b>
Zakat for the period	192	136	+41.4%	175	+9.7%
<b>Net income for the period</b>	<b>1,553</b>	<b>1,617</b>	<b>-4.0%</b>	<b>1,354</b>	<b>+14.7%</b>
Earnings per share (SAR)	0.52	0.54	-4.0%	0.45	+14.7%
Return on average equity before Zakat	14.6%	15.0%	-0.4%	13.8%	+0.8%
Return on average assets before Zakat	2.1%	2.2%	-0.1%	2.0%	+0.1%
Net special commission margin	2.85%	2.84%	+0.3%	3.15%	-9.4%
Cost to income ratio	33.3%	32.6%	+2.1%	34.8%	-4.2%
Cost of risk	0.26%	0.45%	-42.6%	0.50%	-48.3%

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Total operating income amounted to SAR 3,102 million for Q1 2022, an increase of 9.8% compared with last year. This improvement was mainly due to an increase in fee and commission income, net, trading gains, exchange income, net and net special commission income.

Operating expenses totalled SAR 1,034 million for Q1 2022, an increase of 5.2% over the corresponding period in 2021 reflecting, the net effect of ongoing transformation and increased investments for future growth.

The impairment charge for credit losses and other financial assets decreased by 24.5% year-on year to SAR 186 million. The cost of risk improved to 0.26% from 0.50% YoY. The non-

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performing loans ratio dropped to 1.60%. While the non-performing loans coverage ratio spotted at 122.5% as at 31<sup>st</sup> March 2022.

## Balance Sheet Highlights

SAR (million)	1Q 2022	4Q 2021	QoQ % change	1Q 2021	YoY % change
Cash and balances with SAMA and financial institutions	47,729	43,232	+10.4%	48,370	-1.3%
Investments, net	59,035	58,637	+0.7%	56,934	+3.7%
Loans and advances, net	234,793	217,290	+8.1%	196,443	+19.5%
<b>Total assets</b>	<b>348,468</b>	<b>325,736</b>	<b>+7.0%</b>	<b>308,036</b>	<b>+13.1%</b>
Customer deposits	232,416	211,678	+9.8%	198,598	+17.0%
Debt securities in issue	8,651	8,717	-0.8%	8,648	+0.0%
<b>Total liabilities</b>	<b>297,603</b>	<b>278,436</b>	<b>+6.9%</b>	<b>263,809</b>	<b>+12.8%</b>
<b>Total shareholders' equity</b>	<b>48,051</b>	<b>47,300</b>	<b>+1.6%</b>	<b>44,228</b>	<b>+8.6%</b>
<b>Tier 1 Sukuk</b>	<b>2,814</b>	-	-	-	-
<b>Total Equity</b>	<b>50,865</b>	<b>47,300</b>	<b>+7.5%</b>	<b>44,228</b>	<b>+8.6%</b>
Risk weighted assets	313,214	298,475	+4.9%	274,610	+14.1%
CET1 ratio	15.4%	15.8%	-0.4%	16.1%	-0.7%
T1 ratio	16.3%	15.8%	+0.5%	16.1%	+0.2%
TC ratio	19.2%	19.0%	+0.2%	19.7%	-0.5%
Liquidity coverage ratio (LCR)	156.6%	168.0%	-11.4%	181.0%	-24.4%
Basel III leverage ratio	12.0%	11.8%	+0.2%	11.8%	+0.2%
Loans to deposits (incl. Sukuk) ratio	97.4%	98.6%	-1.2%	94.8%	+2.6%
NPL ratio	1.60%	1.65%	-0.1%	1.96%	-0.4%
NPL coverage ratio	122.5%	123.5%	-1.0%	123.2%	-0.7%

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Total assets reached SAR 348,468 million as at 31<sup>st</sup> March 2022, up year-on-year by 13.1% from growth in loans and investments.

Net loans and advances grew by 19.5% year-on-year to reach 234,793 from both commercial and consumer loans.

Customer deposits rose 17.0% year-on-year to reach SAR 232,416 million as at 31<sup>st</sup> March 2022.

Riyad Bank continued to maintain a strong capitalisation and comfortable liquidity position. The Bank's common equity tier 1, Tier 1 and total capital adequacy ratios stood at 15.4%, 16.3% and 19.2% respectively as at 31<sup>st</sup> March 2022. The liquidity coverage ratio and the loans to deposit ratio (including Sukuk) stood at 156.6% and 97.4%, respectively.

## Outlook

Saudi Arabia is embarking on favourable economic conditions to achieve a remarkable growth in 2022. Economic growth is projected to expand beyond 7% on the back of improved oil market conditions and strong recovery in the private sector. Riyad Bank remains confident of a positive economic transition spurred by investment injections amounting to SAR27\* tn by 2030. This significant and visionary investments, along with other economic reforms, should enable the private sector to expand and achieve one of the vision's target and raise the contribution of the private sector to reach 65% of the GDP.

We have taken serious steps in the past year towards achieving our 2025 transformation aspirations and continue our commitment to deliver value through innovation, achieve additional efficiency through digitization and enable our teams and organization through next generation operating models.

\*27 tn ( Shareek 5 tn, PIF 3 tn, domestic investment 2.6 tn FDI 1.8 tn, and government expenditure 10 tn, Private consumption 5 tn)

## Segmental Performance Highlights

## Retail Banking

Riyad Bank's retail business serves the customers with all their banking needs, including accounts, mortgages, loans, auto financing and credit cards. 339 branches, 2,235 ATMs and 160,829 points of sale, as well as all the digital channels that customers expect, including online, mobile, and smart watches. Retail Banking accounts for 33% of the Group total operating income.

SAR (million)	1Q 2022	4Q 2021	QoQ % change	1Q 2021	YoY % change
Total assets	94,138	91,223	+3%	78,807	+19%
Total liabilities	101,586	98,183	+3%	97,090	+5%
Net special commission income	975	915	+7%	914	+7%
Fee and Commission income net	35	(28)	-224%	15	140%
<b>Operating income</b>	<b>1,010</b>	<b>886</b>	<b>+14%</b>	<b>929</b>	<b>+9%</b>
Operating expenses	(680)	(629)	+8%	(669)	+2%
Impairment charge	(48)	(91)	-48%	157	-130%
<b>Net income (loss) before zakat</b>	<b>282</b>	<b>166</b>	<b>+70%</b>	<b>418</b>	<b>-32%</b>

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Retail Banking Net Special Commission income increased YoY by 7% aided by growth in Total assets and Deposits. Operating income increased by 9% due to higher Fee & Other Income. Operating expenses reached SAR 680 million in Q1, 2022, a 2% increase year-on-year.

Impairment charge for Retail Banking amounted to SAR 48 million in Q1, 2022, as compared to a reversal of SAR 157 million in Q1, 2021.

Net income before zakat for Q1, 2022 decreased by 32% year-on-year to SAR 282 mainly due to Impairment Charge and higher operating expenses.

**Corporate Banking**

Riyad Bank's corporate banking covers all customer organisations from the most recent start-up to the largest multinational that includes account services, time deposits, cash management, employees' solutions, project finance and trade finance. The Bank offers tailored services to help its customers to grow and achieve their objectives. Corporate Banking accounts for 38% of the Group total operating income.

SAR (million)	1Q 2022	4Q 2021	QoQ % change	1Q 2021	YoY % change
Total assets	160,826	144,200	+12%	135,106	+19%
Total liabilities	166,959	153,234	+9%	142,215	+17%
Net special commission income	801	745	+7%	826	-3%
Fee and Commission income net	385	389	-1%	277	39%
<b>Operating income</b>	<b>1,186</b>	<b>1,134</b>	<b>+5%</b>	<b>1,103</b>	<b>+8%</b>
Operating expenses	(252)	(212)	+19%	(222)	+13%
Impairment charge	(139)	(167)	-17%	(387)	-64%
<b>Net income (loss) before zakat</b>	<b>796</b>	<b>756</b>	<b>+5%</b>	<b>494</b>	<b>+61%</b>

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Corporate Banking's total operating income totalled to SAR 1,186 million in Q1 2022, increase of 8% from 2021. Net special commission income decreased year-on-year to SAR 801 million while fee and other income increased by 39% to SAR 385 million

Operating expenses totalled to SAR 252 million for Q1 2022, up 19% compared to Q1 2021.

The impairment charge for Corporate Banking decreased to SAR 139million, a decrease of 64% compared to Q1 2021.

Net income before Zakat for Q1 2022 increased by 61% year-on-year to SAR 796 million mainly due to lower impairment charge and higher Fee & commission net

## Treasury and Investments

Treasury and Investments offers a wide range of products and hedging solutions to corporate customers and accounts for 20% of the Group total operating income.

SAR (million)	1Q 2022	4Q 2021	QoQ % change	1Q 2021	YoY % change
Total assets	90,434	87,235	+4%	92,038	-2%
Total liabilities	28,100	26,069	+8%	23,859	+18%
Net special commission income	288	354	-19%	316	-9%
Fee and other income, net	344	255	35%	268	29%
<b>Operating income</b>	<b>632</b>	<b>608</b>	<b>+4%</b>	<b>584</b>	<b>+8%</b>
Operating expenses	(34)	(31)	+10%	(39)	-14%
Impairment charge	(69)	25	-379%	(73)	-6%
Share in earnings of associates, net	(69)	0	-127150%	(11)	+537%
<b>Net income (loss) before zakat</b>	<b>461</b>	<b>602</b>	<b>-23%</b>	<b>461</b>	<b>+0%</b>

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Treasury and Investments total operating income increased to SAR 632 million in Q1 2022, up by 8% from Q1 2021, mainly due to increase in fee and other income. However, due to higher losses related to Associates, Net income on year-on-year basis remained unchanged.

**Riyad Capital**

Riyad Capital offers asset management, trading, equity and debt advisory, custody and securities services and accounts for 9% of the Group total operating income.

SAR (million)	1Q 2022	4Q 2021	QoQ % change	1Q 2021	YoY % change
Total assets	3,071	3,078	-0%	2,085	+47%
Total liabilities	959	950	+1%	644	+49%
Net special commission income	67	56	+20%	39	+72%
Fee and Commission income net	205	264	-22%	168	22%
<b>Operating income</b>	<b>273</b>	<b>320</b>	<b>-15%</b>	<b>208</b>	<b>+31%</b>
Operating expenses	(68)	(91)	-26%	(52)	+30%
<b>Net income (loss) before zakat</b>	<b>205</b>	<b>229</b>	<b>-10%</b>	<b>156</b>	<b>+32%</b>

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Riyad Capital total operating income reached to SAR 273 million in Q1 2022, up 31% year-on-year.

Net income grew by 32% year-on-year to SAR 205 million, mainly driven by increase in Net special commission income and Fee and other income.



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## Additional Information

Riyad Bank's Q1 2022 financial materials are available to the public on the IR website:  
[www.riyadbank.com/en/about-us/investor-relations](http://www.riyadbank.com/en/about-us/investor-relations)

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