

Riyad Bank Reports Net Income (after zakat) of SAR 2.0 Billion in Q1 2023

- ◆ **Net income** (after zakat) increased by 30.1% YoY.
- ◆ **Operating income** increased by 30.1% YoY mainly due to an increase in net special commission income, trading gains and exchange income, net.
- ◆ **Operating efficiency** reached 28.8%.
- ◆ **Cost of risk** was 0.92% compared to 0.26% in Q1 2022.
- ◆ **Net loans and advances** grew by 7.3% YoY to SAR 252 billion across both commercial and consumer loans.
- ◆ **Customer deposits** grew by 10.7% YoY to SAR 257 billion.
- ◆ **Total assets** grew by 9.2% YoY to SAR 381 billion.
- ◆ **Capitalisation** remained strong with CET1 at 15.7%, Tier 1 at 17.8% and Total CAR of 20.7%.
- ◆ **Comfortable liquidity** position with LCR of 187% and Loans to deposits ratio (incl. Sukuk) of 94.7%

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

Riyad bank achieved a strong set of results in Q1 2023 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 2,020 million for Q1 2023, an increase of 30.1% over the corresponding period of 2022. Compared to the fourth quarter of 2022, net income after Zakat decreased by 0.3%

Income Statement Highlights

SAR (million)	Q1 2023	Q4 2022	QoQ % Change	Q1 2022	YoY % Change
Net special commission income	3,088	2,852	+8.3%	2,132	+44.8%
Fee and other income	948	891	+6.4%	970	-2.3%
Total operating income, net	4,036	3,742	+7.9%	3,102	+30.1%
Operating expenses	(1,162)	(1,138)	+2.1%	(1,034)	+12.4%
Net operating income before impairment charges	2,874	2,604	+10.4%	2,068	+39.0%
Impairment charge for credit losses and other financial assets	(604)	(369)	+63.7%	(186)	+224.7%
Impairment charge for investment	(20)	5	+300%	(68)	-70.8%
Net operating income	2,250	2,241	+0.4%	1,813	+24.1%
Share of earnings of associates	1	(5)	+80.0%	(69)	-98.6%
Net income for the period before Zakat	2,252	2,235	+0.7%	1,744	+29.1%
Zakat for the period	(232)	(208)	+11.5%	(192)	+20.8%
Net income for the period	2,020	2,027	-0.3%	1,553	+30.1%
EPS	0.65	0.67	-4.4%	0.52	+25.9%
Return on average equity before Zakat	18.22%	18.55%	-0.33%	14.6%	+3.6%
Return on average assets before Zakat	2.43%	2.53%	-0.10%	2.1%	+0.3%
Net special commission margin	3.72%	3.41%	+0.31%	2.85%	+0.87%
Cost to income ratio	28.8%	30.4%	-1.60%	33.3%	-2.20%
Cost of risk	0.92%	0.61%	+0.31%	0.26%	+0.66%

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Total operating income amounted to SAR 4,036 million for Q1 2023, an increase of 30.1% compared with corresponding period of last year. This improvement was mainly due to an increase in net commission income, trading gains and exchange income, net.

Operating expenses totalled SAR 1,162 million for Q1 2023, an increase of 12.4% over the corresponding period in 2022 reflecting, the net effect of ongoing transformation and increased investments for future growth.

The impairment charge for credit losses and other financial assets increased by 224.7% year-on-year to SAR 604 million. The cost of risk was 0.92% as compared to 0.26% for Q1 2022. The non-performing loans ratio dropped to 1.52% from 1.72% in previous quarter. The non-

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performing loans coverage ratio spotted at 117% as at 31st March 2023 compared to 123% for Q1 2022.

Balance Sheet Highlights

SAR (million)	Q1 2023	Q4 2022	QoQ % Change	Q1 2022	YTD % Change
Cash and balances with SAMA and financial institutions	63,644	53,980	+17.9%	47,729	+33.3%
Investments, net	54,695	52,196	+4.8%	59,035	-7.4%
Loans and advances, net	251,983	242,365	+4.0%	234,793	+7.3%
Other assets	10,303	11,112	-7.3%	6,911	+49.1%
Total assets	380,625	359,653	+5.8%	348,468	+9.2%
Customer deposits	257,277	240,007	+7.2%	232,416	+10.7%
Debt securities in issue	8,673	8,758	-1.0%	8,651	+0.3%
Other liabilities	58,840	54,715	+7.5%	56,536	+4.1%
Total liabilities	324,790	303,480	+7.0%	297,603	+9.1%
Total shareholders' equity	49,270	49,602	-0.7%	48,051	+2.5%
Tier 1 Sukuk	6,565	6,571	-0.1%	2,814	+133.3%
Total Equity	55,835	56,173	-0.6%	50,865	+9.8
Risk weighted assets	312,670	310,425	+0.7%	313,214	-0.2%
CET1 ratio	15.7%	15.9%	-0.2%	15.4%	+0.3%
Tier 1 ratio	17.8%	18.1%	-0.3%	16.3%	+1.5%
Total capital adequacy ratio	20.7%	21.1%	-0.4%	19.2%	+1.5%
Liquidity coverage ratio (LCR)	187%	182%	+5.0%	157%	+30.0%
Basel III leverage ratio	11.9%	12.8%	-0.90%	12.0%	-0.10%
Loans to deposits ratio (incl. Sukuk)	94.7%	94.9%	-0.20%	97.4%	-2.7%
NPL ratio	1.52%	1.72%	-0.20%	1.60%	-0.08%
NPL coverage ratio	117%	112%	+5.0%	123%	-6.0%

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Total assets reached SAR 380,625 million as at 31st March 2023, up year-on-year by 9.2% mainly from growth in loans.

Net loans and advances grew by 7.3% year-on-year to reach SAR 251,983 million from both commercial and consumer loans.

Customer deposits rose by 10.7% year-on-year to reach SAR 257,277 million as at 31st March 2023.

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 15.7%,

17.8% and 20.7%, respectively as at 31st March 2023. The liquidity coverage ratio and the loans to deposit ratio (including Sukuk) stood at 187% and 94.7%, respectively.

Outlook

Building on the remarkable growth seen in 2022, the Saudi economy is well positioned to achieve further advancement in economic activity, particularly for the non-oil part of the economy. This has been reflected in a very strong labour market as unemployment rate for Saudis reached historical lows while private sector activities remain buoyant, which was also been reflected in Riyad Bank PMI reading. Going forward, we expect private investment to continue to drive growth in 2023 on the back of favourable market conditions.

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, 2,231* ATMs and 212,163* points of sale, as well as all the digital channels that customers expect, including online, mobile, and smart watches. Retail Banking accounts for 24.5% of the Group total operating income.

SAR (million)	Q1 2023	Q4 2022	QoQ % Change	Q1 2022	YoY % Change
Total assets	103,721	101,043	+2.7%	94,487	+9.8%
Total liabilities	107,099	102,059	+4.9%	101,556	+5.5%
Net special commission income	940	890	+5.6%	975	-3.6%
Fee and other income, net	47	18	+161.1%	35	+34.3%
Operating income	987	908	+8.7%	1,010	-2.3%
Operating expenses	(761)	(712)	+6.9%	(680)	+11.9%
Impairment charge	(171)	(100)	+71.0%	(47)	+263.8%
Net income (loss) before Zakat	55	96	-42.7%	283	-80.6%

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Retail Banking Net Special Commission income decreased YoY by 3.6% despite growth in total assets and deposits. operating income decreased by 2.3% mainly due to lower Net Special Commission income.

Operating expenses reached SAR 761 million in Q1 2023, a 11.9% increase year-on-year.

Impairment charge for Retail Banking amounted to SAR 171 million in Q1 2023, as compared to SAR 47 million in Q1 2022.

Net income before Zakat for Q1 2023 decreased by 80.6% year-on-year to SAR 55 million mainly due to higher Impairment charge and operating expenses.

*Based on SAMA bulletin report for March-2023

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 40.7% of the Group's total operating income.

SAR (million)	Q1 2023	4Q 2022	QoQ % change	Q1 2022	YoY % change
Total assets	170,171	162,042	+5.0%	160,402	+6.1%
Total liabilities	188,830	174,405	+8.3%	166,983	+13.1%
Net special commission income	1,242	1,212	+2.5%	802	+54.9%
Fee and other income, net	401	303	+32.3%	380	+5.5%
Operating income	1,643	1,515	+8.4%	1,182	+39.0%
Operating expenses	(280)	(310)	-9.7%	(252)	+11.1%
Impairment charge	(432)	(268)	+61.2%	(139)	+210.8%
Net income (loss) before Zakat	931	937	-0.6%	791	+17.7%

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Corporate Banking's total operating income totalled to SAR 1,643 million in Q1 2023, an increase of 39.0% from Q1 2022. Net special commission income increased by 55% year-on-year to SAR 1,242 million while fee and other income increased by 5.5% to SAR 401 million.

Operating expenses totalled to SAR 280 million for Q1 2023, 11.1% up as compared to Q1 2022.

The Impairment charge for Corporate Banking increased to SAR 432 million, an increase of 210.8% as compared to Q1 2022.

Net income before Zakat for Q1 2023 increased by 17.7% year-on-year to SAR 931 million mainly due to higher Net special commission income, higher fees and other income, partially set off by a higher Impairment charge, operating expenses and impairment charge.

Treasury and Investments

Treasury and Investments offers a wide range of treasury products and hedging solutions to corporate customers and accounts for 30.1% of the Group's total operating income.

SAR (million)	Q1 2023	Q4 2022	QoQ % Change	Q1 2022	YoY % Change
Total assets	102,334	92,057	+11.2%	90,394	+13.2%
Total liabilities	27,948	26,244	+6.5%	28,104	-0.6%
Net special commission income	850	689	+23.4%	288	+195.1%
Fee and other income, net	364	327	+11.3%	348	+4.6%
Operating income	1,214	1,017	+19.4%	636	+90.9%
Operating expenses	(47)	(43)	+9.3%	(35)	+34.3%
Impairment charge	(21)	4	-625%	(68)	-69.1%
Share in earnings of associates, net	1	(5)	+120.0%	(69)	-101.4%
Net income (loss) before Zakat	1,147	973	+17.9%	464	+147.2%

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Treasury and Investments total operating income grew by 90.9% to SAR 1,214 million in Q1 2023 compared to the same period of prior year (SAR 636 million), mainly due to increase in Net Special Commission Income. However, Net income before zakat increased by 147.2% due to lower losses from associates and lower impairment charge.

Riyad Capital

Riyad Capital offers asset management, trading, equity and debt advisory, custody and securities services and accounts for 4.7% of the Group total operating income.

SAR (million)	Q1 2023	Q4 2022	QoQ % Change	Q1 2022	YoY % Change
Total assets	4,399	4,511	-2.5%	3,186	+38.1%
Total liabilities	912	771	+18.3%	960	-5.0%
Net special commission income	57	60	-5.0%	67	-14.9%
Fee and other income, net	135	242	-44.2%	206	-34.5%
Operating income	192	302	-36.4%	273	-29.7%
Operating expenses	(73)	(72)	+1.4%	(68)	+7.4%
Net income (loss) before Zakat	119	230	-48.3%	205	-42.0%

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Riyad Capital total operating income decreased to SAR 192 million in Q1 2023, lower by 29.7% compared to the same period of prior year (SAR 273 million).

Net income before Zakat dropped by 42.0% in the first quarter of 2023 to SAR 119 million compared to SAR 205 million in Q1 2022, mainly due to decrease in Fee and other income.

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Additional Information

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

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