

Riyad Bank Reports Net Income (after zakat) of SAR 7.0 Billion in 2022

- ◆ **Net income** (after zakat) increased by 16.5% YoY.
- ◆ **Operating income** increased by 17.6% YoY mainly due to an increase in net special commission income, net fee and commission income, net exchange income, and net trading gains, partially offset by lower disposal gains on non-trading investments.
- ◆ **Operating efficiency** reached 32.4%.
- ◆ **Cost of risk** at 0.44% compared to 0.41% for corresponding period of last year
- ◆ **Net loans and advances** grew by 11.5% YoY to SAR 242 billion across both commercial and consumer loans.
- ◆ **Customer deposits** grew by 13.4% YoY to SAR 240 billion.
- ◆ **Total assets** grew by 10.4% YoY to SAR 360 billion.
- ◆ **Capitalisation** remained strong with Tier 1 CAR at 18.1% and total CAR of 21.1%.
- ◆ **Comfortable liquidity** position with LCR of 182% and Loans to deposits ratio (incl. Sukuk) of 94.9%

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

Riyad bank achieved a strong set of results in Q42022 mainly due to the revival of economic activity and positive impact of rising rates. This is further supported by our service and product proposition to effectively engage our customers and continuous delivery of innovative financial solutions.

Riyad Bank's record 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. Our refreshed strategy will be delivered across three areas (Value through innovation, Efficiency through digitization and Enablement through next generation) by 2025.

We continue to focus in our commitment to make customers, shareholders and employees satisfied and exceed their expectations through continuous enhancements 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 in the years to come.

Performance Highlights

Riyad Bank reported net income after zakat of SAR 7,019 million for the year of 2022, an increase of 16.5% over the corresponding year of 2021. Similarly, for the fourth quarter of 2022, net income after zakat increased by 25.4% from the corresponding period in 2021 to SAR 2,027 million; relative to the previous quarter, net income showed increase of 11.2%.

Income Statement Highlights

SAR (million)	FY 2022	FY 2021	YoY % change	4Q 2022	3Q 2022	QoQ % change	4Q 2021	YoY % change
Net special commission income	10,052	8,293	+21.2%	2,852	2,672	+6.7%	2,070	+37.8%
Fee and other income	3,547	3,275	+8.3%	891	853	+4.4%	880	+1.3%
Total operating income, net	13,599	11,568	+17.6%	3,742	3,525	+6.2%	2,949	+26.9%
Operating expenses	(4,410)	(3,965)	+11.2%	(1,138)	(1,174)	-3.1%	(963)	+18.2%
Net operating income before impairment charges	9,189	7,603	20.9%	2,605	2,351	10.8%	1,987	+31.1%
Impairment charge for credit losses and other financial assets	(1,027)	(851)	+20.7%	(369)	(228)	+62.0%	(259)	+42.5%
Impairment charge for investment	(253)	(2)	+12,550%	(5.0)	(81)	-93.8%	25.2	-80.2%
Net operating income	7,909	6,751	+17.2%	2,241	2,042	+9.7%	1,753	+27.8%
Share of earnings of associates	(80)	(32)	+150%	(5)	(3)	-66.7%	0	9775%
Net income for the period before Zakat	7,828	6,718	+16.5%	2,235	2,040	+9.6%	1,753	+27.8%
Zakat for the period	(809)	(693)	+16.7%	(208)	(212)	-1.9%	(136)	+52.9%
Net income for the period	7,019	6,025	+16.5%	2,027	1,828	+11.2%	1,617	+25.4%
EPS	2.32	2.01	+15.4%	0.68	0.59	+15.3%	0.54	+25.9%
Return on average equity before Zakat	16.25%	14.39%	+1.9%	18.55%	17.46%	+1.1%	15.0%	+3.6%
Return on average assets before Zakat	2.28%	2.11%	+0.2%	2.53%	2.31%	+0.2%	2.2%	+0.3%
Net special commission margin	3.11%	2.96%	+0.15%	3.41%	3.16%	+0.25%	2.84%	+0.57%
Cost to income ratio	32.4%	34.3%	-1.9%	30.4%	33.3%	-2.9%	32.6%	-2.20%
Cost of risk	0.44%	0.41%	+0.03%	0.61%	0.33%	+0.28%	0.45%	+0.16%

Due to rounding, numbers presented throughout this document may not sum precisely to the totals indicated and percentages may not precisely reflect the absolute figures shown

Total operating income amounted to SAR 13,599 million for the year 2022, an increase of 17.6% compared with last year. This improvement was driven by 21.2% growth of net special commission income and 8.3% rise in fee and other income.

Total operating income for the fourth quarter of 2022 amounted to SAR 3,742 million, an increase of 26.9% compared with the fourth quarter of 2021 and of 6.2% increase relative to the previous quarter.

Operating expenses totalled SAR 4,410 million for 2022, an increase of 11.2% over the corresponding year of 2021 reflecting the net effect of ongoing transformation and increased investments for future growth. Operating expenses for the fourth quarter of 2022 increased by 18.2% compared with the corresponding quarter in 2021 and decline of 3.1% relative to the previous quarter to SAR 1,174 million.

The impairment charge for credit losses and other financial assets increased by 20.7% year-on-year to SAR 1,027 million. The cost of risk increased from 41bps YoY to 44 bps. The non-performing loans ratio stood at 1.72% while the non-performing loans coverage ratio spotted at 112% as at 31st December 2022.

Balance Sheet Highlights

SAR (mn)	4Q 2022	3Q 2022	QoQ % change	4Q 2021	YTD % change
Cash and balances with SAMA and financial institutions	53,980	43,985	+22.7%	43,232	+24.9%
Investments, net	52,196	53,246	-2.0%	58,637	-11.0%
Loans and advances, net	242,365	241,586	+0.3%	217,290	+11.5%
Total assets	359,653	347,881	+3.4%	325,736	+10.4%
Customer deposits	240,007	235,892	+1.7%	211,678	+13.4%
Debt securities in issue	8,758	8,672	+1.0%	8,717	+0.5%
Total liabilities	303,480	298,286	+1.7%	278,436	+9.0%
Total shareholders' equity	49,602	46,776	+6.0%	47,300	+4.9%
Tier 1 Sukuk	6,571	2,819	+133%	-	-
Total Equity	56,173	49,595	13.3%	47,300	+18.8
Risk weighted assets	310,425	308,390	+0.7%	298,475	+4.0%
CET1 ratio	15.9%	15.1%	+0.8%	15.8%	+0.1%
Tier 1 ratio	18.1%	16.0%	+2.1%	15.8%	+2.3%
Total capital adequacy ratio	21.1%	19.1%	+2.0%	19.0%	+2.1%
Liquidity coverage ratio (LCR)	182.0%	165%	+17.0%	168%	+14.0%
Basel III leverage ratio	12.8%	11.7%	+1.1%	11.8%	+1.0%
Loans to deposits ratio (incl. Sukuk)	94.9%	97.7%	-2.8%	98.6%	-3.7%
NPL ratio	1.72%	1.55%	+0.17%	1.65%	+0.07%
NPL coverage ratio	112.0%	115.5%	-3.5%	123.5%	-11.5%

Due to rounding, numbers presented throughout this document may not sum precisely to the totals indicated and percentages may not precisely reflect the absolute figures shown

Total assets reached SAR 359,653 million as at 31st December 2022, up year-on-year by 10.4% from growth in loans.

Net loans and advances grew by 11.5% year-on-year to reach 242,365 million from both commercial and consumer loans.

Customer deposits rose 13.4% year-on-year to reach SAR 240,007 million as at 31st December 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 15.9%, 18.1% and 21.1% respectively as at 31st December 2022. The liquidity coverage ratio and the loans to deposit ratio (including Sukuk) stood at 182% and 94.9%, respectively.

Outlook

The Saudi economy was leading the ranks of fastest growing economies of the G20 in 2022, supported by strong non-oil performance through higher investments and improved oil market conditions. Real GDP growth reached 8.7% in 2022, the highest in almost a decade. For 2023, our projection for real GDP stands at 4%, on the back of continued strong investment growth and sound oil market conditions.

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 effective enablement of our teams and organization through next generation operating models.

Segmental Performance Highlights

Retail Banking

Riyad Bank's retail business serves the customers with all their banking needs, including accounts services, mortgages, personal loans, auto financing and credit cards. Through 338 branches, 2,219* ATMs and 196,911* points of sale, as well as all the digital channels that customers expect, including online, mobile, and smart watches. Retail Banking accounts for 29.4% of the Group total operating income.

SAR (million)	FY 2022	FY 2021	YoY % change	4Q 2022	3Q 2022	QoQ % change
Total assets	101,043	89,583	+13%	101,043	99,322	+2%
Total liabilities	102,059	97,885	+4%	102,059	99,322	+3%
Net special commission income	3,825	3,675	+4%	890	922	-3%
Fee and other income net	172	72	+139%	18	51	-65%
Operating income	3,997	3,747	7%	908	973	-7%
Operating expenses	(2,917)	(2,605)	+12%	(712)	(796)	-11%
Impairment charge	(295)	66	-547%	(100)	(75)	+33%
Net income (loss) before zakat	785	1,208	-35%	96	102	-6%

Due to rounding, numbers presented throughout this document may not sum precisely to the totals indicated and percentages may not precisely reflect the absolute figures shown

Retail Banking Net Special Commission income increased YoY by 4% aided by growth in Total assets and Deposits. Operating income increased by 7% mainly due to higher Net Special Commission income.

Operating expenses reached SAR 2,917 million in year 2022, a 12% increase year-on-year.

Impairment charge for Retail Banking amounted to SAR 295 million in year 2022, as compared to a credit of SAR 66 million in year 2021.

Net income before zakat for year 2022 decreased by 35% year-on-year to SAR 785 million mainly due to Impairment Charge and higher Operating expenses.

*Based on SAMA bulletin report for December

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, loan facilities, 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 41.5% of the Group total operating income.

SAR (mn)	FY 2022	FY 2021	YoY % change	4Q 2022	3Q 2022	QoQ % change
Total assets	162,042	145,839	+11%	162,042	162,197	-0%
Total liabilities	174,405	153,532	+14%	174,405	172,897	+1%
Net special commission income	4,148	3,043	+36%	1,212	1,157	+5%
Fee and other income net	1,490	1,271	+17%	303	411	-26%
Operating income	5,638	4,314	+31%	1,515	1,568	-3%
Operating expenses	(1,067)	(924)	+15%	(310)	(271)	+14%
Impairment charge	(728)	(919)	-21%	(268)	(148)	+81%
Net income before Zakat	3,843	2,472	+55%	937	1,150	-19%

Due to rounding, numbers presented throughout this document may not sum precisely to the totals indicated and percentages may not precisely reflect the absolute figures shown

Corporate Banking's total operating income totalled to SAR 5,639 million in FY, 2022, an increase of 31% from 2021. Net special commission income increased by 36% year-on-year to SAR 4,148 million while fee and other income increased by 17% to SAR 1,491 million.

Operating expenses totalled to SAR 1,067 million for FY, 2022, 15% up as compared to 2021.

The Impairment charge for Corporate Banking decreased to SAR 728 million, a decrease of 21% as compared to 2021.

Net income before Zakat for FY 2022 increased by 55% year-on-year to SAR 3,844 million mainly due to higher Net special commission income, higher fees and other income, and lower Impairment charge.

Treasury and Investments

Treasury and Investments offers a wide range of treasury products and hedging solutions to corporate customers and accounts for 21.6% of the Group total operating income.

SAR (mn)	FY 2022	FY 2021	YoY % change	4Q 2022	3Q 2022	QoQ % change
Total assets	92,057	87,235	+6%	92,057	83,528	+10%
Total liabilities	26,244	26,069	+1%	26,244	25,266	+4%
Net special commission income	1,835	1,380	+33%	689	537	+28%
Fee and other income net	1,109	1,154	-4%	327	223	+47%
Operating income	2,944	2,534	+16%	1,017	760	34%
Operating expenses	(397)	(157)	+153%	(39)	(115)	-66%
Impairment charge	(252)	1	+303%	4	(80)	-105%
Share in earnings of associates, net	(80)	(32)	+147%	(5)	(3)	+67%
Net income before Zakat	2,467	2,344	+5%	973	643	+51%

Due to rounding, numbers presented throughout this document may not sum precisely to the totals indicated and percentages may not precisely reflect the absolute figures shown

Treasury and Investments total operating income grew by 16% to SAR 2,944 million in 2022, compared to prior year, mainly due to increase in Net Special Commission Income. However, Net income before zakat increased by 5% due to higher impairment charges and operating expenses.

Riyad Capital

Riyad Capital offers asset management, trading, equity and debt advisory, custody and securities services and accounts for 7.5% of the Group total operating income.

SAR (mn)	FY 2022	FY 2021	YoY % change	4Q 2022	3Q 2022	QoQ % change
Total assets	4,511	3,077	+47%	4,511	2,834	+59%
Total liabilities	771	950	-19%	771	801	-4%
Net special commission income	246	195	+26%	60	56	+7%
Fee and other income net	775	778	0%	242	168	+44%
Operating income	1,021	973	+5%	302	224	+35%
Operating expenses	(287)	(279)	+3%	(72)	(78)	-8%
Net income before Zakat	734	694	+6%	230	146	+58%

Due to rounding, numbers presented throughout this document may not sum precisely to the totals indicated and percentages may not precisely reflect the absolute figures shown

Riyad Capital total operating income reached to SAR 1,021 million in December 2022, up 5% year-on-year.

Net income grew by 6% year-on-year to SAR 734 million, mainly driven by increase in Net special commission income and Fee and other income.

Additional Information

All financial materials are available to the public on the IR website:
www.riyadbank.com/en/about-us/investor-relations

Riyad Bank Contacts

Institutional Investors

Najla AlMutairi

Investor Relations

Telephone: +966112763007

E-mail: najla.almutairi@riyadbank.com