

# Corporate Banking

Riyad Bank's Corporate Banking maintained momentum during 2022 to deliver exceptional results, enabling synergies across businesses, and building future-ready capabilities as embodied in one of our values: "We are One Team". With focus on providing exceptional customer experience across all our services and channels, we accelerated our targeted transformation and innovation to deliver sustainable value for our customers and our business.

This year Corporate Banking continued to develop a strong franchise by supporting the Kingdom's economic diversification. We financed and facilitated expansion of various businesses from start-ups to large corporates and multinationals. The Division was once again a key player in the Saudi Vision 2030, participating in a wide range of development initiatives financing related to mega projects, privatization, infrastructure, education, healthcare, SMEs, private sector, tourism and entertainment.

We strengthened our efforts in 2022 to deliver maximum value to customers, with a particular focus on customer segmentation. The extensive application of data analytics and market intelligence enabled the Division to create strategies and unique value propositions across corporate segments, ranging from SMEs to large corporates. This facilitated better targeting, resourcing, channel and product alignment, capability building and marketing alliances.

### Transformation Strategy 2025

Corporate Banking is actively engaged in the Bank's Transformation 2025 strategy to become the "Best in Class" bank in the Kingdom. With clear goals and targets, we are undertaking initiatives to support this aspiration.

The Division is leading its own transformation by focusing on value creation through innovation and improving efficiencies through digitization and the digitalization of processes. We are also enhancing client satisfaction scale and service speed by leveraging synergies and improving our business mix. Further, we are enhancing our relationship management and operating frameworks to better align them with market dynamics, facilitated by the RM Workbench project. The Division also took steps for balance sheet growth and improvement in financial KPIs.

Central to our transformation strategy is our investment in human capital. We are promoting the Bank's credentials and intellectual capital through regular training. We implemented a talent development and retention plan during 2022, that includes assessing current and anticipated capabilities and gaps of all our people. The goal is to offer a range of targeted development opportunities that will equip Corporate Banking achieve its targets in the coming years. Our efforts to enhance communication and coordination within Corporate Banking teams are already paying off with improved customer outcomes and experiences.

## 2022 Corporate Banking highlights

### A Year of Record Results



In 2022, Corporate Banking held its weight by contributing to Riyad Bank's performance as the fastest-growing bank in the Kingdom. The Division accounted for 49% of the Bank's total income, compared to 37% in 2021 and it earned 41% of the Bank's total operating income, compared to 37% in 2021.

Corporate Banking's net income increased by 56% in 2022, from SAR 2.47 Bn. in 2021 to SAR 3.84 Bn. Similarly, net income before Zakat for 2022, mainly due to lower impairment charges and higher fees and net commission.

Total operating income totaled SAR 5.64 Bn. in 2022, an increase of 31% from 2021. Net special commission income increased year-on-year to SAR 4.14 Bn., while fees and other income increased by 20% to SAR 1.48 Bn. Operating expenses totaled SAR 1.79 Bn. for 2022, down 3.0% compared to SAR 1.84 Bn. in 2021.

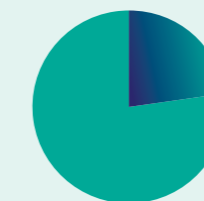
Impairment charges for Corporate Banking decreased to SAR 728 Mn., a reduction of 21% compared to 2021, while Corporate Banking assets increased by 11% in 2022 to SAR 16.2 Bn.

Financial transactions initiated digitally

**80%**

Market share for SME credit facilities

**22%**



Corporate Net income

**SAR 3.84 Bn.**



### Financing Green Investments



This year, the Division continued its participation and expanded its commitment to funding green projects. This includes the National Renewable Energy Program; a multifaceted renewable energy initiative designed to balance the domestic power mix and reduce carbon initiatives. Overall, the Bank helped finance 28 green and renewable energy projects, with a contribution of SAR 7.4 Bn. towards a total project cost of more than SAR 52 Bn.

Corporate Banking also accelerated the transition to a low-carbon, green economy through Riyadh Bank's recently issued USD 750 Mn. ESG Bond. The investment tool funds various renewable and green projects in power, water and other sectors. The Division is also encouraging businesses in its SME segment to drive impactful corporate social responsibility practices by participating in social projects.

### Aligning with Saudi Vision 2030



Corporate Banking is a major player in the Bank's strategy to achieve the aspirations of Saudi Vision 2030 and the associated National Transformation Program. Our support for the Kingdom's goals includes promoting the development of the private sector, building economic partnerships and contributing to the financing of infrastructure projects.

In 2022, we launched the "Culture Road" program, in partnership with the Cultural Development Fund, to finance projects in sixteen diverse cultural sectors, and it aims to stimulate local and foreign investors to enter and expand in the promising culture sector.

Two official partnerships were concluded with the Saudi Industrial Development Fund to launch the Working Capital Support Program and the Guarantees Program, to support companies operating in the field of manufacturing, mining, energy, industrial services, logistics and support services.

We signed 3 other formal agreements to support Vision 2030 goals. These included with the Economic Cities and Special Zones Authority, King Salman Park and the National Center for Privatization (NCP).

Corporate Banking is heavily involved in the Government's privatization strategy and is working with the National Center for Privatization (NCP) to help develop local businesses. We are also actively promoting the participation of foreign investors who will bring their know-how and technology to the Kingdom. Further, our focus on SMEs is in line with the Government's targeted support program, as well as efforts to increase private sector contribution to the national GDP.

Importantly, we participated in a plethora of large-scale Vision 2030 initiatives via syndicated funding. This included mega projects, such as NEOM, Red Sea, Qiddiya and Amaala – all of which are expected to expand economic activity and create jobs across the Kingdom. We also helped finance a number of new projects and investments in the tourism and entertainment sectors, which the Government has targeted to enhance economic activity, increase domestic spending and grow the labor market.

### Supporting SMEs



Corporate Banking's focus on SMEs is in line with the Government's targeted support program, as well as efforts to increase private sector contribution to the national GDP.

According to the Saudi Central Bank, Riyadh Bank held 22% of the market for SME credit facilities in Saudi Arabia, as of the third quarter of 2022. We expect our market share to continue to grow, with the onboarding and winning of more than 1,000 new SME borrowing relationships this year.

In 2022, we dynamically pursued SMEs through a number of initiatives. We were the main sponsor of the Global Entrepreneurship Congress 2022, which took place in Riyadh. We collaborated with the Government's National Technology Development Program as a participant in the Kingdom's largest-ever technology event, LEAP22. We also sponsored the inauguration event for the Asharqia Chamber Entrepreneurship Incubators.

Additionally, Corporate Banking signed a collaboration agreement with Monsha'at to support SMEs through Riyadh Bank's flagship centers. The Division also participated in 4 awareness sessions with partners to recognize United Nations Small and Medium Enterprises Day.

### Expanding Digital Offerings



The Bank's expansion of its digital footprint demonstrated a strong payoff this year, with approximately 80% of financial transactions from our corporate customers being initiated digitally. This is largely due to enhanced capabilities under our Global Transaction Banking (GTB) franchise, which covers cash management and trade finance. As a market leader, GTB implemented a range of new technologies in trade finance and global transaction services, such as robotics (Robotic Process Automation), which

improved overall operational efficiency and enabled faster delivery of services to our corporate customers.

As part of continuous digital enablement, lending operations have also been streamlined with a "hub and spoke" model, by integrating several back-end applications through APIs into one platform, enabling the operations team to perform tasks more efficiently. The launch of Banking as a Service (BaaS) expanded our market share, thanks to delivering services digitally with an efficient card settlement process.

The Bank is now part of Muqassa (one of "Tadawul Group" companies), which enables investors to activate their clearing services digitally. The year 2022 has witnessed various initiatives to enhance our customer digital experience. The Bank also upgraded its existing trade finance system to speed up the processing of transactions and increase customer satisfaction. The

system now offers advanced features and the automation of processes related to letters of credit, letters of guarantee, exports and collections.

The Bank also expanded its digital efforts to support the Kingdom's goal of streamlining financial and business services. This included integrating operations with the Wethaq and Etimad platforms to issue letters of guarantee. We also underwent an integration with the Small and Medium Enterprises General Authority's, Monsha'at, Funding Gate portal to better support our SME customers by providing access and expanded funding opportunity's.

Finally, as part of our contribution to the Saudi Vision 2030 goal to grow a cashless society and promote business and tourism, we announced ourselves as the first bank to accept Discover credit cards in the Kingdom.



### Green and Renewable Banking

#### Projects financed

28

#### Total funding

SAR 7.4 Bn.



**Award-Winning Performance**

Our Corporate Banking activities helped the Bank to win several awards and recognitions in 2022. These included:

- Saudi Trade Finance Summit named us 'Saudi Arabia's Best Trade Finance Bank of the Decade'
- The Open Banking Forum selected us for our 'Outstanding Contribution to SMEs'
- Euromoney named us 'Best Bank for Digital Solutions in Saudi Arabia', as well as 'Best Bank for SMEs – Digital Solutions in Saudi Arabia'
- The Small and Medium Enterprises Financing Program, Kafalah, recognized us as the top performing bank, in terms of value of guarantees and number of enterprises benefitted for 5 consecutive years
- Monsha'at identified us as one of the top 5 lending banks through their Funding Gate for SMEs. They also recognized us as their Funding Gate Partner of the Month for January 2022

**Looking Forward to 2023**

The Bank is poised to maintain our growth in 2023 by continuing to develop organizational infrastructure and processes that are in harmony with the markets. We are working to align our Corporate Banking systems and business internally and externally. We will continue to enhance and expand our client base, as well as strengthening our partnerships with government entities and participating in initiatives launched under the umbrella of the Saudi Vision 2030.

The GTB business will focus on growing its franchise and optimizing capital utilization. Our strategy includes cash management products and trading finance by launching new Corporate Banking solutions, such as supply chain finance and factoring. We will also take advantage of cross-selling opportunities across the Bank to provide customers with service excellence and targeted product offerings.

In terms of outlook, we see the demand for financing growing due to the Saudi Vision 2030 diversification and privatization initiatives, as well as growth and refinancing needs of the Kingdom's corporate sector, including SMEs.

Additionally, the fight against climate change will present a massive opportunity for the Bank to mobilize financing to aid corporate clients' transitions to net zero carbon emissions. Saudi regulators, like others around the world, are focused on the systemic impact of climate risk on financial markets and stability. Riyad Bank intends to be an important partner in this effort.

