

## Riyad Bank Reports Net Income (after zakat) of SAR 3.84 Billion in the nine months 2020

- ◆ **Net income** (after zakat) decreased by 14.6%
- ◆ **Operating income growth of 5.0%** YoY supported by higher net special commission income, exchange income and trading gains partially offset by decrease in Fee and gains on non-trading investments.
- ◆ **Operating efficiency improved** by 24 basis points YoY to 31.8%
- ◆ **Net loans and advances growth of 14.8%** YoY to SAR 190.8 billion mainly driven by commercial and mortgage loans
- ◆ Customer **deposits** increased by 13.3% YoY to SAR 201 billion.
- ◆ Total **assets** increased by 23.1% YoY to SAR 308.6 billion.
- ◆ **Capitalisation** remained **strong** with CET1 of 16.1% and total CAR of 18.5%
- ◆ **Liquidity** remained comfortable with LCR of 190% and loans to deposits (including sukuk) ratio of 92.2%.

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

"Riyad bank recorded a strong set of results in the nine months of 2020 that was offset it by higher impairment charges. The bank was able to continue achieving its goals for the period and effectively engaged with its customers to facilitate the 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 strong 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 strategy.

We grew our retail and commercial portfolios, expanded our market share in targeted segments and products and delivered strong balance sheet and core income growth. We are committed to make customers, shareholders and employees satisfied and exceed their expectations with the significant continuous enhancement to our business and organization competences. We continue to focus on further enhancing our customer-focus, efficiency, and profitability with trusted and innovative solutions.

We believe that Riyad Bank's long-standing objectives are entirely consistent with the Saudi Vision 2030. 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 3,835 million for the first nine months of 2020, a decrease of 14.6% over the corresponding period in 2019. For the third quarter of 2020, net income after zakat decreased by 14.0% from the corresponding period in 2019 to SAR 1,296 million. However, relative to the previous quarter, net income showed increase of 21.9%.

## Income Statement Highlights

SAR (million)	9M 2020	9M 2019	YoY % change	Q3 2020	Q2 2020	QoQ % change	Q3 2019	YoY % change
Net special commission income	6,178	5,806	+6.4%	2,073	2,116	-2.0%	2,034	+1.9%
Fee and other income	2,238	2,207	+1.4%	748	593	+26.2%	728	+2.7%
<b>Total operating income, net</b>	<b>8,415</b>	<b>8,012</b>	<b>+5.0%</b>	<b>2,821</b>	<b>2,709</b>	<b>+4.1%</b>	<b>2,763</b>	<b>+2.1%</b>
Operating expenses	(2,676)	(2,568)	+4.2%	(890)	(861)	+3.4%	(903)	-1.4%
Impairment charge for credit losses and other financial assets	(1,410)	(641)	+119.9%	(490)	(612)	-19.9%	(202)	+142.9%
Impairment reversal / (charge) for investments	(15)	41	-135.4%	19.4	(33.6)	-157.6%	3.5	+447.4%
<b>Net operating income</b>	<b>4,314</b>	<b>4,845</b>	<b>-10.9%</b>	<b>1,460</b>	<b>1,202</b>	<b>+21.5%</b>	<b>1,662</b>	<b>-12.1%</b>
Share of earnings of associates	13	146	-90.9%	13	(7)	-276.7%	14	-11.0%
<b>Net income for the period before Zakat</b>	<b>4,327</b>	<b>4,991</b>	<b>-13.3%</b>	<b>1,473</b>	<b>1,195</b>	<b>+23.3%</b>	<b>1,676</b>	<b>-12.1%</b>
Zakat for the period	492	500	-1.6%	177	132	+34.1%	170	+4.1%
<b>Net income for the period</b>	<b>3,835</b>	<b>4,491</b>	<b>-14.6%</b>	<b>1,296</b>	<b>1,063</b>	<b>+21.9%</b>	<b>1,506</b>	<b>-14.0%</b>
Earnings per share (SAR)	1.28	1.50	-14.6%	0.43	0.35	+21.9%	0.50	-14.0%
Return on average equity before Zakat	13.9%	17.5%	-20.6%	14.1%	12.2%	+15.6%	17.0%	-27.1%
Return on average assets before Zakat	2.0%	2.8%	-28.6%	2.0%	1.7%	+17.6%	2.7%	-36.4%
Net special commission margin	3.20%	3.55%	-9.8%	3.11%	3.28%	-5.3%	3.55%	-12.5%
Cost to income ratio	31.8%	32.0%	-0.8%	31.5%	31.8%	-0.8%	32.7%	-3.4%
Cost of risk	0.92%	0.53%	+72.8%	0.96%	1.19%	-19.7%	0.45%	+112.0%

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Total operating income amounted to SAR 8,415 million for the first nine months of 2020, an increase of 5.0% compared with the first nine months of 2019. This improvement was driven by 6.4% growth of net special commission income and 1.4% rise in exchange, trading and other income.

# EARNINGS RELEASE



Total operating income for the third quarter of 2020 amounted to SAR 2,821 million, an increase of 2.1% compared with the third quarter of 2019 and of 4.1% increase relative to the previous quarter.

Operating expenses totalled SAR 2,676 million for the first nine months of 2020, an increase of 4.2% over the corresponding period in 2019 reflecting, the net effect of ongoing transformation and increased investments in future growth. Operating expenses for the third quarter of 2020 at SAR 890 million shows a decrease by 1.4% compared with the corresponding quarter in 2019 and 3.4% increase relative to the previous quarter..

The impairment charge for credit losses and other financial assets increased by 120% year-on year to SAR 1,410 million. The cost of risk increased by 43bps YoY to 0.96%. The non-performing loans ratio stood at 1.50%. While the non-performing loans coverage ratio spotted at 143% as at 30 September 2020.

# EARNINGS RELEASE

## Balance Sheet Highlights

SAR (million)	3Q 2020	2Q 2020	QoQ % change	4Q 2019	YTD % change	3Q 2019	YoY % change
Cash and balances with SAMA and financial institutions	55,633	45,637	+21.9%	33,924	+64.0%	15,929	+249.3%
Investments, net	55,036	53,962	+2.0%	53,361	+3.1%	51,314	+7.3%
Loans and advances, net	190,823	187,651	+1.7%	173,982	+9.7%	166,275	+14.8%
<b>Total assets</b>	<b>308,558</b>	<b>295,083</b>	<b>+4.6%</b>	<b>265,789</b>	<b>+16.1%</b>	<b>250,573</b>	<b>+23.1%</b>
Customer deposits	201,292	199,987	+0.7%	194,518	+3.5%	177,672	+13.3%
Debt securities in issue	5,638	5,683	-0.8%	4,003	+40.9%	4,043	+39.5%
<b>Total liabilities</b>	<b>265,903</b>	<b>254,297</b>	<b>+4.6%</b>	<b>225,217</b>	<b>+18.1%</b>	<b>211,331</b>	<b>+25.8%</b>
<b>Total shareholders' equity</b>	<b>42,655</b>	<b>40,786</b>	<b>+4.6%</b>	<b>40,571</b>	<b>+5.1%</b>	<b>39,242</b>	<b>+8.7%</b>
Risk weighted assets	265,329	266,463	-0.4%	249,556	+5.9%	244,074	+8.7%
T1 ratio	16.1%	15.3%	+5.4%	16.3%	-0.7%	16.1%	+0.4%
TC ratio	18.5%	17.8%	+4.3%	18.1%	+2.9%	17.9%	+3.9%
Liquidity coverage ratio (LCR)	190%	160%	+19.0%	155%	+23.2%	165%	+15.6%
Basel III leverage ratio	11.4%	11.3%	+0.9%	12.2%	-6.6%	12.3%	-7.3%
Loans to deposits (incl. Sukuk) ratio	92.2%	91.2%	+1.1%	87.6%	+5.2%	91.5%	+0.8%
NPL ratio	1.50%	1.02%	+48.0%	0.88%	+70.4%	0.9%	+76.7%
NPL coverage ratio	142.9%	193.6%	-26.2%	177.3%	-19.4%	164.3%	-13.0%

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Total assets reached SAR 308,558 million as at 30 September 2020, up year-on-year by 23.1% from growth in loans and placements and investments.

Net loans and advances grew by 14.8% year-on-year driven by commercial and mortgage loans.

Customer deposits rose 13.3% year-on-year to reach SAR 201,292 million as at 30 September 2020.

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 16.1% and 18.5% respectively as at 30 September 2020. The liquidity coverage ratio and the loans to deposit ratio (including Sukuk) stood at 190% and 92.2%, 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, Riyad Bank launched its 2022 Transformation strategy beginning of 2018, which focuses on the below four key themes:

1. Retail Sales Transformation
2. Corporate Sales Transformation
3. Innovation
4. Performance Culture

## 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, 2,501 ATMs and 9,309 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 2020	9M 2019	YoY % change	3Q 2020	2Q 2020	QoQ % change	3Q 2019	YoY % change
Total assets	75,644	63,344	+19%	75,644	74,012	+2%	63,344	+19%
Total liabilities	90,844	81,995	+11%	90,844	88,742	+2%	81,995	+11%
Net special commission income	2,630	2,412	+9%	898	863	+4%	855	+5%
Fee and other income, net	163	322	-49%	62	6	933%	130	-95%
<b>Operating income</b>	<b>2,793</b>	<b>2,734</b>	<b>+2%</b>	<b>960</b>	<b>869</b>	<b>+11%</b>	<b>985</b>	<b>-2%</b>
Operating expenses	(1,802)	(1,715)	+5%	(607)	(575)	+5%	(618)	-2%
Impairment charge	7	123	-95%	111	(99)	-212%	(95)	-216%
<b>Net income (loss) before zakat</b>	<b>998</b>	<b>1,142</b>	<b>-13%</b>	<b>465</b>	<b>195</b>	<b>+139%</b>	<b>272</b>	<b>+71%</b>

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Retail Banking recorded 2% increase in operating income in 9M 2020 compared to 9M 2019 to reach SAR 2,793 million. Net special commission income increased by 9% year-on-year to SAR 2630 million in 9M 2020, mainly driven by 19% increase in assets.

Operating expenses reached SAR 1,802 million in 9M 2020, a 5% increase year-on-year.

The impairment charge for Retail Banking amounted to net reversal of SAR 7 million in 9M 2020 compared to SAR 123 million net reversals in 2019.

Net income for 9M 2020 decreased by 13% year-on-year to SAR 998 million mainly driven by lower fee and other income and lower net provision reversals.

**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 39% of the Group total operating income.

SAR (million)	9M 2020	9M 2019	YoY % change	3Q 2020	2Q 2020	QoQ % change	3Q 2019	YoY % change
Total assets	134,640	119,267	+13%	134,640	137,403	-2%	119,267	+13%
Total liabilities	150,430	109,264	+38%	150,430	140,742	+7%	109,264	+38%
Net special commission income	2,413	2,308	+5%	842	852	-1%	797	+6%
Fee and other income, net	884	955	-7%	320	200	60%	290	-31%
<b>Operating income</b>	<b>3,297</b>	<b>3,263</b>	<b>+1%</b>	<b>1,162</b>	<b>1,052</b>	<b>+10%</b>	<b>1,087</b>	<b>+7%</b>
Operating expenses	(627)	(627)	-0%	(196)	(198)	-1%	(206)	-5%
Impairment charge	(1,405)	(768)	+83%	(595)	(508)	+17%	(106)	+460%
<b>Net income (loss) before zakat</b>	<b>1,264</b>	<b>1,868</b>	<b>-32%</b>	<b>371</b>	<b>347</b>	<b>+7%</b>	<b>774</b>	<b>-52%</b>

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Corporate Banking's total operating income totalled to SAR 3,297 million in 9M 2020, an increase of 1% from 9M 2019. Net special commission income increased year-on-year to SAR 2,413 million and fee and other income decreased by 7% to SAR 884 million

Operating expenses totalled to SAR 627 million for 9M 2020, unchanged compared to 9M 2019.

The impairment charge for Corporate Banking increased to SAR 1,405 million, an increase of 83% compared to 9M 2019.

Net income before Zakat for 9M 2020 decreased by 32% year-on-year to SAR 1264 million mainly due to increased impairment charge and lower fee and other income.

**Treasury and Investments**

Treasury and Investments offers a wide range of products and hedging solutions to corporate customers and accounts for 21% of the Group total operating income.

SAR (million)	9M 2020	9M 2019	YoY % change	3Q 2020	2Q 2020	QoQ % change	3Q 2019	YoY % change
Total assets	96,171	66,562	+44%	96,171	81,501	+18%	66,562	+44%
Total liabilities	24,208	19,752	+23%	24,208	24,322	-0%	19,752	+23%
Net special commission income	993	987	+1%	287	347	-17%	343	-16%
Fee and other income, net	814	646	26%	219	268	-18%	209	28%
<b>Operating income</b>	<b>1,807</b>	<b>1,633</b>	<b>+11%</b>	<b>506</b>	<b>615</b>	<b>-18%</b>	<b>552</b>	<b>-8%</b>
Operating expenses	(98)	(82)	+20%	(33)	(40)	-17%	(29)	+13%
Impairment charge	(27)	45	-159%	14	(39)	-136%	3	+299%
Share in earnings of associates, net	13	146	-91%	13	(7)	-277%	14	-11%
<b>Net income (loss) before zakat</b>	<b>1,696</b>	<b>1,743</b>	<b>-3%</b>	<b>500</b>	<b>529</b>	<b>-6%</b>	<b>540</b>	<b>-7%</b>

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Treasury and Investments total operating income reached to SAR 1,807 million in 9M 2020, up by 11% from 9M 2019, mainly due to higher fee and other income.

Net income decreased by 3% year-on-year to SAR 1,696 million mainly due to an increase on impairment charge and lower contribution from Associates.

## Riyad Capital

Riyad Capital offers asset management, trading, equity and debt advisory, custody and securities services and accounts for 6% of the Group total operating income.

SAR (million)	9M 2020	9M 2019	YoY % change	3Q 2020	2Q 2020	QoQ % change	3Q 2019	YoY % change
Total assets	2,103	1,400	+50%	2,103	2,167	-3%	1,400	+50%
Total liabilities	422	320	+32%	422	491	-14%	320	+32%
Net special commission income	142	99	+43%	46	54	-14%	39	+18%
Fee and other income, net	377	283	33%	146	119	23%	100	19%
<b>Operating income</b>	<b>519</b>	<b>382</b>	<b>+36%</b>	<b>192</b>	<b>173</b>	<b>+11%</b>	<b>139</b>	<b>+38%</b>
Operating expenses	(149)	(143)	+5%	(54)	(48)	+12%	(49)	+10%
<b>Net income (loss) before zakat</b>	<b>369</b>	<b>239</b>	<b>+55%</b>	<b>138</b>	<b>125</b>	<b>+11%</b>	<b>90</b>	<b>+52%</b>

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Riyad Capital total operating income reached to SAR 519 million in 9M 2020, up 36% year-on-year.

Net income grew by 55% year-on-year to SAR 369 million, mainly driven by increase in Net Special Commission income and Fee and other income.

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## Additional Information

Riyad Bank's Q3 2020 financial materials are available to the public on the IR website:  
[www.riyadbank.com/en/about-us/investor-relations](http://www.riyadbank.com/en/about-us/investor-relations)

## Riyad Bank Contacts

Institutional Investors

Ibrahim Al Muhanna

Head of Investor Relations

Telephone: +966114013030 Ext. 2499

E-mail: [ibrahim.al-muhanna@riyadbank.com](mailto:ibrahim.al-muhanna@riyadbank.com)