

Riyad Bank Reports Net Income (after zakat) of SAR 6.0 Billion in 2021

- ◆ **Net income** (after zakat) increased by 27.8% YoY.
- ◆ **Operating income** increased by 3.2% YoY mainly due to higher fees and commission, gains on disposal of non-trading investments, net, and Net special commission income partially offset by lower Exchange income, net and Other operating income
- ◆ **Operating efficiency** reached 34.3%.
- ◆ **Cost of risk** improved to 0.41% compared to 1.07% YoY.
- ◆ **Net loans and advances** grew by 13.6% YoY to SAR 217 billion across both commercial and consumer loans.
- ◆ **Customer deposits** grew by 4.3% YoY to SAR 212 billion
- ◆ **Total assets** grew by 5.0% YoY to SAR 326 billion
- ◆ **Capitalisation** remained strong with Tier 1 CAR of 15.8% and Total CAR of 19.0%.
- ◆ **Comfortable liquidity** position with LCR of 168% and Loans to deposits ratio (incl. Sukuk) of 98.6%

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

"Riyad bank achieved a record year for its 2021 set of results mainly due to the revival of economic activity and decrease in operating costs, mainly from reduced impairment charges. The bank was able to continue achieving its goals for the year and effectively engaged with its customers to 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 and refreshed 2025 strategy. 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.

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.

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 6,025 million for the year 2021, an increase of 27.8% over the corresponding period in 2020. For the fourth quarter of 2021, net income after zakat increased by 83.9% from the corresponding period in 2020 to SAR 1,617 million and relative to the previous quarter, net income showed increase of 4.8%.

Income Statement Highlights

SAR (million)	FY 2021	FY 2020	YoY % change	4Q 2021	3Q 2021	QoQ % change	4Q 2020	YoY % change
Net special commission income	8,293	8,214	+1.0%	2,070	1,982	+4.4%	2,036	+1.7%
Fee and other income	3,275	2,992	+9.5%	880	835	+5.4%	754	+16.7%
Total operating income, net	11,568	11,205	+3.2%	2,949	2,817	+4.7%	2,790	+5.7%
Operating expenses	(3,965)	(3,635)	+9.1%	(963)	(1,008)	-4.5%	(958)	+0.5%
Impairment charge for credit losses and other financial assets	(851)	(2,062)	-58.7%	(259)	(108)	+140.5%	(651)	-60.3%
Impairment reversal / (charge) for investments	(2)	(44)	-95.6%	25.2	38.9	-35.3%	(29.6)	-185.0%
Net operating income	6,751	5,465	+23.5%	1,753	1,740	+0.8%	1,150	+52.4%
Share of earnings of associates	(32)	19	-267.8%	0	(13)	-100.4%	6	-99.1%
Net income for the period before Zakat	6,718	5,484	+22.5%	1,753	1,727	+1.5%	1,157	+51.6%
Zakat for the period	(693)	(769)	-9.9%	(136)	(184)	-26.3%	(277)	-51.0%
Net income for the period	6,025	4,715	+27.8%	1,617	1,543	+4.8%	880	+83.9%
Earnings per share (SAR)	2.01	1.57	+27.8%	0.54	0.51	5.9%	0.29	+86.2%
Return on average equity before Zakat	14.7%	12.9%	+1.8%	15.0%	15.2%	-0.2%	10.6%	+4.4%
Return on average assets before Zakat	2.1%	1.9%	+0.2%	2.2%	2.2%	0.0%	1.5%	+0.7%
Net special commission margin	3.0%	3.1%	-0.2%	2.8%	2.8%	0.0%	2.9%	-0.1%
Cost to income ratio	34.3%	32.4%	+1.9%	32.6%	35.8%	-3.2%	34.3%	-1.7%
Cost of risk	0.41%	1.07%	-0.66%	0.45%	0.26%	+0.19%	1.33%	-0.88%

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Total operating income amounted to SAR 11,568 million for the year 2021, an increase of 3.2% compared with last year. This improvement was driven mainly by higher gains on disposal of non-trading income, net, fee and commission income and Net special commission Income partially offset by lower Exchange income, net and other operating income.

EARNINGS RELEASE

Total operating income for the fourth quarter of 2021 amounted to SAR 2,949 million, an increase of 5.7% compared with the fourth quarter of 2020 and of 4.7% increase relative to the previous quarter.

Operating expenses totalled SAR 3,965 million for 2021, an increase of 9.1% over the corresponding period in 2020 reflecting, the net effect of ongoing transformation and increased investments in future growth. Operating expenses for the fourth quarter of 2021 increased by 0.5% compared with the corresponding quarter in 2020 and decline of 4.5% relative to the previous quarter.

The impairment charge for credit losses and other financial assets decreased by 59% year-on-year to SAR 851 million. The cost of risk improved to 0.41% from 1.07% YoY. The non-performing loans ratio dropped to 1.65%. While the non-performing loans coverage ratio spotted at 123.5% as at 31st December 2021.

Balance Sheet Highlights

SAR (million)	4Q 2021	3Q 2021	QoQ % change	4Q 2020	YTD % change
Cash and balances with SAMA and financial institutions	43,232	44,414	-2.7%	55,579	-22.2%
Investments, net	58,637	57,451	+2.1%	56,450	+3.9%
Loans and advances, net	217,290	210,482	+3.2%	191,347	+13.6%
Total assets	325,736	318,657	+2.2%	310,088	+5.0%
Customer deposits	211,678	203,996	+3.8%	203,039	+4.3%
Debt securities in issue	8,717	8,648	+0.8%	5,684	+53.4%
Total liabilities	278,436	272,607	+2.1%	265,733	+4.8%
Total shareholders' equity	47,300	46,050	+2.7%	44,355	+6.6%
Risk weighted assets	298,475	287,216	3.9%	268,134	11.3%
T1 ratio	15.8%	16.0%	-0.2%	16.5%	-0.7%
TC ratio	19.0%	19.3%	-0.3%	19.1%	-0.1%
Liquidity coverage ratio (LCR)	168%	168%	0.0%	200%	-32.0%
Basel III leverage ratio	11.8%	11.9%	-0.1%	11.8%	0.0%
Loans to deposits (incl. Sukuk) ratio	98.6%	99.0%	-0.4%	91.7%	6.9%
NPL ratio	1.65%	1.58%	0.1%	1.86%	-0.2%
NPL coverage ratio	123.5%	126.3%	-2.8%	124.2%	-0.7%

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Total assets reached SAR 325,736 million as at 31st December 2021, up year-on-year by 5.0% from growth in loans and investments.

Net loans and advances grew by 13.6% year-on-year to reach 217,290 from both commercial and consumer loans.

Customer deposits rose 4.3% year-on-year to reach SAR 211,678 million as at 31st December 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 15.8% and 19.0% respectively as at 31st December 2021. The liquidity coverage ratio and the loans to deposit ratio (including Sukuk) stood at 168% and 98.6%, respectively.

Outlook

Saudi Arabia is embarking on favourable economic conditions to achieve a remarkable growth in 2022. Economic growth is projected to expand beyond 5% on the back of improved oil market conditions and strong recovery in the private sector. Riyad Bank remains confident of a positive economic transition spurred by investment injections amounting to SAR27* tn by 2030. This significant and visionary investments, along with other economic reforms, should enable the private sector to expand and achieve one of the vision's target and raise the contribution of the private sector to reach 65% of the GDP.

We have taken serious steps in the past year towards achieving our 2025 transformation aspirations and continue our commitment to deliver value through innovation, achieve additional efficiency through digitization and enable our teams and organization through next generation operating models.

*27 tn (Shareek 5 tn, PIF 3 tn, domestic investment 2.6 tn FDI 1.8 tn, and government expenditure 10 tn, Private consumption 5 tn)

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. 340 branches, 2,242 ATMs and 138,511 points of sale, as well as all the digital channels that customers expect, including online, mobile, and smart watches. Retail Banking accounts for 32% of the Group total operating income.

SAR (million)	FY 2021	FY 2020	YoY % change	4Q 2021	3Q 2021	QoQ % change	4Q 2020	YoY % change
Total assets	91,223	77,251	+18%	91,223	85,751	+6%	77,251	+18%
Total liabilities	98,183	91,941	+7%	98,183	94,720	+4%	91,941	+7%
Net special commission income	3,679	3,564	+3%	915	924	-1.0%	934	-2%
Fee and other income, net	72	181	-60%	(28)	38	-171.8%	17	321%
Operating income	3,752	3,745	+0%	886	962	-1%	952	-7%
Operating expenses	(2,584)	(2,431)	+6%	(629)	(643)	-172%	(629)	-0%
Impairment charge	66	(33)	-300%	(91)	29	-8%	(39)	+132%
Net income (loss) before zakat	1,233	1,281	-4%	166	348	-2%	283	-41%

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Retail Banking Net Special Commission income increased Yoy by 3% aided by growth in Total assets and Deposits. However, Operating income remained unchanged due to lower Fee & Other Income.

Operating expenses reached SAR 2,584 million in the year 2021, a 6% increase year-on-year.

Impairment reversal for Retail Banking amounted to SAR 66 million in year 2021, as compared to a charge of SAR 33 million in 2020.

Net income for the year 2021 decreased by 4% year-on-year to SAR 1,233 mainly due to lower Fee and Other Income and higher operating expenses .

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)	FY 2021	FY 2020	YoY % change	4Q 2021	3Q 2021	QoQ % change	4Q 2020	YoY % change
Total assets	144,200	133,272	+8%	144,200	142,639	+1%	133,272	+8%
Total liabilities	153,234	150,436	+2%	153,234	153,140	+0%	150,436	+2%
Net special commission income	3,039	3,193	-5%	746	644	16%	786	-5%
Fee and other income, net	1,268	1,108	14%	388	281	38%	220	76%
Operating income	4,307	4,301	+0%	1,134	925	23%	1,006	13%
Operating expenses	(944)	(849)	+11%	(211)	(249)	-15%	(222)	-5%
Impairment charge	(919)	(2,024)	-55%	(167)	(146)	14%	(619)	-73%
Net income (loss) before zakat	2,444	1,428	+71%	756	530	43%	165	358%

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Corporate Banking's total operating income totalled to SAR 4,307 million in FY 2021, a slight increase from FY2020. Net special commission income decreased year-on-year to SAR 3,039 million while fee and other income increased by 14% to SAR 1,268 million

Operating expenses totalled to SAR 944 million for FY 2021, up 11% compared to FY 2020.

The impairment charge for Corporate Banking decreased to SAR 919 million, a decrease of 55% compared to FY 2020.

Net income before Zakat for FY 2021 increased by 71% year-on-year to SAR 2,444 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)	FY 2021	FY 2020	YoY % change	4Q 2021	3Q 2021	QoQ % change	4Q 2020	YoY % change
Total assets	87,235	97,195	-10%	87,235	87,640	-0%	97,195	-10%
Total liabilities	26,069	22,791	+14%	26,069	23,921	+9%	22,791	+14%
Net special commission income	1,380	1,279	+8%	354	362	-2%	266	+33%
Fee and other income, net	1,156	1,126	3%	255	341	-25%	318	-20%
Operating income	2,536	2,405	+5%	608	704	-14%	584	4%
Operating expenses	(158)	(132)	+20%	(31)	(42)	-26%	(34)	-9%
Impairment charge	1	(49)	-102%	25	49	-49%	(22)	-214%
Share in earnings of associates, net	(32)	19	-268%	0	(13)	-100%	6	-100%
Net income (loss) before zakat	2,347	2,244	+5%	602	696	-14%	534	+13%

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Treasury and Investments total operating income increased to SAR 2,536 million in 2021, up by 5% from 2020, mainly due to increase in Net special commission and fee and other income.

Net income increased by 5% year-on-year to SAR 2,347.

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)	FY 2021	FY 2020	YoY % change	4Q 2021	3Q 2021	QoQ % change	4Q 2020	YoY % change
Total assets	3,078	2,370	+30%	3,078	2,627	+17%	2,370	+30%
Total liabilities	950	565	+68%	950	826	+15%	565	+68%
Net special commission income	195	177	+10%	56	51	+10%	49	+15%
Fee and other income, net	778	576	35%	264	176	+50%	199	290%
Operating income	973	754	+29%	320	227	+41%	248	+29%
Operating expenses	(279)	(223)	+25%	(91)	(74)	+23%	(73)	+24%
Net income (loss) before zakat	694	531	+31%	229	152	+51%	175	+31%

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Riyad Capital total operating income reached to SAR 973 million in 2021, up 29% year-on-year.

Net income grew by 31% year-on-year to SAR 694 million, mainly driven by increase in Net special commission income and Fee and other income.

Additional Information

Riyad Bank's Q4 2021 financial materials are available to the public on the IR website:

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

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