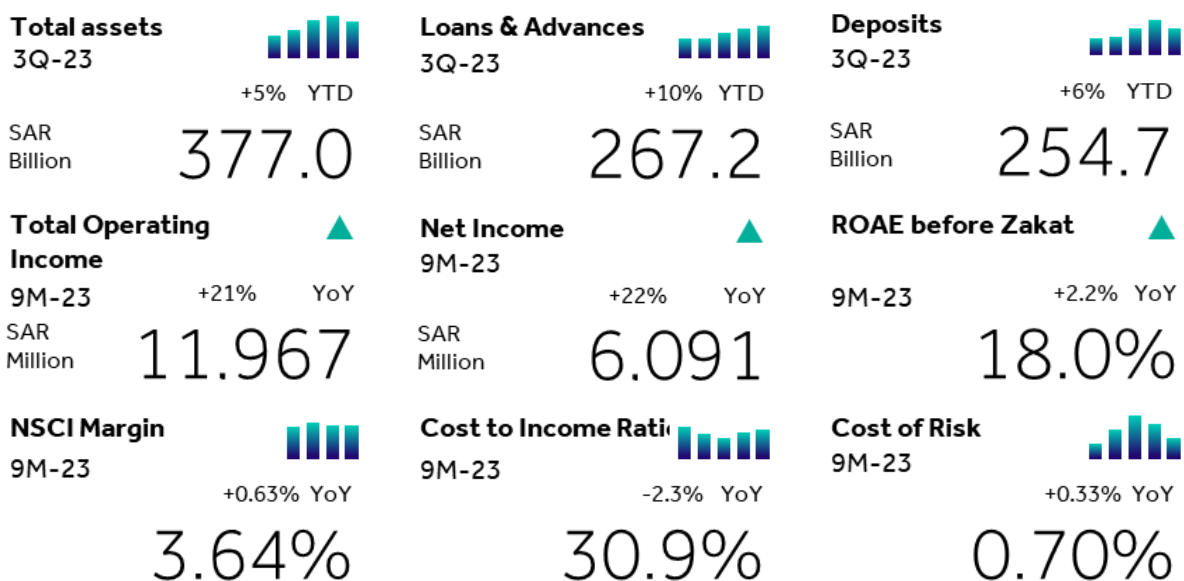


Riyad Bank reports 22% net income growth to SAR 6.1 billion in 9M 2023

Riyad Bank reports 22% net income growth driven by robust loan growth and margin expansion



- Total assets of SAR 377.0bn, up 5% YTD, mainly driven by lending and investments
- Loans and advances up 10% YTD to SAR 267.2bn from both Commercial and Consumer
- Customer deposits of SAR 254.7bn, up 6% YTD from increased interest-bearing deposits
- Net income for 9M 2023 SAR 6,091mn, up 22% YoY on higher operating income
- Total operating income of SAR 11,967mn in 9M 2023, up 21% YoY driven by 29% net special commission income growth
- NSCI margin at 3.64% for 9M 2023, improving by 63bps YoY
- Cost-to-income ratio at 30.9% for 9M 2023, a 2.3% improvement YoY from positive jaws
- Cost of risk of 0.70% for 9M 2023, a 33bps increase due to improving coverage
- Non-performing loan ratio of 1.36% in 3Q 2023, improving by 36bps YTD
- Tier 1 ratio of 17.6% and Capital Adequacy Ratio (CAR) of 20.7%
- Liquidity Coverage Ratio (LCR) of 168.8%; Net Stable Funding Ratio (NSFR) of 113.5%; SAMA LTD ratio at 82.0%
- Return on average equity before zakat at 18.0%, up 217bps YoY

Riyadh, 22 October 2023 – Riyad Bank reported 22% year-on-year growth in net income to SAR 6,091 million for 9M 2023, driven by a 21% expansion total operating income which was tempered by higher operating expenses and impairment charges. Income growth resulted from 29% year-on-year growth in net special commission income driven by margin and balance sheet expansion, while fee and other income increased by 1%.

Total assets amounted to SAR 377.0 billion as of 30 September 2023, an increase of 5% from the end of December of 2022, largely due to robust loan growth of 10%. Total customer deposits expanded by 6% year-to-date, driven by growth in interest-bearing deposits.

Mr. Tareq Al Sadhan, Chief Executive Officer of Riyad Bank, said:

“We 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. While the high interest rate environment has been broadly supportive of bank margins, the shift into interest-bearing deposits will usher in a more competitive market for liquidity, providing an additional impetus for our on-going digital transformation. With inflation well contained, the outlook for KSA remains strong.”

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

“Riyad Bank continues to record a strong performance through the nine months of 2023, with net special commission income increasing 29% year-on-year, resulting in total operating income rising by 21% year-on-year. Loan growth of 10% propelled total asset growth of 5%, while our NSCI margin expansion of 63bps was a beneficiary of a rising rate environment. Lending growth was healthy across both commercial and consumer segments, with commerce and mortgage sectors leading the way. Our credit quality markedly improved, with the NPL ratio at a modest 1.36%, while we improved our coverage ratio to a robust 127.9%. Asset growth was funded by a sizeable increase in interest-bearing deposits as well as additional debt securities.”

Performance Highlights
Income Statement Highlights

SAR (mn)	3Q-2023	3Q-2022	YoY % Change	9M-2023	9M-2022	YoY % Change
Net special commission income	3,075	2,672	+15%	9,272	7,201	+29%
Fee and other income	903	853	+6%	2,694	2,656	+1%
Total operating income, net	3,978	3,525	+13%	11,967	9,857	+21%
Total operating expenses before impairment charge	(1,299)	(1,174)	+11%	(3,695)	(3,272)	+13%
Net operating income before impairment charge	2,679	2,351	+14%	8,272	6,585	+26%
Total impairment charge	(353)	(308)	+14%	(1,489)	(917)	+62%
Net operating income	2,327	2,042	+14%	6,783	5,668	+20%
Share in earnings of associates	3	(3)	-235%	8	(75)	-111%
Net Income for the period before zakat	2,330	2,040	+14%	6,792	5,593	+21%
Zakat for the period	(241)	(212)	+14%	(700)	(602)	+16%
Net Income for the period after zakat	2,089	1,828	+14%	6,091	4,991	+22%
Earnings per share	0.67	0.60	+12%	1.95	1.64	+19%
Return on average equity before zakat	18.3%	17.5%	+0.8%	18.0%	15.9%	+2.2%
Return on average assets before zakat	+2.43%	+2.31%	+0.12%	+2.46%	+2.21%	+0.24%
NSCI margin	3.53%	3.16%	+0.37%	3.64%	3.01%	+0.63%
Cost to income ratio	32.7%	33.3%	-0.7%	30.9%	33.2%	-2.3%
Cost of credit risk	0.45%	0.33%	+0.12%	0.70%	0.37%	+0.33%

Net income for 9M 2023 improved 22% year-on-year to SAR 6,091 million from 21% growth in operating income, partly offset by an increase in credit impairments and operating expenses. Net income for 3Q 2023 similarly increased by 14% year-on-year to SAR 2,089 million on 13% operating income growth.

Total operating income grew 21% year-on-year to reach SAR 11,967 million for 9M 2023. Net special commission income grew 29% to SAR 9,272 million from a 63 basis points margin improvement to 3.64%, and 7% year-on-year growth in average commission earning assets. Fee and other income increased by 1% to SAR 2,694 million from expanded foreign exchange income while fees from banking services remained stable year-on-year. Total operating income for the quarter increased 13% compared to 3Q 2022 from 15% growth in net special commission income and a 6% rise in fees and other income.

Operating expenses before impairments increased 13% year-on-year to SAR 3,695 million in 9M 2023 due to a 14% increase in employee-related costs and other general and administrative expenses, reflective of inflationary pressures and ongoing investments in infrastructure, digital capabilities and strategic initiatives. Operating expenses for 3Q 2023 were 11% higher year-on-year. The cost to income ratio improved by 2.3% year-on-year to 30.9% for 9M 2023 as revenue growth exceeded cost inflation. This positive operating leverage resulted in 26% year-on-year growth in pre-impairment operating income to SAR 8,272 million.

The impairment charge amounted to SAR 1,489 million for 9M 2023 compared with SAR 917 million in 9M 2022. This 62% increase was reflective of both higher commercial and consumer loan impairments, mainly

from efforts to improve overall provision coverage levels, partly offset by impairments for other investments.

Balance Sheet Highlights

SAR (mn)	3Q-2023	4Q-2022	YTD % Change	3Q-2022	YoY % Change
Cash and balances with SAMA, net	26,609	33,367	-20%	23,782	+12%
Due from banks and financial Institutions, net	12,004	20,613	-42%	20,202	-41%
Investments, net	57,882	52,196	+11%	53,246	+9%
Loans and advances, net	267,151	242,365	+10%	241,586	+11%
Other assets, net	13,365	11,112	+20%	9,065	+47%
Total assets	377,012	359,653	+5%	347,881	+8%
Due to banks and other financial institutions	34,048	38,760	-12%	38,347	-11%
Customers' deposits	254,719	240,007	+6%	235,892	+8%
Debt securities in issue	13,201	8,758	+51%	8,672	+52%
Other liabilities, net	17,599	15,954	+10%	15,375	+14%
Total liabilities	319,567	303,480	+5%	298,286	+7%
Share capital	30,000	30,000	+0%	30,000	+0%
Reserves	9,498	10,152	-6%	7,479	+27%
Retained earnings	11,384	7,500	+52%	9,297	+22%
Proposed dividends	0	1,950	-100%	0	
Total shareholders' equity	50,881	49,602	+3%	46,776	+9%
Tier 1 sukuk	6,563	6,571	-0%	2,819	+133%
Total equity	57,444	56,173	+2%	49,595	+16%
NPL Ratio	1.36%	1.72%	-0.36%	1.55%	-0.19%
NPL Coverage Ratio	127.9%	112.0%	+15.9%	115.5%	+12.5%
NIBD % of total	53.1%	59.4%	-6.3%	61.9%	-8.8%
Tier 1 ratio	17.6%	18.1%	-0.5%	16.0%	+1.6%
Capital adequacy ratio	20.7%	21.1%	-0.4%	19.1%	+1.6%
Liquidity coverage ratio	168.8%	182.0%	-13.2%	165.0%	+3.8%
Net stable funding ratio	113.5%	118.1%	-4.6%	117.5%	-3.9%
Loans to customers' deposit ratio (headline)	104.9%	101.0%	+3.9%	102.4%	+2.5%
Loans to customers' deposit ratio (SAMA weighted)	82.0%	80.5%	+1.5%	81.8%	+0.2%

Total assets as of 30 September 2023 amounted to SAR 377,012 million, an increase of 5% from 31 December 2022. Loans and advances rose 10% during the period to SAR 267,151 million, driven by 10% commercial and 9% consumer gross lending growth.

Customers' deposits increased by 6% during 9M 2023 to SAR 254,719 million. Growth was concentrated in interest-bearing deposits of 23% while non-interest-bearing deposits declined by 5%, this trend being reflective of the higher rate environment.

The non-performing loan ratio improved to 1.36% as of 30 September 2023, a 36 basis point improvement during 9M 2023 as NPLs declined 13% on write-offs increasing by 65% along with 10% gross loan growth. The coverage of non-performing loans increased to 127.9% as of 30 September 2023 relative to 112.0% at the start of the year on efforts to improve overall provision coverage levels.

The total capital adequacy ratio stood at 20.7% and the Tier 1 ratio at 17.6% as of 30 September 2023; the former declining by 0.4% relative to the previous year-end due to higher credit risk-weighted assets by 5% against 3% higher capitalization as dividend payments partially offset net income generation. The bank's liquidity remained strong and comfortably within regulatory limits, with the liquidity coverage ratio at 168.8%, the net stable funding ratio at 113.5%, the SAMA regulatory loan to deposit ratio at 82.0%, and the headline loan to deposit ratio at 104.9%.

Operating Segment Highlights

Corporate Segment Highlights

SAR (mn)	3Q-2023	3Q-2022	YoY % Change	9M-2023	9M-2022	YoY % Change
Net special commission income	1,667	1,278	+30%	4,944	3,418	+45%
Fee and other income	574	434	+32%	1,366	1,207	+13%
Total operating income	2,241	1,712	+31%	6,310	4,624	+36%
Total operating expenses before impairment charge	343	261	+31%	929	745	+25%
Impairment charge	226	154	+47%	1,016	466	+118%
Net income for the period before zakat	1,672	1,296	+29%	4,366	3,414	+28%

SAR (mn)	3Q-2023	4Q-2022	YTD % Change	3Q-2022	YoY % Change
Loans & advances, net	169,197	151,911	+11%	152,080	+11%
Total assets	180,352	162,042	+11%	162,123	+11%
Deposits	151,392	143,739	+5%	141,761	+7%
Total liabilities	174,232	174,405	-0%	172,902	+1%

The corporate segment reported 28% year-on-year growth in net income before zakat to SAR 4,366 million. This resulted from 36% operating income growth to SAR 6,310 million partly offset by a 118% rise in credit impairments and operating expenses expanding by 25%.

Total assets for the corporate segment grew 11% in 9M 2023 to SAR 180,352 million from an 11% increase in loans and advances. Corporate liabilities were flat year-to-date at SAR 174,232 million with 5% deposits growth.

Retail Segment Highlights

SAR (mn)	3Q-2023	3Q-2022	YoY % Change	9M-2023	9M-2022	YoY % Change
Net special commission income	979	909	+8%	3,024	3,062	-1%
Fee and other income	15	34	-56%	99	135	-27%
Total operating income	994	943	+5%	3,123	3,197	-2%
Total operating expenses before impairment charge	836	789	+6%	2,378	2,194	+8%
Impairment charge	94	75	+25%	395	195	+102%
Net income for the period before zakat	65	79	-18%	351	808	-57%

SAR (mn)	3Q-2023	4Q-2022	YTD % Change	3Q-2022	YoY % Change
Loans & advances, net	97,190	89,737	+8%	88,486	+10%
Total assets	109,353	101,043	+8%	99,441	+10%
Deposits	103,327	96,268	+7%	94,130	+10%
Total liabilities	108,490	102,059	+6%	99,322	+9%

Retail net income before zakat for 9M 2023 declined 57% year-on-year to SAR 351 million on a 2% decline in operating income to SAR 3,123 million.

Total retail assets rose by 8% during 9M 2023 to SAR 109,353 million on 8% growth in retail loans. Total liabilities expanded by 6% year-to-date to SAR 108,490 million in line with a 7% increase in customers' deposits.

Treasury and Investments Segment Highlights

SAR (mn)	3Q-2023	3Q-2022	YoY % Change	9M-2023	9M-2022	YoY % Change
Net special commission income	362	428	-15%	1,117	535	+109%
Fee and other income	168	209	-20%	795	768	+3%
Total operating income	531	638	-17%	1,911	1,303	+47%
Total operating expenses before impairment charge	36	37	-4%	153	104	+47%
Impairment charge	32	80	-59%	78	256	-69%
Net income for the period before zakat	466	519	-10%	1,688	869	+94%

SAR (mn)	3Q-2023	4Q-2022	YTD % Change	3Q-2022	YoY % Change
Investments, net	56,640	51,007	+11%	52,259	+8%
Total assets	82,998	92,057	-10%	83,483	-1%
Total liabilities	36,389	26,244	+39%	25,263	+44%

Treasury and investments recorded a jump of 94% year-on-year in net income before zakat to SAR 1,688 million for 9M 2023. Operating income rose 47% year-on-year to SAR 1,911 million on a 109% improvement in net special commission income.

Treasury assets declined by 10% during 9M 2023 despite 11% growth in the investments portfolio, while liabilities rose 39%.

Riyad Capital Segment Highlights

SAR (mn)	3Q-2023	3Q-2022	YoY % Change	9M-2023	9M-2022	YoY % Change
Net special commission income	67	57	+17%	188	186	+1%
Fee and other income	146	176	-17%	434	546	-20%
Total operating income	213	233	-9%	622	732	-15%
Total operating expenses before impairment charge	85	87	-3%	235	229	+3%
Net income for the period before zakat	128	145	-12%	386	503	-23%

SAR (mn)	3Q-2023	4Q-2022	YTD % Change	3Q-2022	YoY % Change
Total assets	4,308	4,511	-4%	2,834	+52%
Total liabilities	456	771	-41%	799	-43%

Riyad Capital booked a 23% year-on-year drop in net income before zakat to SAR 386 million for 9M 2023, as a reduction of 20% in fee income and a 3% increase operating expenses more than offset a 1% increase in net special commission income.

Outlook

The macro-economic fundamentals for 2023 in the Kingdom of Saudi Arabia are expected to continue provide a supportive environment for economic growth, with projected real GDP growth of 0.8%, fueled, in part, by the phased resumption of Vision 2030 opportunities which will contribute to increased corporate activity and credit appetite.

The rising interest rate trend during this year is expected to stabilize for the remainder of the year and into 2024. This shift towards a more stable but high-interest rate environment is likely to have negative implications for consumer credit demand, while also exacerbating a competitive funding environment. While mortgage lending may decelerate, retail lending growth is still expected to remain positive.

In light of these economic conditions, the bank has positioned itself well to take advantage of the opportunities presented. This is evident in the strong financial performance observed during this year. By capitalizing on the supportive macro-economic fundamentals and adapting to the changing interest rate landscape, the bank has been able to navigate the market successfully and deliver positive results.

Overall, the outlook for 2023 in the Kingdom of Saudi Arabia suggests a favorable economic environment. With expected real GDP growth, the phased resumption of Vision 2030 initiatives, and the bank's proactive

stance, there are promising prospects for robust corporate activity and credit appetite. While interest rates may stabilize and impact consumer credit demand, the bank's strong performance during the first nine months of the year indicates its ability to adapt and thrive in the evolving economic landscape.

About Riyad 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 7,259 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 216,927 POS, in addition to more than 2,214 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.

Riyad Capital is a leading player in the IPO advisory business and asset management, having won numerous investment awards in Saudi Arabia in categories ranging "Top Performance Fund" and "Best Custodian" and "Most Innovative REIT Fund".

Additional Information

The 9M 2023 financial statements, earnings release, earnings presentation, investor presentation and financial data supplement will be available on the website of Riyad Bank at:

<https://www.riyadbank.com/web/guest/about-us/investorrelations/financial-results>

For more information, please contact the bank at:

Riyad Bank
Riyadh - Al Shuhada District
Eastern ring road
Granada Oasis -Tower (A1)
P.O Box 22622
Riyadh 11416
Kingdom of Saudi Arabia

Institutional investor contact

Riyad Bank Investor Relations
Telephone: +966 11 401 3030 Ext. 2448
E-mail: Investor.relations@riyadbank.com