

## CEO's Message

# An Exceptional Year for Riyadh Bank

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As well as delivering on this core promise for both customers and employees, we aim to become the most profitable, most efficient and most digitally-enabled bank in the Kingdom. Our passion and determination allowed us to take significant strides towards these strategic objectives during this momentous year.

### Delivering Results in a Growing Market



In 2022, the Saudi economy delivered a strong performance, despite the impacts of inflation and economic stagnation on economies worldwide, including the impact of the Russian-Ukraine war. The Kingdom's Real GDP grew by 8.7%, as a result of 15.4% growth of the oil economy, 5.4% growth in the non-oil economy, and 2.2% growth in government activities year on year.

These exceptional economic achievements are a direct result of the Saudi leadership's wise and insightful vision, as well as the harmony between the public and private sectors, particularly the banking sector, in which Riyadh Bank is a key player. Within this context, Riyadh Bank recorded our highest ever net profit, at SAR 7.0 Bn, a jump of 16.5% compared to 2021.

Reflecting our financial and operational success, leadership and excellence during this year, it is noteworthy that Riyadh Bank won a number of prestigious CIPD awards in 2022, Most Impactful Diversity and inclusion Initiative, best human capital coaching and mentoring strategy, and for the best recruitment and talent

management strategy. We also received many awards for customer experience, as the Bank's customer satisfaction rate increased to a record level of 84% in 2022, according to the Saudi Central Bank index.

### Accelerating Digitalisation



We have spared no effort to be at the forefront of our sector by investing in automation and digitisation of banking operations and diverse transactions with customers and stakeholders. We harnessed our capabilities to support digital empowerment and continued to prioritise innovation as a key to our sustained digital excellence; this included transforming almost all of our transactions to be paperless. We also launched a number of innovative products and solutions, and made our customer journey completely digital – an important step towards in our ambitions to be a fully digitally-enabled bank.

Furthermore, we launched the Open Banking and Banking as a Service (BaaS) model, with the aim of strengthening our position as a leading bank in the Kingdom.

To accelerate the pace of achieving our strategic goals, we succeeded in improving our performance and establishing our leadership position in supporting Fintech in the region. During 2022, we increased our focus on designing product packages for Fintech companies.

### Driving Innovation



This year, we launched the beta version of our Digital Innovation Center (Jeel). This is a key milestone in unlocking systemic and product innovation and integration across our different departments and

divisions, in addition to enabling greater integration with the Fintech sector. Jeel will include a digital laboratory, a digital factory, a digital studio, and a digital research centre, to encompass and drive all areas of digital transformation and innovation for the Bank.

In 2022, we also launched a framework for our strategic partnership incubator for emerging Fintech technologies, which is the first project of its kind in the region. We also established the Venture Building project, which is a transformative initiative aimed at exploring the possibilities of new financial, technical and business models in Fintech.

Further, this year witnessed the second and third batches of Riyadh Bank's eight-week open innovation platform, WSL, which is designed to provide entrepreneurs and innovators with an experimental environment with simulated banking data and tools to allow them to create innovative financial solutions and services.

### Retail Banking



Retail banking continued to grow and contribute to creating increasing value and achieving the Bank's strategic objectives, maintaining its growth trajectory in terms of assets, liabilities and profitability.

Our Private Banking customer base increased by 13% in 2022 compared to 2021, with total deposits rising by 8% and total relationship value increasing by 15%. The growth of Private Banking is largely due to the provision of a variety of attractive investment products to our customers, supported by highly qualified relationship managers.

GDP growth rate

**8.7%**

In line with our commitment service excellence, we continued to invest in the knowledge and capabilities of our team by launching the first Private Banking programme for relationship managers, in partnership with Fitch Learning. The programme aims to improve the technical and behavioural skills of relationship managers, which will drive further growth, as indicated by the increase of our customer base this year.

### Corporate Banking



Corporate Banking also delivered a strong performance during 2022, recording exceptional results while continuing to enhance cooperation and collaboration across the Bank to build the necessary capabilities to shape our future, as embodied in our slogan "One Bank, One Team".

In 2022, Corporate Banking continued to enhance its portfolio through numerous large-scale deals that significantly contributed to the ongoing diversification of the national economy, while also providing the financing and credit facilities necessary to support the expansion plans of many startups, large and multi-national companies.

In line with our pivotal role in supporting Vision 2030, we participated in a wide range of financing and development initiatives aimed at serving several giga and mega-projects in the sectors of infrastructure, education, healthcare, tourism and entertainment, in addition to supporting small and medium enterprises (SMEs) and privatisation programmes.

We also intensified our efforts during 2022 to maximise customer value, with a particular focus on key market segments. This focus benefited from the application of data and information analysis in setting strategies and developing offers suitable for various market sectors, from SMEs to large companies. These efforts resulted in improvements in targeting mechanisms, provision of resources, development of service and product channels, capacity building, and consolidation of sales alliances.

In this context, an internal paradigm shift in Corporate Banking is taking place towards more focused value creation through innovative solutions and products that improve efficiencies and enhance process automation and digitisation.

We continued working on raising customer satisfaction levels and increasing the speed of service delivery through synergies across our operations and enhanced product mix. Furthermore, to ensure coordination and compatibility with market dynamics, we are developing frameworks for relationship management and sales representatives, supported by a platform project to manage the banking relationship, called the "RM Workbench".

Corporate Banking also took steps to further our strategic goals, in terms of developing our lending portfolio and improving financial performance indicators.

During 2022, we continued to enhance our contributions in financing green projects, in particular the National Renewable Energy Program, with financing amounting to SAR 7.4 Bn distributed over 28 green and renewable energy projects, with a total investment exceeding SAR 52 Bn.

We also continued our journey towards a green, low-carbon economy by issuing recently a USD 750 Million sustainability bond as an investment tool to finance a range of green and renewable energy projects in the energy and water sectors, among others.

### Supporting SMEs



Our focus and commitment to supporting the SME sector is consistent with the government's support programme for the sector and objectives to increase the private sector's contribution to the national GDP.

According to the Kafala Program, we acquired 22% of the credit facilities market for SMEs in the Kingdom, as of year-end 2022. In addition, we signed a cooperation agreement with Monsha'at to support their member SMEs by benefiting from the SME centres of Riyad Bank.

### Treasury and Investments Division



Treasury and Investments efficiently managed the Bank's liquidity during 2022 and succeeded in maintaining good capital and liquidity ratios that contributed to supporting our growth and the successful issuance of our Tier-1 Sukuk this year.

This positioning also helped to mitigate the risks facing our broader investments through the effective implementation of hedging policies, and anticipated an increase in interest rates by raising cash levels, a strategy that protected a large share of the value of our portfolio. Moreover, the timely exit of a number of investments resulted in strong capital gains and capital preservation.

During the year, Treasury and Investments took important strides to meet its most important key performance indicators and contribute to the Bank's progress towards our 2025 goals. As per our Treasury and Investments strategy, we continued to create value through innovation, drive empowerment through advanced operating models, and enhance efficiency through digitisation. We also successfully embarked on a comprehensive upgrade of our treasury system platform, making several improvements that will increase the level of efficiency of customer services, in addition to achieving smoother integration and tighter control over operations.

Our early adoption of digital communications with our corporate clients has given us a clear competitive advantage, allowing us to increase the volume of foreign exchange transactions and expand our market share. We have also successfully completed the implementation of the first phase of our digital foreign exchange platform (RBFX), which enables Corporate Banking clients to cover their foreign currency requirements at highly competitive spot rates. We are currently working to expand the scope of the platform and make key services available to our other sectors.

We have also concluded a number of important and new agreements to expand and deepen our network of local and international banks, enhance our level of market access, and ensure that we get better pricing for products, with many of these agreements currently in advanced implementation stages.

### Accelerating ESG Impact



We have clearly demonstrated our deep commitment to corporate sustainability and responsibility towards environmental, social and governance factors; this commitment remains a strategic priority and reached its highest level in 2022.

While this commitment is critical to the future of our Bank, it will also enable us to play an effective and pivotal role in contributing to positive changes that lead to a better future for our communities, shareholders and society as a whole.

2022 witnessed the issuance of our first ESG Report, demonstrating our commitment to transparency and stakeholder engagement. In support of the Saudi Green Initiative, we launched an initiative to plant four million trees over 10 years and developed the first Arabic carbon footprint calculator in the MENA region.

### Launching our New Identity



This year, we proudly unveiled our new identity, "My Bank, always with you". We launched our new identity to reinforce our leading position as a reliable financial entity aspiring for the future. This milestone will support the achievement of our strategic transformation goals of 2025, while reflecting our aspirations to embrace and support the Kingdom's comprehensive objectives of Vision 2030.

Our new identity embodies our firm principles, with people at the heart of our purpose. It showcases our capabilities and commitment to achieving their aspirations for a banking experience that gets richer every day by offering them the best and the latest in the banking industry.

### Acknowledgements



In conclusion, I have the honour of extending our deep gratitude to the wise leadership of the Kingdom, represented by the Custodian of the Two Holy Mosques and his trusted Crown Prince – may Allah protect them and take care of them.

I would also like to extend my sincere thanks and appreciation to the Saudi Central Bank (SAMA), the Capital Markets Authority of Saudi Arabia (CMA), and our Chairman and all the Members of our outstanding Board of Directors for their vision, support and guidance.

Furthermore, I would like to thank our shareholders and customers for their trust, and every member of the Riyad Bank family for their dedication and contributions during this successful year.

We look forward to another year full of success and achievements, through our combined effort, service and commitment to make further progress towards becoming the bank of choice in the Kingdom by 2025.

**Tareq A. Al Sadhan**  
Chief Executive Officer

"One bank,  
One team."

Financing green projects  
**SAR 7.4 Bn.**

We signed a cooperation  
agreement with  
"Monsha'at" to support  
the SMEs

Launched our new identity  
**"My Bank, always  
with you"**

