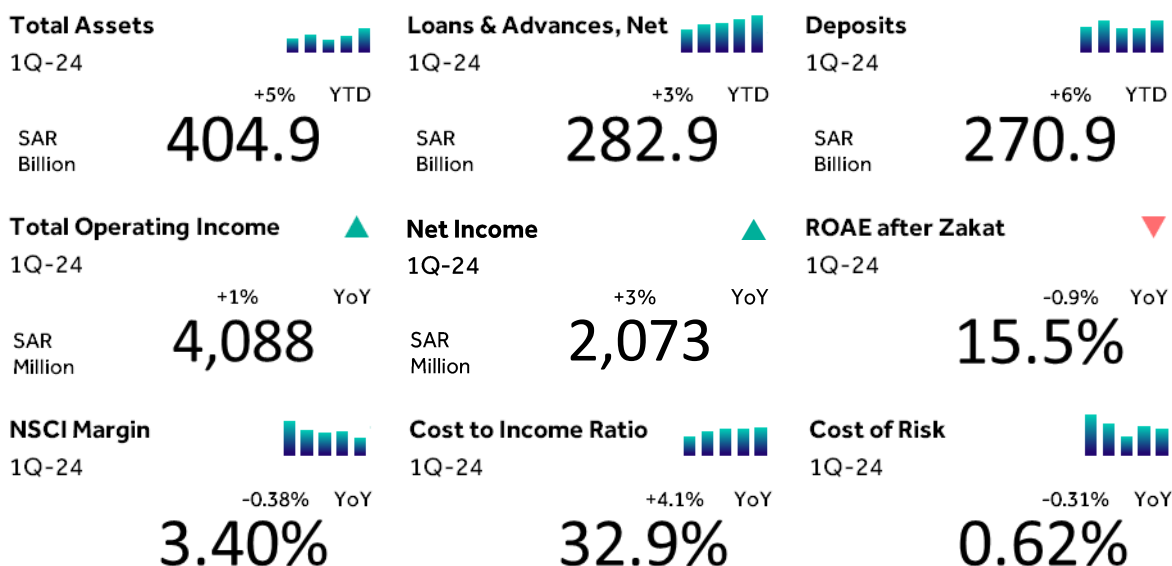


Riyad Bank reports 3% net income growth to SAR 2.1 billion in 1Q 2024

Riyad Bank reports 3% net income growth driven by robust loan growth and strong fees and other income



- Total assets of SAR 404.6bn, up 5% YTD, mainly driven by 3% growth in loans & advances, and 4% in investments.
- Funding growth was mainly driven by an increase of 6% YTD in customer deposits to reach SAR 270.9bn.
- Total operating income of SAR 4,088mn in 1Q 2024, up 1% YoY driven by a growth of 9% in fee and other income which was partially offset by a decrease of 1% YoY in net special commission income.
- Net income for 1Q 2024 reached to SAR 2,073mn, up 3% YoY on higher operating income and lower impairments.
- NSCI margin stands at 3.40% for 1Q 2024, mainly driven by an increase of cost of funds.
- Cost-to-income ratio stands at 32.9% for 1Q 2024, mainly driven by an increase of operating expenses.
- Cost of risk at 0.62% for 1Q 2024, an improvement by a 31bps, mainly driven by improved asset quality resulting in a decline of 25% in Impairment charge for credit losses, net.
- Non-performing loan ratio of 1.19% in 1Q 2024 has improved by 33bps YoY, and non-performing loan coverage ratio is standing at 140.8% up by 23%.
- Tier 1 ratio of 16.5% and Capital Adequacy Ratio (CAR) of 19.3%
- Liquidity Coverage Ratio (LCR) of 147.6%; Net Stable Funding Ratio (NSFR) of 109.6%; SAMA loans to deposit ratio at 82.7%
- Return on average equity after Zakat for the period stands at 15.5%.
- Return on average assets after Zakat stands the period stands at 2.09%.

Riyadh, 07 May 2024 – Riyad Bank reported 3% year-on-year growth in net income reaching to SAR 2,073 million for Q1 2024, driven by a 1% expansion total operating income which was tempered by higher operating expenses. Total operating income growth resulted from an increase of 9% year-on-year in fees and other income which was partially offset by a decrease of 1% year-on-year in net special commission income.

Total assets amounted to SAR 404.9 billion as of 31st March 2024, an increase of 6% from the corresponding period of 2023, largely due to robust loan growth of 12%. The asset growth was mainly funded by an increase of 5% year-on-year in customer deposits, coupled with a growth of 9% year-on-year in total shareholders' equity.

Mr. Nadir Al-Koraya, Chief Executive Officer of Riyad Bank, said:

"Riyad Bank remain well-positioned to capitalize on the on-going shift from mortgage-based to corporate-driven lending, as non-oil GDP growth continues and new opportunities arise from the positive domestic economic environment and our capacity to support Vision 2030 projects as these begin to take hold in 2024. We will continue to execute our strategic initiatives to achieve our ambition to be the best bank in KSA. We are proud of our results delivered in 1Q 2024 and we aim to remain focused on delivering the strategic objectives under our 2025 strategy."

Mr. Abdullah Al Oraini, Chief Financial Officer of Riyad Bank, said:

"Riyad Bank recorded a solid performance during the 1Q 2024, with fee and other income up 9% year-on-year which is partially offset by a decrease of 1% year-on-year in net special commission income, resulting in total operating income rising by 1% year-on-year. Loans and investments year-to-date growth of 3% and 4%, respectively propelled total asset growth of 5%, while our NSCI margin at 3.40% was mainly impacted by higher cost of funds. Our credit quality markedly improved, with the NPL ratio at 1.19%, while we improved our coverage ratio year-on-year to a robust 140.8%."

Performance Highlights
Income Statement Highlights

SAR (mn)	1Q-2024	1Q-2023	YoY % Change
Net special commission income	3,051	3,088	-1%
Fee and other income	1,037	948	+9%
Total operating income, net	4,088	4,036	+1%
Total operating expenses before impairment charge	(1,346)	(1,162)	+16%
Net operating income before impairment charge	2,742	2,875	-5%
Total impairment charge	(437)	(624)	-30%
Net operating income	2,305	2,250	+2%
Share in earnings of associates	6	1	+401%
Net Income for the period before zakat	2,311	2,252	+3%
Zakat for the period	(238)	(232)	+3%
Net Income for the period after zakat	2,073	2,020	+3%
Earnings per share	0.66	0.64	+3%
ROAE after Zakat	15.5%	16.3%	-0.9%
ROAA after Zakat	2.09%	2.18%	-0.1%
NSCI margin	3.40%	3.79%	-0.38%
Cost to income ratio	32.9%	28.8%	+4.1%
Cost of risk	0.62%	0.92%	-0.31%

Net income for 1Q 2024 improved 3% year-on-year to SAR 2,073 million from 9% growth in fee and other income, and positively impacted by a decrease in credit impairments on the back of improved asset quality and recoveries.

Total operating income grew 1% year-on-year to reach SAR 4,088 million for 1Q 2024. Net special commission income declines 1% to SAR 3,051 million from a 38-basis points year-on-year margin decrease mainly driven by an increase of cost of funding resulting in NSCI margin standing at 3.40%. Fee and other income jumped 9% year-on-year reaching SAR 1,037 driven by fee from banking services.

Operating expenses before impairment charges increased 16% year-on-year to SAR 1,346 million in 1Q 2024 due to a 14% increase employee-related expenses and a 15% increase in G&A and other operating expenses. The cost to income ratio stands at 32.9% for 1Q 2024.

The impairment charges amounted to SAR 437 million for 1Q 2024, a drop of 30% compared with the corresponding period last year driven by lower charges and strong recoveries resulting in cost of risk standing at 0.62%.

Earnings per share for Q1 2024 improved 3% reaching SAR 0.66 compared to SAR 0.64 in 1Q 2023. Return on average equity after Zakat for the period stands at 15.5% and return on average assets after Zakat stands at 2.09%.

Balance Sheet Highlights

SAR (mn)	1Q-2024	4Q-2023	YTD % Change	1Q-2023	YoY % Change
Cash and balances with SAMA, net	28,642	26,175	+9%	35,190	-19%
Due from banks and financial Institutions, net	17,577	15,434	+14%	28,454	-38%
Investments, net	60,663	58,109	+4%	54,695	+11%
Loans and advances, net	282,854	274,398	+3%	251,983	+12%
Other assets, net	15,122	12,733	+19%	10,303	+47%
Total assets	404,859	386,849	+5%	380,625	+6%
Due to banks and other financial institutions	40,121	42,464	-6%	41,024	-2%
Customers' deposits	270,948	254,908	+6%	257,277	+5%
Debt securities in issue	13,199	13,373	-1%	8,673	+52%
Other liabilities, net	20,515	15,847	+29%	17,815	+15%
Total liabilities	344,782	326,591	+6%	324,790	+6%
Share capital	30,000	30,000	0%	30,000	0%
Reserves	12,516	12,418	+1%	9,856	+27%
Retained earnings	10,998	11,277	-2%	9,414	+17%
Proposed dividends	0	0	-	0	-
Total shareholders' equity	53,514	53,696	-0%	49,270	+9%
Tier 1 sukuk	6,563	6,563	+0%	6,565	-0%
Total equity	60,077	60,258	-0%	55,835	+8%
NPL Ratio	1.19%	1.24%	-0.05%	1.52%	-0.33%
NPL Coverage Ratio	140.8%	142.1%	-1.3%	117.5%	+23.3%
NIBs % of total	55.9%	54.7%	+1.2%	57.3%	-1.4%
Tier 1 ratio	16.5%	17.6%	-1.2%	17.8%	-1.3%
Capital adequacy ratio	19.3%	20.7%	-1.4%	20.7%	-1.4%
Liquidity coverage ratio	147.6%	159.9%	-12.3%	187.5%	-39.8%
Net stable funding ratio	109.6%	113.4%	-3.8%	117.4%	-7.8%
Loans to customers' deposit ratio (headline)	104.4%	107.6%	-3.3%	97.9%	+6.5%
Loans to customers' deposit ratio (SAMA weighted)	82.7%	81.9%	+0.8%	78.4%	+4.3%

Total assets as of 31 March 2024 amounted to SAR 404,859 million, an increase of 5% YTD. Loans and advances, net rose 3% during the 1Q 2024 reaching SAR 282,854 million. Investments, net amounted to SAR 60,663 million, an increase of 4% YTD.

Customers' deposits increased by 6% during 1Q 2024 to SAR 270,948 million. The bank delivered a strong growth in demand deposits of 7% during the quarter which resulted in NIBs as percentage of total customer deposits improved to 55.9%.

The non-performing loan ratio improved to 1.19% as of 31 March 2024, 33 basis points improvement during 1Q 2024 compared to the same period last year. The coverage of non-performing loans increased to 140.8% as of 31 March 2024 relative to 117.5% at the same period last year on efforts to improve overall provision coverage levels.

The total capital adequacy ratio stood at 19.3% and the Tier 1 ratio at 16.5% as of 31 March 2024; the former declining by 1.4% relative to the previous year-end due to higher risk-weighted assets by 6.8% against almost flat capitalization as dividend payments offset internal capital generation. The bank's liquidity remained strong and comfortably within regulatory limits, with the liquidity coverage ratio at 147.6%, the net stable funding ratio at 109.6%, the SAMA regulatory loans to deposits ratio at 82.7%, and the headline loan to deposit ratio at 104.4%.

Operating Segment Highlights
Corporate Segment Highlights

SAR (mn)	1Q-2024	1Q-2023	YoY % Change
Net special commission income	1,651	1,626	+2%
Fee and other income	473	433	+9%
Total operating income	2,123	2,059	+3%
Total operating expenses before impairment charge	381	325	+17%
Impairment charge	302	417	-28%
Net income for the period before zakat	1,441	1,317	+9%

SAR (mn)	1Q-2024	4Q-2023	YTD % Change	1Q-2023	YoY % Change
Loans and advances, net	185,778	177,894	+4%	162,348	+14%
Total assets	191,498	186,405	+3%	164,400	+16%
Deposits	155,256	149,189	+4%	156,612	-1%
Total liabilities	174,419	172,291	+1%	188,832	-8%

The corporate segment reported 9% year-on-year growth in net income before zakat to SAR 1,441 million. This resulted from 9% fee and other income growth to SAR 473 million and credit impairment charges improved by 28%.

Total assets for the corporate segment grew 3% year-to-date in 1Q 2024 to SAR 191,498 million from an 4% increase in loans and advances, net. Corporate liabilities were slightly higher by 1% year-to-date standing at SAR 174,419.

Retail Segment Highlights

SAR (mn)	1Q-2024	1Q-2023	YoY % Change
Net special commission income	1,066	1,061	+0%
Fee and other income	73	30	+143%
Total operating income	1,139	1,091	+4%
Total operating expenses before impairment charge	820	719	+14%
Impairment charge	135	185	-27%
Net income for the period before zakat	184	186	-1%

SAR (mn)	1Q-2024	4Q-2023	YTD % Change	1Q-2023	YoY % Change
Loans and advances, net	95,650	95,424	+0%	88,968	+8%
Total assets	112,347	111,614	+1%	103,318	+9%
Deposits	115,691	105,719	+9%	100,665	+15%
Total liabilities	123,406	111,192	+11%	107,102	+15%

Retail net income before zakat for 1Q 2024 declined 1% year-on-year to SAR 184 million. Total operating income increased by 4% year-on-year reaching to SAR 1,139 million driven by fee and other income which recorded a strong growth of 143% to SAR 73 million. Impairment charges declined by 27% compared to the corresponding period last year to reach SAR 135 million.

Total retail assets slightly increase by 1% year-to-date in 1Q 2024 to SAR 112,347. Total liabilities expanded by 11% year-to-date to SAR 123,406 million supported by 9% increase in customers' deposits.

Treasury and Investments Segment Highlights

SAR (mn)	1Q-2024	1Q-2023	YoY % Change
Net special commission income	239	344	-31%
Fee and other income	315	350	-10%
Total operating income	554	695	-20%
Total operating expenses before impairment charge	65	45	+46%
Impairment charge	0	22	-100%
Net income for the period before zakat	494	630	-21%

SAR (mn)	1Q-2024	4Q-2023	YTD % Change	1Q-2023	YoY % Change
Investments, net	60,663	58,109	+4%	54,695	+11%
Total assets	94,648	85,293	+11%	108,508	-13%
Total liabilities	46,376	42,663	+9%	27,945	+66%

Treasury and investments recorded a decrease of 21% year-on-year in net income before zakat to SAR 494 million for 1Q 2024. Operating income declined by 20% year-on-year to SAR 554 million on a 31% reduction in net special commission income.

Treasury assets increase by 11% year-to-date during 1Q 2024 supported by 4% growth in the investment portfolio, while total liabilities rose 9%.

Riyad Capital Segment Highlights

SAR (mn)	1Q-2024	1Q-2023	YoY % Change
Net special commission income	95	57	+67%
Fee and other income	176	135	+31%
Total operating income	272	192	+41%
Total operating expenses before impairment charge	79	73	+8%
Net income for the period before zakat	193	119	+61%

SAR (mn)	1Q-2024	4Q-2023	YTD % Change	1Q-2023	YoY % Change
Total assets	6,366	3,538	+80%	4,399	+45%
Total liabilities	582	444	+31%	910	-36%

Riyad Capital booked a 61% year-on-year increase in net income before zakat to SAR 193 million for 1Q 2024, driven by an increase of 67% in net special commission income coupled with 31% in fee and other income.

Riyad capital assets strongly jumped 80% year-to-date reaching SAR 6,366 million and liabilities increased by 31% year-to-date reaching to SAR 582 million.

Outlook

Saudi Arabia non-oil GDP observed a positive growth during 2023 with 4.4% increase compared to previous year. The non-oil sector is expected to flourish this year on the back of accelerated investments and high domestic consumption which aligned with government targets to diversify the economy resources. Furthermore, oil production and supply level will be sustained at 9 million bpd until June 2024 as part of the voluntary cut agreement with OPEC to maintain stable market prices and dynamics.

Inflation indicating moderate movements during the first quarter of 2024, standing at 1.6% lower than many advanced and emerging economies. Nevertheless, interest rates remained unchanged during Q1 2024 but anticipated to follow the Fed policy rate cut later this year.

The Riyad Bank headline PMI inclined slightly to 57.0 in March 2024 remaining well above the 50-point expansion threshold along with improvements in output and new orders levels, signaling solid growth in the non-oil sectors. Additionally, the accelerated purchasing growth and staff hiring further indicate a positive trajectory for the economy, supported by a reduction in cost pressures. These developments collectively point towards a promising outlook for the Saudi Arabian economy, highlighting its resilience and potential for continued expansion and prosperity.

Overall, the combination of strong non-oil business activities and moderated inflation supporting the Saudi economy to transition toward more diversified and sustainable growth path. As well, the stability in crude oil output and prices provides a solid foundation to preserve economic development. As Saudi Arabia continues to implement its ambitious Vision 2030 initiative, the non-oil sector is playing significant role in driving growth and expanding the economy revenue.

About Riyadh Bank

Riyad Bank is one of the largest financial institutions in the Kingdom of Saudi Arabia and the Middle East. Established in 1957, with a paid-up capital of SAR 30 billion and now with more than 7,995 employees, we take pride of being among the Saudi organizations with the highest national employment rate of 96%.

We provide a comprehensive range of products and services fully compliant with the Islamic Sharia' to meet the needs of both retail and corporate customers, including small and medium-size enterprises. We take a lead role in many areas of finance and investment across Saudi Arabia and are distinguished as a leading financier and arranger of syndicated loans in the oil and petrochemicals sector as well as the Kingdom's most notable infrastructure projects.

We offer innovative financing solutions through a network of 335 licensed branches, and more than 234,096 POS, in addition to more than 2,174 ATMs distributed across the Kingdom. Our branch in London and offices in Houston (USA) and Singapore support the international banking needs of our increasingly global customers.

Additional Information

The 1Q 2024 financial statements, earnings release, earnings presentation, investor presentation and financial data supplement will be available on the website of Riyadh Bank at:

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

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