

Riyad Bank Reports Net Income of SAR 4.4 Billion in the nine months of 2021

- ◆ **Net income** (after zakat) increased by 14.9% YoY.
- ◆ **Operating income** increased by 2.4% YoY mainly due to higher gains on disposal of non-trading investments, partially offset by a decrease in exchange income, net and trading income, net
- ◆ **Operating efficiency** during the nine months reached to 34.8%.
- ◆ **Cost of risk** improved to 0.40% compared 0.96% YoY.
- ◆ **Net loans and advances** grew by 10.3% YoY to SAR 210 billion across both commercial and consumer loans.
- ◆ **Customer deposits** grew by 1.3% YoY to SAR 204 billion
- ◆ **Total assets** grew by 3.3% YoY to SAR 319 billion
- ◆ **Capitalisation** remained strong with Tier 1 CAR of 16.0% and Total CAR of 19.3%.
- ◆ **Comfortable liquidity** position with LCR of 168% and Loans to deposits ratio (incl. Sukuk) of 99%

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

“Riyad bank recorded a strong set of results in Q3 2021 mainly due to the revival of economic activity and decrease in operating costs, mainly impairment charges. The bank was able to continue achieving its goals for the period and effectively engaged with its customers to facilitate support programs, introduced by SAMA and The Government to limit the adverse impact of COVID-19 on private sector, and provide innovative financial solutions. Riyad Bank 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.

We grew our retail and commercial portfolios, and delivered strong balance sheet and core income growth. We are committed to make customers, shareholders and employees satisfied and exceed their expectations through continuous enhancement to our business and organization competences.

Riyad Bank has executed its strategic transformation exceptionally well, and with the recent structural and shifts in the industry, this led Riyad bank to chart a new course. During 2020, the Bank has refreshed its strategy and activated a new phase of the transformation, which will be delivered across three areas (Value through innovation, Efficiency through digitization and Enablement through next generation) by 2025.

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”.

Performance Highlights

Riyad Bank reported net income after zakat of SAR 4,408 million for the nine months of 2021, an increase of 14.9% over the corresponding period in 2020. Similarly, for the third quarter of 2021, net income after zakat increased by 19.0% from the corresponding period in 2020 to SAR 1,543 million. Relative to the previous quarter, net income showed increase of 2.1%.

Income Statement Highlights

SAR (million)	9M 2021	9M 2020	YoY % change	3Q 2021	2Q 2021	QoQ % change	3Q 2020	YoY % change
Net special commission income	6,224	6,178	+0.7%	1,982	2,146	-7.7%	2,073	-4.4%
Fee and other income	2,395	2,238	+7.0%	835	832	+0.3%	748	+11.6%
Total operating income, net	8,619	8,415	+2.4%	2,817	2,978	-5.4%	2,821	-0.2%
Operating expenses	(3,002)	(2,676)	+12.2%	(1,008)	(1,012)	-0.3%	(890)	+13.3%
Impairment charge for credit losses and other financial assets	(592)	(1,410)	-58.0%	(108)	(238)	-54.7%	(490)	-78.0%
Impairment reversal / (charge) for investments	(27)	(15)	+86.1%	38.9	(10.6)	-468.3%	19.4	+100.8%
Net operating income	4,998	4,314	+15.8%	1,740	1,718	+1.2%	1,460	+19.1%
Share of earnings of associates	(33)	13	-353.8%	(13)	(9)	+44.4%	13	-200.0%
Net income for the period before Zakat	4,965	4,327	+14.7%	1,727	1,710	+0.0%	1,473	+15.9%
Zakat for the period	(557)	(492)	+13.2%	(184)	(198)	-7.1%	(177)	+4.0%
Net income for the period	4,408	3,835	+14.9%	1,543	1,512	+2.0%	1,296	+17.5%
Earnings per share (SAR)	1.47	1.28	+14.9%	0.51	0.50	+2.1%	0.43	+19.0%
Return on average equity before Zakat	14.6%	13.9%	+5.6%	15.2%	15.4%	-1.0%	14.1%	+8.0%
Return on average assets before Zakat	2.1%	2.0%	+4.8%	2.2%	2.2%	-0.7%	2.0%	+11.3%
Net special commission margin	3.01%	3.20%	-5.9%	2.80%	3.11%	-10.0%	3.11%	-9.9%
Cost to income ratio	34.8%	31.8%	+9.5%	35.8%	34.0%	+5.4%	31.5%	+13.5%
Cost of risk	0.40%	0.96%	-58.2%	0.26%	0.45%	-41.5%	0.96%	-72.9%

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Total operating income amounted to SAR 8,619 million for the nine months of 2021, an increase of 2.4% compared with the nine months of 2020. This improvement was driven mainly by higher gains on disposal of non-trading income, net and fee and commission income.

Total operating income for the third quarter of 2021 amounted to SAR 2,817 million, a marginal decline of 0.2% compared with the third quarter of 2020 and of 5.4% decrease relative to the previous quarter.

Operating expenses totalled SAR 3,002 million for the nine months of 2021, an increase of 12.2% over the corresponding period in 2020 reflecting, the net effect of ongoing transformation and increased investments in future growth. Operating expenses for the third quarter of 2021 increased by 13.3% compared with the corresponding quarter in 2020 and marginal decline of 0.3% relative to the previous quarter to SAR 1,008 million

The impairment charge for credit losses and other financial assets decreased by 58% year-on-year to SAR 592 million. The cost of risk improved to 0.40% from 0.96% YoY. The non-performing loans ratio stood at 1.58%. While the non-performing loans coverage ratio spotted at 126% as at 30 September 2021.

Balance Sheet Highlights

SAR (million)	3Q 2021	2Q 2021	QoQ % change	4Q 2020	YTD % change	3Q 2020	YoY % change
Cash and balances with SAMA and financial institutions	44,414	48,732	-8.9%	55,579	-20.1%	55,633	-20.0%
Investments, net	57,451	57,122	+0.6%	56,450	+1.8%	55,036	+4.4%
Loans and advances, net	210,482	204,743	+2.8%	191,347	+10.0%	190,823	+10.3%
Total assets	318,657	317,266	+0.4%	310,088	+2.8%	308,558	+3.3%
Customer deposits	203,996	202,453	+0.8%	203,039	+0.5%	201,292	+1.3%
Debt securities in issue	8,648	8,710	-0.7%	5,684	+52.1%	5,638	+53.4%
Total liabilities	272,607	272,716	-0.0%	265,733	+2.6%	265,903	+2.5%
Total shareholders' equity	46,050	44,551	+3.4%	44,355	+3.8%	42,655	+8.0%
Risk weighted assets	287,216	280,517	+2.4%	268,134	+7.1%	265,329	+8.2%
T1 ratio	16.0%	15.9%	+1.0%	16.5%	-3.1%	16.1%	-0.3%
TC ratio	19.3%	19.3%	-0.1%	19.1%	+1.3%	18.5%	+4.3%
Liquidity coverage ratio (LCR)	169%	176%	-4.2%	200%	-15.6%	190%	-11.5%
Basel III leverage ratio	11.9%	11.6%	+2.6%	11.8%	+0.9%	11.4%	+4.0%
Loans to deposits (incl. Sukuk) ratio	99.0%	97.0%	+2.1%	91.7%	+8.0%	92.2%	+7.3%
NPL ratio	1.58%	1.84%	-14.0%	1.86%	-15.2%	1.5%	+5.2%
NPL coverage ratio	126.3%	124.4%	+1.5%	124.2%	+1.7%	142.9%	-11.7%

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Total assets reached SAR 318,657 million as at 30 September 2021, up year-on-year by 3.3% from growth in loans and investments.

Net loans and advances grew by 10.3% year-on-year from both commercial and consumer loans.

Customer deposits rose 1.3% year-on-year to reach SAR 203,996 million as at 30 September 2021.

Riyad Bank continued to maintain a strong capitalisation and comfortable liquidity position. The Bank's common equity tier 1 and total capital adequacy ratios stood at 16.0% and 19.3% respectively as at 30 September 2021. The liquidity coverage ratio and the loans to deposit ratio (including Sukuk) stood at 168% and 99%, respectively.

Outlook

Riyad Bank remains confident about the long-term economic horizon of Saudi Arabia. Future growth is expected to be largely driven by the many projects announced under the Vision 2030.

In line with the global banking industry and changes to the banking landscape in Saudi Arabia, in 2020, Riyad Bank has activated a new phase of its transformation 2025, which will be delivered across three areas:

1. Value through innovation.
2. Efficiency through digitization.
3. Enablement through next generation.

Segmental Performance Highlights

Retail Banking

Riyad Bank's retail business serves the customers with all their banking needs, including accounts, mortgages, loans, auto financing and credit cards. 341 branches, 2,285 ATMs and 118,765 points of sale, as well as all the digital channels that customers expect, including online, mobile, and smart watches. Retail Banking accounts for 33% of the Group total operating income.

SAR (million)	9M 2021	9M 2020	YoY % change	3Q 2021	2Q 2021	QoQ % change	3Q 2020	YoY % change
Total assets	85,751	75,644	+13%	85,751	82,117	+4%	75,644	+13%
Total liabilities	94,720	90,052	+5%	94,720	98,272	-4%	90,052	+5%
Net special commission income	2,765	2,630	+5%	924	932	-1%	895	+3%
Fee and other income, net	100	164	-39%	38	48	-20%	64	-41%
Operating income	2,865	2,794	+3%	962	980	-2%	959	+0%
Operating expenses	(1,955)	(1,802)	+9%	(643)	(647)	-1%	(606)	+6%
Impairment charge	157	7	+2285%	29	(30)	-196%	111	-74%
Net income (loss) before zakat	1,067	998	+7%	348	303	+15%	464	-25%

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Retail Banking recorded 3% increase in operating income in 9M 2021 compared to 9M 2020 to reach SAR 2,865 million. Net special commission income increased by 5% year-on-year to SAR 2,765 million in 9M 2021, mainly driven by 13% increase in assets.

Operating expenses reached SAR 1,955 million in 9M 2021, a 9% increase year-on-year.

The impairment reversal for Retail Banking amounted to SAR 157 million in 9M 2021 a decrease of 2,285% compared to charge of SAR 7 million in 9M 2020.

Net income for 9M 2021 increased by 7% year-on-year to SAR 1,067 million mainly driven by higher NSCI and lower impairment charges.

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, 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 37% of the Group total operating income.

SAR (million)	9M 2021	9M 2020	YoY % change	3Q 2021	2Q 2021	QoQ % change	3Q 2020	YoY % change
Total assets	142,639	134,640	+6%	142,639	141,610	+1%	134,640	+6%
Total liabilities	153,140	151,005	+1%	153,140	150,562	+2%	151,005	+1%
Net special commission income	2,293	2,407	-5%	644	818	-21%	836	-23%
Fee and other income, net	880	888	-1%	280	326	-14%	325	-14%
Operating income	3,173	3,295	-4%	924	1,144	-19%	1,161	-20%
Operating expenses	(732)	(627)	+17%	(248)	(257)	-3%	(197)	+26%
Impairment charge	(752)	(1,405)	-46%	(146)	(219)	-33%	(595)	-75%
Net income (loss) before zakat	1,688	1,263	+34%	530	668	-21%	369	+44%

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Corporate Banking's total operating income totalled to SAR 3,173million in 9M 2021, a decrease of 4% from 9M 2020. Net special commission income decreased year-on-year to SAR 2,293 million and fee and other income decreased by 1% to SAR 880 million

Operating expenses totalled to SAR 732 million for 9M 2021, up 17% compared to 9M 2020.

The impairment charge for Corporate Banking decreased to SAR 752 million, a decrease of 46% compared to 9M 2020.

Net income before Zakat for 9M 2021 increased by 34% year-on-year to SAR 1,688 million mainly due to lower impairment charge

Treasury and Investments

Treasury and Investments offers a wide range of products and hedging solutions to corporate customers and accounts for 22% of the Group total operating income.

SAR (million)	9M 2021	9M 2020	YoY % change	3Q 2021	2Q 2021	QoQ % change	3Q 2020	YoY % change
Total assets	87,640	96,171	-9%	87,640	91,472	-4%	96,171	-9%
Total liabilities	23,921	24,328	-2%	23,921	23,247	+3%	24,328	-2%
Net special commission income	1,027	1,013	+1%	362	346	+5%	296	+22%
Fee and other income, net	901	809	+11%	341	289	+17%	213	+60%
Operating income	1,928	1,821	+6%	703	636	+11%	509	+38%
Operating expenses	(127)	(98)	+30%	(43)	(47)	-9%	(33)	+29%
Impairment charge	(24)	(27)	-11%	48	1	+5029%	14	+251%
Share in earnings of associates, net	(33)	13	-346%	(13)	(9)	+49%	13	-203%
Net income (loss) before zakat	1,745	1,710	+2%	696	581	+20%	503	+39%

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Treasury and Investments total operating income increased to SAR 1,928 million in 9M 2021, up by 6% from 9M 2020, mainly due to increase in fee and other income.

Net income increased by 2% year-on-year to SAR 1,745 million mainly due to an increase in fee and other income and a decrease in impairment charges.

Riyad Capital

Riyad Capital offers asset management, trading, equity and debt advisory, custody and securities services and accounts for 8% of the Group total operating income.

SAR (million)	9M 2021	9M 2020	YoY % change	3Q 2021	2Q 2021	QoQ % change	3Q 2020	YoY % change
Total assets	2,627	2,103	+25%	2,627	2,067	+27%	2,103	+25%
Total liabilities	826	518	+60%	826	634	+30%	518	+60%
Net special commission income	139	129	+8%	51	49	+4%	46	+9%
Fee and other income, net	514	377	36%	176	170	3%	146	252%
Operating income	653	506	+29%	226	219	+3%	192	+18%
Operating expenses	(187)	(149)	+25%	(74)	(61)	+21%	(54)	+37%
Net income (loss) before zakat	465	356	+31%	152	157	-3%	138	+10%

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Riyad Capital total operating income reached to SAR 653 million in 9M 2021, up 29% year-on-year.

Net income grew by 31% year-on-year to SAR 465 million, mainly driven by increase in Net special commission income and Fee and other income.

Additional Information

Riyad Bank's Q3 2021 financial materials are available to the public on the IR website:

www.riyadbank.com/en/about-us/investor-relations

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