

# Operating Review

Accelerating business performance

## Retail Banking

Retail Banking has been central to the Bank's success in 2021, anticipating and reacting to the revolutionary new directions and demands that COVID-19 made essential. The pandemic acted as a catalyst to drive our already ambitious commitment to digitization even further and even faster. The result has been an enormous stride forward in the quality and sophistication of the products and services we offer, which has benefitted our customers at every step of the retail value chain.

Throughout 2021, Retail Banking proved itself to be one of the most dynamic and agile business divisions, adapting and innovating in an environment restricted by movement and traditional banking practices. Our distinctive products and service, backed by flexible technological infrastructure and the advances we made in delivering the highest level of services, exceeded the standards our customers have come to expect. Our results for the year on all levels – from financial performance to customer satisfaction and digitization – have helped Retail Banking to create value for the Bank, our customers and all our stakeholders.

### Financial growth on solid foundations



Despite a challenging operating environment, we were not only able to mitigate the effects of COVID-19 but also delivered double digit growth in net income, assets and liabilities. Despite significant growth in lending, credit quality hasn't been compromised and our success was loud and clear. For the retail business at Riyadh Bank, the pandemic accelerated our digital journey and the highly impressive financial results have set us on a trajectory for further positive growth as a consequence.

We also remained committed to increasing our sales productivity across all channels, both traditional and alternative, to ensure growth in liability and asset market share.

### 2021 Financial Highlights

#### Net Income

**SAR 1.2 Bn**

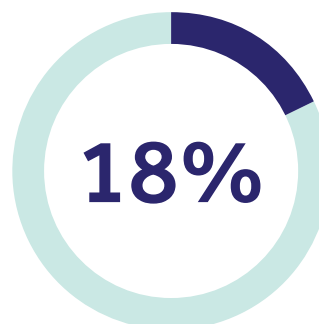
#### Total Deposits

**SAR 91 Bn**

#### Increase Consumer Lending

**19%**

#### Contribution to the Bank's total net income in 2021



The pandemic accelerated our digital journey and the highly impressive financial results have set us on a trajectory for further positive growth as a consequence.

## Better banking through technology



We accelerated our digital transformation to better meet the requirements and expectations of our diverse customer segments this year. Our investment in digitization was driven by customer insights, which provided a strong knowledge foundation to update our products and services to better meet their requirements.

We broadened our portfolio to make digital banking more accessible and inclusive, offering our customers more choice and touchpoints to access our services and products. The results were remarkable. We saw a strong uptake of digital services from our customer base, now using online banking, and attracted new Retail Banking customers.

## 2021 Retail Banking Digital Milestones

Increase customer base

**+6%**

New customer acquisition

**+8%**

Digital penetration

**+900 bps**

Sales productivity

**+16%**

## Riyad Bank Private Banking

### Best Private Bank in MENA Award

- EMEA Finance
- Second consecutive year



New customers acquired through digital channels

**+70%**



## 2021 Successes and achievements



Besides a strong push towards digitization, Riyadh Bank's retail business focussed on a holistic approach to its services and the customers who use them. We remained committed to increase our sales productivity across all channels, both traditional and alternative to ensure growth in liability and asset market share.

The introduction of a vast range of new products has been instrumental in our success across the board. For example, we introduced new mortgage products and new family products, including the Kingdom's first mobile banking platform for children, which enables them to enhance their financial literacy and build a habit of saving. In addition, to make life even more convenient for our customers, we opened a new iconic private banking center in Riyadh and deployed 80 self-service kiosks.

### Driving home ownership

Our attention to home ownership was high on the agenda this year, as we redefined our mortgage proposition and launched new products. A clear mortgage strategy was implemented, and new off-plan variants, self-construction and refinancing products were introduced to disrupt the market, which led to a significant increase in market share, from 12% at the beginning of 2021 to 23% by the end of the year.

Our ongoing mortgage media exposure resulted in numerous real estate developers approaching Riyadh Bank to sign exclusive deals and agreements to further support our clients' and the Bank's profitability.

With regards to turnaround time, mortgage loans improved by 55% on Riyadh Bank products and there was a 21% improvement for Real Estate Development Fund products. With improved practices and procedures, the mortgage error rate fell by more than 23% and for personal loans, the turnaround time was reduced by 29%.

### 2021 New mortgage solutions

- ML self-construction product
- Mortgage buyout (REDF and non-REDF)
- Mortgage off-plan product revamp with Tawarruq variant
- Mortgage Land and Loan
- Mortgage loan refinance (REDF and non-REDF)

## Exceptional customer care and experience

Dedicated to providing a superior customer experience across both physical and digital channels, Retail Banking has made great strides during this year.

In our 2021 Net Promoter Score ratings – a gauge of customer satisfaction and their likelihood to recommend the Bank to others – Retail Banking performed superbly, with significant improvements across all channels.

Service at the branches was rated Excellent, as were Riyadh Online and Riyadh Mobile, increasing their scores year-on-year by 14% and 26% respectively. The call centers NPS score rose by 457% compared to 2020, with 94% of calls answered within a remarkable 7 seconds.

For those connecting on social media to seek help and keep up with the latest updates on digital banking, the results were equally impressive. The Twitter response time for customer queries and issues dropped 99% since May 2020 to reach only 13 minutes on average.

To achieve such a rapid transformation in terms of time, quantity and quality of service demonstrates the exemplary focus and commitment of all our customer-facing Staff and the great progress we have made in digitizing and automating customer care.

# +14%

Growth of "Client Recommendation Ratio" NPS Score for Riyadh Online channel

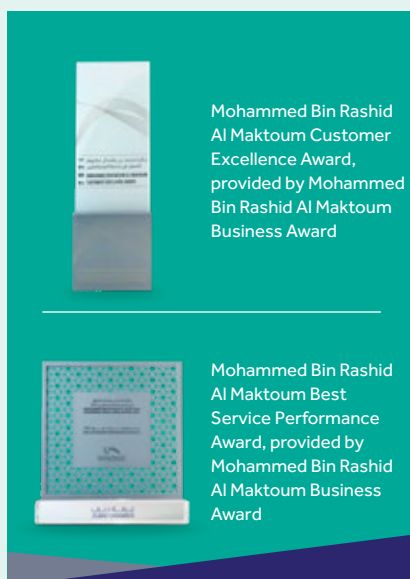
# +457%

Growth of Call Center NPS Score

# +26%

Growth of "Client Recommendation Ratio" NPS Score for Riyadh Mobile channel

Overall, Riyad Bank achieved outstanding NPS scores across all channels, and our years of hard work and focus in this regard were rewarded by 2 high-profile awards received from The Mohammed Bin Rashid Award in 2021:



Mohammed Bin Rashid Al Maktoum Customer Excellence Award, provided by Mohammed Bin Rashid Al Maktoum Business Award

Mohammed Bin Rashid Al Maktoum Best Service Performance Award, provided by Mohammed Bin Rashid Al Maktoum Business Award

### Contributing to the goals of Saudi Vision 2030

Retail Banking strategic pillars and initiatives have been crafted carefully and align with several key pillars of Vision 2030, including the low-cash and cashless society which is expected to remain as a permanent culture. We have been instrumental in promoting the drive towards a digitized community and will continue to forge ahead with that goal in line with the government's targets.

In terms of the Vision 2030 objective of increasing household savings rates, a greater sense of financial awareness has led to customer demand for the most suitable services catered to their own specific needs. In response, we offered Edikhar and Wazen Islamic saving products and are working towards introducing several others, including new saving plans and advance profit accounts.

We are also working to launch the Bancassurance business line to promote financial literacy and facilitate long-term savings. This would offer diversified financial planning and protection products including travel, motor, personal accidental coverage and insurance linked to investment plans and products catering to businesses. In line with this and to encourage the next generation of spenders and savers to learn about the value of finances, Retail Banking launched the Kingdom's first standalone children's mobile application, 'Token Junior Banking'.

Retail Banking is one of the key financial institutions partnering the Real Estate Development Fund since its inception and has been playing a pivotal role in increasing home ownership among Saudi nationals as part of the 2030 Vision. During 2021, we signed agreements with several developers through the WAFI platform to be the first bank in the Kingdom to offer non-REDF off-plan products and an MoU with developer Roshan to finance financing units for customers under Roshan projects.

### Looking forward

The retail business landscape is expected to remain highly competitive, specifically on the digitization front with the entrance of new players and fintechs. However, considering our history of innovation and ability to anticipate demands, it remains highly promising for Riyad Bank.

Retail Banking has refreshed its strategy based on the prevailing market dynamics, with flexible technological infrastructure being the key enabler of accomplishing retail strategy. We will continue to accelerate our digital transformation to become more efficient, responsive and productive, while continuing to enhance our products, services and customer experience.

We aim to provide a brilliant banking experience that grows our market share and attracts new customers, in order to continue to maximize value creation for our customers. Our fundamental focus for 2022 is to be accessible to our customers, as inventive as our outlook and as progressive as our ambition.

